

# FIS Macro Report

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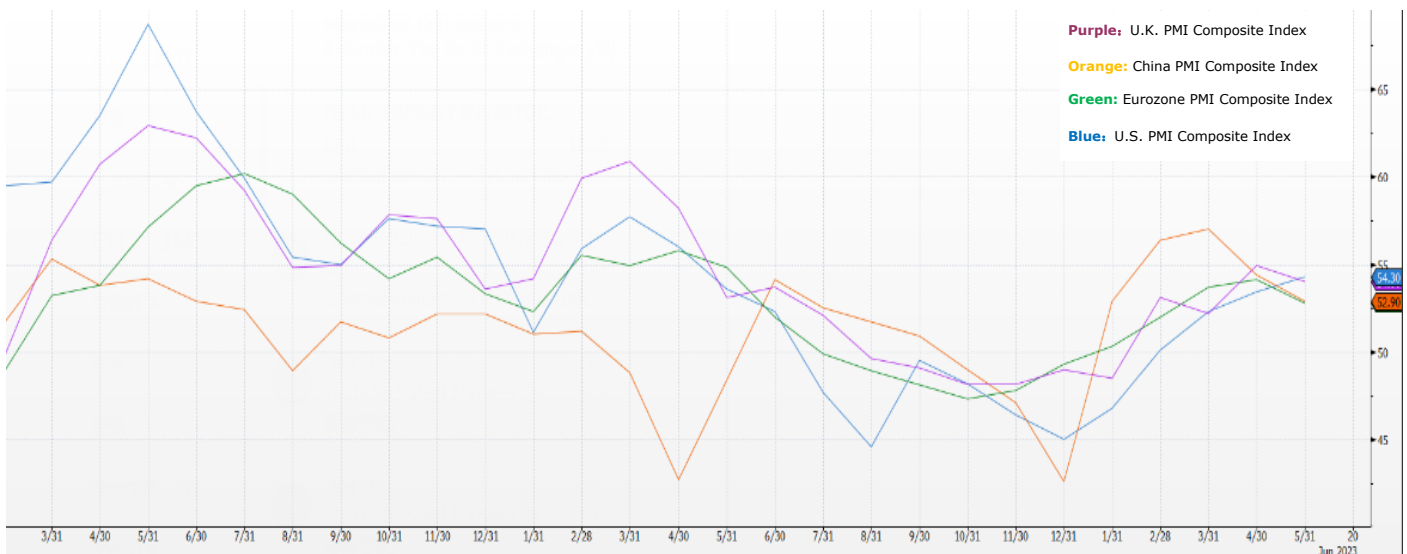
	Last	Previous	% Change
<b>U.S. Dollar Index(DXY)</b>	102.55	103.34	<b>-0.76%</b>
<b>USD/CNY</b>	7.1679	7.1749	<b>-0.10%</b>
<b>U.S. FOMC Upper Interest Rate</b>	5.25	5.25	<b>0</b>
<b>China Repo 7 day</b>	2.09	1.90	<b>10.00%</b>
<b>Caixin China Manufacturing PMI</b>	50.90	49.50	<b>2.83%</b>
<b>Markit U.S. Manufacturing PMI</b>	51.30	51.70	<b>-0.77%</b>

## Liquidities are Accumulating

Apart from China and Japan, most countries followed U.S. in raising interest rates to deleverage and counter against the financial risk from 2022. From this May, twelve central banks started to reverse their monetary strategies, believing that the U.S. spill-over and inflation impact should both be controllable. If European countries saw a slow down on interest rate in 2024, the global investment market would enter a sufficient liquidity period. Theoretically, increase on money supply will lower risk free rate, thus increase asset value. The current growth in NASDAQ, TOCOM, FTSE100 and Hang Seng Index explains how the smart money has made their early options on the direction of the market, given major economies are facing recession risks in real life.

Undoubtedly, the liquidities of the global countries are accumulating subtly in 2023. It would take more time to see asset price growth, because most of liquidity need to fill up the debt sector before improving earnings.

