

# FIS Macro Report

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	Last	Previous	% Change
<b>U.S. Dollar Index(DXY)</b>	106.19	106.27	<b>-0.08%</b>
<b>USD/CNY</b>	7.3254	7.3144	<b>0.15%</b>
<b>U.S. FOMC Upper Interest Rate</b>	5.50	5.50	<b>0</b>
<b>China Repo 7 day</b>	2.50	2.60	<b>-3.85%</b>
<b>Caixin China Manufacturing PMI</b>	50.60	51.00	<b>-0.78%</b>
<b>Markit U.S. Manufacturing PMI</b>	50.60	47.90	<b>5.64%</b>

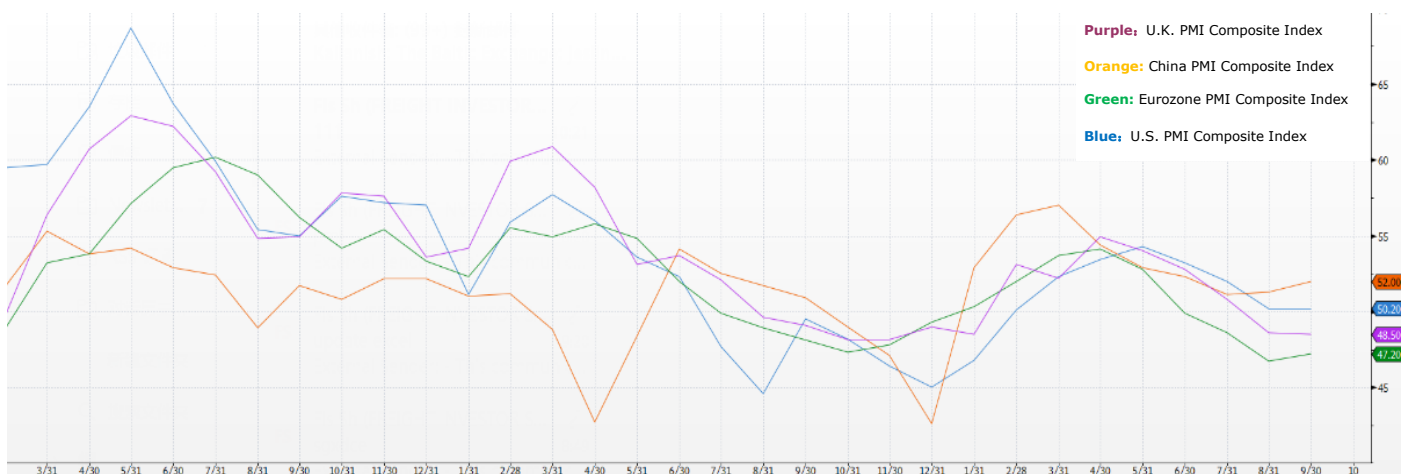
## A Look into China's 1 Trillion Treasury Bond

During past week, China issued 1 trillion yuan of additional sovereign debt, with the aim to help support post-disaster recovery and reconstruction. Earlier last week, China's sovereign wealth fund Central Huijin Investment Ltd. said it bought exchange-traded funds late Monday, which was the second time in the month. The stimulus coming out during a similar period reverse the investors' sentiment from bearish to bullish at least in short-run, including industrial commodities and China-linked equities.

China sold 2.6 trillion yuan of sovereign notes and local government bonds throughout October, highest of the year, according to Bloomberg. The issuance hike reflected the government's effort to accelerate spending and economic recovery. On the other side, the government is expected to guide the interest rate lower to counter against the impact of higher supply of debt and higher yield curve, which became the core reason to support the current round of financial market growth in China.

