

FIS Macro Report

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	Last	Previous	% Change
U.S. Dollar Index(DXY)	104.14	104.82	-0.64%
USD/CNY	7.2466	7.2546	-0.11%
U.S. FOMC Upper Interest Rate	5.50	5.50	0
China Repo 7 day	2.00	2.30	-13.04%
Caixin China Manufacturing PMI	51.10	50.90	0.39%
Markit U.S. Manufacturing PMI	53.20	53.80	-1.12%

Metals Domination

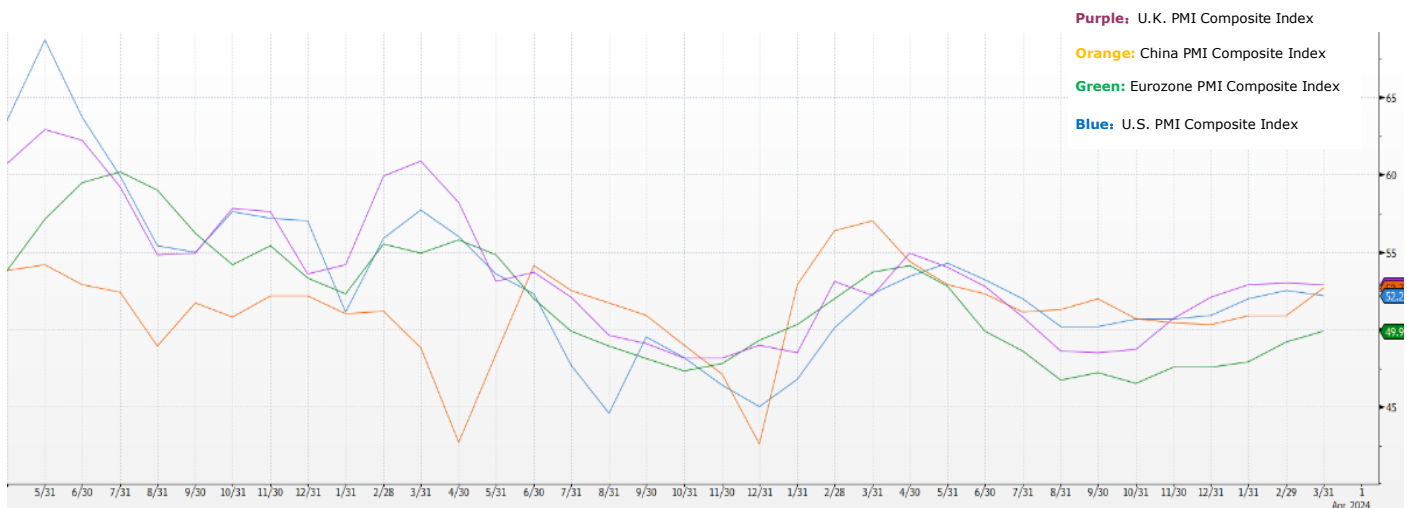
The strong metal moves during past three weeks were mainly led by copper and precious metals. Although US Federal Reserve postponed its expectations of an interest rate cut several times, this seemed to have a less direct impact on metals. The strong performance of metals was also driven by an escalation of geo-political tensions in the Middle East, as well as the expected soft-landing of US economy. US PMI and jobless rate both surprised the market during past two months, while the market started to trade recovery logic including copper, zinc, tin and silver. The strongest performance of silver was due to the industrial usage growth, as well as the recovery of low gold/silver ratio.

On the risk side, it was quite abnormal to see oil, gold and a strong US dollar moving in the same direction during the same quarter. Historically during geo-tension, gold has over an 85% correlation with oil. However the risk-off period could decrease this correlation. Before the interest cut in H2 2024, a significant depreciation in US dollar would undoubtedly support oil and metal prices further. However an appreciation in US dollar could decrease valuations of these assets.

Equities have been a risky asset since the attractiveness of metal investments. However an appreciation in the US dollar would also decrease the value of equities in major economies.

On the fundamental side, copper and tin were eyeing low inventories and high consumption cycles. However ferrous was seeing the opposite, high inventories and slow consumption. However, the non-ferrous metals were in general at high historical valuations. Ferrous were currently in a neutral valuation historically speaking.