PMI Index



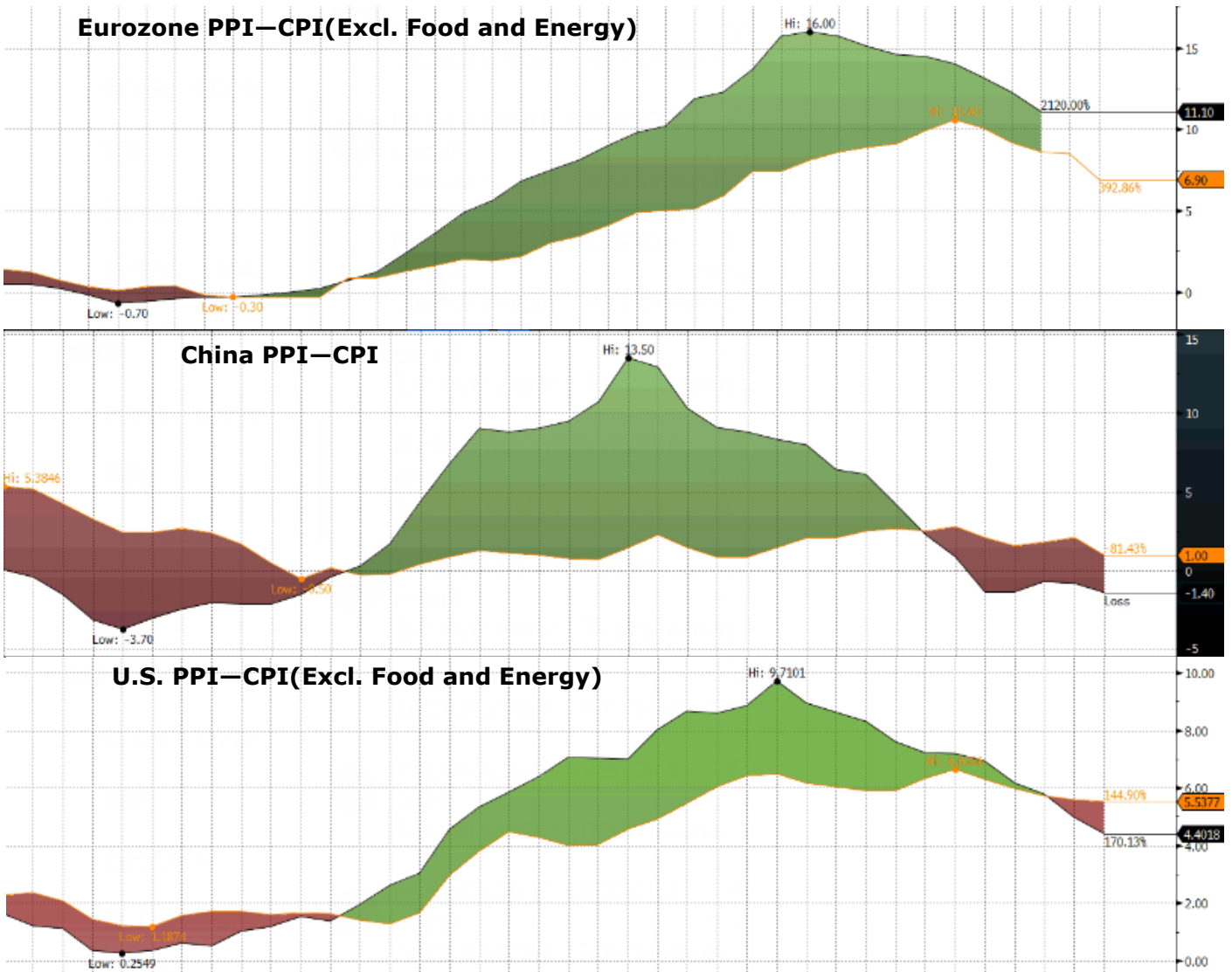
Sources: Bloomberg

	Last	Previous	
<b>Shanghai&amp;Shenzhen 300 Index</b>	3963.35	3836.70	<b>3.30%</b>
<b>Dow Jones Industrial Average</b>	34299.12	33876.78	<b>1.25%</b>
<b>FTSE 100 Index</b>	7588.48	7570.69	<b>0.23%</b>
<b>Nikkei 225 Index</b>	33370.42	32434.00	<b>2.89%</b>
<b>BVAL U.S. 10-year Note Yield</b>	3.7731	3.7605	<b>0.34%</b>
<b>BVAL China 10-year Note Yield</b>	2.7158	2.7070	<b>0.33%</b>

### Major Economic Statistics In May

The jobless claims in U.S. exceeded 260,000 for the past two months, symbolizing the job market pressure in U.S. At the same time, CPI annual rate in May up 4.0%, a refreshed new low from March 2021. The two indicators reflected mild pressure on inflation in short-run theoretically, which then slowed down the interest hike pace.

The three major economic indicators in China, including fixed asset investment, the retail sales of consumer goods and industrial value added rate, saw a year-to-year decrease, however a month-to-month increase. However, the market is generally expecting better performance in the economy after the interest cut in June, and more details should hit the ground in the following months.