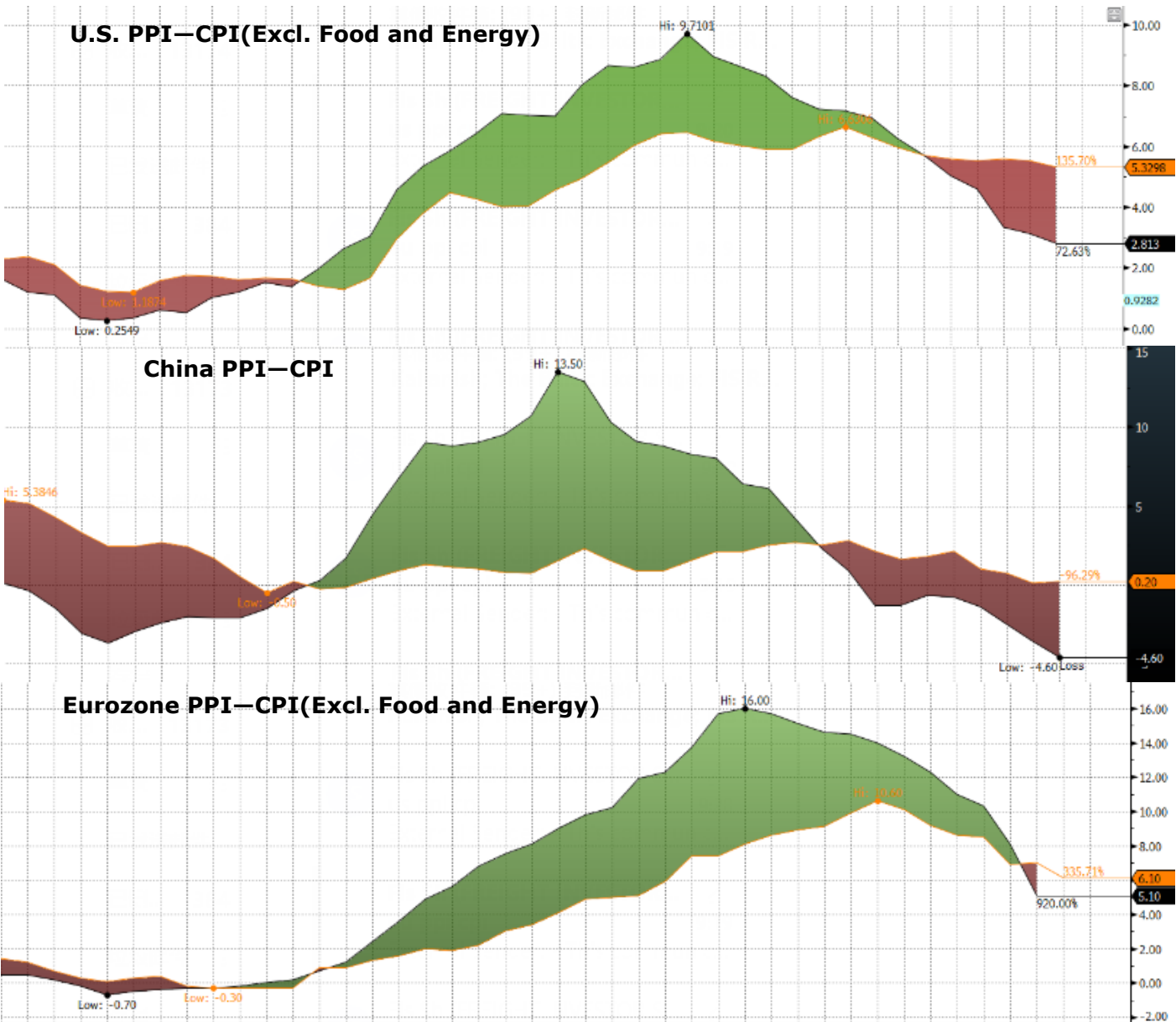
Local government expected to become one of the beneficiaries to optimise the debt structure after issuing the debts, which also helped ease the liquidity risks on local banks. Since housing market will almost definitely see a worsening picture in the next few years, the local debt could help to improve infrastructure spending, which is normally believed to be one of the biggest drivers of economic growth in China.