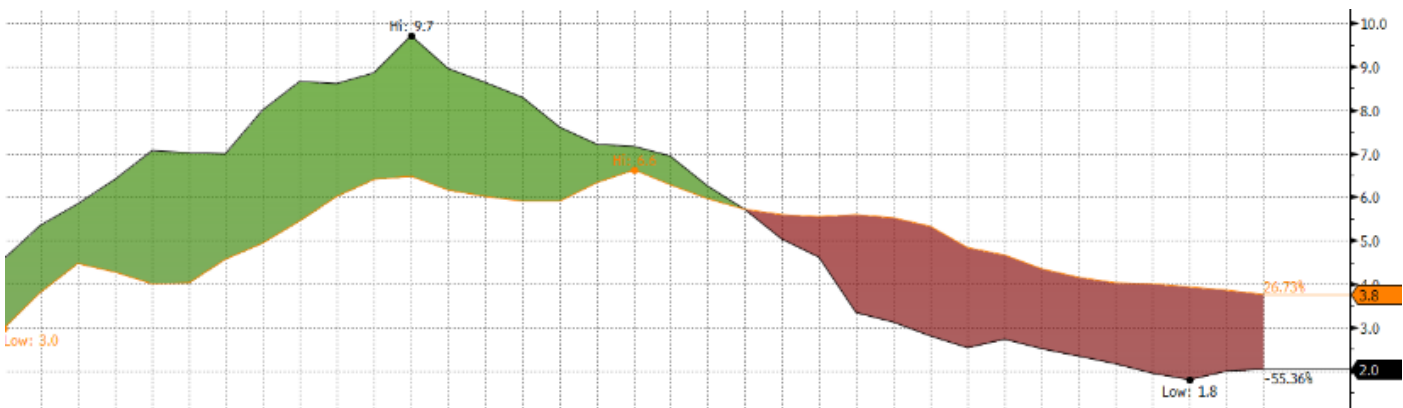
PMI Index



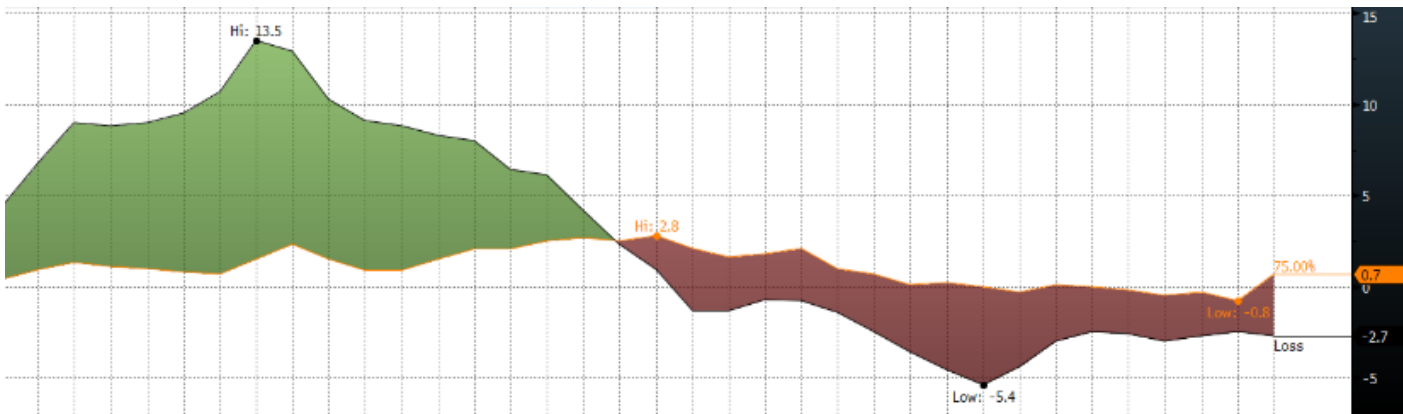
Sources: Bloomberg

	Last	Previous	
Shanghai&Shenzhen 300 Index	3536.41	3520.97	0.44%
Dow Jones Industrial Average	38892.80	39566.85	-1.70%
FTSE 100 Index	7943.47	7952.62	-0.12%
Nikkei 225 Index	39347.04	39803.09	-1.15%
BVAL U.S. 10-year Note Yield	4.4238	4.3265	2.25%
BVAL China 10-year Note Yield	2.3681	2.3822	-0.59%

