

FIS Macro Report

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	Last	Previous	% Change
U.S. Dollar Index(DXY)	103.36	103.21	0.15%
USD/CNY	7.2869	7.3242	-0.51%
U.S. FOMC Upper Interest Rate	5.50	5.25	4.76%
China Repo 7 day	1.95	1.85	5.41%
Caixin China Manufacturing PMI	49.20	50.50	-2.57%
Markit U.S. Manufacturing PMI	50.50	45.20	11.73%

Unexpected Strong U.S. Dollar after the last Hike

Many economists and U.S. Federal officials believed that the July hike potentially became the last hike in 2023. Some wall street traders started to build short positions believing a “friendly” monetary environment in the rest of H2. However, the unexpected strong U.S. dollar index grew from 99.5 to 103.5, breaking the dreams of the currency traders. On the other side, the weak economy figures in July in China depreciated Chinese yuan. Thus, some US dollar settled commodities in China including iron ore, fuel oil and copper gained some support from the currency side.

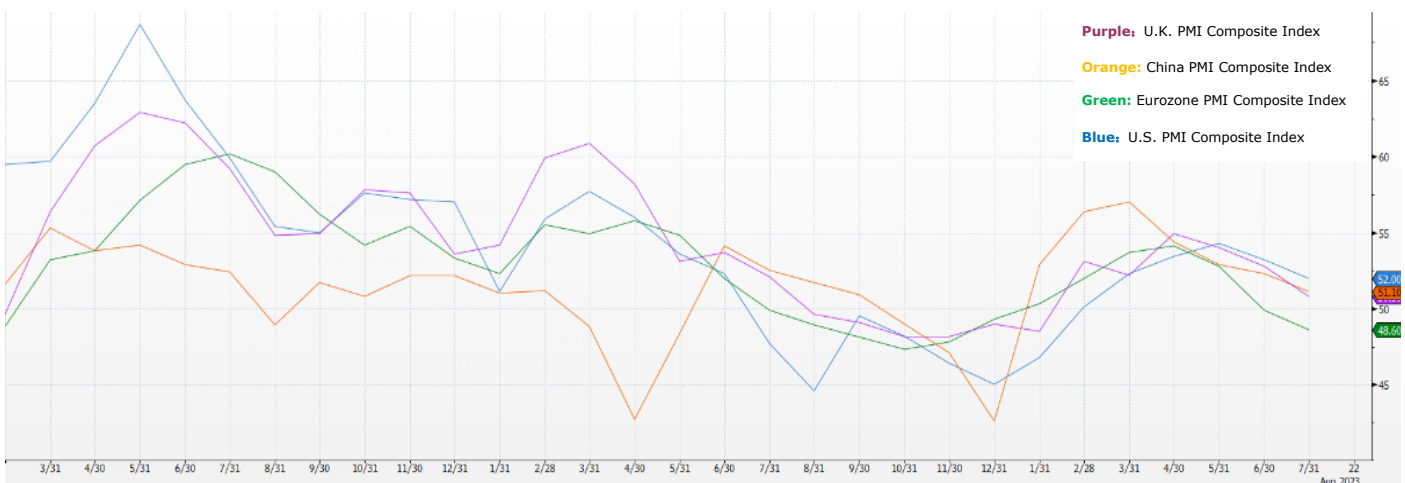
Goldman Sachs believed that the U.S. Federal would maintain a Hawkish attitude through H2, since the inflation rate has doubled the target rate at 2% now. Moreover, the increasing default risk and slower recovery in emerging countries and Europe slowed down the dollar outflow. In general, the correction of U.S. dollar needs to see a clear growth on major economies, or fast approach on inflation target. Unfortunately, both assumptions should take at least several quarters.

China Regulators Vowed for Stimulus on Capital Market

China’s regulators vowed for more stimuluses to boost capital market.

- Accelerate revolution in investment market and boost growth in equity market
- Increase the fund-raise function of listed companies and rewards to investors

