

FIS Macro Report

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	Last	Previous	% Change
U.S. Dollar Index(DXY)	104.17	103.82	0.34%
USD/CNY	7.2454	7.2120	0.46%
U.S. FOMC Upper Interest Rate	5.50	5.50	0
China Repo 7 day	2.40	2.00	20.00%
Caixin China Manufacturing PMI	50.90	50.80	0.20%
Markit U.S. Manufacturing PMI	53.80	50.80	5.91%

Risk Appetite Up or Down?

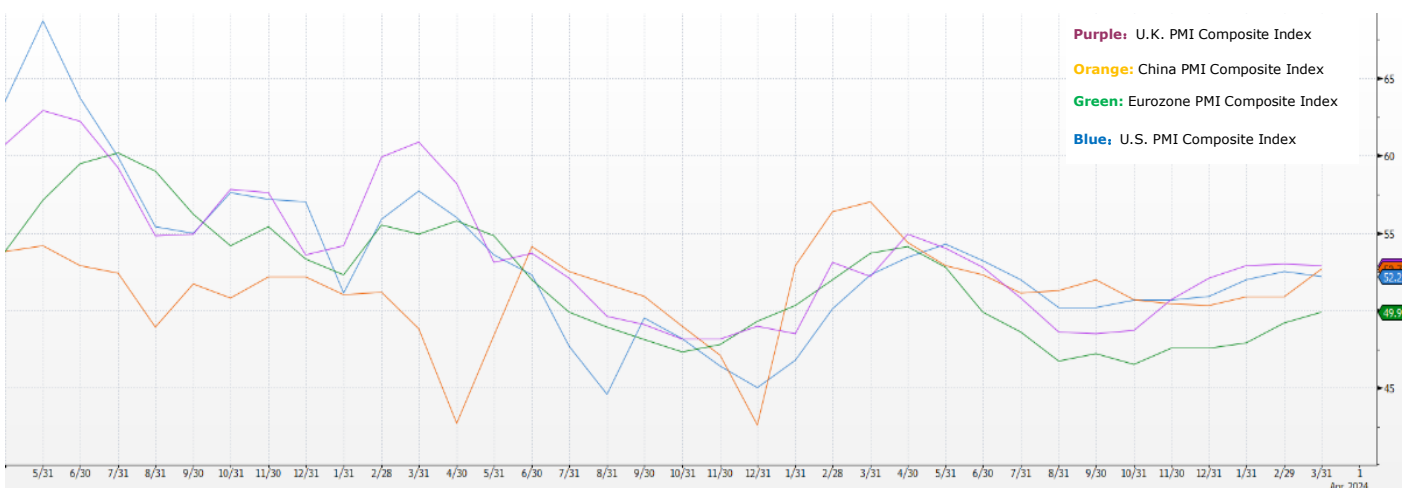
The decrease of US T-Bond yield should be a sensitive indicator of risk appetite, following a strong global equity performance in Q1. Oil and copper saw a significant rebound in March, up by 6.62% and 4.2% respectively. However, the risk averse indicator, gold rebounded for more than 11% in March. Why did both risk appetite and averse indicators emerge at the same time in March?

From historical studies of the two risk preferences, it is unusual to see both of them exist at the same period for more than a year. However, a quarter-long positive relation has been seen during extreme conditions. That is to say, the two types of investors will potentially diverge again in the long-run.

Currently, it is worth looking at short-supplied or undervalued commodities. The interest cut in H2 and the next few years is generally supportive to commodities which were settled by US dollar. Moreover, most traders/countries need to find alternatives to the depreciation of the USD, with slower supply. Considering the slightly high valuation on oil, copper and gold, other metals potentially become new opportunities after the next round of correction.

It is worth waiting for some corrections or consolidations after a month-length rebound on these commodities. There should be many stories related to interest cut, geo-tensions and trade change in the next 3 months. Thus, pitching on the same class of assets and given more times should be a wise decision for now.

