

# FIS Macro Report

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	Last	Previous	% Change
<b>U.S. Dollar Index(DXY)</b>	105.08	104.71	<b>0.35%</b>
<b>USD/CNY</b>	7.2918	7.3014	<b>-0.13%</b>
<b>U.S. FOMC Upper Interest Rate</b>	5.50	5.25	<b>4.76%</b>
<b>China Repo 7 day</b>	2.08	2.05	<b>1.46%</b>
<b>Caixin China Manufacturing PMI</b>	51.00	49.20	<b>3.66%</b>
<b>Markit U.S. Manufacturing PMI</b>	47.90	50.50	<b>-5.15%</b>

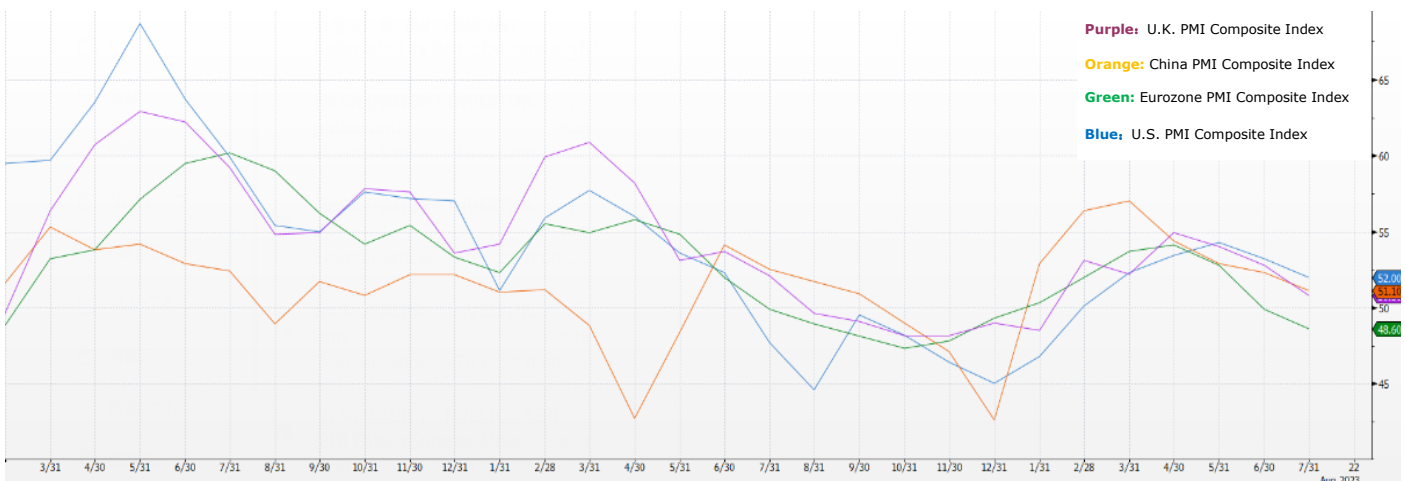
## The Recovery on China’s August Economic Statistics

The economic statistics of China in August recovered in general. China’s industrial valued added amount increased by 4.5% on the year, up 3.7% last. China manufacturing investment reached 5.9%. The leading indicators in manufacturing PMI reached 50.2%, indicating a potential recovery back on 50% in Q4. August CPI reversed from negative number to a growth by 0.3%, contributed by the fast increase on service sector. The service sector was believed to be the most important indicator to evidence a warming of China’s economy in 2023, with many policies landing in Q2 and early Q3.

China initiated an unexpected RRR cuts by 25 bps, an equivalent of 50 million yuan liquidity to the market. Economists believed that there should be more room for further cuts within the year. However, the commercial house sales from January to August down 7.1% on the year. House development investment down 8.8% on the year. Some economists indicated that the stimulus on housing including rate cuts and lowering down payments potentially see some latency on the statistic side.

