

FIS Macro Report

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	Last	Previous	% Change
U.S. Dollar Index(DXY)	101.72	100.55	1.16%
USD/CNY	7.1258	7.1215	0.06%
U.S. FOMC Upper Interest Rate	5.50	5.50	0
China Repo 7 day	1.85	2.05	-9.76%
Caixin China Manufacturing PMI	50.40	49.80	1.20%
Markit U.S. Manufacturing PMI	49.60	51.10	-2.94%

Currency and Global Market:

Monetary backflow before a US interest rate cut became the hot topic within markets. However, the relative yield spread between US assets, including bonds, and equity were attractive to other major economies. Some market participants believed that it should take few quarters to see a significant impact on this investment shift. Commodities saw a correction over the weekend, since market rumours started that there were some high warehouse warrants ready to deliver in September for some industrial commodities in China. At the same time, the probability of a 50bps interest cut decreased significantly due to strong US economic statistics. Commodity markets could see some recovery in the next week or so after the speculation on the delivery stories ended and interest cut officially landed.

FFA:

The Capesize market saw a strong recovery during past reporting week, as returning demand of major iron ore miners supported C3 and C5 significantly. However, the market could start to correct as many charterers had covered their requirements already. In addition, orders were limited out of the Pacific. The Panamax market seems stuck in a downward trend and the Atlantic sector saw increasing pressure by oversupply of vessels near ports. The weak demand on backhaul vessels was increasingly becoming a drag on the market.

Metals:

Copper has corrected by 24%, with many hedge funds significantly decreasing their positions. However, the commodity strategic supervisor of Saxo bank believed that the correction should be near an end. The lower financing cost after interest rate cuts would naturally decrease copper inventories, which could become a mid-run support factor.

Sources: Bloomberg

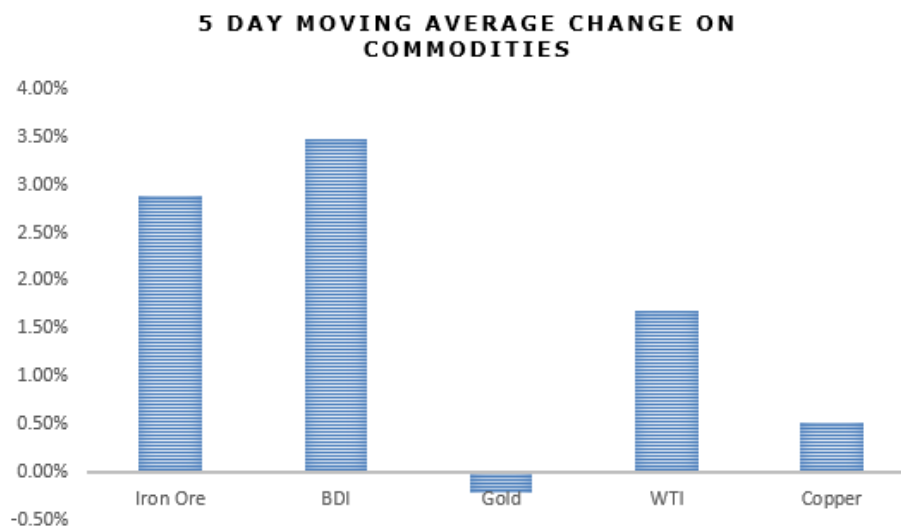
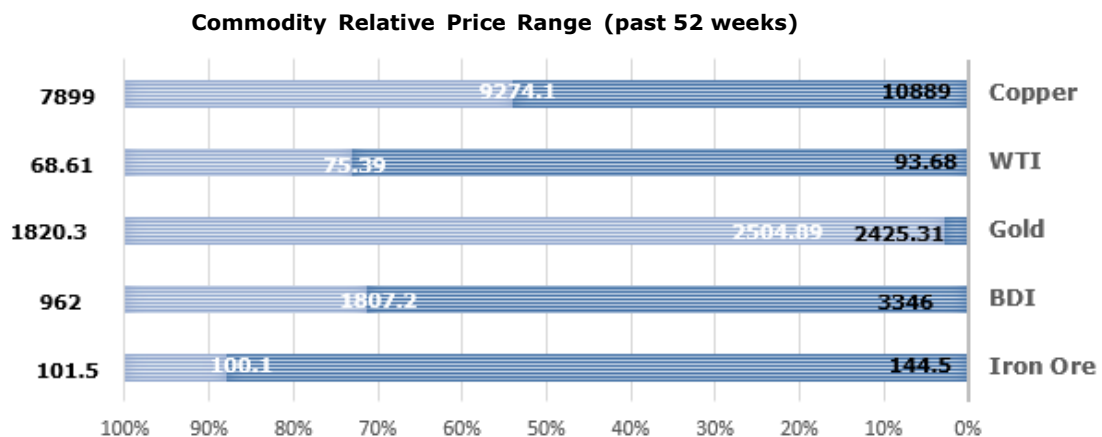
	Last	Previous	
Shanghai&Shenzhen 300 Index	3265.01	3324.22	-1.78%
Dow Jones Industrial Average	41563.08	41175.08	0.94%
FTSE 100 Index	8363.84	8327.78	0.43%
Nikkei 225 Index	38700.87	38110.22	1.55%
BVAL U.S. 10-year Note Yield	3.9318	3.8168	3.01%
BVAL China 10-year Note Yield	2.1648	2.1568	0.37%

