

# FIS Macro Report

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

14/5/2024

	Last	Previous	% Change
<b>U.S. Dollar Index(DXY)</b>	105.29	105.41	<b>-0.12%</b>
<b>USD/CNY</b>	7.2425	7.2253	<b>0.24%</b>
<b>U.S. FOMC Upper Interest Rate</b>	5.50	5.50	<b>0</b>
<b>China Repo 7 day</b>	1.88	1.90	<b>-1.05%</b>
<b>Caixin China Manufacturing PMI</b>	51.40	51.10	<b>0.59%</b>
<b>Markit U.S. Manufacturing PMI</b>	50.60	53.20	<b>-4.89%</b>

## The Expectation of US rates cut weakened

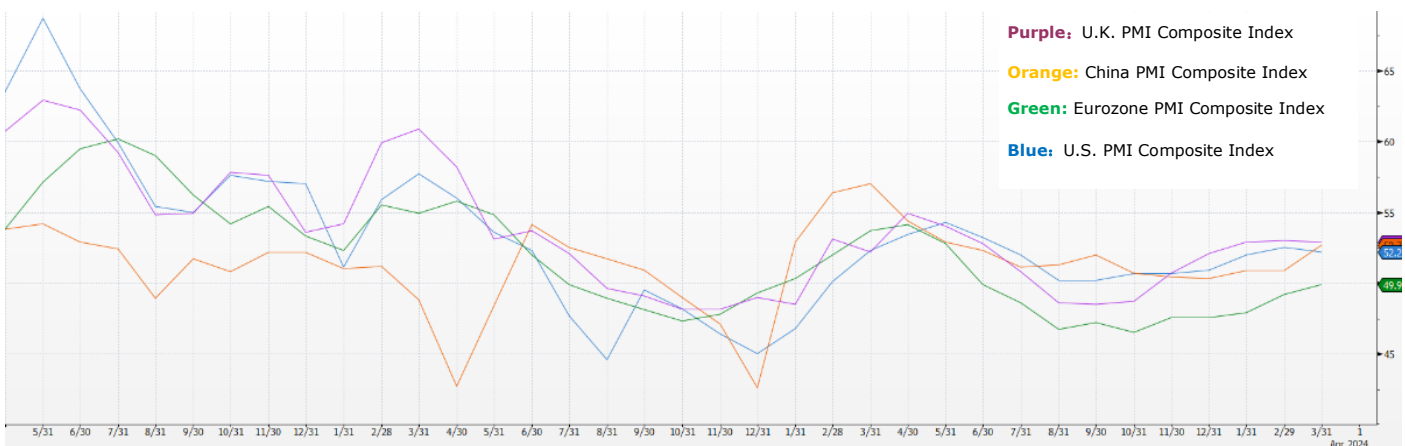
After the last FOMC, the expectation of a US rate cut weakened, with FedWatch tools only predicting one to two interest rates cuts for the remainder of this year. This is in stark contrast to FedWatch’s previously aggressively prediction of six rates cuts in 2024 back in January and February.

The chief analyst of Moodys, Mark Zandi, indicated that some of economy sectors are at risk of collapse with elevated interest rates for longer than expected. Zandi said the high lending cost slowed down the loan time length and eroded the credit environment, which could bring pressure to bank balance sheets. Zandi also outlined concern about the reappearance of bank failure risk.

The market entered a “watch and see” mode before the publication of April CPI statistics on Wednesday. Economists have predicted a fall from 3.5% to 3.4% for April CPI on an annual basis, and 3.8% to 3.6% for PCE. The predicted numbers indicated a cool down in economic activity.

For most commodities, including agriculture, petro-chemicals and metals prices have been supported by geopolitical tensions and depressed by a strong dollar in Q2.