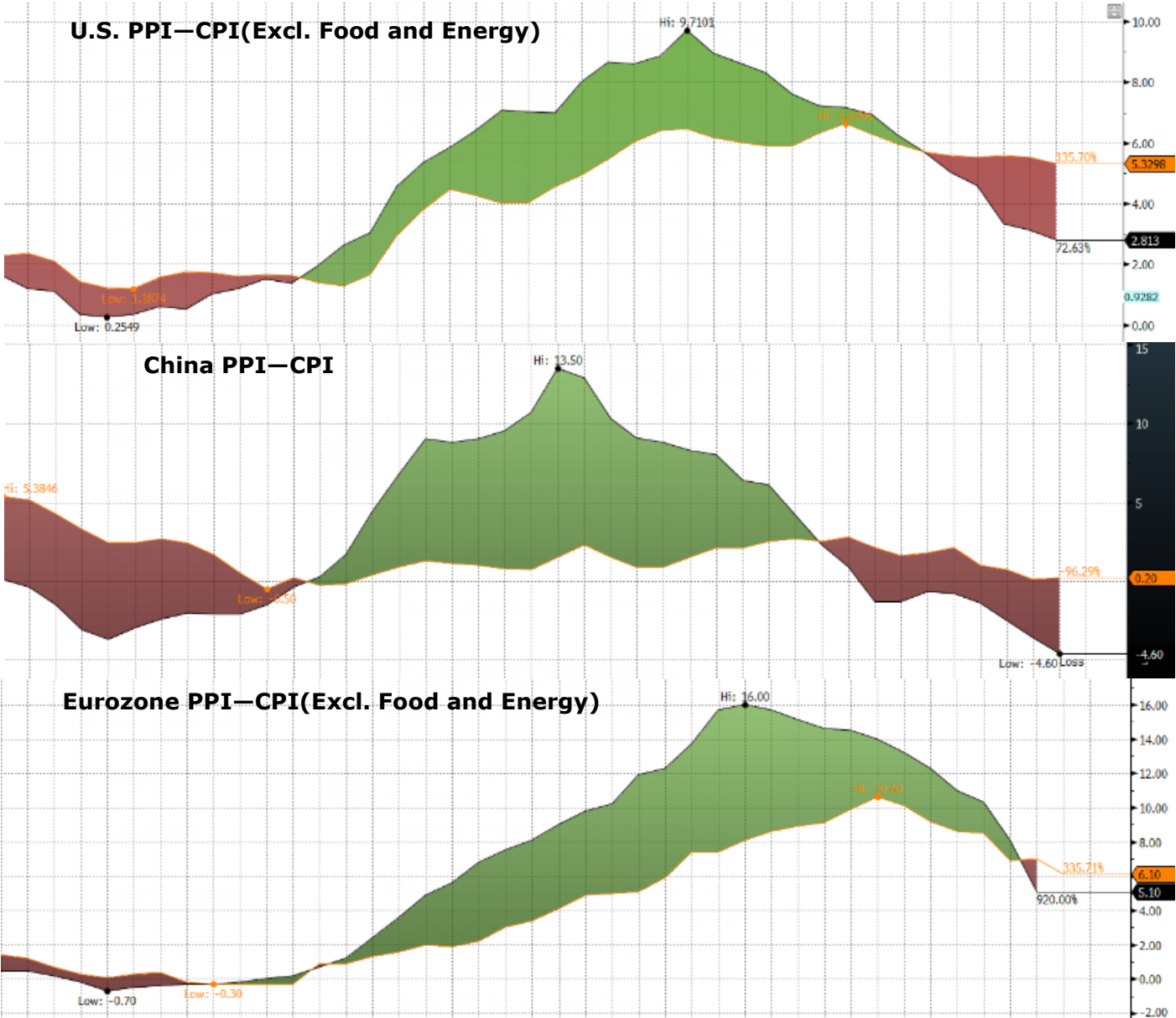
The incoming golden weeks for China will potentially become an assessment of the consumption recovery, as the leading indicator of economic outlook for China in next few quarters. The flight bookings for major cities in China has increased by 20% compared to same period in 2019. Some local media said it would become the most crowded holiday over past five years.

## PMI Index



Sources: Bloomberg

	Last	Previous	
<b>Shanghai&amp;Shenzhen 300 Index</b>	3708.78	3739.99	<b>-0.83%</b>
<b>Dow Jones Industrial Average</b>	34624.30	34663.72	<b>-0.11%</b>
<b>FTSE 100 Index</b>	7652.94	7496.87	<b>2.08%</b>
<b>Nikkei 225 Index</b>	33533.09	32606.84	<b>2.84%</b>
<b>BVAL U.S. 10-year Note Yield</b>	4.3215	4.2943	<b>0.63%</b>
<b>BVAL China 10-year Note Yield</b>	2.7037	2.6965	<b>0.27%</b>

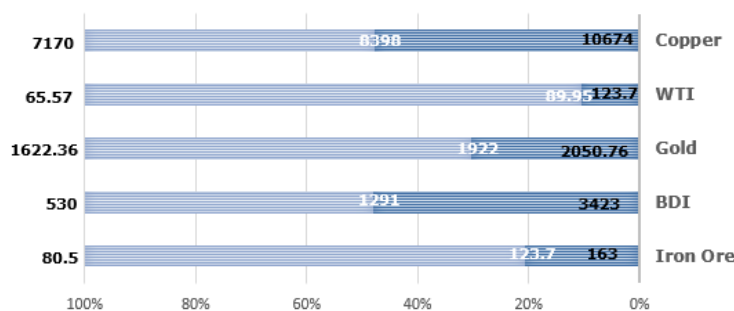


Sources: Bloomberg, FIS

	Last	Previous	
<b>LME Copper 3 Month Rolling</b>	8359.50	8402.00	<b>-0.51%</b>
<b>LME Aluminium 3 Month Rolling</b>	2220.00	2205.50	<b>0.66%</b>
<b>WTI Cushing Crude Oil</b>	91.48	87.29	<b>4.80%</b>
<b>Platts Iron Ore Fe62%</b>	124.45	120.65	<b>3.15%</b>
<b>U.S. Gold Physical</b>	1933.31	1913.67	<b>1.03%</b>
<b>BDI</b>	1381.00	1186.00	<b>16.44%</b>

## Commodity Outlook and Major Economists Event

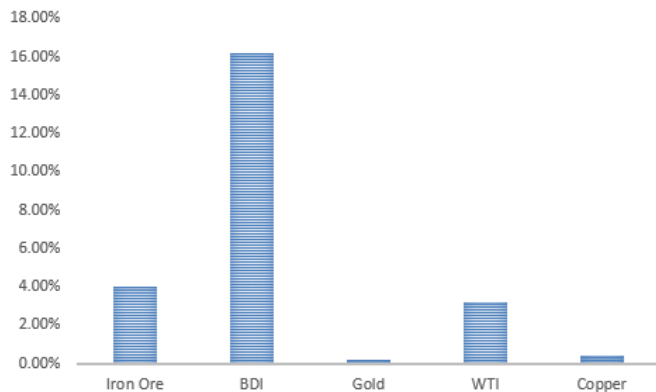
Commodity Relative Price Range



- Iron ore recovered on the back of unexpected high pig iron demand seasonally.

- Seaborne coking coal rebounded after the short-term disruption by BHP truck accident.

5 DAY MOVING AVERAGE CHANGE ON COMMODITIES



- The BDI improved given the increased demand from Capesize market.

- Oil price rebounded given the continuous cut from OPEC.

- The copper price remained 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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