

# FIS Macro Report

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	Last	Previous	% Change
<b>U.S. Dollar Index(DXY)</b>	101.94	103.04	<b>-1.06%</b>
<b>USD/CNY</b>	7.2287	7.2279	<b>0.01%</b>
<b>U.S. FOMC Upper Interest Rate</b>	5.25	5.25	<b>0</b>
<b>China Repo 7 day</b>	1.86	2.00	<b>-7.00%</b>
<b>Caixin China Manufacturing PMI</b>	50.50	50.90	<b>-0.79%</b>
<b>Markit U.S. Manufacturing PMI</b>	45.20	47.10	<b>-4.03%</b>

## New Stimulus in China

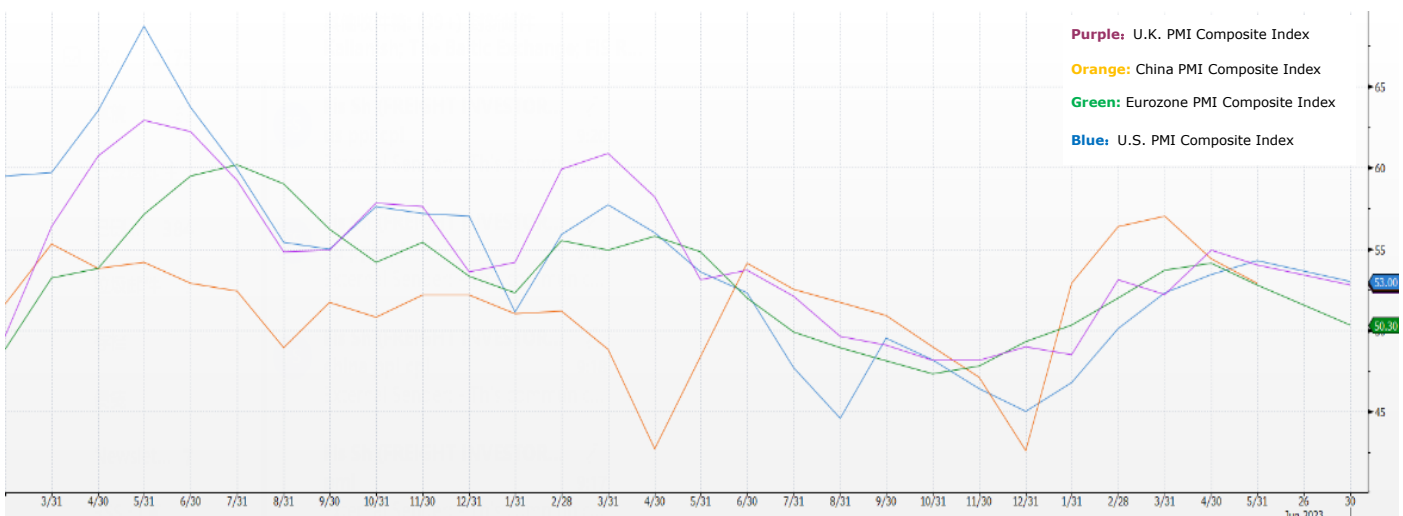
The recent month level rebound in ferrous commodities and house equities in China were supported by expectations of a Chinese government conference in late July as well as loan relief for house developers.

China’s new stimulus on the housing market should support the investment confidence on the relevant sectors, considering house and subsidiary industries accounted for 30-35% of GDP. Thus, saving the house market to some extent was meant to help the economy. Investment bank background economists believed that a 5-6% of growth in GDP should be approachable, because of the strong H2 expectations on industry profits as well as low base number in 2022.

Apart from expectations, the recent June PPI number from the other side mirrored a slight negative side of the economy. PPI dropped 5.4% in June, refreshed new low since January 2016. The number was 0.8% lower than May.

