

FIS Macro Report

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20/8/2024

	Last	Previous	% Change
U.S. Dollar Index(DXY)	101.95	102.56	-0.60%
USD/CNY	7.1421	7.1479	-0.08%
U.S. FOMC Upper Interest Rate	5.50	5.50	0
China Repo 7 day	1.85	1.92	-3.65%
Caixin China Manufacturing PMI	49.80	51.80	-3.86%
Markit U.S. Manufacturing PMI	49.60	51.10	-2.94%

Currency and Global Market:

The reverse of previous carry trades and weak US economic data dragged down the USD performance and supported the recovery of equity market. Commodity markets seemed to have a delayed reaction. However, gold surpassed \$2.500 for the first time in history last week. There were also some signals positive signals coming from the ferrous and oil markets. Participants started to bet on some positive news from Jackson Hole, regardless of the Fed Chair Powell's slightly hawkish remarks from last week.

FFA:

The strong activities of major iron ore miners supported the FFAs growth last week, in particular on C5. However, the correction on commodities dragged down the Capesize performance. The Panamax market saw a continuous correction in August, dragged by the weak performance in Atlantic sector, as near ports areas saw an increase in capacity. The Pacific area remained stable as long circles from Gulf and backhauls from Australia supported the rates.

Metals:

The strike in the BHP copper mine in Chile ended and copper corrected following the news. However metals rebounded sooner as risk appetite increased. Be aware that the correction of US equity could potentially drag down copper prices in the next few weeks.

Ferrous:

Port inventories remained high, but pig iron consumption in China was on the decreasing trend in July and August. Thus, iron ore oversupply remained an issue for Q2 and early Q3. Some types of finished steels in China updated their five-year lows. The increase in tariffs in Asian countries could potentially discourage export in H2. On the other side, it may induce some European steel mills to increase their production. However, most types of finished steels are in general at loss globally.

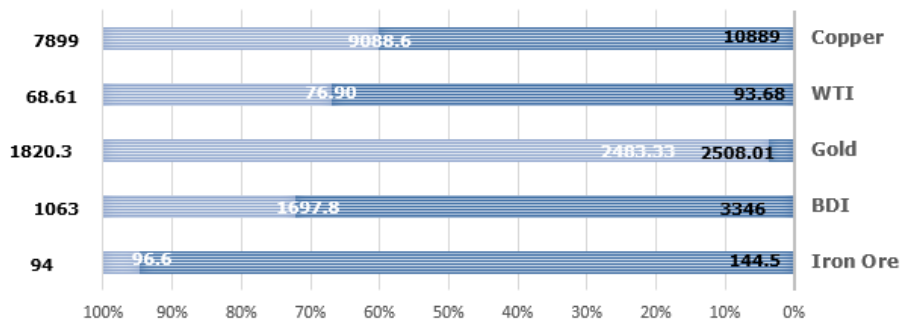
Sources: Bloomberg

	Last	Previous	
Shanghai&Shenzhen 300 Index	3356.97	3325.86	0.94%
Dow Jones Industrial Average	40896.53	39357.01	3.91%
FTSE 100 Index	8356.94	8210.25	1.79%
Nikkei 225 Index	37388.62	35025.00	6.75%
BVAL U.S. 10-year Note Yield	3.8802	3.9178	-0.96%
BVAL China 10-year Note Yield	2.1792	2.2157	-1.65%

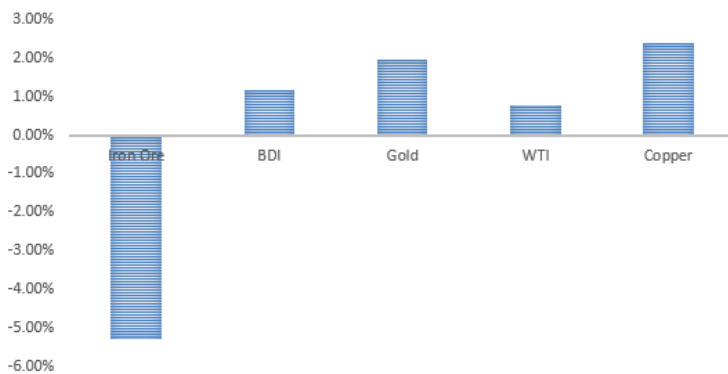
Oil:

OPEC decreased the forecast for oil demand in 2024 by 135,000/b to 2.1 million/b. Crude oil inventories rebounded for the first week after a six week streak. The probability of an interest rate cut in September climbed given a slightly stronger US CPI data. The market focused again on the geopolitical tensions in the Middle East.

