

FIS Macro Report

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	Last	Previous	% Change
U.S. Dollar Index(DXY)	104.58	104.81	-0.22%
USD/CNY	7.3038	7.3055	-0.02%
U.S. FOMC Upper Interest Rate	5.50	5.25	4.76%
China Repo 7 day	2.05	1.86	10.22%
Caixin China Manufacturing PMI	51.00	49.20	3.66%
Markit U.S. Manufacturing PMI	47.90	50.50	-5.15%

The Currency Impact on Commodity Market

The strong appreciation on U.S. dollar, supported by hawkish Federal view, had led to fast depreciation of other currencies. The US Dollar Index (DXY) rebounded from 99.58 to 115 during the past nine weeks. In particular, the offshore Chinese yuan depreciated to a 15-year low last week. Thus, China imported dollar-settled metals suffered a fast drop last week.

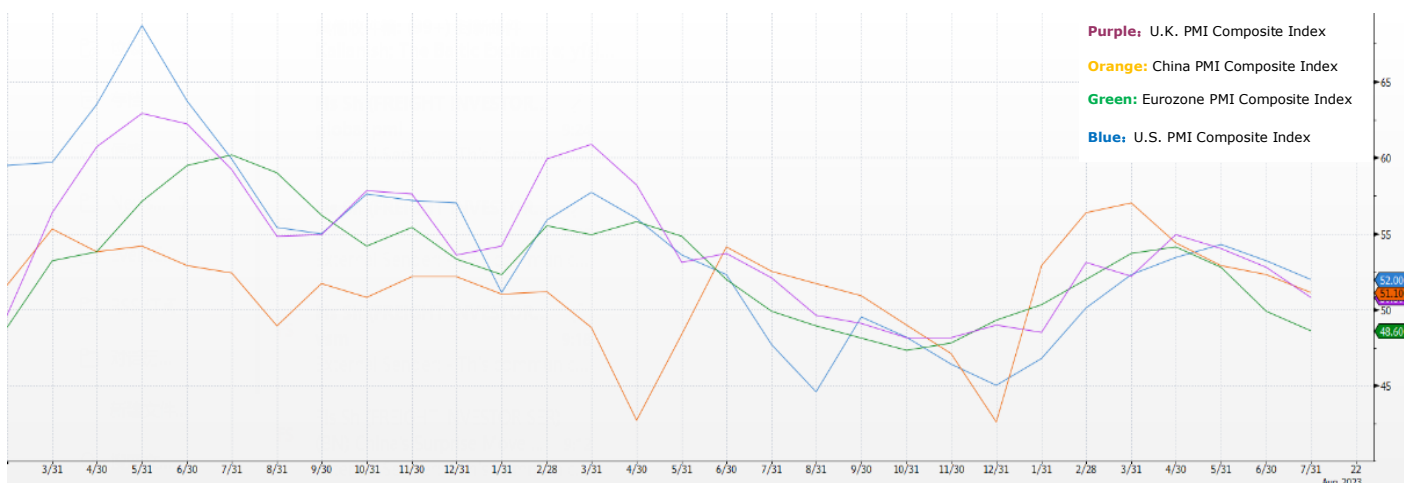
In long-run, many analysts expected a slight recovery on Chinese currency instead of all the way down. On Monday, China central bank PBOC held meetings to urge a neutral outlook on currency, when some investment background macro analysts read as a bailout on currency market. Chinese yuan once appreciated more than 700 bps on Monday, along with a fast recovery on metals and cash crops.

In history, the fast appreciation of dollar value doesn't always equal to an inverse movement on commodities. However, an unexpected fast movement in dollars always create a significant pull back impact on those dollar-linked commodities.

China Economic Support and Boom on Steel Production

China decreased Tier I cities downpayment, optimising debt restructure for developers and nearly completes house deliveries in 2023. Moreover, mortgage rate cut and many customised strategies to lower cost of home buying had just landed during the past 3-4 weeks.