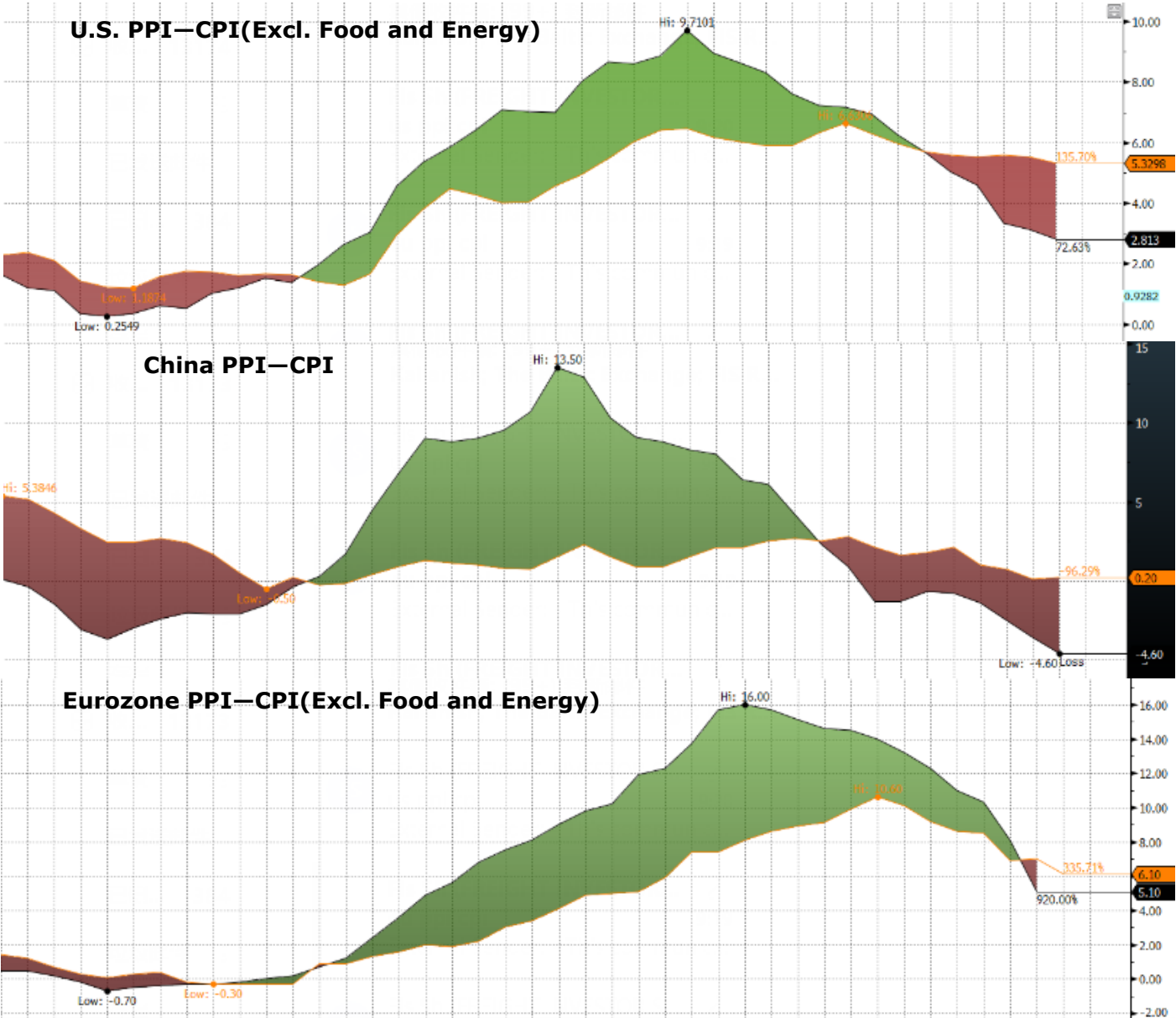
The market entered a “strong expectation” and “weak reality” period. In other words, if it takes too long to see an improvement in PPI and CPI, the market will potentially adjust down the expectation and collapse on the bubbles.

## PMI Index



Sources: Bloomberg

	Last	Previous	
<b>Shanghai&amp;Shenzhen 300 Index</b>	3825.70	3842.45	<b>-0.44%</b>
<b>Dow Jones Industrial Average</b>	33944.40	34407.60	<b>-1.35%</b>
<b>FTSE 100 Index</b>	7273.79	7527.26	<b>-3.37%</b>
<b>Nikkei 225 Index</b>	32388.42	33189.04	<b>-2.41%</b>
<b>BVAL U.S. 10-year Note Yield</b>	4.0104	3.8130	<b>5.18%</b>
<b>BVAL China 10-year Note Yield</b>	2.6834	2.6787	<b>0.18%</b>

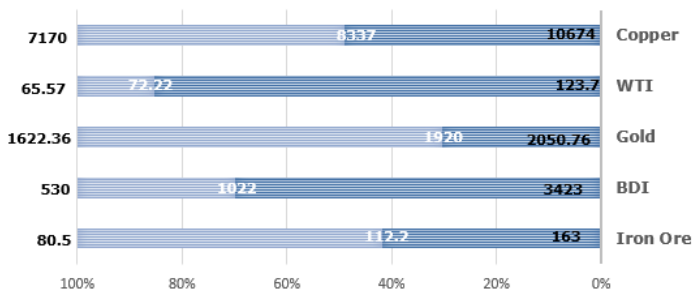


Sources: Bloomberg, FIS

	Last	Previous	
<b>LME Copper 3 Month Rolling</b>	8372.50	8398.00	<b>-0.30%</b>
<b>LME Aluminium 3 Month Rolling</b>	2147.00	2157.50	<b>-0.49%</b>
<b>WTI Cushing Crude Oil</b>	72.99	69.86	<b>4.48%</b>
<b>Platts Iron Ore Fe62%</b>	105.40	110.55	<b>-4.66%</b>
<b>U.S. Gold Physical</b>	1925.40	1925.48	<b>-0.00%</b>
<b>BDI</b>	1009.00	1091.00	<b>-7.52%</b>

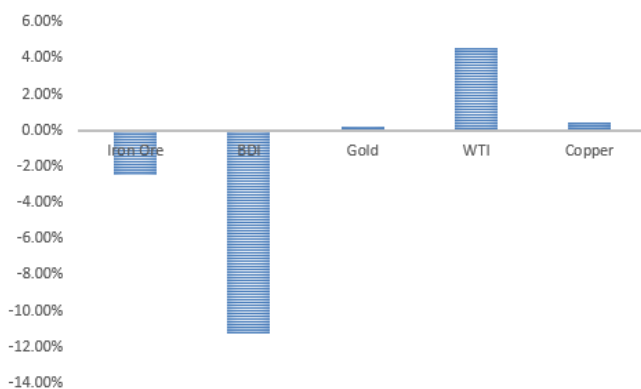
## Commodity Outlook and Major Economists Event

**Commodity Relative Price Range**



- Iron ore corrected due to the decreased consumption in steel market, Tangshan curb and increased EAFs production.
- Prime coal market saw some risk given the Indian Monsoon season as well as crowded laycans in August.

**5 DAY MOVING AVERAGE CHANGE ON COMMODITIES**



- The BCI market corrected in July because of the steel production curb in Tangshan, China. The BPI correction was due to low carry on coal and grain cargoes in July.
- Copper gradually gained support as the increase on refining cost as well as previous maintenance.
- The production cut by Saudi Arabia and Russia supported the oil price.

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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