

# FIS Macro Report

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9/7/2024

|                                       | Last   | Previous | % Change      |
|---------------------------------------|--------|----------|---------------|
| <b>U.S. Dollar Index(DXY)</b>         | 105.04 | 105.72   | <b>-0.65%</b> |
| <b>USD/CNY</b>                        | 7.2921 | 7.3070   | <b>-0.20%</b> |
| <b>U.S. FOMC Upper Interest Rate</b>  | 5.50   | 5.50     | <b>0</b>      |
| <b>China Repo 7 day</b>               | 1.87   | 1.95     | <b>-4.10%</b> |
| <b>Caixin China Manufacturing PMI</b> | 51.80  | 51.70    | <b>0.19%</b>  |
| <b>Markit U.S. Manufacturing PMI</b>  | 51.10  | 52.00    | <b>-1.73%</b> |

### Currency and Global Market:

The US dollar faced pressure as non-farm payrolls dropped below market expectations last week, potentially becoming the new supporting indicator for commodities. The Chinese central bank, the PBOC, introduced a new market tool to trade reverse repo, which could help manage intra-day liquidity and prevent market tensions.

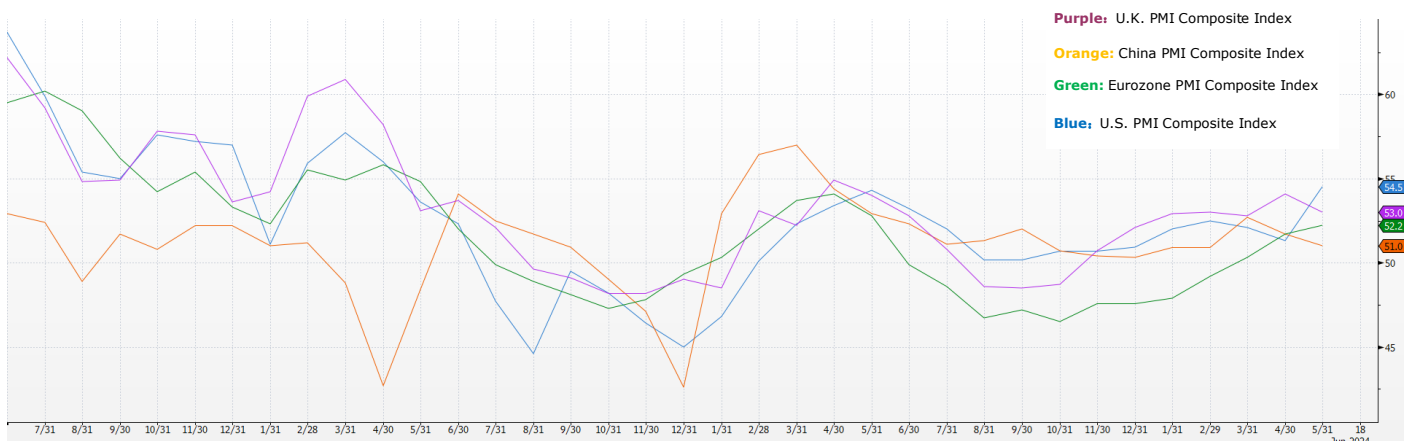
### FFA:

There was a divergence among the different markets last week. The Capesize market remained strong as iron ore miners ship out more cargoes in June and early July to finalizing their end of year sales. The Panamax market dropped as a monsoon in India decreased the demand for coking coal.

### Metals:

The Copper market recovered as risk appetite returned. Aluminium rebounded following an increase in Indonesian export tariffs. However, prices fell fast due to the new president’s tenure starting in October and as there were alternatives from different origins.

### PMI Index



Sources: Bloomberg

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|--|----------|----------|---------------|
| <b>Shanghai&amp;Shenzhen 300 Index</b> | 3401.76  | 3478.18  | <b>-2.20%</b> |
| <b>Dow Jones Industrial Average</b>    | 39344.79 | 39118.86 | <b>0.58%</b>  |
| <b>FTSE 100 Index</b>                  | 8193.49  | 8166.76  | <b>0.33%</b>  |
| <b>Nikkei 225 Index</b>                | 40780.70 | 39631.06 | <b>2.90%</b>  |
| <b>BVAL U.S. 10-year Note Yield</b>    | 4.2875   | 4.3822   | <b>-2.16%</b> |
| <b>BVAL China 10-year Note Yield</b>   | 2.3000   | 2.2704   | <b>1.30%</b>  |