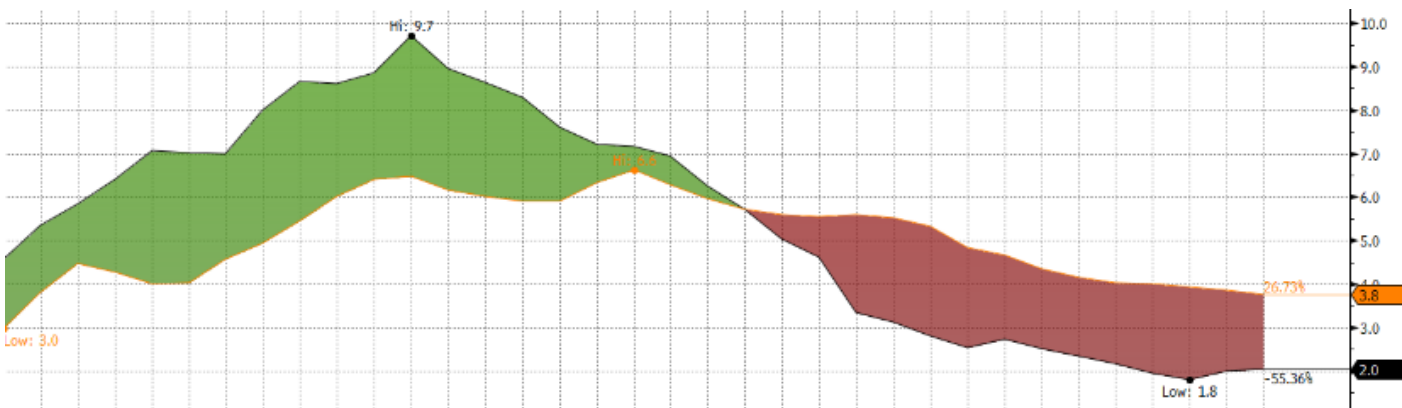
## PMI Index



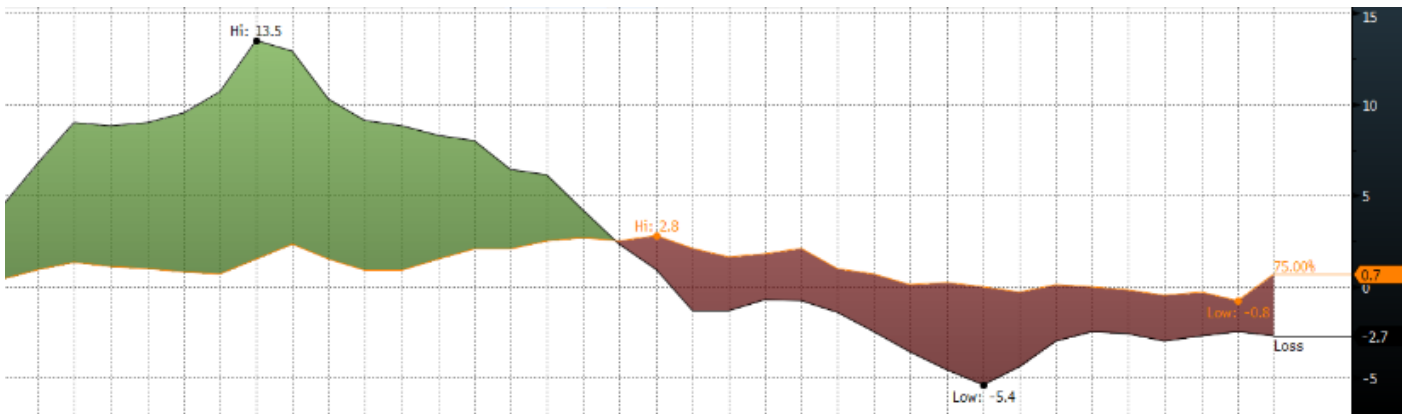
Sources: Bloomberg

	Last	Previous	
<b>Shanghai&amp;Shenzhen 300 Index</b>	3664.69	3657.88	<b>0.19%</b>
<b>Dow Jones Industrial Average</b>	39431.51	38852.27	<b>1.49%</b>
<b>FTSE 100 Index</b>	8414.99	8213.49	<b>2.45%</b>
<b>Nikkei 225 Index</b>	38179.46	38236.07	<b>-0.15%</b>
<b>BVAL U.S. 10-year Note Yield</b>	4.4910	4.4883	<b>0.06%</b>
<b>BVAL China 10-year Note Yield</b>	2.3475	2.3630	<b>-0.66%</b>

