

FIS Macro Report

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	Last	Previous	% Change
U.S. Dollar Index(DXY)	103.20	103.44	-0.23%
USD/CNY	7.1548	7.1429	0.17%
U.S. FOMC Upper Interest Rate	5.50	5.50	0
China Repo 7 day	3.30	2.25	46.67%
Caixin China Manufacturing PMI	49.50	50.60	-2.17%
Markit U.S. Manufacturing PMI	49.10	50.60	-2.96%

Risk Appetite of Commodity Returned

The fast depreciation of US dollar after the debt yield drop contributed to supporting commodities. The US Dollar Index(DXY) dropped 3.3% to 103.369 during November, which created the fastest drop since July. The wall street analysts believed that the number would drop below 100 without "significant support". As we all know, more than 70% of global traded commodities are settled through USD. Thus, the depreciation directly raises the value of commodity prices. From another angle, the strengthening of non-US dollar currencies increased the preference of imports. For exporters, increase on price levels would benefit their price margins. In sum, the deprecation of US dollar was believed to be a stimulus for commodity flow and trade. Iron ore, steel, and coking have rebounded fast during the past one and half months globally.

The market was positive on the commodity price for next year because the dollar would remain at a lower level compared with 2023. In addition, the debt yield became less attractive, which enabled investments to flow back to higher risk markets including commodities. However, the macro change doesn't always contribute the biggest marginal factor of the price level.

The lowered dollar and debt yield will also increase US and global equity values naturally. The equity market next year will potentially become a competitor to commodity market. The recession risk in major economies will become a threatening factor for both equity and commodities in 2024.

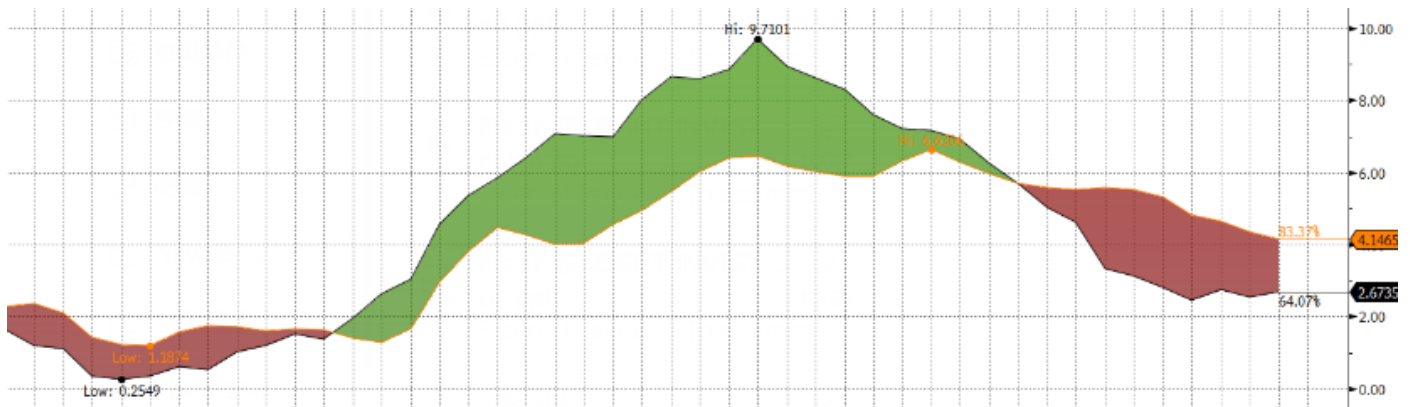
PMI Index



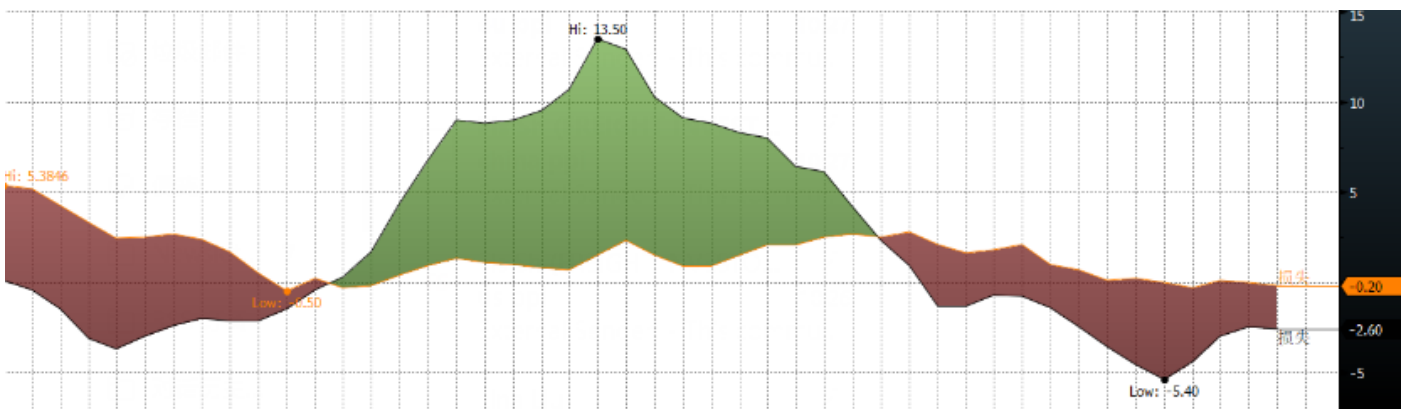
Sources: Bloomberg

	Last	Previous	
Shanghai&Shenzhen 300 Index	3538.01	3568.07	-0.84%
Dow Jones Industrial Average	35333.47	34947.28	1.11%
FTSE 100 Index	7460.70	7496.36	-0.48%
Nikkei 225 Index	33447.67	33585.20	-0.41%
BVAL U.S. 10-year Note Yield	4.4060	4.4630	-1.28%
BVAL China 10-year Note Yield	2.7021	2.6787	0.87%

