

FIS Macro Report

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	Last	Previous	% Change
U.S. Dollar Index(DXY)	103.22	102.55	0.65%
USD/CNY	7.1116	7.0738	0.53%
U.S. FOMC Upper Interest Rate	5.00	5.50	-9.09%
China Repo 7 day	1.92	1.90	1.05%
Caixin China Manufacturing PMI	49.30	50.40	-2.18%
Markit U.S. Manufacturing PMI	47.90	46.60	2.79%

Currency and Global Market:

On Saturday, the Chinese Politburo rescued the equity and commodity markets from correction when it mentioned a series of policies to restructure the debt market and housing market. Investment banks upgraded the Chinese equity market. Both the commodities and the equity markets witnessed an improvement in risk appetite. However, similar to early October, it is worth noting the risk of short-term profit-taking. Behind rapid growth often lies the possibility of a rapid correction.

FFA:

The Capesize FFAs dropped by more than 10.3% during the past week, dragged down by slower trades from miners in the Pacific area. However, the correction slowed down by the end of last week and the beginning of this week. The resilient Brazil-China and South Africa-China routes should support the market from further correction in the next few weeks. The Panamax market regained support due to the improving coal demand from China and India. In addition, Indonesia rejoined this market after the holidays.

Metals:

Copper underwent a correction during the first half of the report week and rebounded from the low created last Thursday. The trade based on interest rate cuts and China's stimulus potentially came to an end in the short run. Indonesia was considering extending the copper miner export license from this December to next February for Freeport Indonesia and Amman Mineral.

The active contract of aluminum oxide in SHFE increased by 31.18% from the low on September 10th to the high on October 14th. This growth was attributed to a concentrated production curb in southwestern Chinese provinces as well as low imports from Guinea in the fourth quarter.

Sources: Bloomberg

	Last	Previous	
Shanghai&Shenzhen 300 Index	3961.34	4017.85	-1.41%
Dow Jones Industrial Average	43065.22	41954.24	2.65%
FTSE 100 Index	8292.66	8303.62	-0.13%
Nikkei 225 Index	39605.80	38635.62	2.51%
BVAL U.S. 10-year Note Yield	4.0958	3.9869	2.73%
BVAL China 10-year Note Yield	2.1610	2.1928	-1.45%

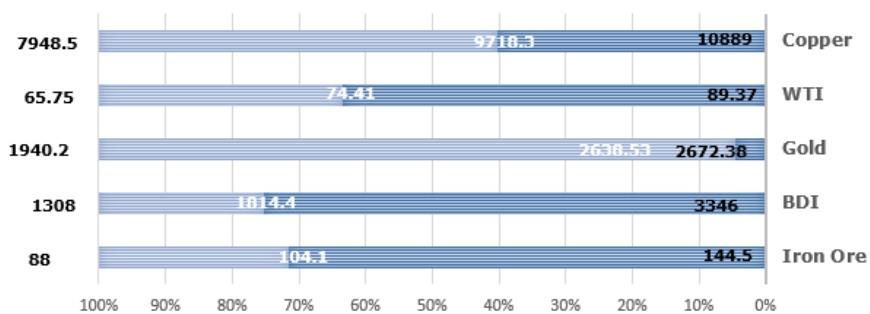
Ferrous:

Port inventories and mill inventories of iron ore have witnessed a significant drop, indicating a recovery in iron ore demand. Additionally, pig iron and steel production have seen a significant increase over the past three weeks. The physical rebar margin in northern Chinese provinces once reached 500 yuan/ton last week. Higher margins expand the cost tolerance for raw materials. The recent Politburo meeting in China has strengthened the direction of expanding monetary policy and resolving debt issues in the housing sector. Both fundamental and macro aspects are supporting the growth of iron ore in the medium term.

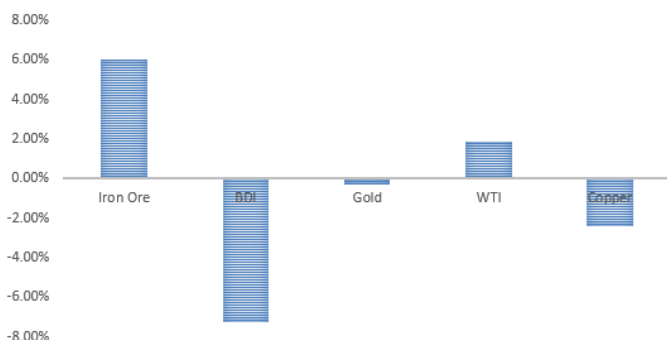
Oil:

Oil prices dropped early this week after the market had priced in the trade tensions in the Middle East. During last week, the US expanded sanctions on Iranian oil due to the attack on Israel. Beijing's push for energy security could potentially lead to further increases in domestic oil and gas output.