PMI Index

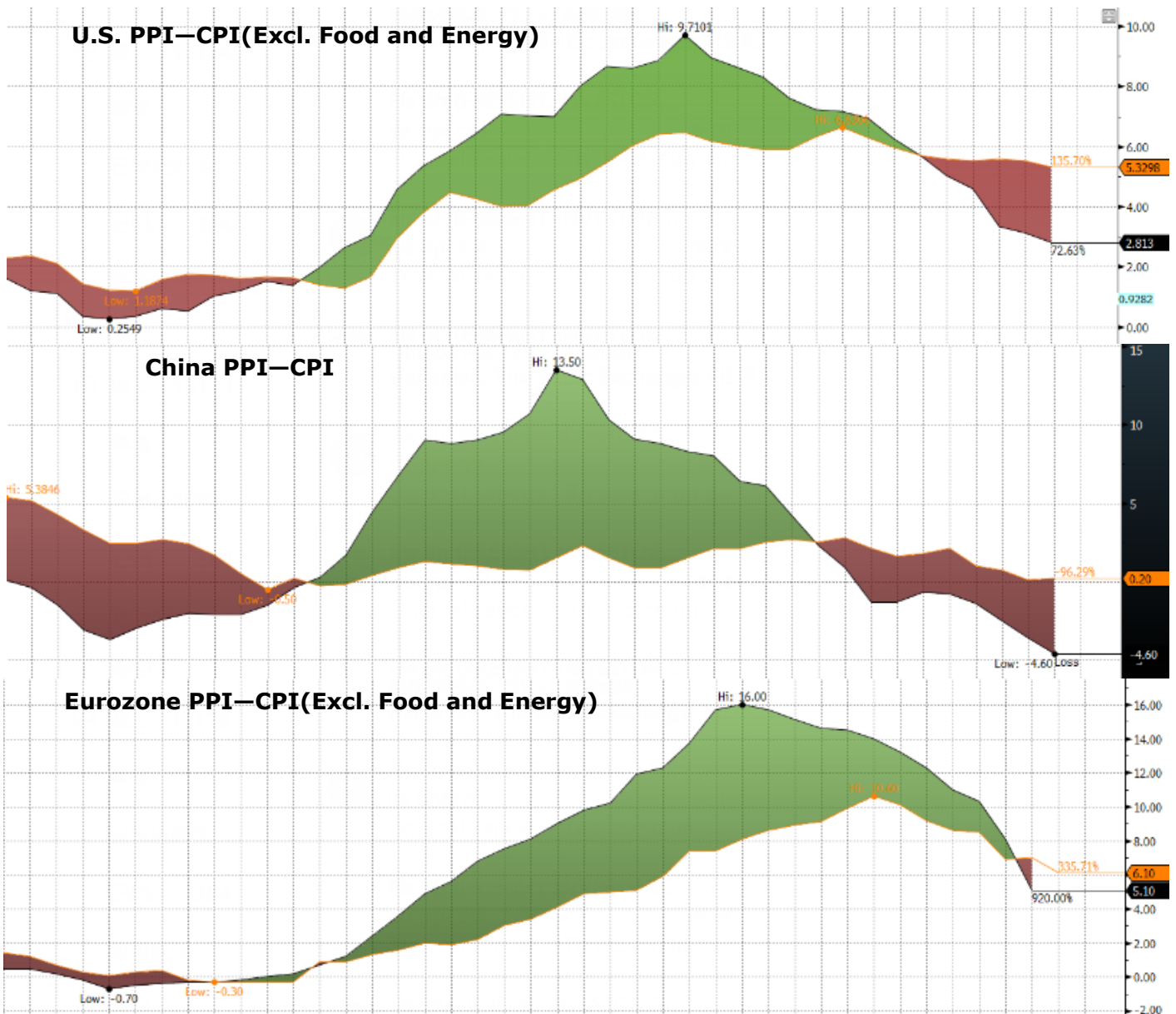


Sources: Bloomberg

	Last	Previous	
Shanghai&Shenzhen 300 Index	3739.99	3791.49	-1.36%
Dow Jones Industrial Average	34663.72	34837.71	-0.50%
FTSE 100 Index	7496.87	7452.76	0.59%
Nikkei 225 Index	32467.76	32939.18	-1.43%
BVAL U.S. 10-year Note Yield	4.2943	4.1973	2.31%
BVAL China 10-year Note Yield	2.6965	2.6764	0.75%

The second biggest industry other than housing sector in China, the automobile sector witnessed a fast booming year after several rounds of price campaigns and promotional activities. The NEV sales from January and August at 5.37 million units, up 39.2% on the year. NEV sales accounted for 29.5% of entire automobiles sectors.

The long-run demand in both housing and automobiles supported the demand of steels, which became the reason of seasonal high pig iron production and crude steels in August.

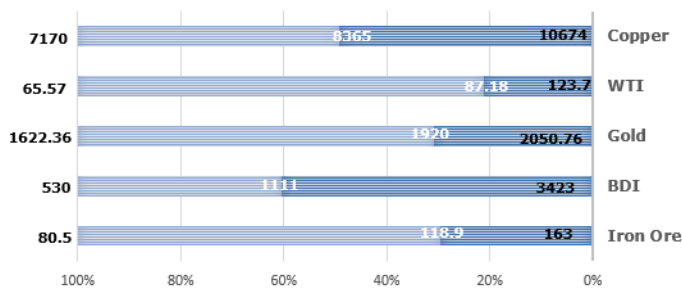


Sources: Bloomberg, FIS

	Last	Previous	
LME Copper 3 Month Rolling	8402.00	8452.00	-0.59%
LME Aluminium 3 Month Rolling	2205.50	2212.50	-0.32%
WTI Cushing Crude Oil	87.29	85.55	2.03%
Platts Iron Ore Fe62%	120.65	118.50	1.81%
U.S. Gold Physical	1921.53	1926.12	-0.24%
BDI	1186.00	1065.00	11.36%

Commodity Outlook and Major Economists Event

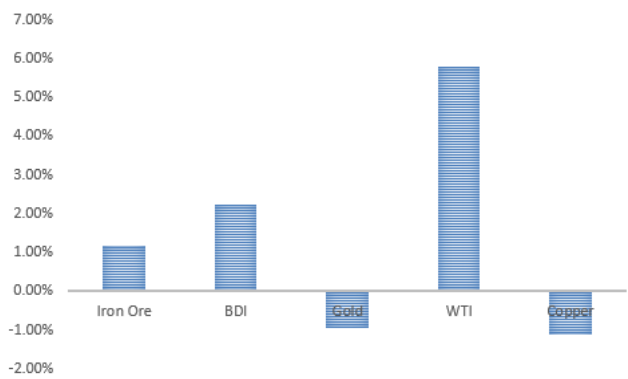
Commodity Relative Price Range



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

- Seaborne coking coal rebounded as the strong demand from India and China.

5 DAY MOVING AVERAGE CHANGE ON COMMODITIES



- The BDI improved as the increase demand from Capesize market.

- Oil price rebounded as the continuous cut from OPEC. In addition, hot weather in U.S. and Japan raised fuel oil consumption.

- The copper price maintained stable in a 3% narrow range during past month.

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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