

FIS Macro Report

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

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	Last	Previous	% Change
U.S. Dollar Index(DXY)	105.39	105.23	0.15%
USD/CNY	7.2717	7.2717	0
U.S. FOMC Upper Interest Rate	5.50	5.50	0
China Repo 7 day	1.85	1.85	0
Caixin China Manufacturing PMI	51.70	51.40	0.58%
Markit U.S. Manufacturing PMI	52.00	50.60	2.77%

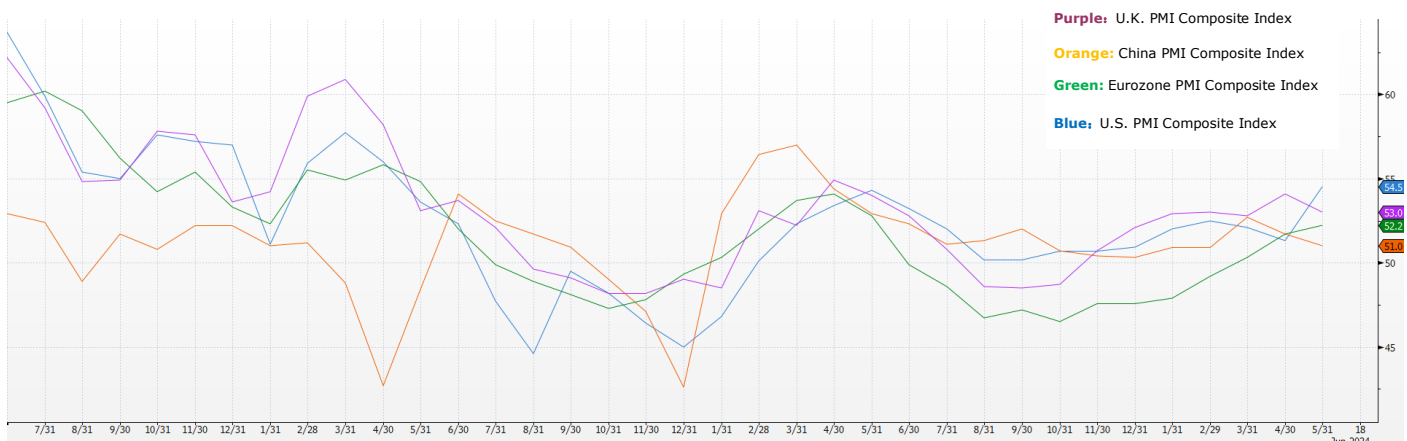
Commodities see growth potential after a short break

Both US PPI and CPI readings were lower than expected, but according to its Dot Plot, the Fed is still pricing in a single rate cut instead of the three forecasted at the beginning of the year. This contributed to bring an end to the strong performance of metals. In addition, there has been an easing of geopolitical tensions in the Middle East and port congestion in Singapore. Potentially, commodities may have entered a period of “bubble squeezing”. However, we see many factors which are supporting our view of a long-run growth in the main commodities sectors.

Non-Ferrous Metals: In the short-run, the reduction of the expected interest rate cuts as well as crowded gains taking should benefit the gold, silver and copper market. In addition, the increased processing fee attracted more mills to enhance utilisation rates. In the long-run, as the global easing of monetary policy continues, metals should get stronger if compared to the past few years.

Ferrous Metals: Delivery has increased in Australia and declined in Asia due to the adverse weather, leading to a surplus in short-run. In mid-run, recovery on global steel-making as well as improving steel margin in China could potentially support iron ore.

