

# FIS Macro Report

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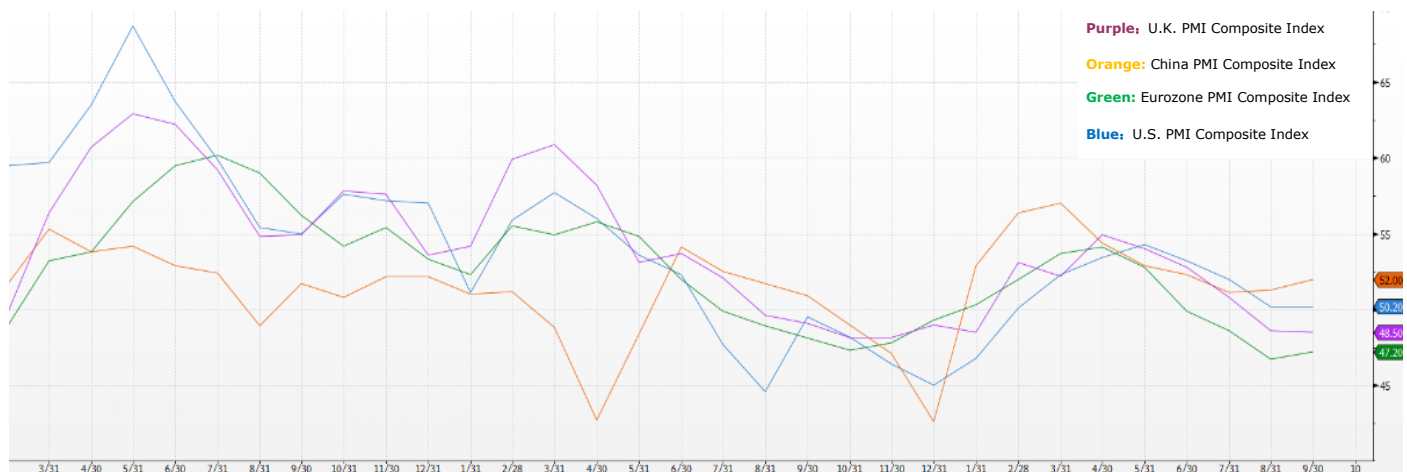
	Last	Previous	% Change
<b>U.S. Dollar Index(DXY)</b>	106.24	105.83	0.39%
<b>USD/CNY</b>	7.3123	7.2878	0.34%
<b>U.S. FOMC Upper Interest Rate</b>	5.50	5.50	0
<b>China Repo 7 day</b>	2.05	2.01	1.99%
<b>Caixin China Manufacturing PMI</b>	50.60	51.00	-0.78%
<b>Markit U.S. Manufacturing PMI</b>	50.60	47.90	5.64%

## U.S. 30-year Treasury Bond saw "Pressure"

Some investors name 2023 as the "Year of Bond", with high yield supported by strong US dollar. However, recent news indicated that primary dealers have to buyback 18.2% of unsold U.S. bonds. The average buyback ratio was around 10% this year. The long-term oversupply on the U.S. bond market was due to decrease on long-term debt from major economies including Japan, China, India, Russia, Brazil and Saudi Arabia. According to the data released by US Treasury, global holdings on the US Treasuries decreased by \$52.6 billion in May 2023 to \$6.86 trillion, the lowest since May 2010.

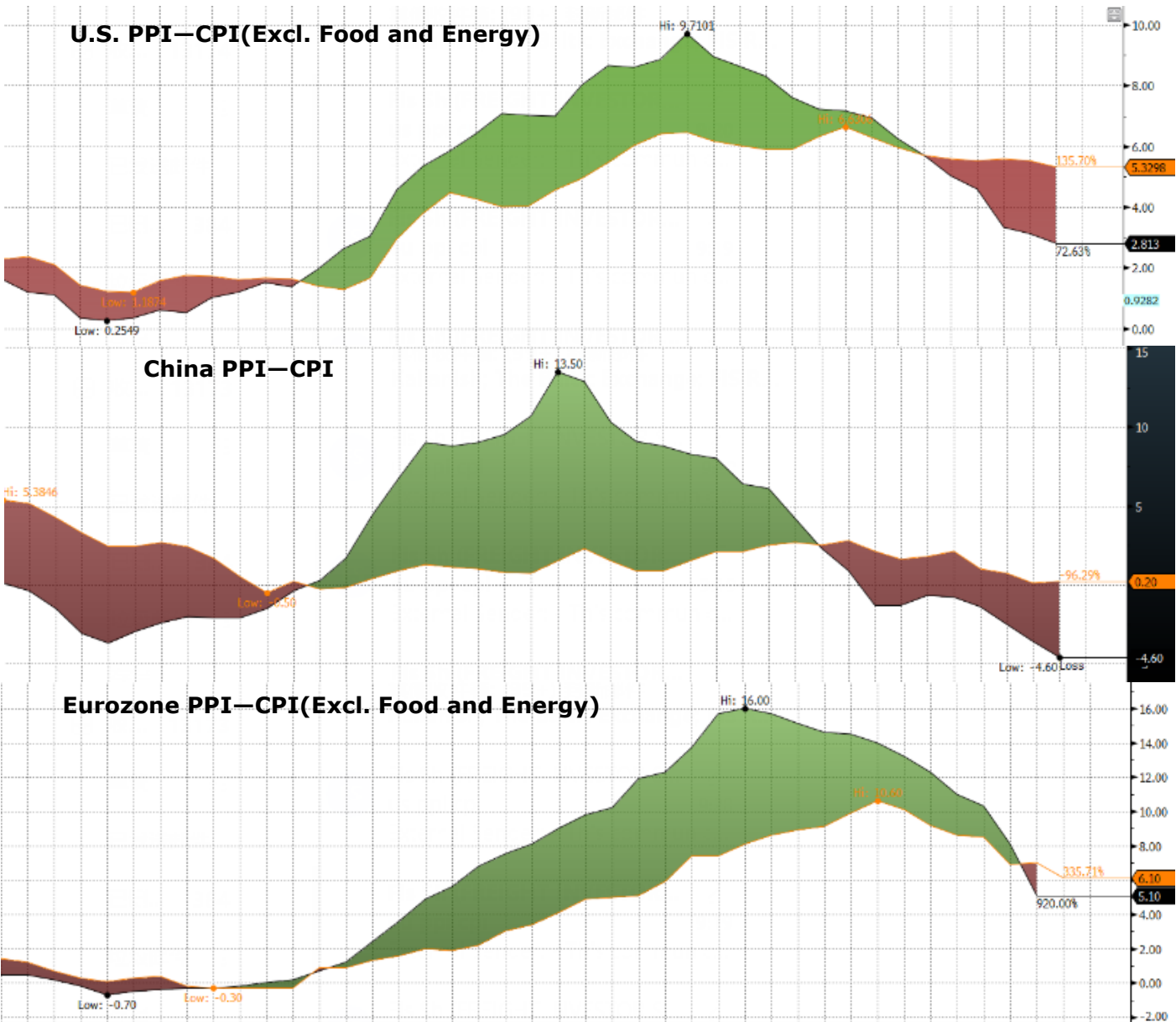
The expectation in 2023 was that the US economy slow down should bring down the steepest hike to a rather eased mode. Instead, strong job data supported the Federal's determination to maintain a strong monetary policy and extend the end of hike from 2023 to 2024. Market participants were concerned the end was not going to be reached if market data kept showing some "resilient" features on economy. Thus, US bond market became a star product for all fund managers over the world in 2023. Some portfolio managers indicated that they were trying to use bonds to hedge possible economic hard-landing and stock pullbacks in long-term.

