

# FIS Macro Report

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	Last	Previous	% Change
<b>U.S. Dollar Index(DXY)</b>	103.61	102.75	<b>0.84%</b>
<b>USD/CNY</b>	7.1523	7.1326	<b>0.28%</b>
<b>U.S. FOMC Upper Interest Rate</b>	5.50	5.50	<b>0</b>
<b>China Repo 7 day</b>	2.10	3.30	<b>-36.36%</b>
<b>Caixin China Manufacturing PMI</b>	50.70	49.50	<b>2.42%</b>
<b>Markit U.S. Manufacturing PMI</b>	47.90	49.10	<b>-2.44%</b>

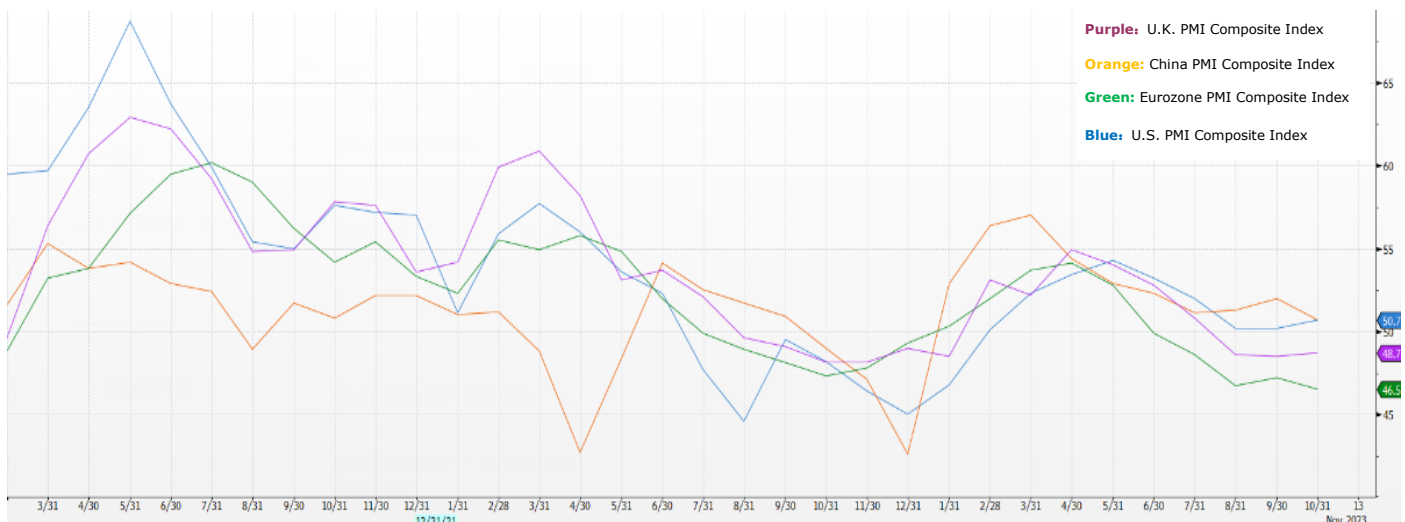
## Time of Global Interest Cut

The Global central banks will officially enter the interest cut period in 2024 after US Federal announced the termination of the interest hike during the past two FOMCs. One of the major evaluator's for inflation rate, US PCE, dropped to 3% in October. The anchor of global assets, US 10-Year Bond Yield, down 12% to 4.32%, creating the fastest decrease over the past 40 years. The risk asset as a result rebounded. Gold price hit all time high at \$2,135. US equity index up by 8.9% in November. MSCI new emerging index up 7.6% in November, which created the best performing month since January. The decreasing yield of US Debt would certainly increase the liquidity in investment market in 2024 globally. The US linked commodities tend to have a rise on the valuation in 2024 compared to 2022 and 2023.

Although some US governors tried to bring back some caution in regards to the interest cuts, the market had 100% priced in the imminent rate cuts by the first half of 2024, as signs of slowing US economic growth and marginal easing of inflation became more evident. According to FedWatch, the interest rate cut has moved to earlier months compared to the prediction few month ago. In general, the rate cuts before end of 2024 reached 100%.

The recent statistics indicated major countries in Europe are experiencing softening economic conditions. The Eurozone CPI in November rose by 2.4% on the year, lower than estimated 2.7%. The CPI dropped massively from 4-5% in Q3. Major institutions moved the expectation of rates cut in 2024 from Q3 to Q2.

