

FIS Macro Report

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

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	Last	Previous	% Change
U.S. Dollar Index(DXY)	100.97	100.89	0.07%
USD/CNY	7.0594	7.1110	-0.73%
U.S. FOMC Upper Interest Rate	5.00	5.50	-9.09%
China Repo 7 day	2.00	1.95	2.56%
Caixin China Manufacturing PMI	50.40	49.80	1.20%
Markit U.S. Manufacturing PMI	46.60	49.60	-6.05%

Currency and Global Market:

The Fed interest rate cut sparked a new round of global interest cuts. China cut 50 bps on RRR, following similar measures on repos and house loans. Commodity market saw a recovery, which was delayed compared with equity market. The trade logic on Q4 potentially changed due to the monetary easing after four years of high interests. Risk appetite has reversed and improved. China Stock Index 300 recorded the biggest single day increase from early February this year on Tuesday.

FFA:

The Capesize market saw strong activities during the past report week. The shipments of major iron ore miners picked up during past week, to secure some post-China holiday laycans in October. In the Atlantic, demand from south Brazil miners and traders increased price on orders, which pushed C3 higher. The Gulf demand on grains and minerals supported Panamax. However, the Asian demand stayed low due to the upcoming holiday.

Metals:

The global interest cuts started a reversal on metals market. Copper ended its four-month long correction since May. Many market participants believed that the trend should be sustainable because global market entered a cycle of monetary easing while seeing economic stimulus in China and soft landing signals in US. Shanghai copper inventories decreased significantly before the long National holiday in early October. Thus, the demand became tight as the supply is expected to stay limited during the holiday. Premiums of first grade copper increased in Shanghai. On the other side, the increase on LME copper inventories in long-run was believed an active stocking to hedge the monetary depreciation.

Sources: Bloomberg

	Last	Previous	
Shanghai&Shenzhen 300 Index	3212.76	3172.47	1.27%
Dow Jones Industrial Average	42124.65	41622.08	1.21%
FTSE 100 Index	8259.71	8278.44	-0.23%
Nikkei 225 Index	37723.91	36833.27	2.42%
BVAL U.S. 10-year Note Yield	3.7575	3.6306	3.50%
BVAL China 10-year Note Yield	2.0596	2.1193	-2.82%

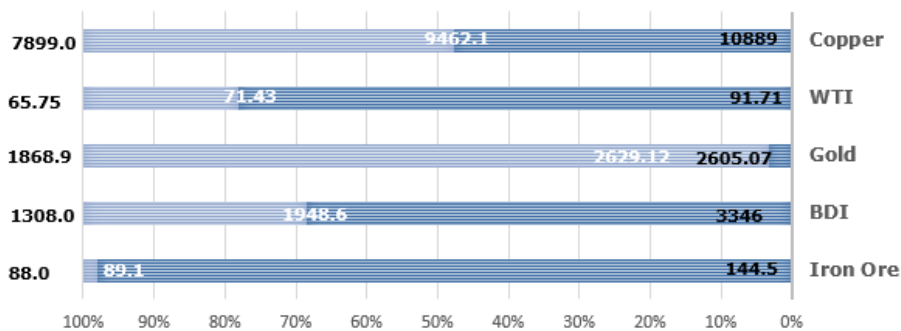
Ferrous:

Port inventories dropped from 154 million tons to 153 million tons. Pig iron demand recovered gradually in China. Derivatives market started to reverse from the bottom after China cut interest rate and lowering house down payment. Physical market started bottom hunting from mid-September to restock before China long holiday. Physical coke started the first round of price hikes after it corrected for two months in China. FOB Australia coking coal price increased because of short of front laycans. Some China eastern steel mills hiked EXW long steel price in late September.