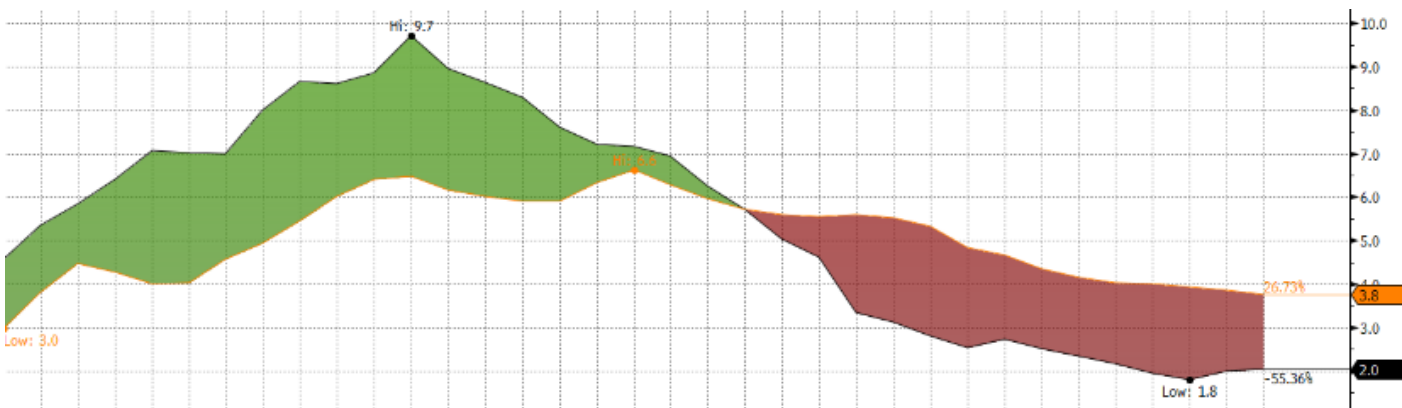
PMI Index



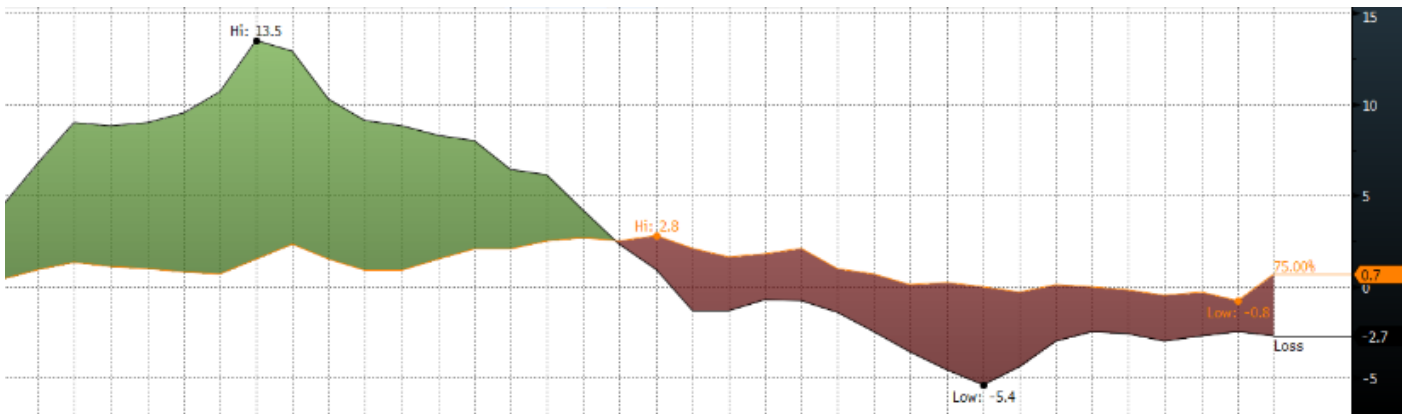
Sources: Bloomberg

	Last	Previous	
Shanghai&Shenzhen 300 Index	3595.65	3525.76	1.98%
Dow Jones Industrial Average	39566.85	39475.90	0.23%
FTSE 100 Index	7952.62	7882.55	0.89%
Nikkei 225 Index	39803.09	40414.12	-1.51%
BVAL U.S. 10-year Note Yield	4.3265	4.2171	2.59%
BVAL China 10-year Note Yield	2.3901	2.3982	-0.34%