PMI Index



Sources: Bloomberg

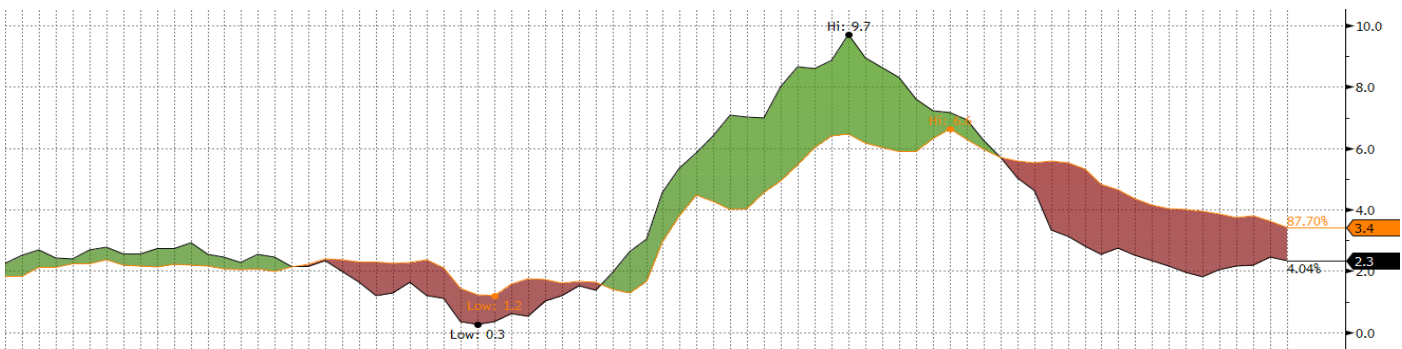
	Last	Previous	
Shanghai&Shenzhen 300 Index	3536.20	3574.11	-1.06%
Dow Jones Industrial Average	38778.10	38868.04	-0.23%
FTSE 100 Index	8142.15	8228.48	-1.05%
Nikkei 225 Index	38102.44	39038.16	-2.40%
BVAL U.S. 10-year Note Yield	4.2852	4.4785	-4.32%
BVAL China 10-year Note Yield	2.3072	2.3229	-0.68%

Commodities see growth potential after a short break(Cont'd)

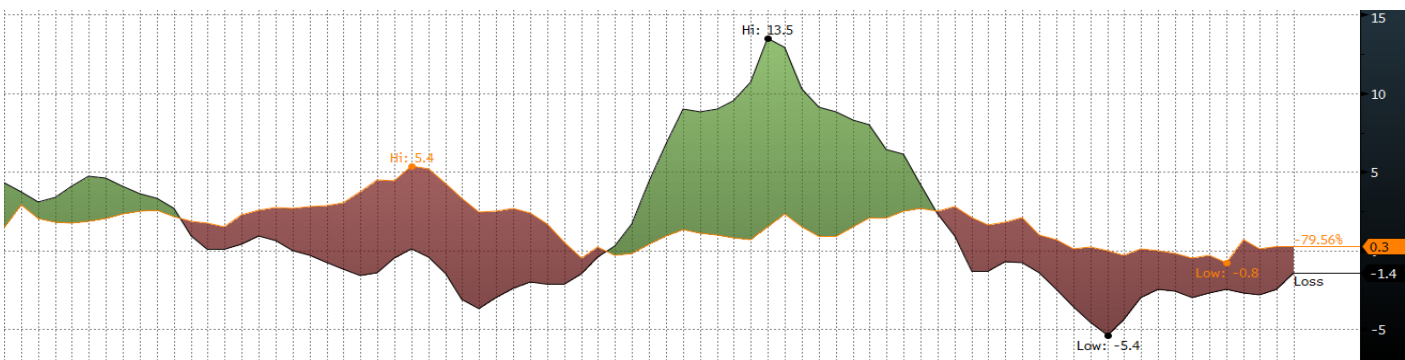
Agricultures: The dry weather speculation in Brazil and US has ended. In mid-run, improving pig price could support corns and soybeans.

Oil and Petro-chemicals: Oil price has played a crucial role in the Fed decision on interest cuts. Market expects the WTI to maintain at \$70-85 range and not have a clear direction in next few months.