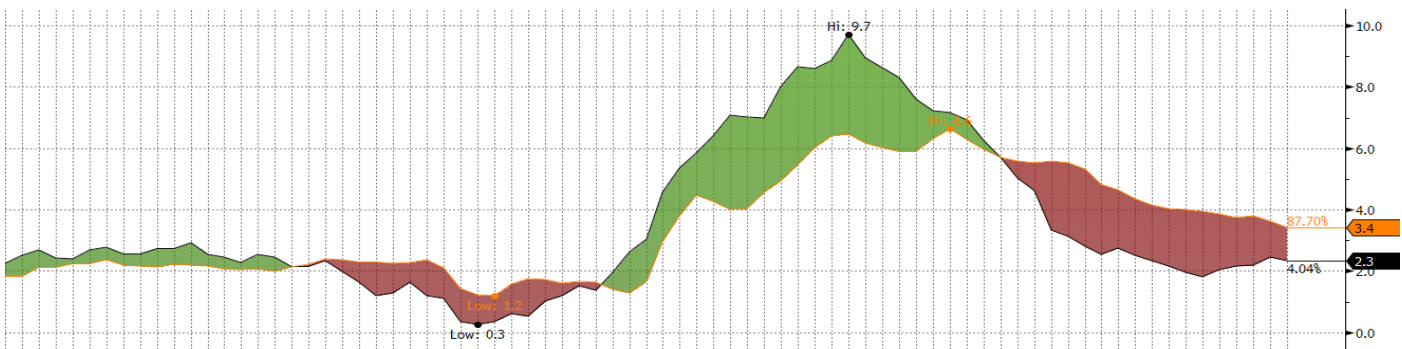
**Ferrous:**

Iron ore corrected due to high delivery by end of financial year sales from miners. At the same time, the virtual steel margin maintain a year-low, as it resisted the growth seen in iron ore and coking coal.

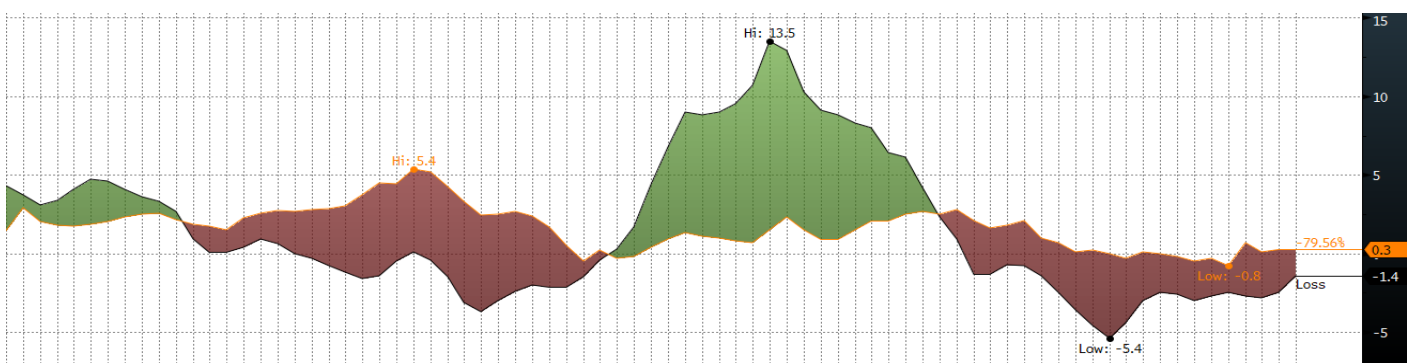
**Oil:**

Traders have been following the impact of Canadian wildfires and the hurricane Beryl on oil production. On the other hand, the easing of geopolitical tension in the Middle East resisted oil prices.