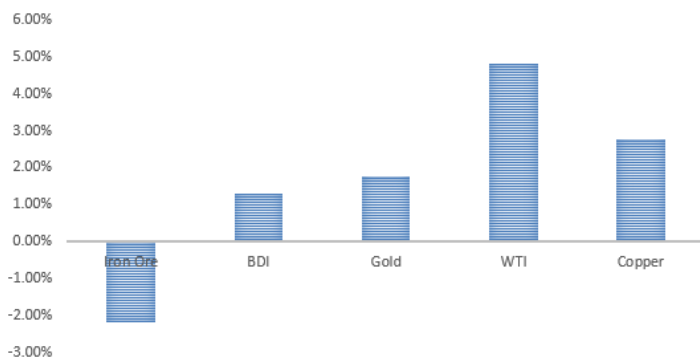
Oil:

WTI oil rose to one month high this week as refiners in Europe tap shale oil to replace the loss of oil from Libya. Maintenance at Kashagan oil in Kazakhstan in October could have reduced the supply of light oil. The Chinese economic stimulus lift most of commodities on Tuesday including oil.

Commodity Relative Price Range (past 52 weeks)

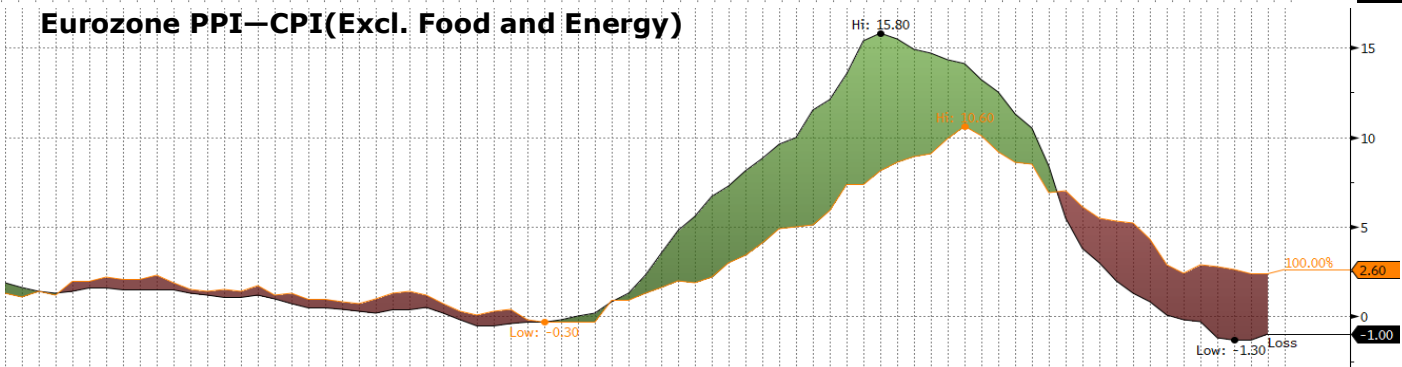
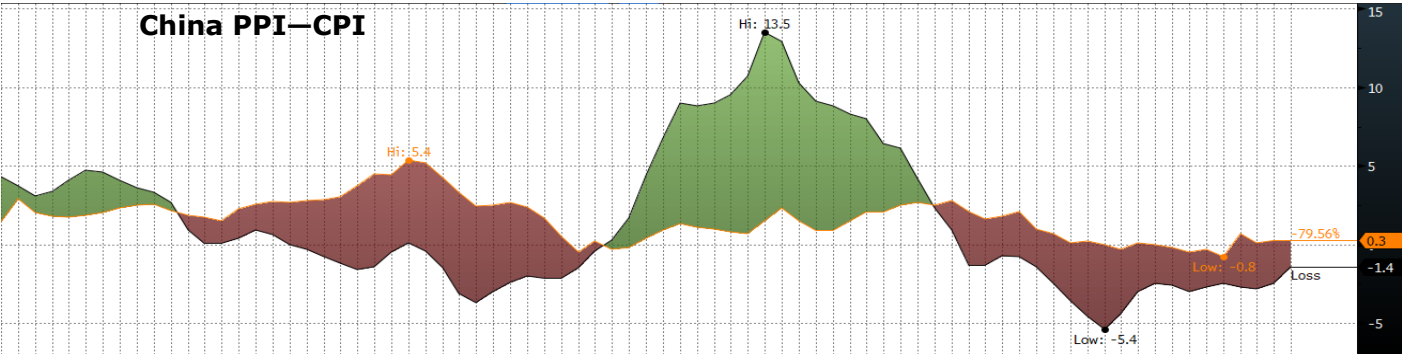
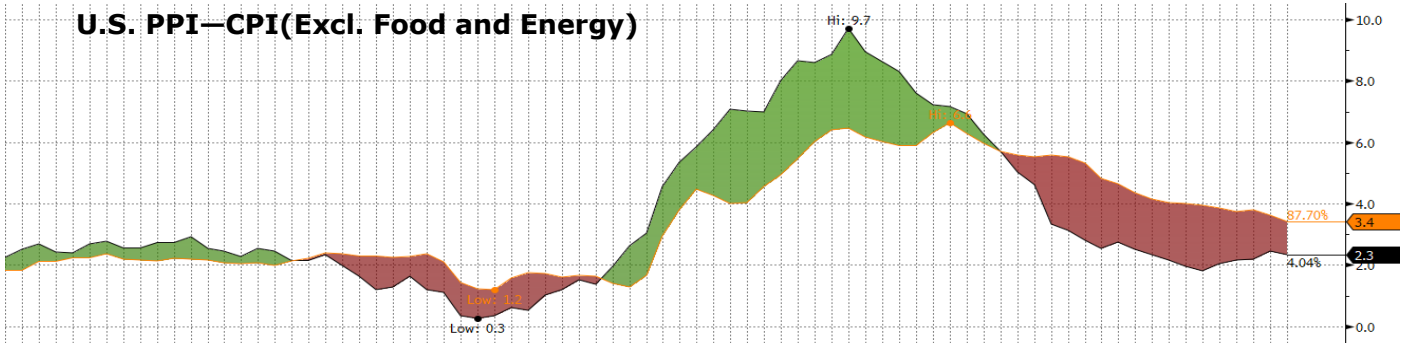