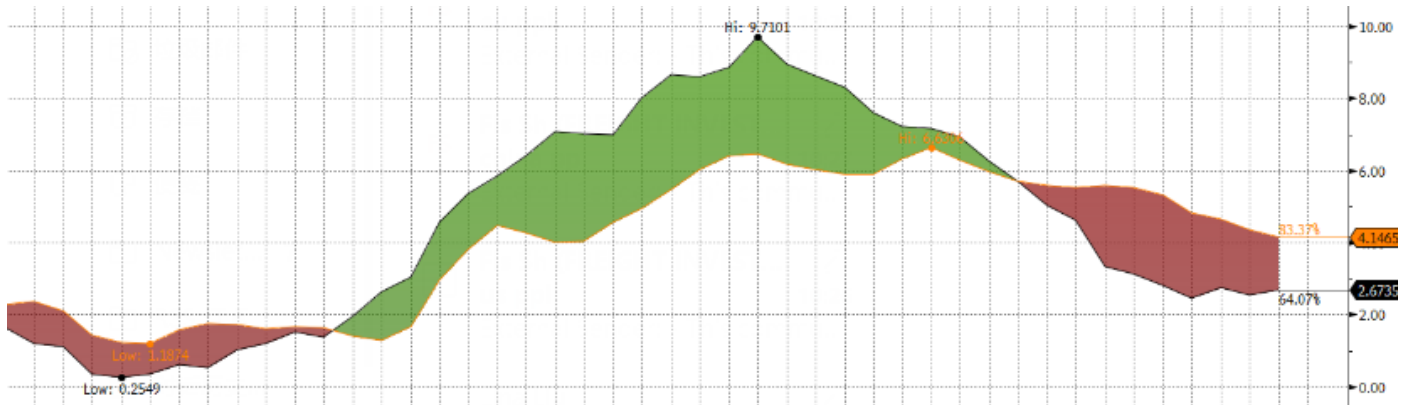
## PMI Index



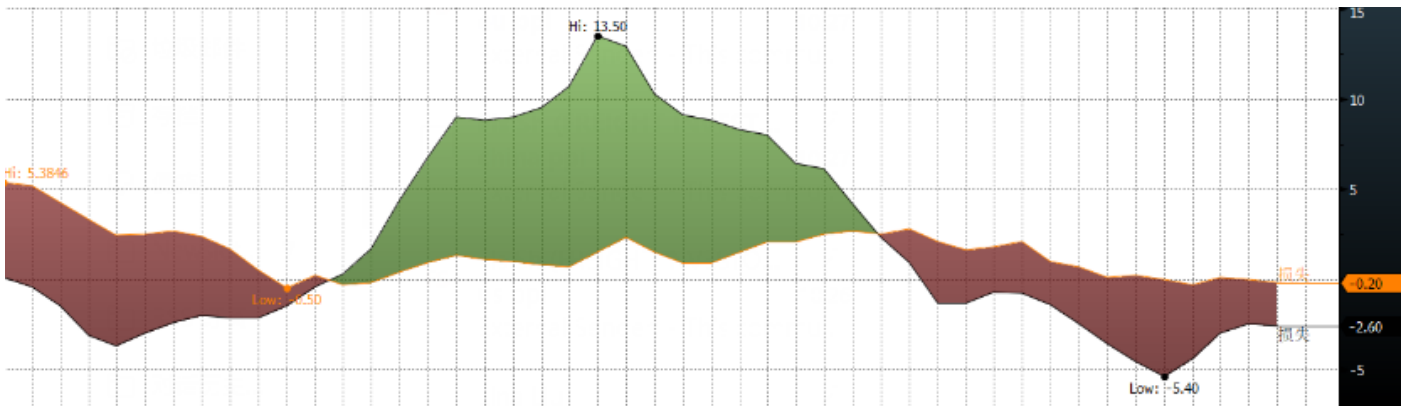
Sources: Bloomberg

	Last	Previous	
<b>Shanghai&amp;Shenzhen 300 Index</b>	3460.14	3511.94	<b>-1.47%</b>
<b>Dow Jones Industrial Average</b>	36204.44	35333.47	<b>2.46%</b>
<b>FTSE 100 Index</b>	7512.96	7460.70	<b>0.70%</b>
<b>Nikkei 225 Index</b>	33231.27	33447.67	<b>-0.65%</b>
<b>BVAL U.S. 10-year Note Yield</b>	4.2902	4.4060	<b>-2.63%</b>
<b>BVAL China 10-year Note Yield</b>	2.6922	2.7021	<b>-0.37%</b>

