

# FIS Macro Report

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	Last	Previous	% Change
<b>U.S. Dollar Index(DXY)</b>	103.90	103.56	<b>0.33%</b>
<b>USD/CNY</b>	7.2932	7.3065	<b>-0.18%</b>
<b>U.S. FOMC Upper Interest Rate</b>	5.50	5.25	<b>4.76%</b>
<b>China Repo 7 day</b>	2.20	1.95	<b>12.82%</b>
<b>Caixin China Manufacturing PMI</b>	49.20	50.50	<b>-2.57%</b>
<b>Markit U.S. Manufacturing PMI</b>	50.50	45.20	<b>11.73%</b>

## The Sound of Jackson Hole

The world’s top central bankers stressed the need to maintain interest at high level. The U.S. stock market ended with slight growth even after the Federal president Jerome Powell’s hawkish speech, which was priced-in a week earlier. The Jackson Hole Conference is believed to be the benchmark for monetary strategies in the following year. The attendees discussed subjects including innovative products, bond structure, supply chains, and rising debt risks.

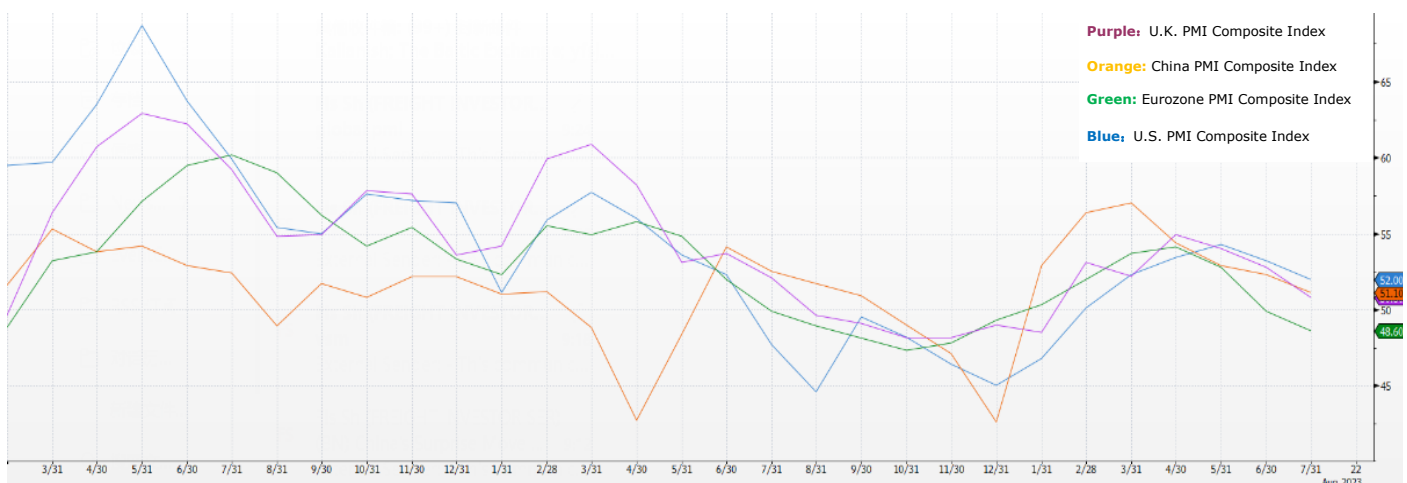
Powell admitted that it is difficult to terminate the interest hike in 2023. In fact, since the July interest rate meeting, there have been disagreements among Federal officers regarding whether there would be another rate hike within the year. The hawkish views on the rate hike originated when the Cleveland prediction tool indicated a potential inflation increase risk in December.

The voices and conclusions generally fell into the skeptics expectation that the Fed would jump the next interest hike in September, with only 20% probability on Fed Watch Tools. The CPI, labor market and related economic indicators became an assessment tool to evaluate the urgency of the next interest hike.

## China cut Stamp Duties

China’s Ministry of Finance and the State Administration of Taxation have announced to activate the capital market and boost investor confidence, that the stamp duty on securities transactions will be reduced by half and be effective from August 28th, 2023.