Commodity Relative Price Range (past 52 weeks)

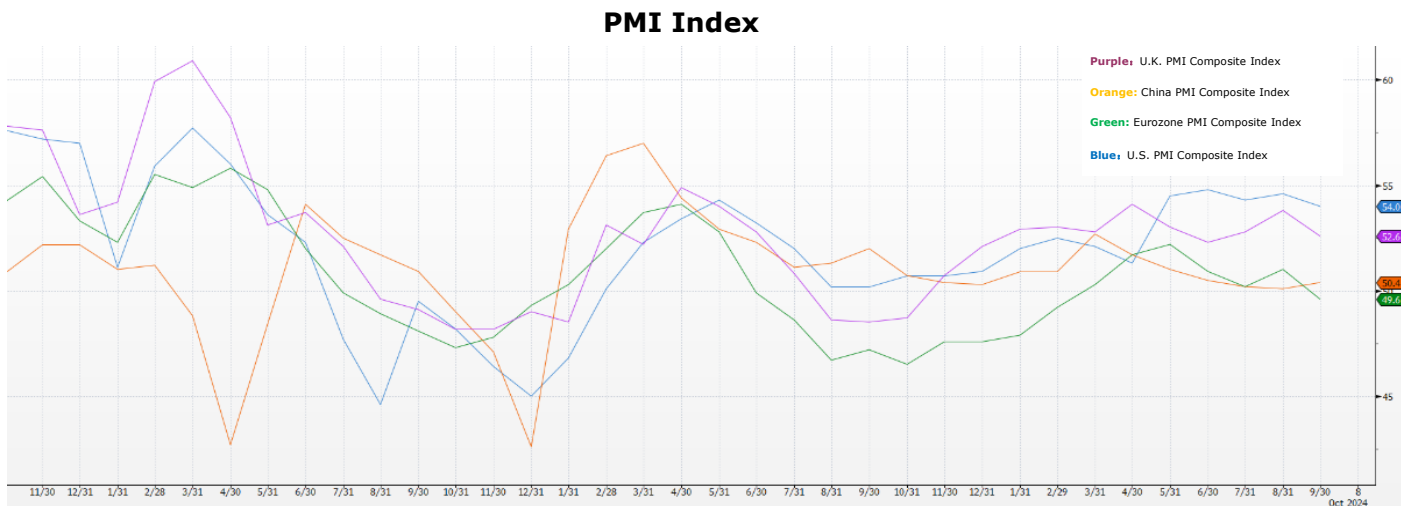
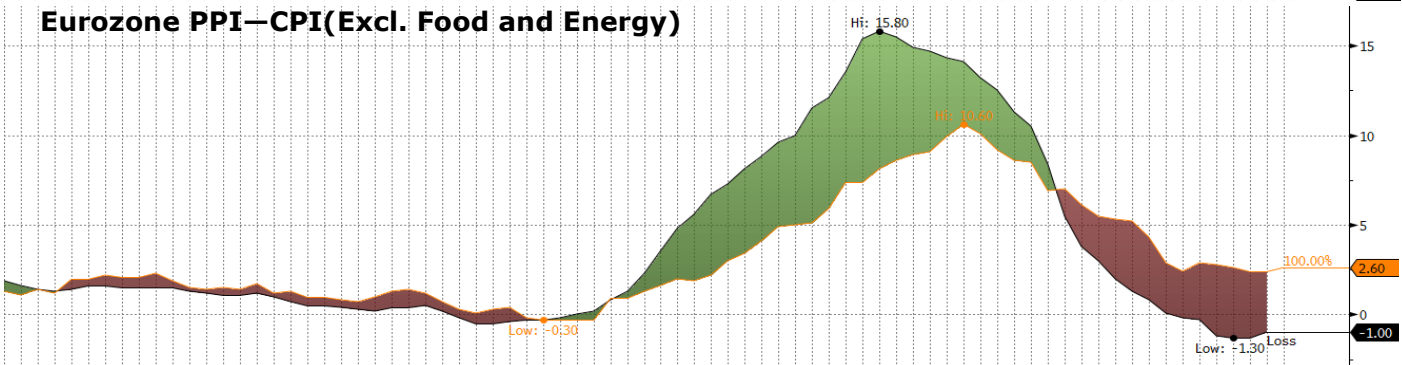
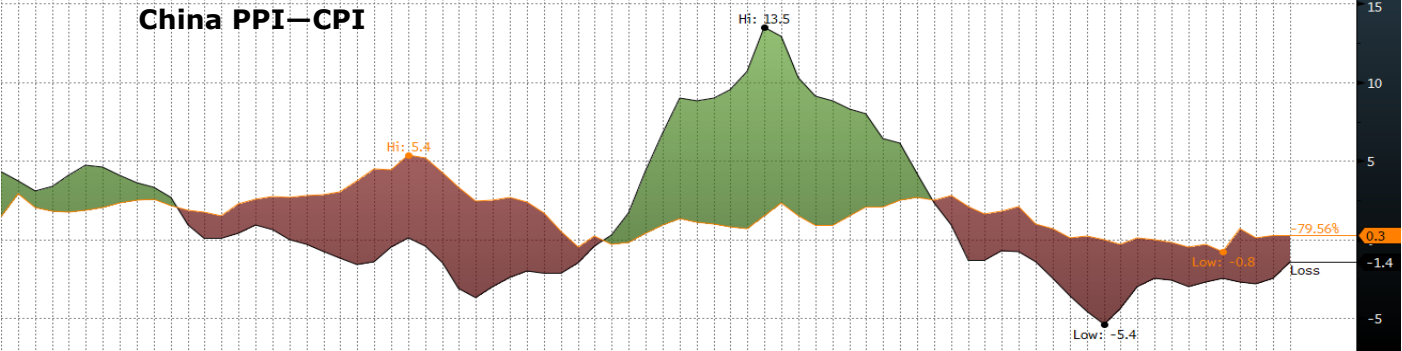
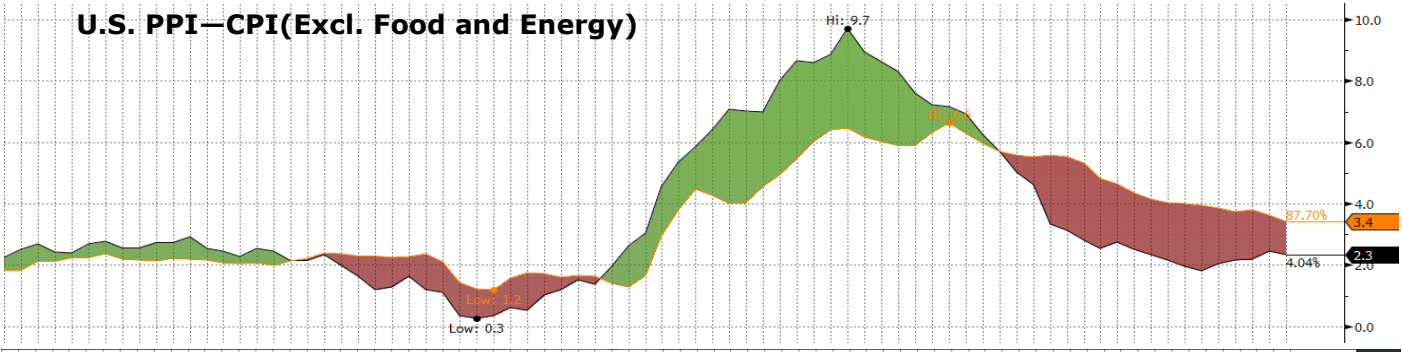


5 DAY MOVING AVERAGE CHANGE ON COMMODITIES



Sources: Bloomberg, FIS

	Last	Previous	
LME Copper 3 Month Rolling	9659.50	9929.50	-2.72%
LME Aluminium 3 Month Rolling	2594.00	2658.00	-2.41%
WTI Cushing Crude Oil	73.83	77.14	-4.29%
Platts Iron Ore Fe62%	107.50	109.10	-1.47%
U.S. Gold Physical	2650.02	2621.83	1.08%
BDI	1814.00	1928.00	-5.91%



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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