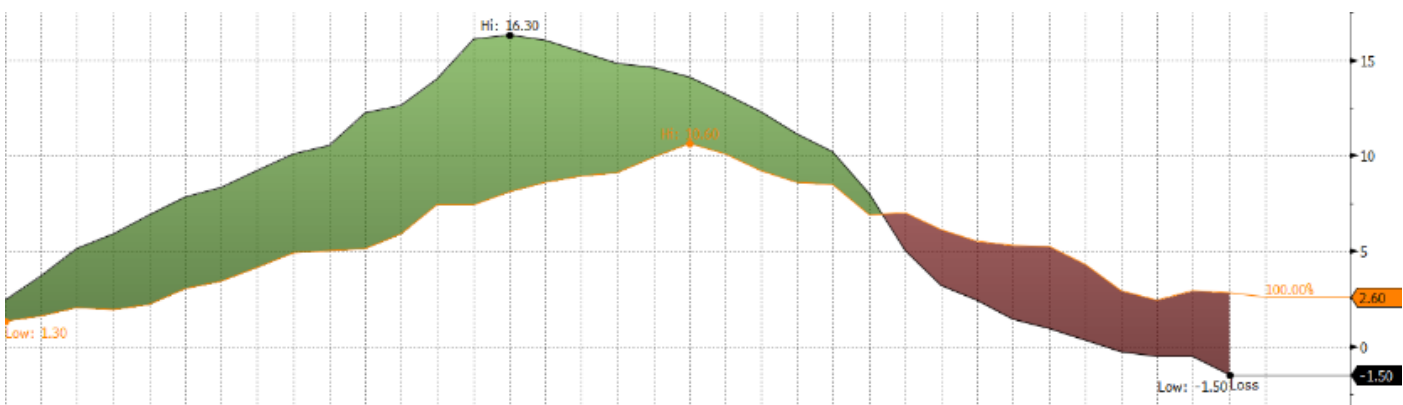
U.S. PPI—CPI(Excl. Food and Energy)



China PPI—CPI



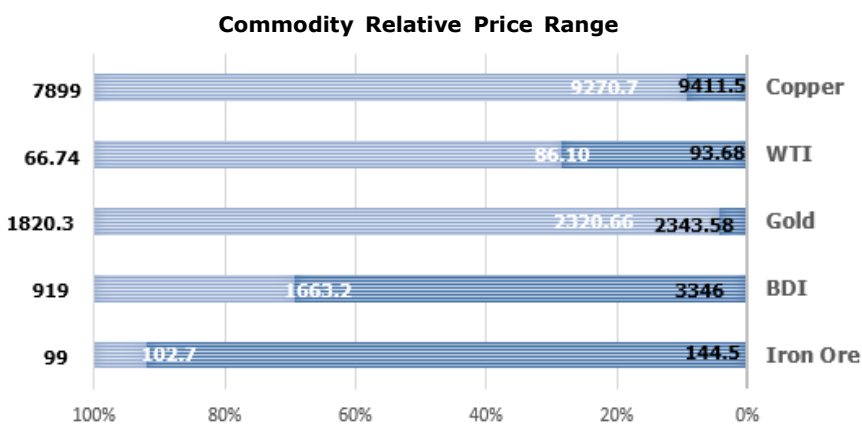
Eurozone PPI—CPI(Excl. Food and Energy)



Sources: Bloomberg, FIS

	Last	Previous	
LME Copper 3 Month Rolling	9411.50	8867.00	6.14%
LME Aluminium 3 Month Rolling	2460.50	2337.00	5.28%
WTI Cushing Crude Oil	86.43	83.71	3.25%
Platts Iron Ore Fe62%	104.45	102.50	1.90%
U.S. Gold Physical	2343.58	2280.67	2.76%
BDI	1594.00	1845.00	-13.60%

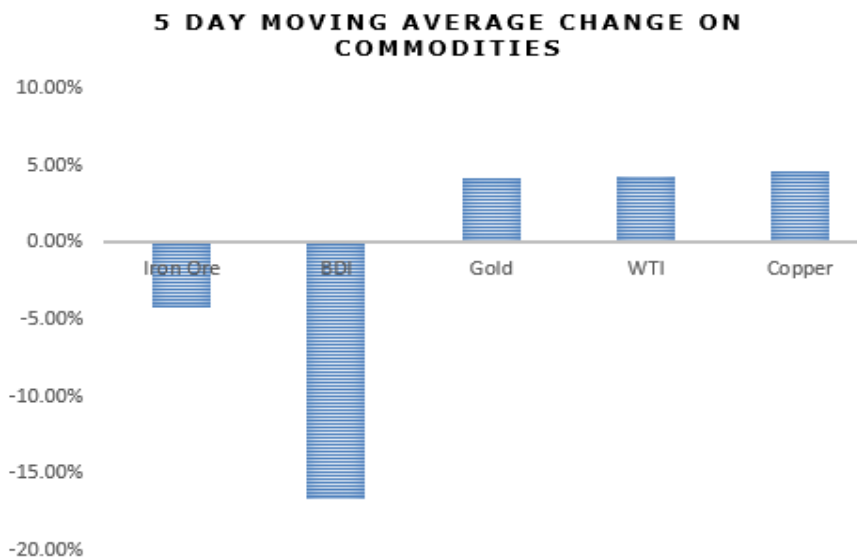
Commodity Outlook and Major Economists Event



- 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.

- 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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