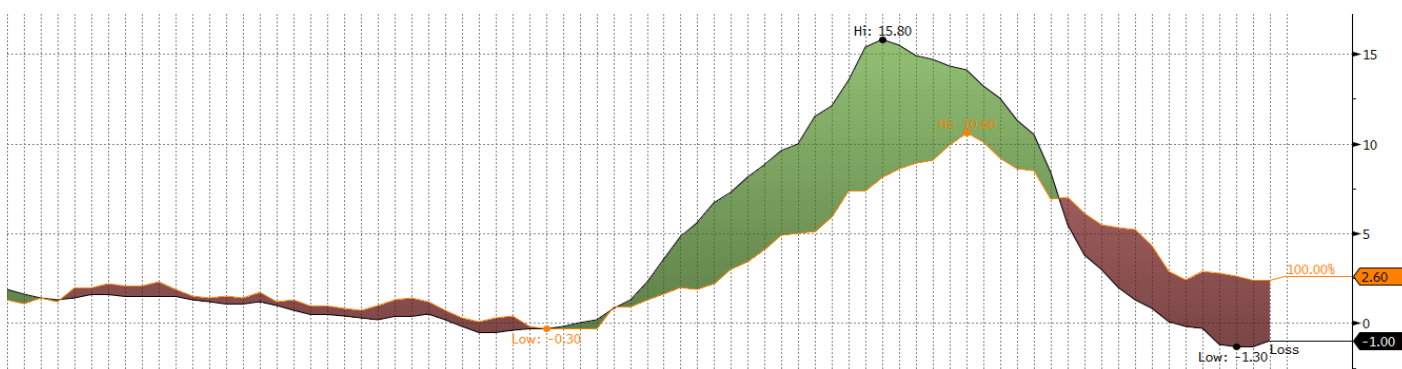
**U.S. PPI—CPI(Excl. Food and Energy)**



**China PPI—CPI**



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

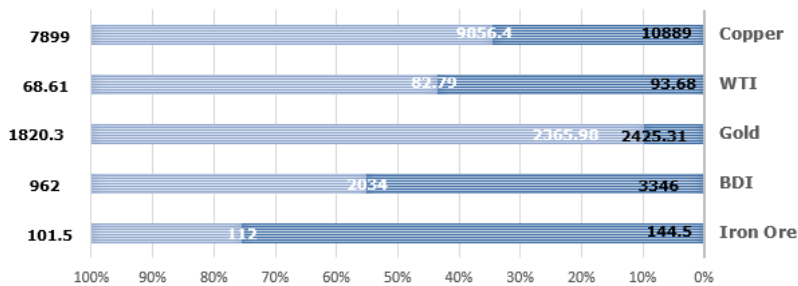


Sources: Bloomberg, FIS

|                                      | Last    | Previous |               |
|--------------------------------------|---------|----------|---------------|
| <b>LME Copper 3 Month Rolling</b>    | 9915.00 | 9630.00  | <b>2.96%</b>  |
| <b>LME Aluminium 3 Month Rolling</b> | 2531.50 | 2515.50  | <b>0.64%</b>  |
| <b>WTI Cushing Crude Oil</b>         | 82.33   | 81.74    | <b>0.72%</b>  |
| <b>Platts Iron Ore Fe62%</b>         | 108.65  | 110.05   | <b>-1.27%</b> |
| <b>U.S. Gold Physical</b>            | 2365.72 | 2329.46  | <b>1.56%</b>  |
| <b>BDI</b>                           | 1940.00 | 2050.00  | <b>-5.37%</b> |

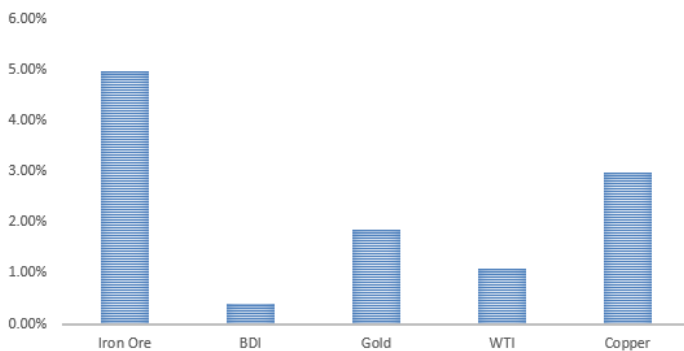
## Commodity Outlook and Major Economists Event

Commodity Relative Price Range



- Iron ore rebounded due to positive house sales data in China in June.
- Seaborne coking coal hiked supported by force majeure declared by Anglo American.

5 DAY MOVING AVERAGE CHANGE ON COMMODITIES



- BDI rebounded, led by high deliveries on iron ore.
- WTI price rebounded, due to hurricane Beryl in the US and wildfires in Canada.
- Copper rebounded as risk appetite returned alongside higher equity prices in major markets, globally.

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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