## PMI Index



Sources: Bloomberg

	Last	Previous	
<b>Shanghai&amp;Shenzhen 300 Index</b>	3562.39	3510.59	<b>1.48%</b>
<b>Dow Jones Industrial Average</b>	32928.96	32936.41	<b>-0.02%</b>
<b>FTSE 100 Index</b>	7327.39	7374.83	<b>-0.64%</b>
<b>Nikkei 225 Index</b>	30696.96	30999.55	<b>-0.98%</b>
<b>BVAL U.S. 10-year Note Yield</b>	4.8969	4.8681	<b>0.59%</b>
<b>BVAL China 10-year Note Yield</b>	2.7203	2.7185	<b>0.07%</b>

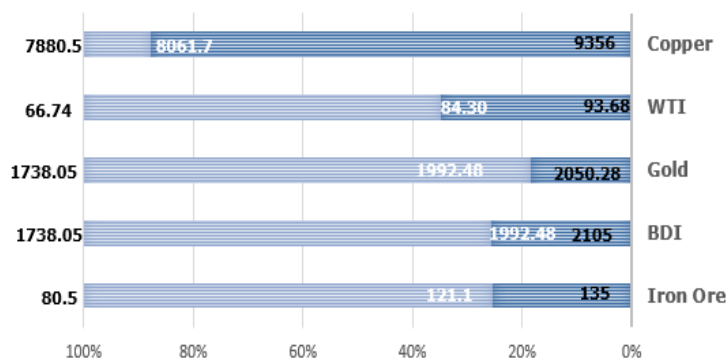


Sources: Bloomberg, FIS

	Last	Previous	
<b>LME Copper 3 Month Rolling</b>	8140.50	7972.00	<b>2.11%</b>
<b>LME Aluminium 3 Month Rolling</b>	2266.50	2176.00	<b>4.16%</b>
<b>WTI Cushing Crude Oil</b>	82.31	86.39	<b>-4.72%</b>
<b>Platts Iron Ore Fe62%</b>	122.90	115.55	<b>6.36%</b>
<b>U.S. Gold Physical</b>	1995.48	1970.97	<b>1.24%</b>
<b>BDI</b>	1502.00	2071.00	<b>-27.47%</b>

## Commodity Outlook and Major Economists Event

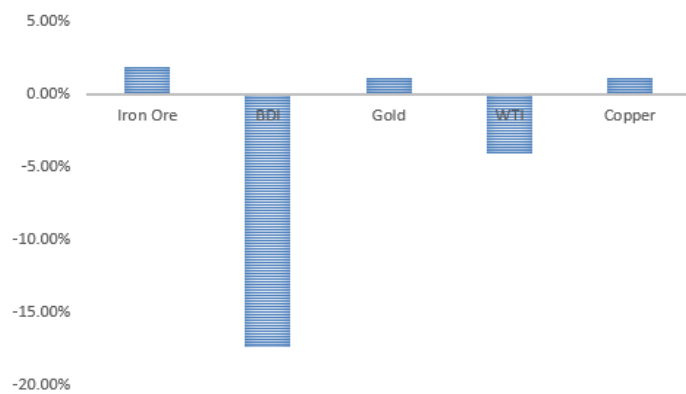
Commodity Relative Price Range



- Iron ore eyed Chinese port stock increases for two weeks, however, market irritated by the uncertainty of BHP workers strikes.

- Seaborne coking coal slowed down the increase as Asian steel mills suffered general production losses.

5 DAY MOVING AVERAGE CHANGE ON COMMODITIES



- The BDI leaked during report week, dragged by the freight price decrease on most of the routes.

- Oil price corrected as market priced-in geo-political tensions in short-run.

- The copper price increased slightly due to the new stimulus in China and the market expecting the relationship between US and China to ease after the meeting in late October.

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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