

FIS Macro Report

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	Last	Previous	% Change
U.S. Dollar Index(DXY)	104.27	104.08	0.18%
USD/CNY	7.1449	7.1357	0.13%
U.S. FOMC Upper Interest Rate	5.00	5.50	-9.09%
China Repo 7 day	1.93	1.92	0.52%
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:

In late October and early November, the main trading theme in financial markets is the US general election. In the commodity market, the future trends of different commodity prices are uncertain. The certainty is high volatility. During the US election week, China will also hold an important economic conference, which will touch on important topics such as real estate, debt, consumption, and stock market investment. In the fourth quarter, the world has entered a period of interest rate cuts. However, most commodities experienced a significant correction from July to September and rebounded in October. In the coming weeks, US dollar could potentially face some downward risk after a 4% rebound and pricing-in the less than expected interest cut.

FFA:

The Capesize 5TC Index went down 22% during past week. The monthly average was \$21,734/day, which was 20.7% lower than September. The decreasing shipments from miners softened C5. In comparison, C3 saw some resilience on demand side. Panamax market saw downward pressure as the significantly increase capacities in both Atlantic and Pacific areas. At the same time, cargoes were much less compared to mid-October.

Metals:

Copper has weakened due to the uncertainty around the US presidential election and strong dollar. In China, electrolytic copper inventory declined for 3.5 months since June and then accumulated gradually from mid-September. Some research agencies expect inventory accumulation to continue in the next two weeks. In 2024, China's recycled copper imports are expected to exceed expectations and hit a record high of nearly 2.2 million tons. In 2023, imports were 1.9856 million tons. This is due to copper concentrate shortage, new energy demand growth, and China domestic tax policy support. Both Markit manufacturing and service PMIs in US in January exceeded expectations, lowering the expectations for interest rate cuts. Thus, US dollar went appreciated and copper corrected.

Sources: Bloomberg

	Last	Previous	
Shanghai&Shenzhen 300 Index	3964.16	3935.20	0.74%
Dow Jones Industrial Average	42387.57	42931.60	-1.27%
FTSE 100 Index	8285.62	8318.24	-0.39%
Nikkei 225 Index	38605.53	38954.60	-0.90%
BVAL U.S. 10-year Note Yield	4.2846	4.2021	1.96%
BVAL China 10-year Note Yield	2.1767	2.1285	2.26%

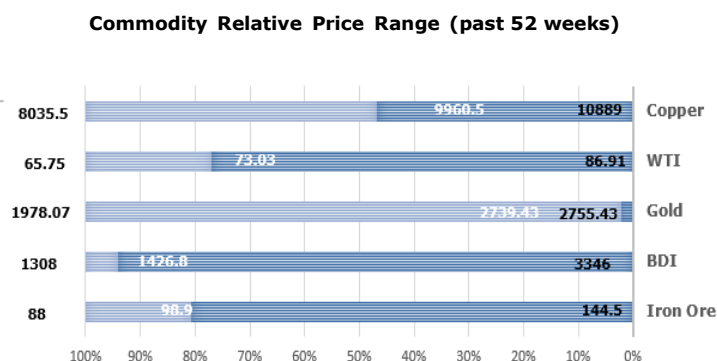
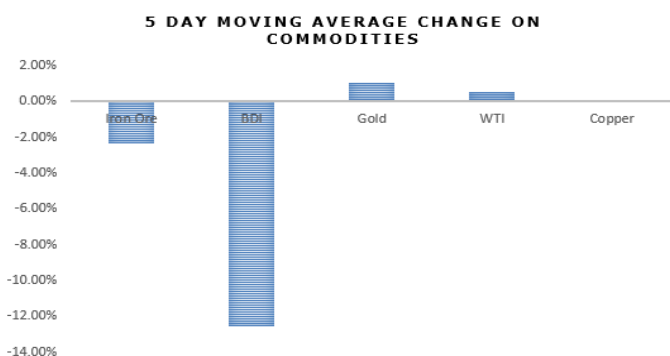
Ferrous:

Steel metals have seen a rebound after a sharp decline in the past week. The strong rebound of iron ore is predictable. The continuously increasing average daily hot metal output since the end of September confirms the increase in iron ore demand. The instability of output in electric arc furnaces has led blast furnaces to still need to maintain a relatively high capacity utilization rate during the peak season. However, the export market for Asian steel products is relatively sluggish, with a significant price reduction in coil products. Coil products in Europe and the US have begun to rebound steadily. In the future, the international steel market is likely to continue to rebound steadily. The rebound in iron ore prices started earlier, and later the sustainability becomes an issue. Thus, iron ore potentially see exhaustion on price movement in the next stage.