Commodity Relative Price Range

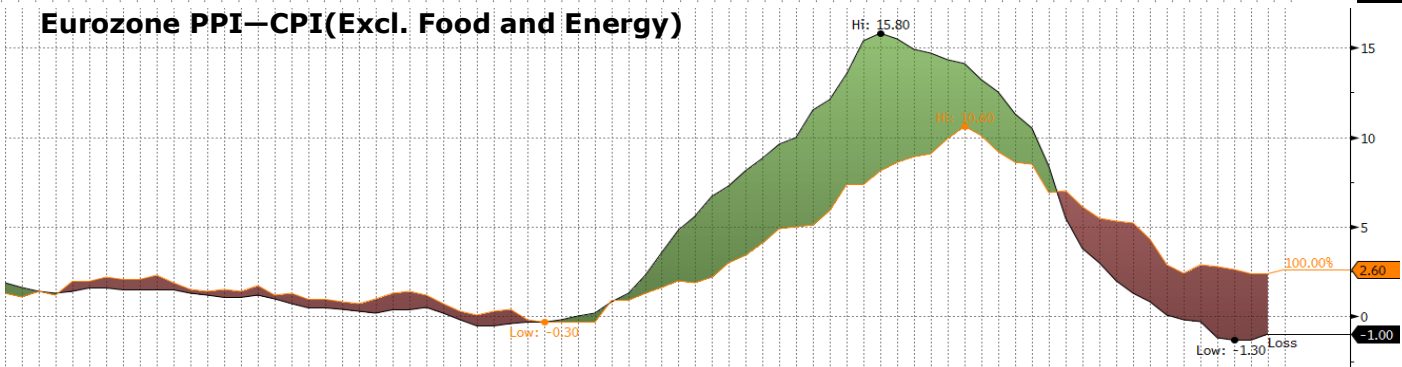
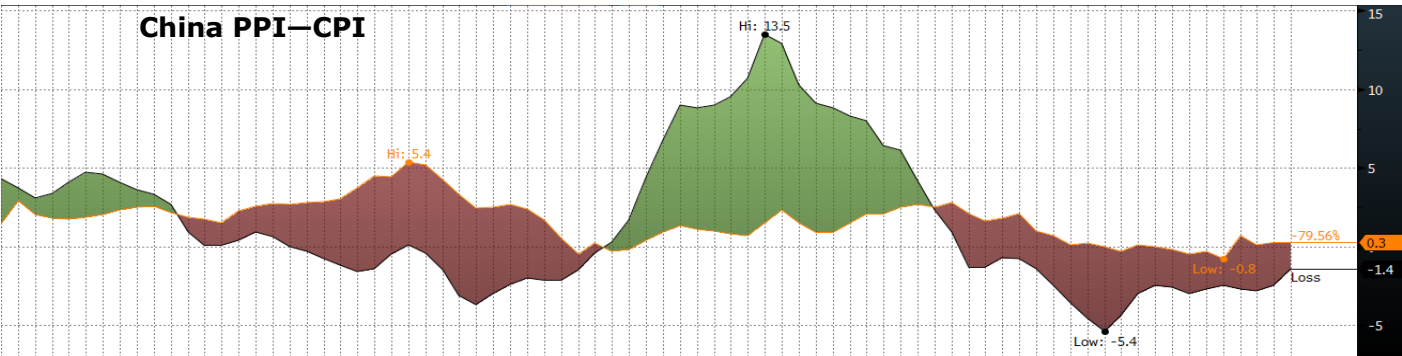
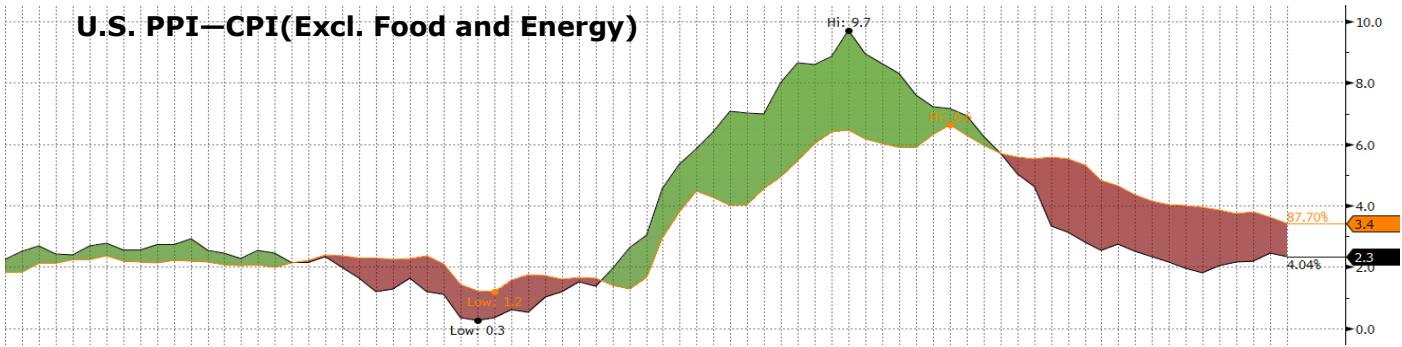