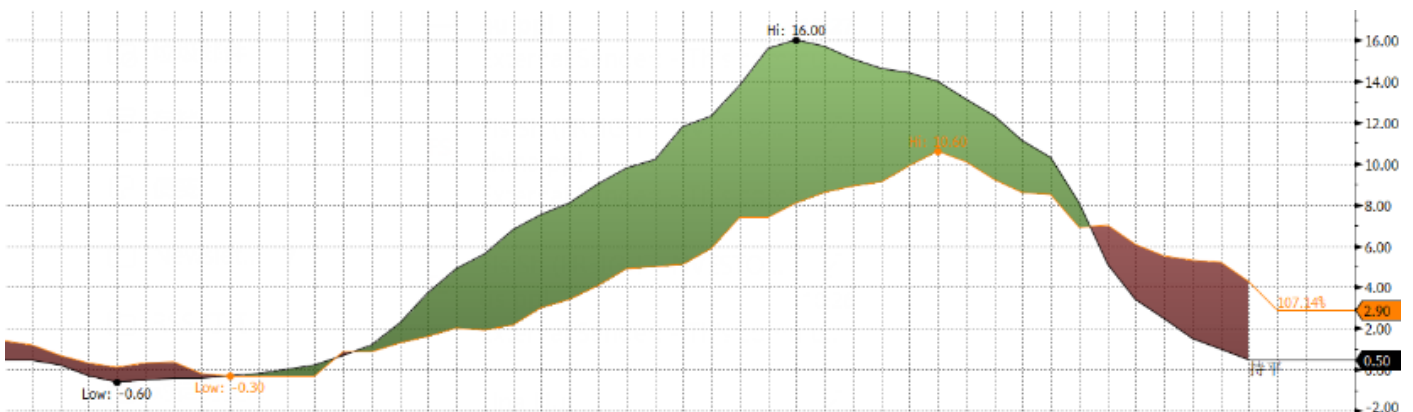
U.S. PPI—CPI(Excl. Food and Energy)



China PPI—CPI



Eurozone PPI—CPI(Excl. Food and Energy)

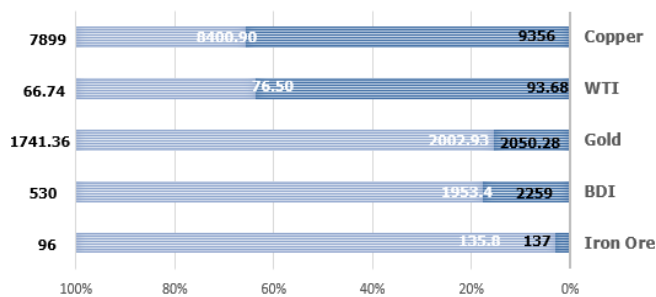


Sources: Bloomberg, FIS

	Last	Previous	
LME Copper 3 Month Rolling	8364.00	8430.50	-0.79%
LME Aluminium 3 Month Rolling	2210.50	2245.50	-1.56%
WTI Cushing Crude Oil	74.86	72.90	2.69%
Platts Iron Ore Fe62%	133.45	131.90	1.18%
U.S. Gold Physical	2016.29	1998.29	0.90%
BDI	2259.00	1758.00	28.50%

Commodity Outlook and Major Economists Event

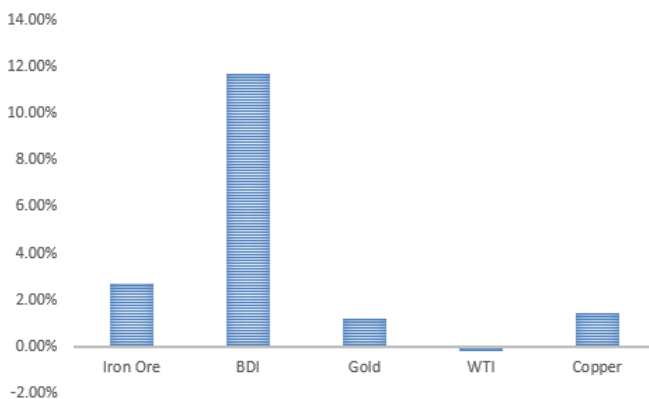
Commodity Relative Price Range



- Iron ore corrected due to the strict surveillance on iron ore futures from NDRC and other departments which sought to prevent speculation and hoarding stocks.

- Seaborne coking coal rebounded due to the return of Indian buyers and China safety checks on key miners.

5 DAY MOVING AVERAGE CHANGE ON COMMODITIES



- The BDI increased fast as the ship line-ups became crowded in year-end.

- Oil price entered a flat area and is waiting for updates on oil cut news.

- The copper price inched higher, backed by the economy strengthening as well as depreciated US dollar.

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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