

FIS Macro Report

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

27/8/2024

	Last	Previous	% Change
U.S. Dollar Index(DXY)	100.85	101.44	-0.58%
USD/CNY	7.1267	7.1172	0.13%
U.S. FOMC Upper Interest Rate	5.50	5.50	0
China Repo 7 day	2.05	1.85	10.81%
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:

Jackson Hole sent out a strong signal for an interest cut in 2024, which reversed the bearish commodity trend on Monday. In addition, US dollar corrected by 5.45% from late June. In H2 2024, the recession became more important to markets in comparison to interest rates, the latter was almost transparent to the market. Thus, recession related trades became a major theme in the commodity and equity market in H2.

FFA:

The Capesize market headed all the way north last report week. Participation of major miners and active coal shipment supported C5 supported the strong pacific market. However, the Atlantic market was rather quiet. Panamax suffered a correction during the past report week due to oversupply on ship capacities.

Metals:

Copper supply risks eased as miners finalised deals with the biggest supplier, after an intense period of wage negotiation. Canada will impose a 100% tariff on Chinese-made EVs, 25% on aluminum and steel. Trudeau's government is also planning a new 30-day consultation on batteries, semiconductors and solar products.

Ferrous:

Port inventories stayed on the destocking trend, after some destocking demand emerged ahead of the busy construction season in September. Some traders think the level below \$95 was oversold. In the mid-run, steel capacity cuts and latest rules to restrict new capacity potentially limited the upside room of iron ore. Coking coal miners started to resist the quick decreasing, which in fact supported FOB price. However, China steel mills initiated 6 rounds of physical coke cut by 300-330 yuan/ton from July to August.

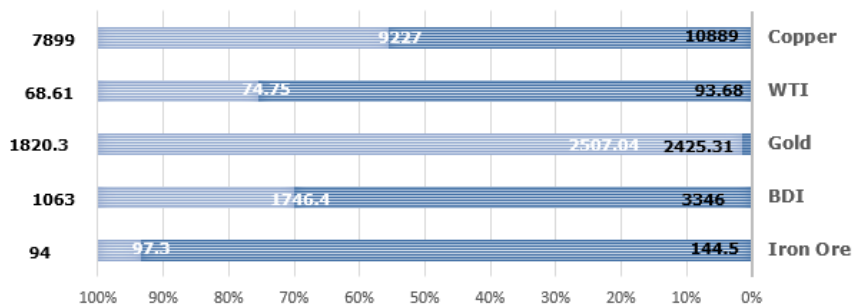
Sources: Bloomberg

	Last	Previous	
Shanghai&Shenzhen 300 Index	3324.22	3356.97	-0.98%
Dow Jones Industrial Average	41240.52	40896.53	0.84%
FTSE 100 Index	8327.78	8311.41	0.20%
Nikkei 225 Index	38110.22	37388.62	1.93%
BVAL U.S. 10-year Note Yield	3.8327	3.8802	-1.22%
BVAL China 10-year Note Yield	2.1568	2.1792	-1.03%

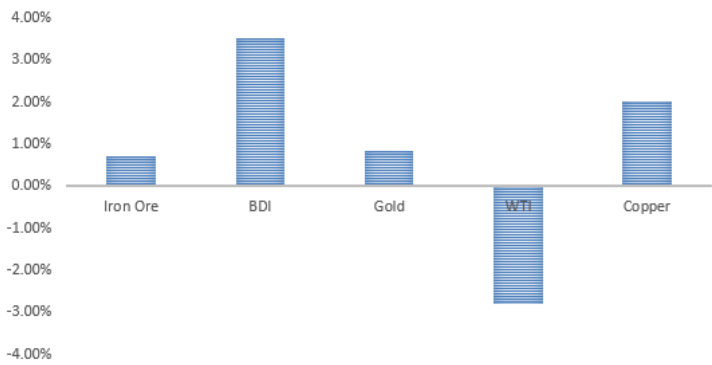
Oil:

US and Europe gasoline inventories entered a destocking trend during the peak travel season in August. The new geopolitical tension in Middle East raised concerns on the stable supply of oil in the future months. Fed Chair Jerome Powell sent the strongest dovish signal at Jackson Hole, which increased the expectations of an interest rate cut for 2024. Most of the commodities started to rebound on Monday. Libya’s eastern government announced they will shut down all oil production and exports.