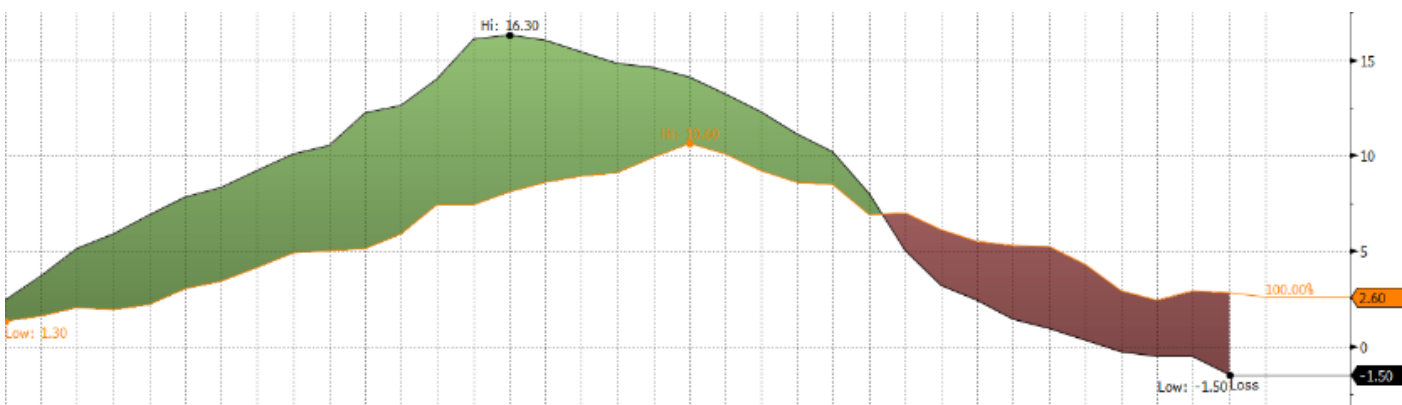
### U.S. PPI—CPI(Excl. Food and Energy)



### China PPI—CPI



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

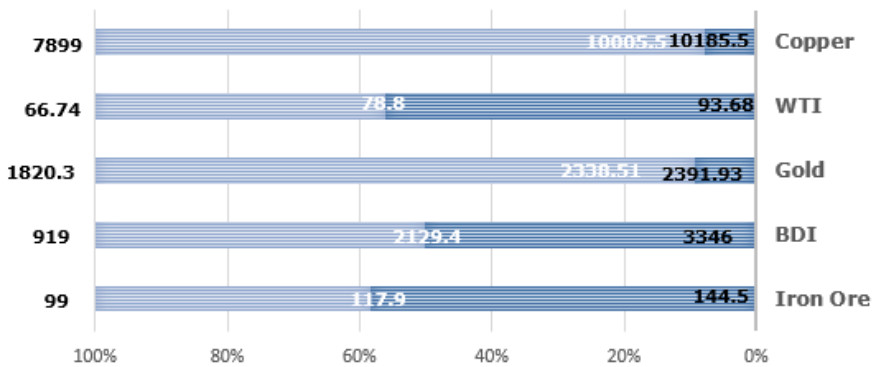


Sources: Bloomberg, FIS

	Last	Previous	
<b>LME Copper 3 Month Rolling</b>	10185.50	9910.00	<b>2.78%</b>
<b>LME Aluminium 3 Month Rolling</b>	2542.00	2551.50	<b>-0.37%</b>
<b>WTI Cushing Crude Oil</b>	79.12	78.48	<b>0.82%</b>
<b>Platts Iron Ore Fe62%</b>	117.25	120.20	<b>-2.45%</b>
<b>U.S. Gold Physical</b>	2340.57	2314.10	<b>1.14%</b>
<b>BDI</b>	2066.00	1774.00	<b>16.46%</b>

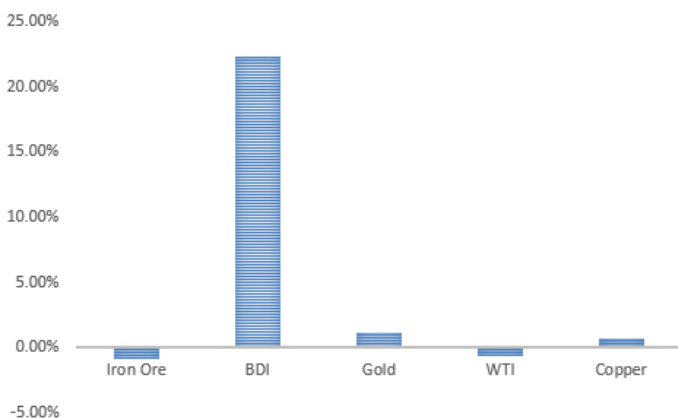
## Commodity Outlook and Major Economists Event

Commodity Relative Price Range



- Iron ore corrected slightly expecting more arrivals in May.
- Seaborne coking coal eyeing a divergence view between buyers and sellers.
- The BDI hiked as concerns on RedSea disruption.

5 DAY MOVING AVERAGE CHANGE ON COMMODITIES



- WTI price gave back gains created in early April as oil impact proved limited after the tension in mid-east.
- Copper maintain strong supported by recovery of US economy data and booming China NEV sales.

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.

Written by **Hao Pei**,  
FIS Senior Research Analyst  
haop@freightinvestor.com