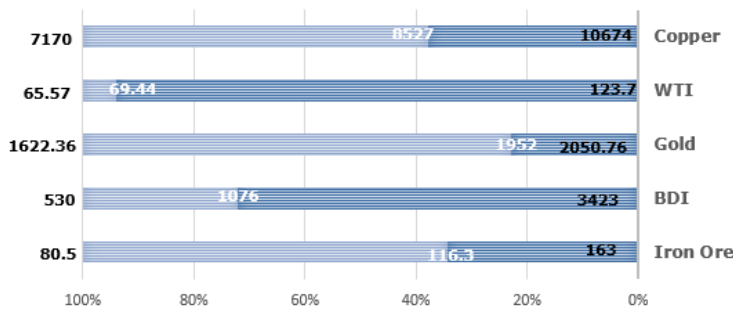


Sources: Bloomberg, FIS

	Last	Previous	
<b>LME Copper 3 Month Rolling</b>	8540.00	8310.50	<b>2.76%</b>
<b>LME Aluminium 3 Month Rolling</b>	2241.00	2228.00	<b>0.58%</b>
<b>WTI Cushing Crude Oil</b>	71.78	70.17	<b>2.29%</b>
<b>Platts Iron Ore Fe62%</b>	115.15	112.40	<b>2.45%</b>
<b>U.S. Gold Physical</b>	1951.50	1943.74	<b>0.40%</b>
<b>BDI</b>	1076.00	1055.00	<b>1.99%</b>

## Commodity Outlook and Major Economists Event

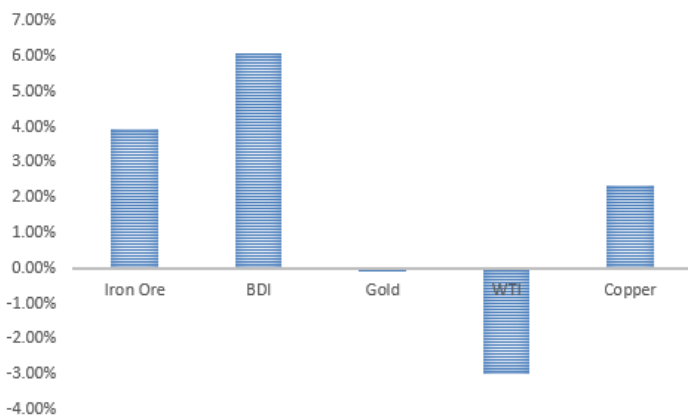
**Commodity Relative Price Range**



- Iron ore rebounded fast during past week following the resilient steel demand and stimulus on housing market in China.

- Prime coal market gained support from resilient Indian end-user imports. Chinese coal mine safety check potentially led to decrease on local supply.

**5 DAY MOVING AVERAGE CHANGE ON COMMODITIES**



- BDI recovered loss of previous 2 weeks, indicating a risk appetite shift in June and growing iron ore and coal shipments in late Q2. Moreover, the Panama canal drought condition decreased the vessels transiting.

- Copper grew with the increase on risk tolerance of the market.

- Oil and energy market are on a split outlook currently.

Sources: Bloomberg, FIS

## —Fact Sheet—

**EMH: Efficient Market Hypothesis:** proposed by Eugene Fama in 1970, Economist, and Nobel Prize Winner in 2013. The EMH believed that in the stock market with sound laws, good functions, high transparency, and full competition, all valuable information should be timely, accurate, and fully reflected in the stock price trend. Unless there is market manipulation, investors can't obtain excess profits higher than the average level of the market.

**Eurostat:** is the highest administrative body of EU statistics, located in Luxembourg. The statistical system consists of Eurostat, statistical institutions, and central banks of EU Member States, Iceland, Norway, and Liechtenstein.

**FedWatch:** CME Group's FedWatch tool allows investors to gauge the market's expectations of a potential change quickly and efficiently to the Fed Funds target rate.

**Lagging Economic Indicators:** refers to the time lag of the indicator relative to the economic cycle. For example, if the peak or bottom of an indicator is several months behind the peak or bottom of the natural economic cycle, the indicator is called a lagging indicator. The common examples are the unemployment rate, materials inventory, and the scale of uncollected loans.

**Leading Economic Indicators:** Indicators that make forecasts on economic trends. The most common indicators are unemployment insurance application rate, money supply, weekly average working hours, new house construction rate, and stock index trend.

**U.S. Hiking Cycle:** refers to the decision of the Management Committee of the Federal Reserve System to adjust the monetary policy and raise the federal fund's interest rate after the meeting held in Washington.

**Stagflation:** an economic situation where there is high inflation (prices rising continuously) but no increase in the available jobs or business activity.

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