## PMI Index



Sources: Bloomberg

	Last	Previous	
<b>Shanghai&amp;Shenzhen 300 Index</b>	3663.41	3689.52	<b>-0.71%</b>
<b>Dow Jones Industrial Average</b>	33984.54	33604.65	<b>1.13%</b>
<b>FTSE 100 Index</b>	7630.63	7492.21	<b>1.85%</b>
<b>Nikkei 225 Index</b>	32315.99	31075.36	<b>3.99%</b>
<b>BVAL U.S. 10-year Note Yield</b>	4.7267	4.8123	<b>-1.78%</b>
<b>BVAL China 10-year Note Yield</b>	2.7108	2.7121	<b>-0.05%</b>

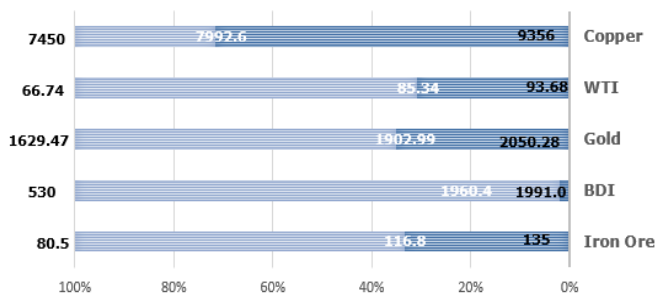


Sources: Bloomberg, FIS

	Last	Previous	
<b>LME Copper 3 Month Rolling</b>	7976.50	8104.00	<b>-1.57%</b>
<b>LME Aluminium 3 Month Rolling</b>	2180.50	2241.50	<b>-2.72%</b>
<b>WTI Cushing Crude Oil</b>	86.66	86.38	<b>0.32%</b>
<b>Platts Iron Ore Fe62%</b>	120.15	116.35	<b>3.27%</b>
<b>U.S. Gold Physical</b>	1918.65	1860.40	<b>3.13%</b>
<b>BDI</b>	1945.00	1929.00	<b>0.83%</b>

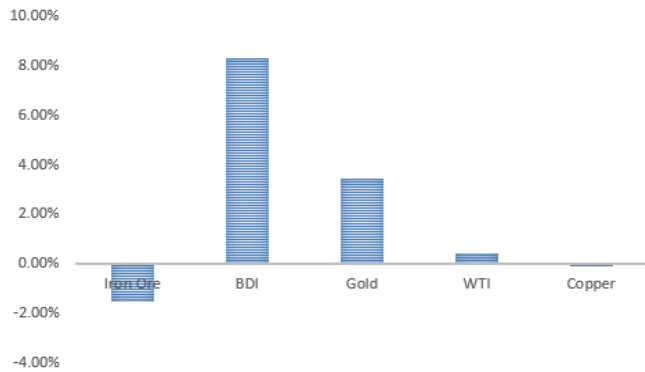
## Commodity Outlook and Major Economists Event

Commodity Relative Price Range



- Iron ore corrected eyeing a marginal decrease, however current price supported by the 3-year-low port stocks.
- Seaborne coking coal slowed down the increase as Asian steel mills suffered general production losses.

5 DAY MOVING AVERAGE CHANGE ON COMMODITIES



- The BDI rebounded due to the crowded laycans in Panamax canal and tight freight capacities in south America.
- Oil price corrected as US Federal shifted monetary strategies from "higher" to "longer". However recent geopolitical tension supported oil price.
- The copper price corrected given the concerns on the recession of global economy after geo-political tensions.

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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