PMI Index



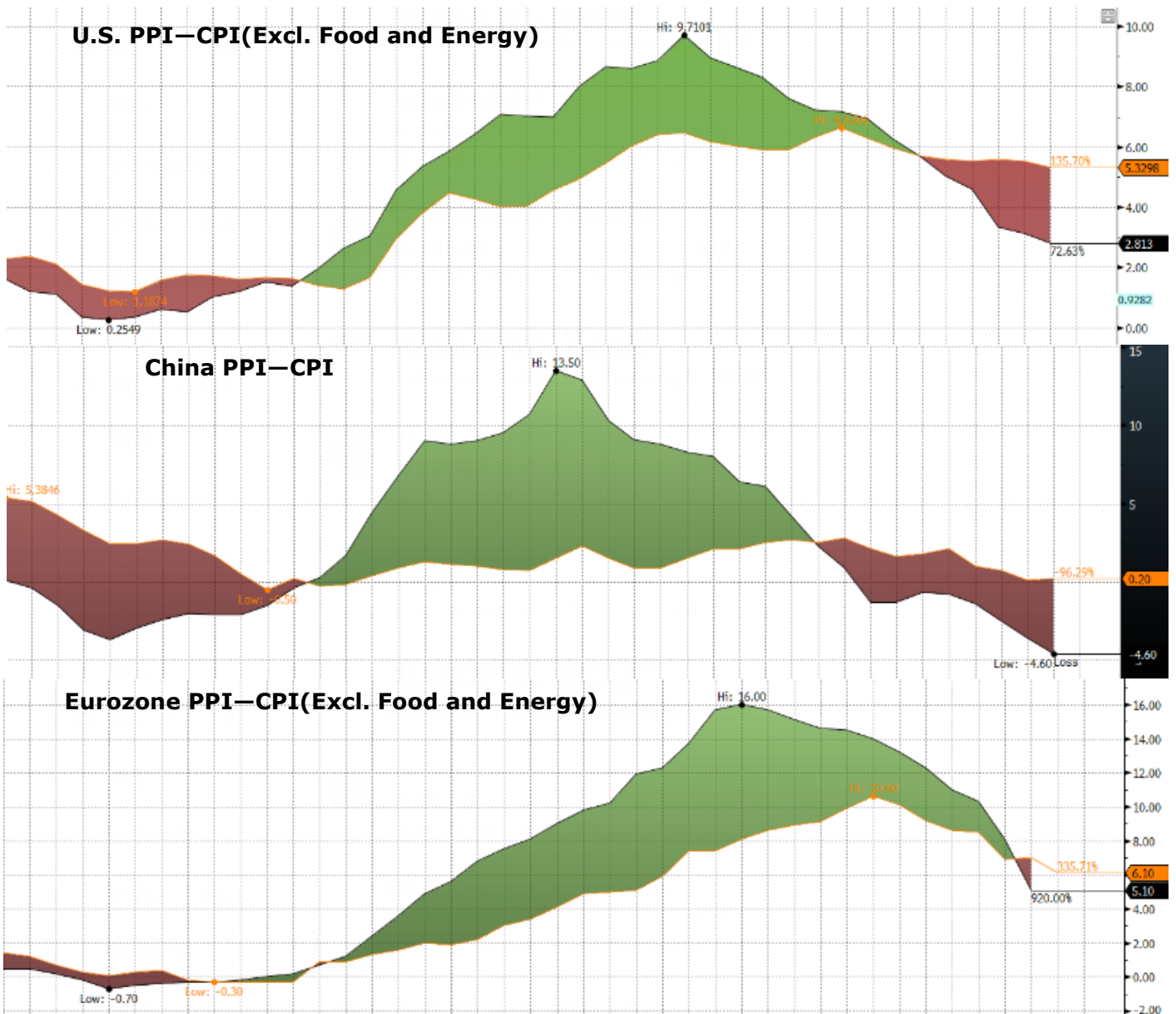
Sources: Bloomberg

	Last	Previous	
Shanghai&Shenzhen 300 Index	3784.00	3884.25	-2.58%
Dow Jones Industrial Average	34463.69	35307.63	-2.39%
FTSE 100 Index	7257.82	7507.15	-3.32%
Nikkei 225 Index	31565.64	32059.91	-1.54%
BVAL U.S. 10-year Note Yield	4.3530	4.1969	3.72%
BVAL China 10-year Note Yield	2.5932	2.6584	-2.45%

- Optimise trading mechanism, including extending trading hours, decreasing trading fees, adding short function in ETFs.

However, Shanghai equity corrected by 5.95% during the past 11 trading days. Market participants suggested the correction could be related to the concern over geo-political tensions, fast depreciated Chinese yuan and weaker than expected July economic statistics. It is expected that the stimulus should come with more constructive results in long-run.

China’s security companies expect more rates cuts on the way in H2 2023.

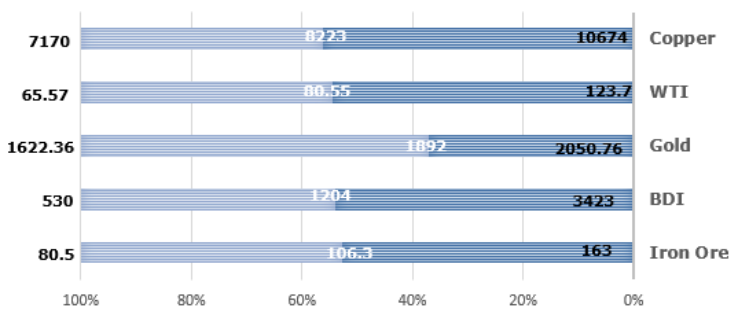


Sources: Bloomberg, FIS

	Last	Previous	
LME Copper 3 Month Rolling	8274.50	8291.50	-0.21%
LME Aluminium 3 Month Rolling	2144.00	2146.00	-0.09%
WTI Cushing Crude Oil	80.72	82.51	-2.17%
Platts Iron Ore Fe62%	110.35	103.45	6.67%
U.S. Gold Physical	1894.99	1902.00	-0.37%
BDI	1237.00	1129.00	9.57%

Commodity Outlook and Major Economists Event

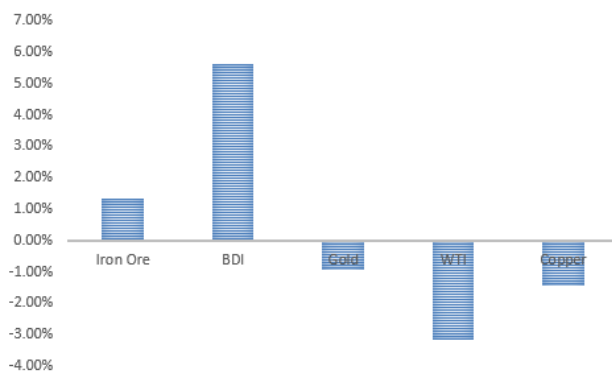
Commodity Relative Price Range



- Iron ore recovered as the strong housing stimulus including lower loan rates and downpayment, as well as high pig iron demand seasonally.

- Seaborne coking coal rebounded as the strong demand from China and less long-term sales in Q3. In addition, there were two coal mine accidents in China.

5 DAY MOVING AVERAGE CHANGE ON COMMODITIES



- The BDI improved as pacific typhoons and monsoon created lagging on laycans.

- Oil price corrected given the five-month high export volume from U.S.

- The copper price slightly corrected as concerns on recovery of emerging countries and Europe.

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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