5 DAY MOVING AVERAGE CHANGE ON COMMODITIES

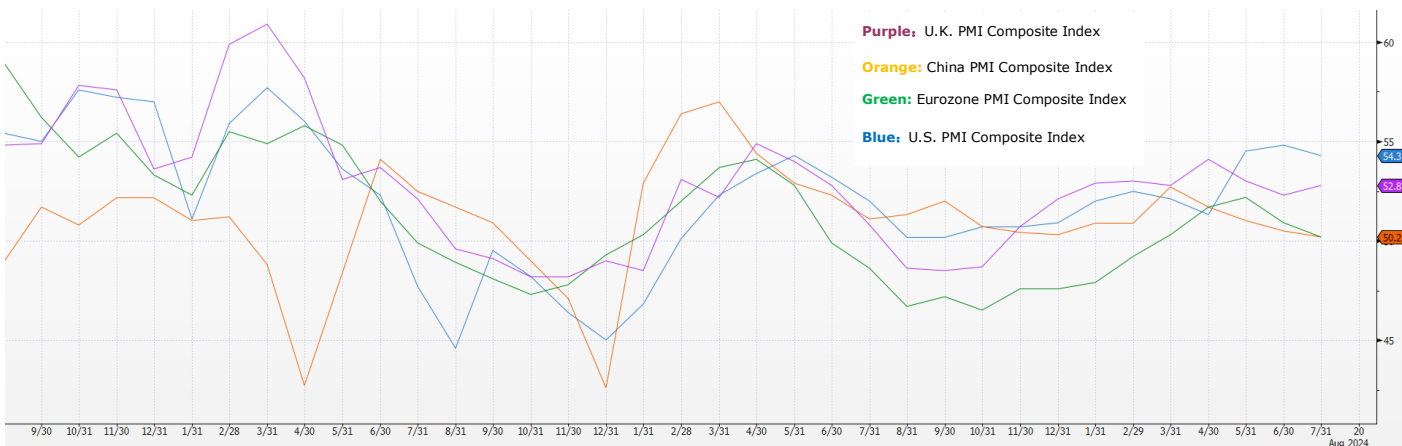


Sources: Bloomberg, FIS

	Last	Previous	
LME Copper 3 Month Rolling	9548.50	9390.00	1.69%
LME Aluminium 3 Month Rolling	2494.50	2528.50	-1.34%
WTI Cushing Crude Oil	71.16	70.09	1.53%
Platts Iron Ore Fe62%	89.35	90.95	-1.76%
U.S. Gold Physical	2629.12	2569.50	2.32%
BDI	1999.00	1890.00	5.77%



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.

Written by **Hao Pei**,
FIS Senior Research Analyst
haop@freightinvestor.com