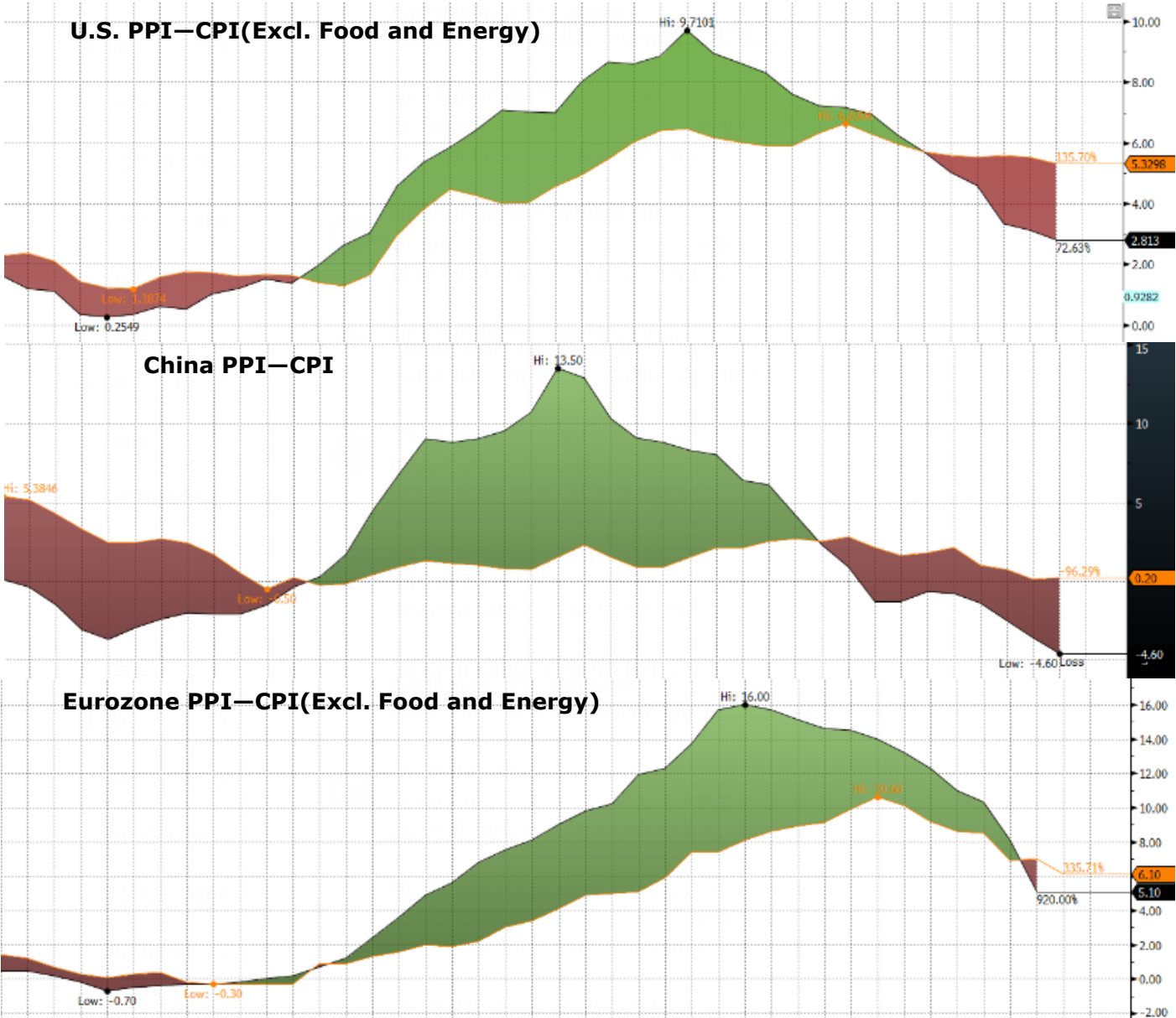
### PMI Index



Sources: Bloomberg

	Last	Previous	
<b>Shanghai&amp;Shenzhen 300 Index</b>	3709.15	3784.00	<b>-1.98%</b>
<b>Dow Jones Industrial Average</b>	34559.98	34463.69	<b>0.28%</b>
<b>FTSE 100 Index</b>	7338.58	7262.43	<b>1.05%</b>
<b>Nikkei 225 Index</b>	32169.99	31565.64	<b>1.91%</b>
<b>BVAL U.S. 10-year Note Yield</b>	4.2145	4.3530	<b>-3.18%</b>
<b>BVAL China 10-year Note Yield</b>	2.6207	2.5932	<b>1.06%</b>

China’s Securities Regulatory Commission: Based on recent market conditions, we will gradually tighten the pace of IPO and promote dynamic balance between investment and financing. Listed companies are not allowed to reduce their holdings due to issues such as breakdowns, net losses, or failure to receive cash dividends for three years. China’s stock market saw a strong upward trend the following week after the stamp duty cut for the past six times historically. Market participants were expecting more following strategies to support capital market in the next few months. Thus, some investors indicated that the long-run impact should be more “valuable” than a daily or weekly length speculation.

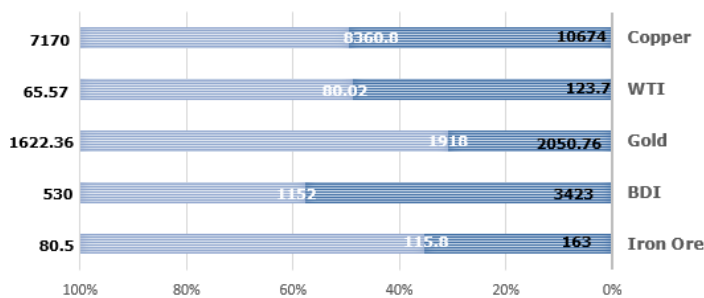


Sources: Bloomberg, FIS

	Last	Previous	
<b>LME Copper 3 Month Rolling</b>	8355.50	8240.50	<b>1.40%</b>
<b>LME Aluminium 3 Month Rolling</b>	2150.50	2137.00	<b>0.63%</b>
<b>WTI Cushing Crude Oil</b>	80.10	80.72	<b>-0.77%</b>
<b>Platts Iron Ore Fe62%</b>	113.95	110.35	<b>3.26%</b>
<b>U.S. Gold Physical</b>	1921.76	1897.48	<b>1.28%</b>
<b>BDI</b>	1080.00	1237.00	<b>-12.69%</b>

## Commodity Outlook and Major Economists Event

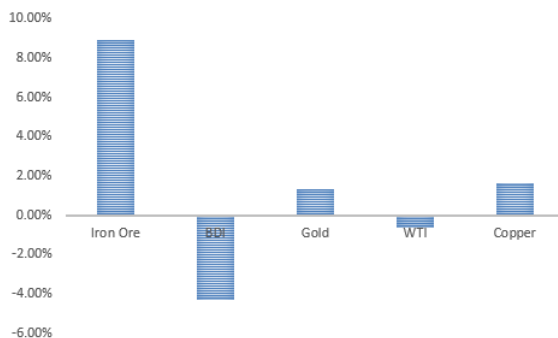
Commodity Relative Price Range



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

- Seaborne coking coal rebounded given the strong demand from India.

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 recovered after the U.S. interest hike probability fell to 20% in September.

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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