FIS

Macro Report

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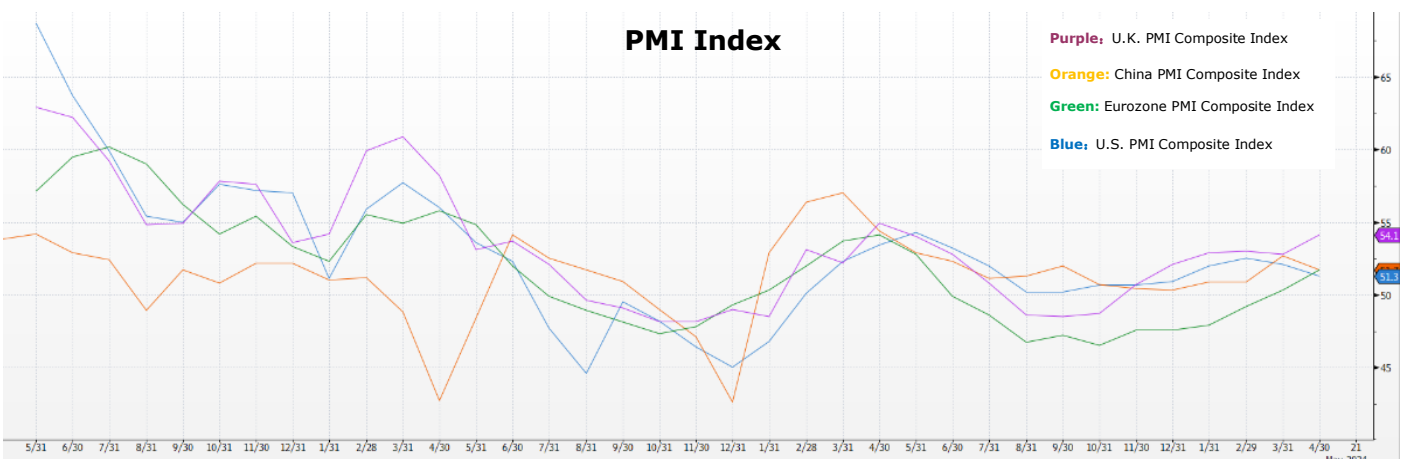
21/5/2024

	Last	Previous	% Change
U.S. Dollar Index(DXY)	104.67	105.01	-0.33%
USD/CNY	7.2425	7.2398	0.04%
U.S. FOMC Upper Interest Rate	5.50	5.50	0
China Repo 7 day	1.81	1.88	-3.72%
Caixin China Manufacturing PMI	51.40	51.10	0.59%
Markit U.S. Manufacturing PMI	50.60	53.20	-4.89%

China announce lowest Downpayment on Home Buying

During the past week, the Chinese central bank and financial regulation department jointly announced the lowest downpayment ratio in history on first homes at 15%, down 5% from the last adjustment in last August. The loan rate was also decreased to varying degrees at different banks. Tier I and Tier II cities saw massive increase in buying enquires. Estate agent appointments quickly became full over the past week. In Q1, there were 75 cities out of 343 Chinese cities that decreased downpayments. Housing analysts from Chinese based securities predicted that most of cities would follow the adjustments on the downpayments and mortgage. At the same time, China allowed local governments to buy affordable housing at reasonable prices, which would be targeted to fund those difficult to deliver houses.

The two main actions were believed to be "destocking" on many Chinese houses and the reduction in leverage of the housing industry. During the same week, slowing US CPI increased the possibility of seeing an interest rate cut. The macro news supported the fast rebound on metals, oil and global equities. However, investors should be aware of the taking gains effect. There were some skeptics outlining that the total amount used to build affordable houses in China would total 5 trillion yuan, compared with the current issuance of only 300 billion yuan. However in long-run, the house market in China could avoid a "hard-landing" with the support from current government policies.


PMI Index

Purple: U.K. PMI Composite Index
Orange: China PMI Composite Index
Green: Eurozone PMI Composite Index
Blue: U.S. PMI Composite Index