Ferrous:

Port inventories were up by 3 million tons to 153 million tons, which was a seasonal and year-high. Market participants believed that the restocking should resiliently continue. Physical coke expected to reverse after 350 yuan/ton drop during the past 5-6 weeks. EAFs operation levels remained low, which gave some room for more iron ore demand. Steel EWX prices went up in Eastern China mills.

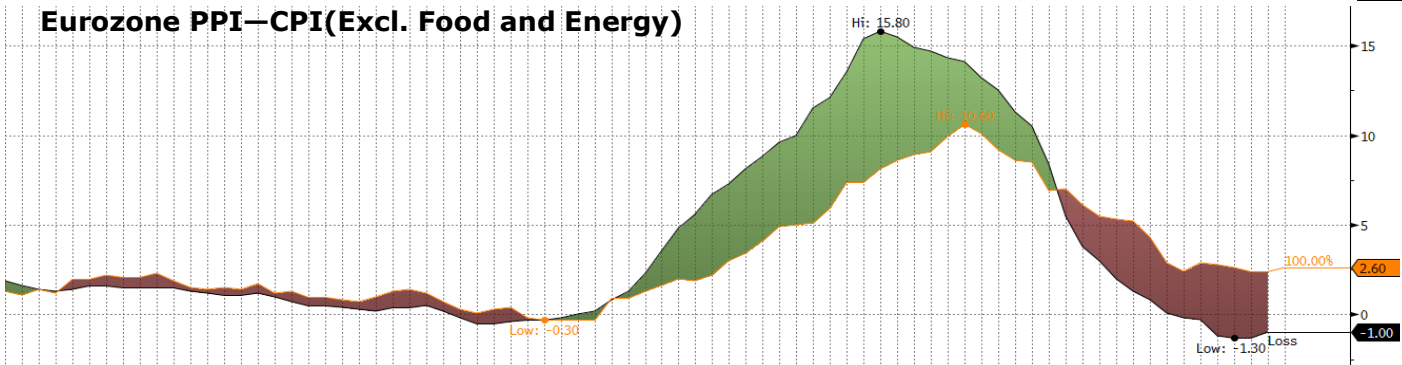
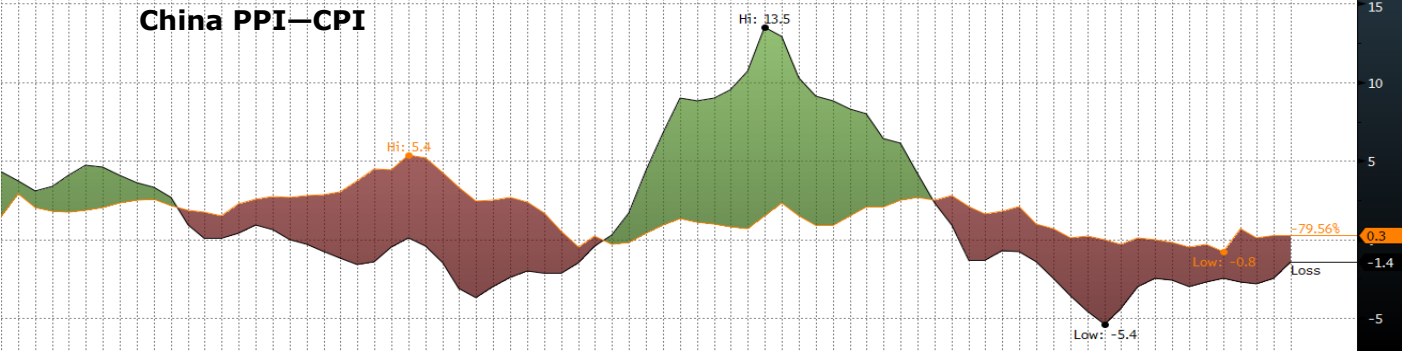
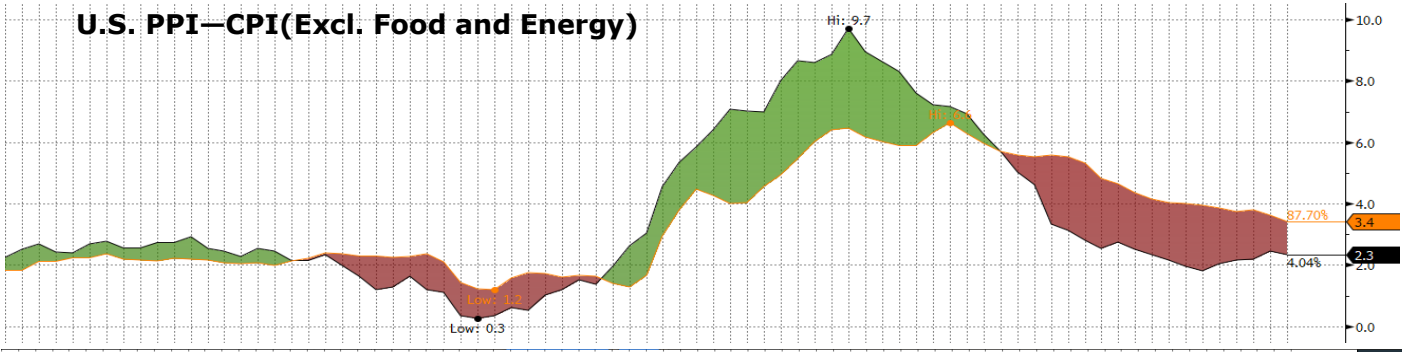
Oil:

There was a market rumor outlining a potential production increase from October by 180,000 b/day, because of the decreasing drillers for oil and gas for three consecutive weeks and slower production. However, some analysts believed that the production increase should happen only when prices were at relative high levels.

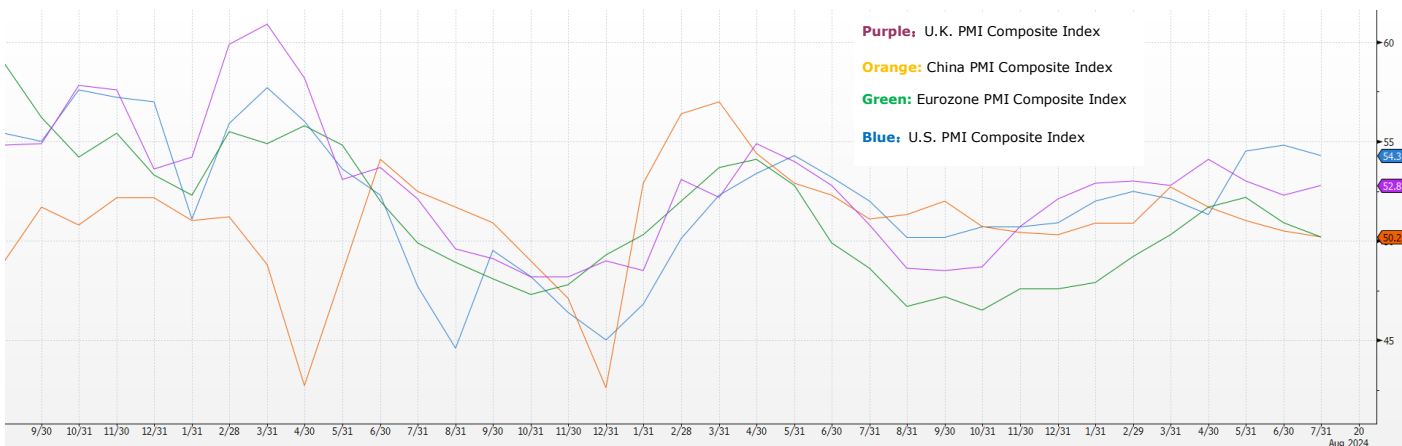


Sources: Bloomberg, FIS

	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%



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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