Commodity Relative Price Range (past 52 weeks)

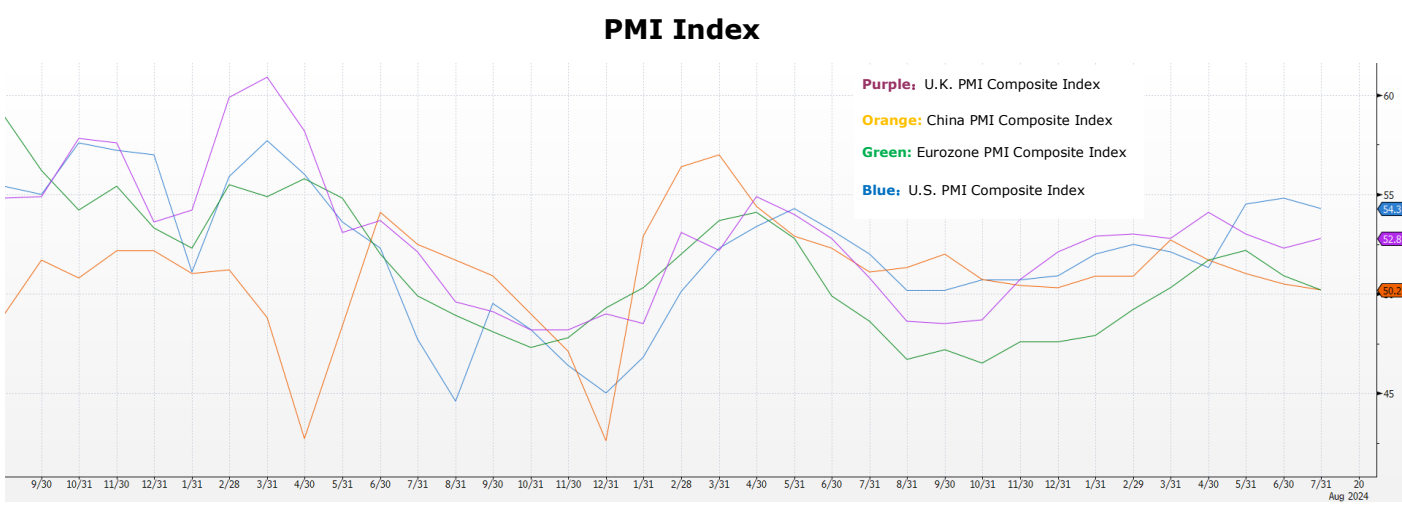
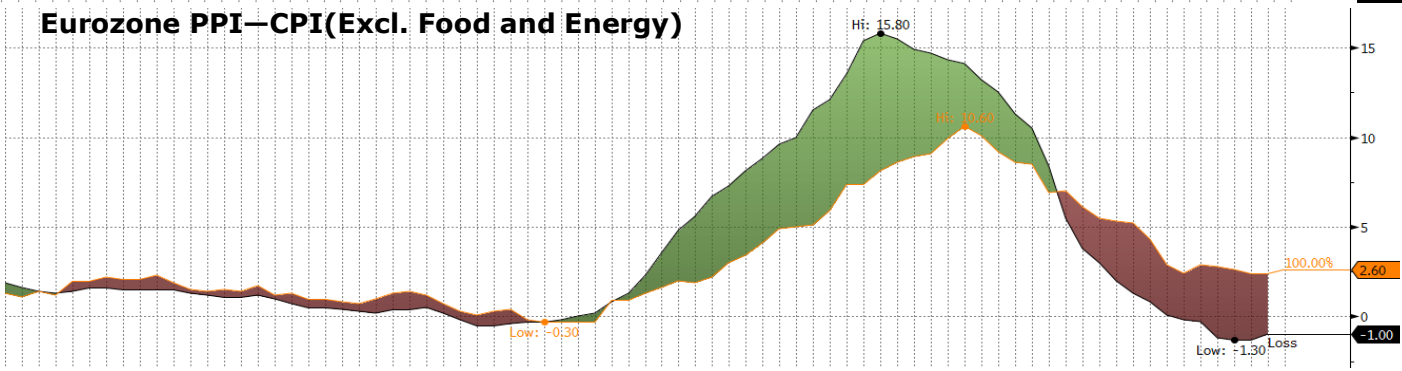
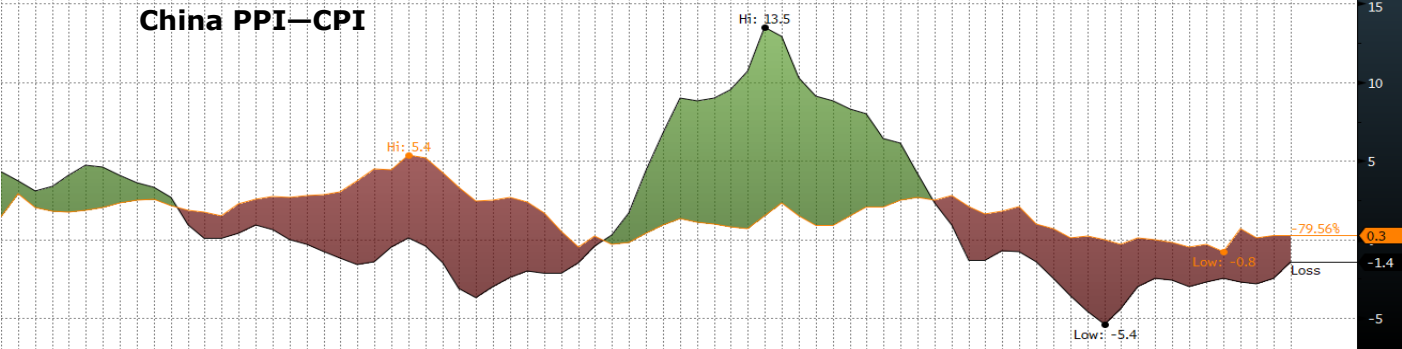
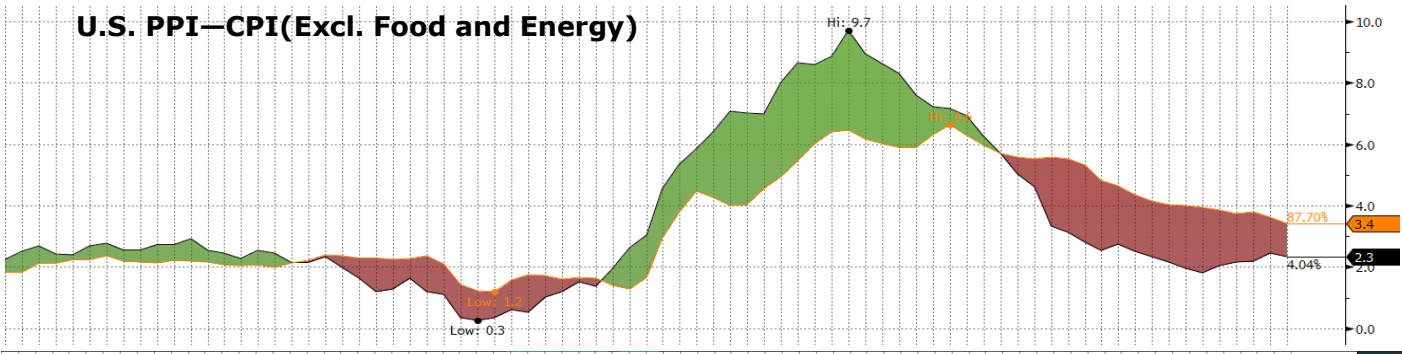


5 DAY MOVING AVERAGE CHANGE ON COMMODITIES



Sources: Bloomberg, FIS

	Last	Previous	
LME Copper 3 Month Rolling	9288.50	9115.50	1.90%
LME Aluminium 3 Month Rolling	2542.00	2365.50	7.46%
WTI Cushing Crude Oil	77.42	74.37	4.10%
Platts Iron Ore Fe62%	100.10	94.45	5.98%
U.S. Gold Physical	2507.29	2513.99	-0.27%
BDI	1762.00	1692.00	4.14%



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

Edited by **Davide Annarumma**

Senior Communications Specialist

The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at freightinvestorservices.com