Sources：Bloomberg

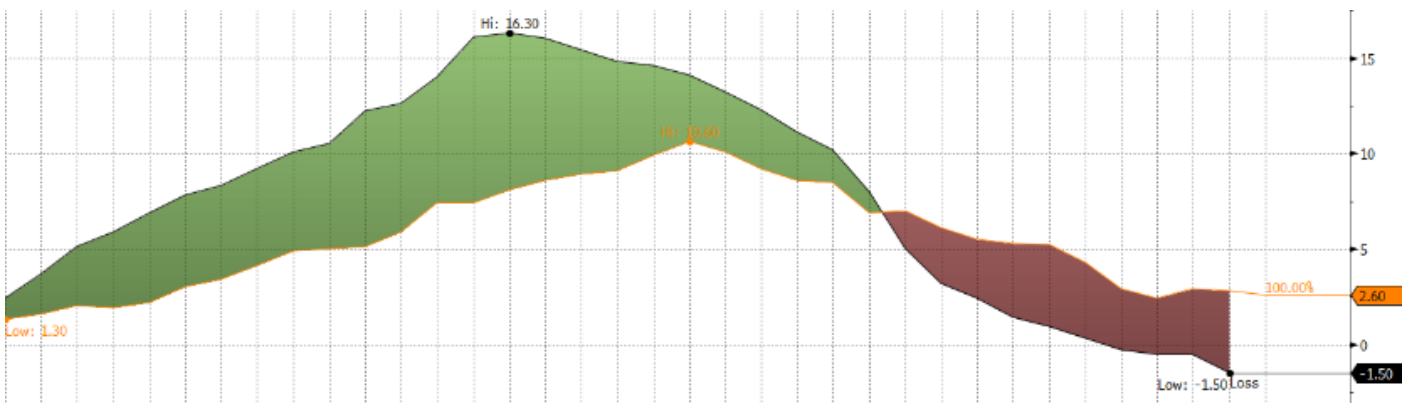|	Last	Previous	
Shanghai&Shenzhen 300 Index	3690.96	3664.69	**0.72%**
Dow Jones Industrial Average	39806.77	39431.51	**0.95%**
FTSE 100 Index	8424.20	8414.99	**0.11%**
Nikkei 225 Index	39069.68	38179.46	**2.33%**
BVAL U.S. 10-year Note Yield	4.4565	4.4910	**-0.77%**
BVAL China 10-year Note Yield	2.3526	2.3475	**0.22%**

U.S. PPI—CPI(Excl. Food and Energy)
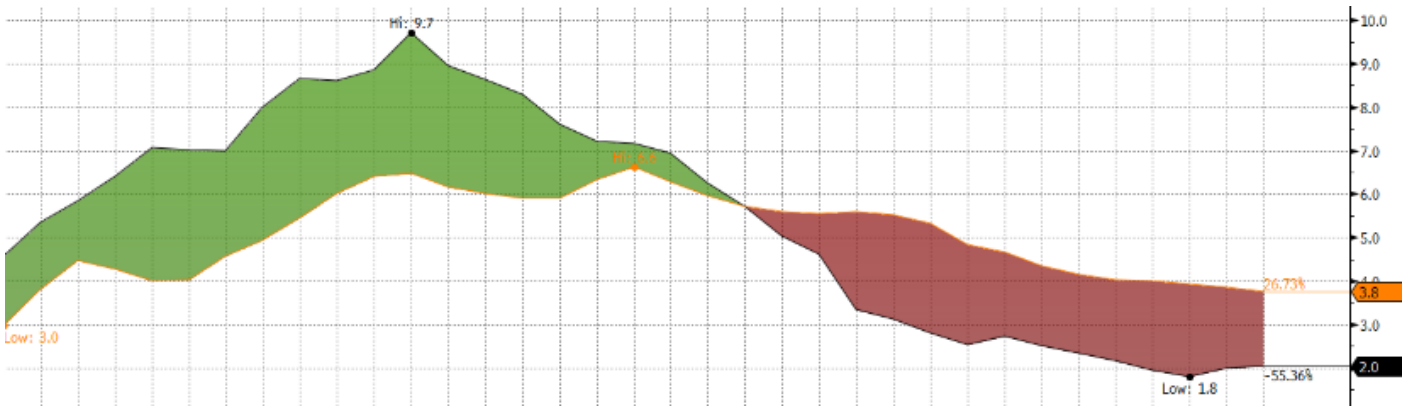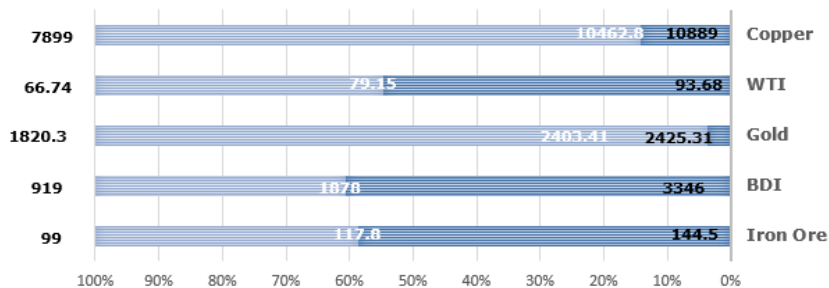