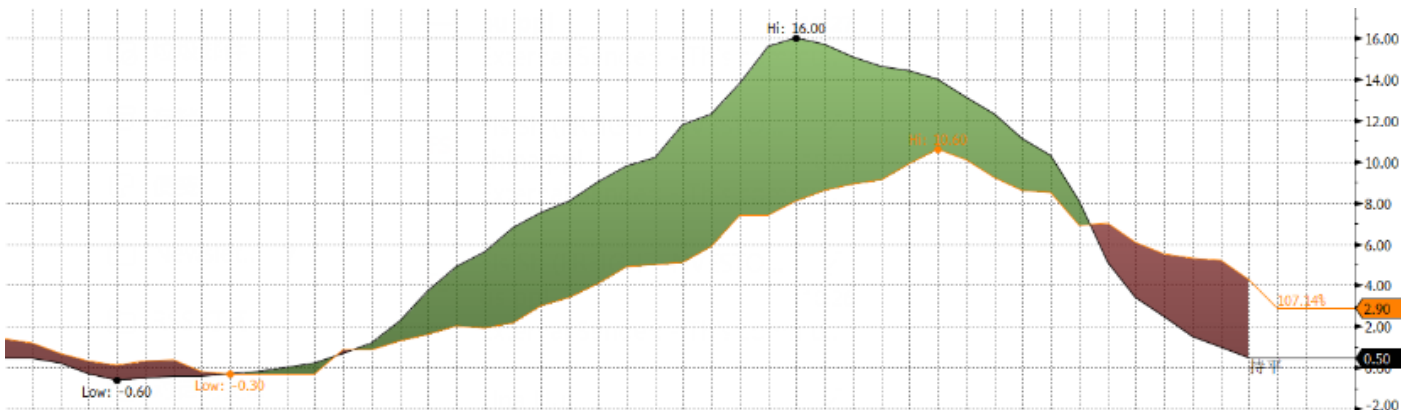
### U.S. PPI—CPI(Excl. Food and Energy)



### China PPI—CPI



### Eurozone PPI—CPI(Excl. Food and Energy)

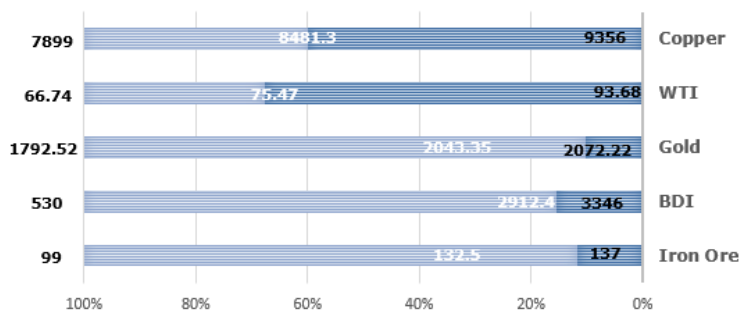


Sources: Bloomberg, FIS

	Last	Previous	
<b>LME Copper 3 Month Rolling</b>	8443.00	8364.00	<b>0.94%</b>
<b>LME Aluminium 3 Month Rolling</b>	2182.00	2210.50	<b>-1.29%</b>
<b>WTI Cushing Crude Oil</b>	73.04	74.86	<b>-2.43%</b>
<b>Platts Iron Ore Fe62%</b>	131.05	133.45	<b>-1.80%</b>
<b>U.S. Gold Physical</b>	2034.44	2040.97	<b>-0.32%</b>
<b>BDI</b>	3346.00	2102.00	<b>59.18%</b>

## Commodity Outlook and Major Economists Event

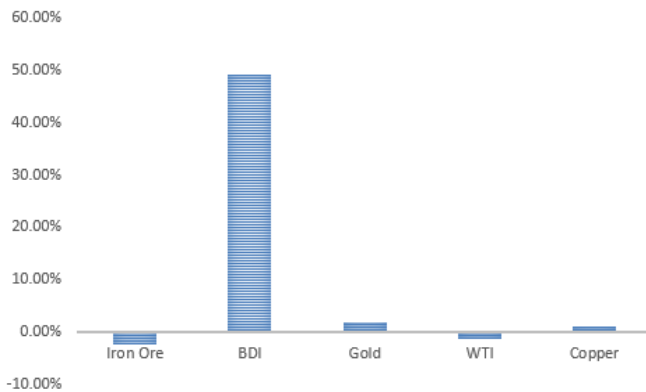
Commodity Relative Price Range



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

- Seaborne coking coal rebounded given the return of Indian buyers and Chinese safety checks on key miners.

5 DAY MOVING AVERAGE CHANGE ON COMMODITIES



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

- Oil price entered a flat level whilst awaiting for the OPEC+ cut and macro changes.

- The copper price entered a flat mode, supported by economic recovery in 2024 globally.

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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