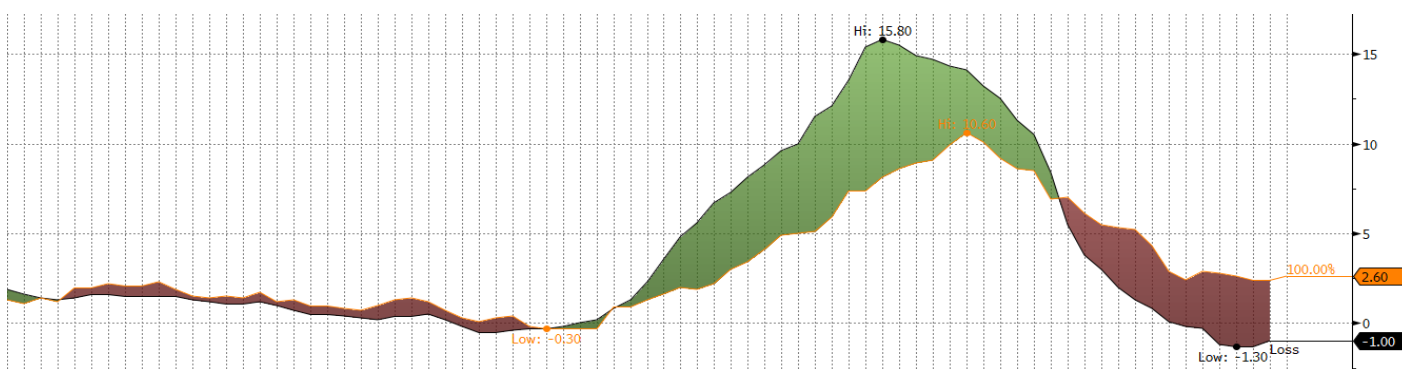
U.S. PPI—CPI(Excl. Food and Energy)



China PPI—CPI



Eurozone PPI—CPI(Excl. Food and Energy)

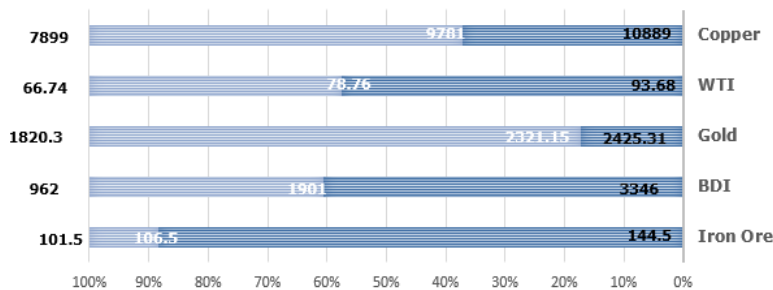


Sources: Bloomberg, FIS

	Last	Previous	
LME Copper 3 Month Rolling	9665.50	9899.00	-2.36%
LME Aluminium 3 Month Rolling	2501.50	2572.00	-2.74%
WTI Cushing Crude Oil	80.33	77.74	3.33%
Platts Iron Ore Fe62%	107.65	108.50	-0.78%
U.S. Gold Physical	2324.38	2317.01	0.32%
BDI	1948.00	1881.00	3.56%

Commodity Outlook and Major Economic Events

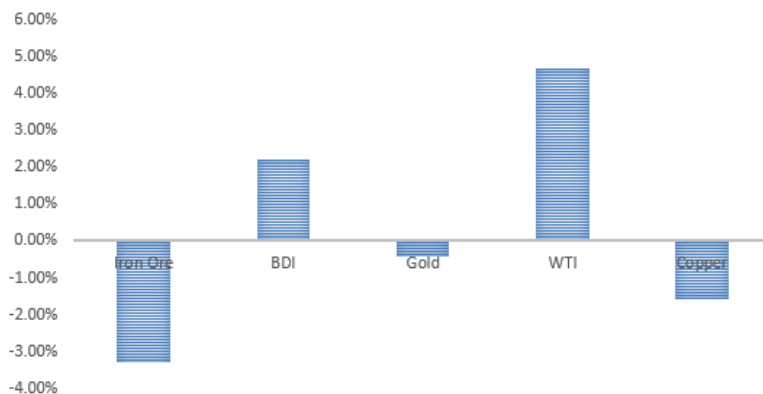
Commodity Relative Price Range



- Iron ore prices corrected following the sharp drop of copper and silver. However, iron ore stabilised following the news on China refinancing affordable houses.

- Seaborne coking coal saw quiet trading during the past week.

5 DAY MOVING AVERAGE CHANGE ON COMMODITIES



- BDI rebounded due to increased dry cargoes demand on the Pacific.

- WTI price spiked due to a reduction in summer inventories.

- Copper corrected as the Fed is pricing in only one interest rate cut instead of the three forecasted at the beginning of the year.

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