5 DAY MOVING AVERAGE CHANGE ON COMMODITIES

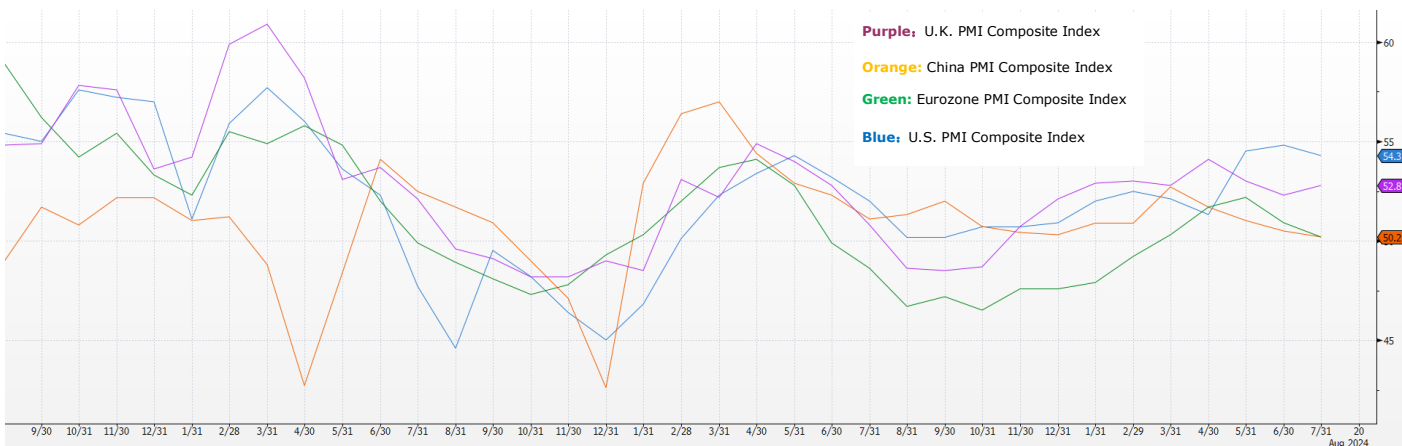


Sources: Bloomberg, FIS

	Last	Previous	
LME Copper 3 Month Rolling	9252.00	9026.50	2.50%
LME Aluminium 3 Month Rolling	2445.50	2305.50	6.07%
WTI Cushing Crude Oil	74.37	80.06	-7.11%
Platts Iron Ore Fe62%	94.45	98.85	-4.45%
U.S. Gold Physical	2499.72	2465.16	1.40%
BDI	1708.00	1670.00	2.28%



PMI Index



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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