China PPI—CPI
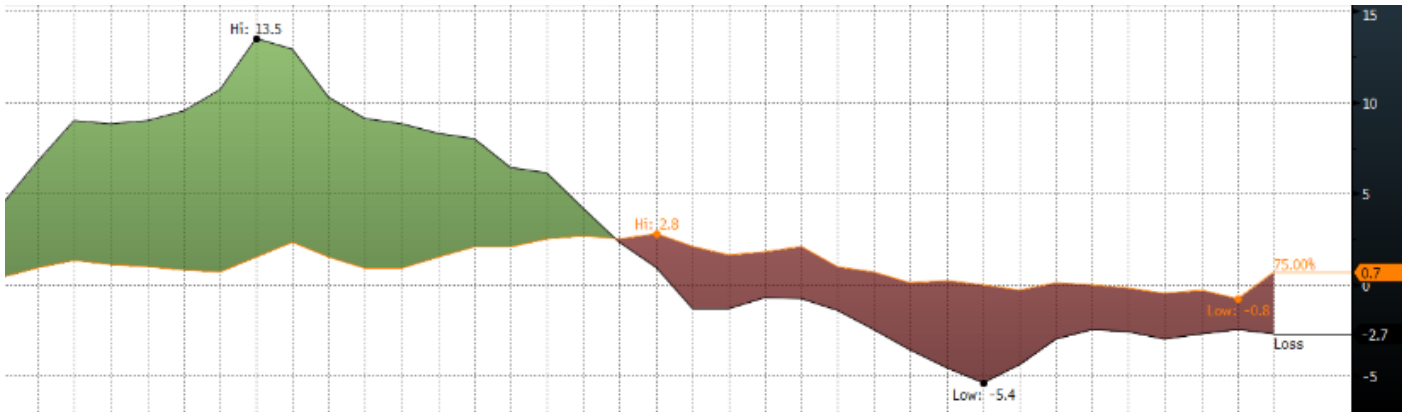
Eurozone PPI—CPI(Excl. Food and Energy)

Sources：Bloomberg, FIS

	Last	Previous	
LME Copper 3 Month Rolling	10889.00	10185.50	**6.91%**
LME Aluminium 3 Month Rolling	2630.00	2542.00	**3.46%**
WTI Cushing Crude Oil	79.80	79.12	**0.86%**
Platts Iron Ore Fe62%	118.50	117.25	**1.07%**
U.S. Gold Physical	2413.67	2358.12	**2.36%**
BDI	1847.00	2129.00	**-13.25%**

Commodity Outlook and Major Economists Event

Commodity Relative Price Range

7899	10462.8 — 10889	Copper
66.74	79.15 — 93.68	WTI
1820.3	2403.41 — 2425.31	Gold
919	1878 — 3346	BDI
99	117.8 — 144.5	Iron Ore

- Iron ore maintained stable as the high supply versus strong stimulus.

- Seaborne coking coal saw limited front demand.

5 DAY MOVING AVERAGE CHANGE ON COMMODITIES

- The BDI corrected as ships were back in late half of May.

- WTI price bounced high and retreated as a risk-off sentiment in mid-east.

- Copper maintain strong as the market corner on some hedging positions, plus a interest cut expectation rise.

Sources：Bloomberg, FIS
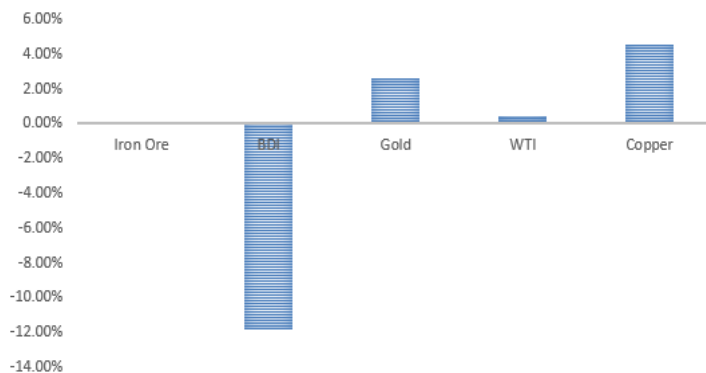
EMH: Efficient Market Hypothesis: proposed by Eugene Fama in 1970, Economist, and Nobel Prize Winner in 2013. The EMH believed that in the stock market with sound laws, good functions, high transparency, and full competition, all valuable information should be timely, accurate, and fully reflected in 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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