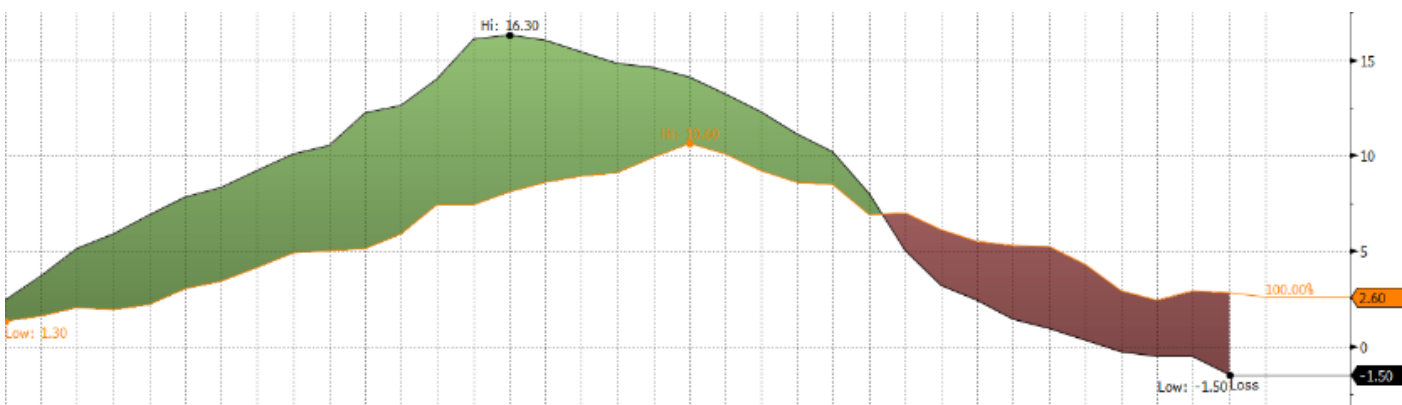
U.S. PPI—CPI(Excl. Food and Energy)



China PPI—CPI



Eurozone PPI—CPI(Excl. Food and Energy)

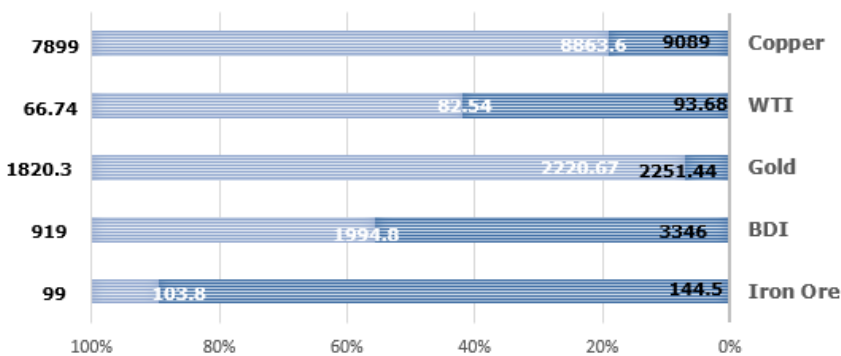


Sources: Bloomberg, FIS

	Last	Previous	
LME Copper 3 Month Rolling	8867.00	8950.50	-0.93%
LME Aluminium 3 Month Rolling	2337.00	2301.50	1.54%
WTI Cushing Crude Oil	83.71	81.04	3.29%
Platts Iron Ore Fe62%	102.50	109.10	-6.05%
U.S. Gold Physical	2248.46	2171.83	3.53%
BDI	1821.00	2284.00	-20.27%

Commodity Outlook and Major Economists Event

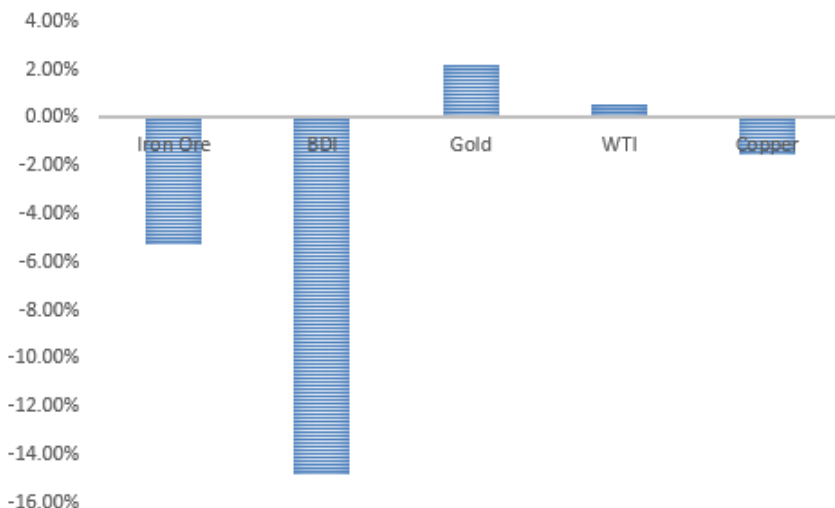
Commodity Relative Price Range



- Iron ore saw a correction and a recovery early this week. Iron ore potentially see a short-run oversold.

- Seaborne coking coal stabilised with resilient offer price, although the front cargoes were crowded.

5 DAY MOVING AVERAGE CHANGE ON COMMODITIES



- The BDI corrected from seasonal high after pricing in the geo-tensions and return to follow seasonal rule.

- WTI price maintained strong because frequent disturbed oil production.

- Copper corrected slightly after refreshing highs in late March.

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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