Oil:

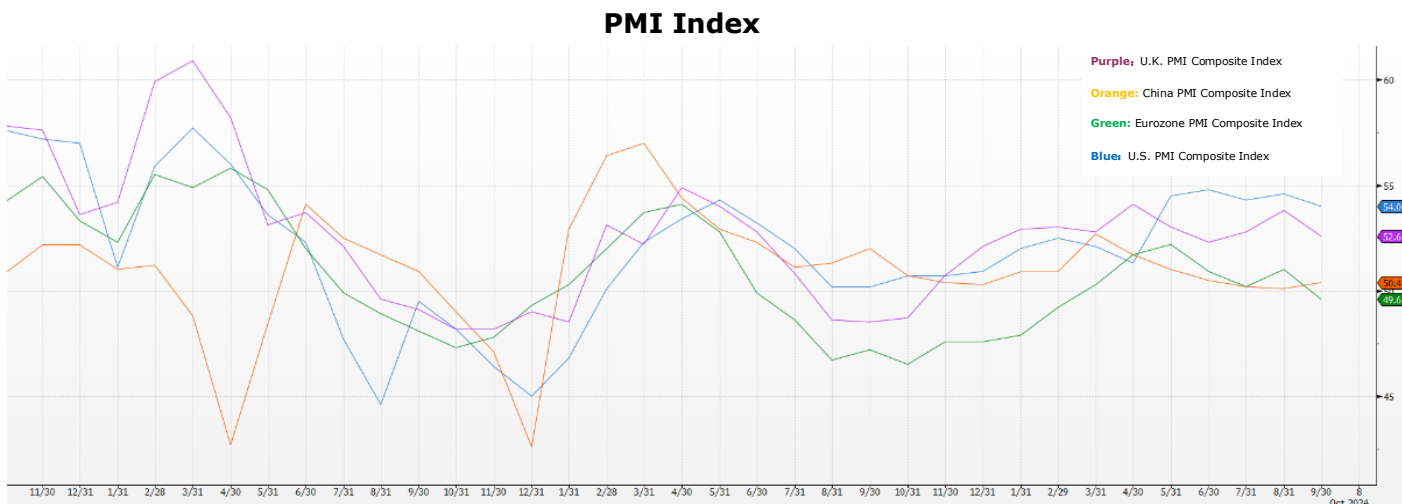
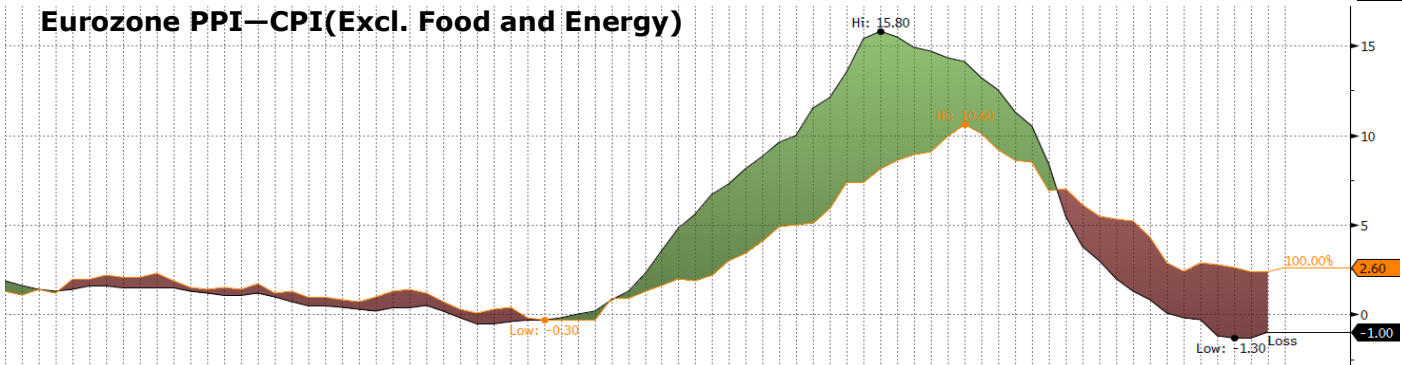
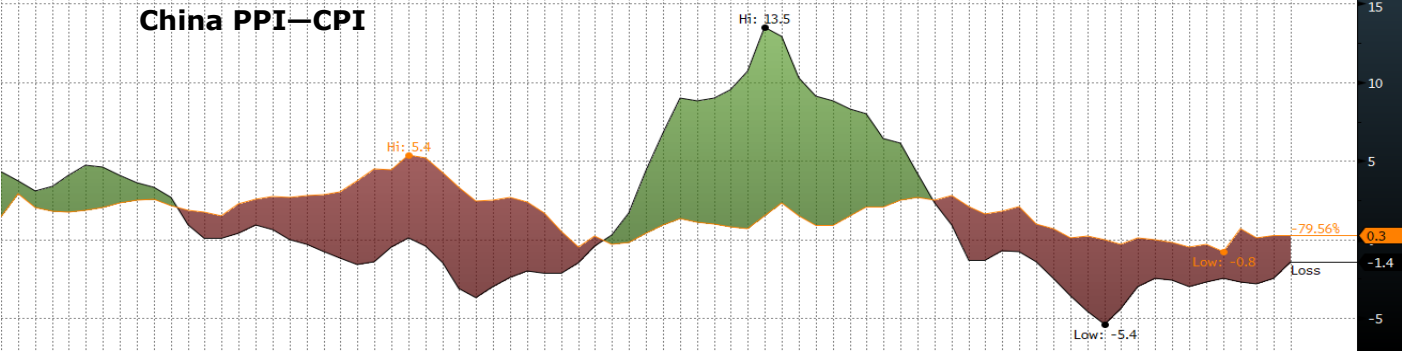
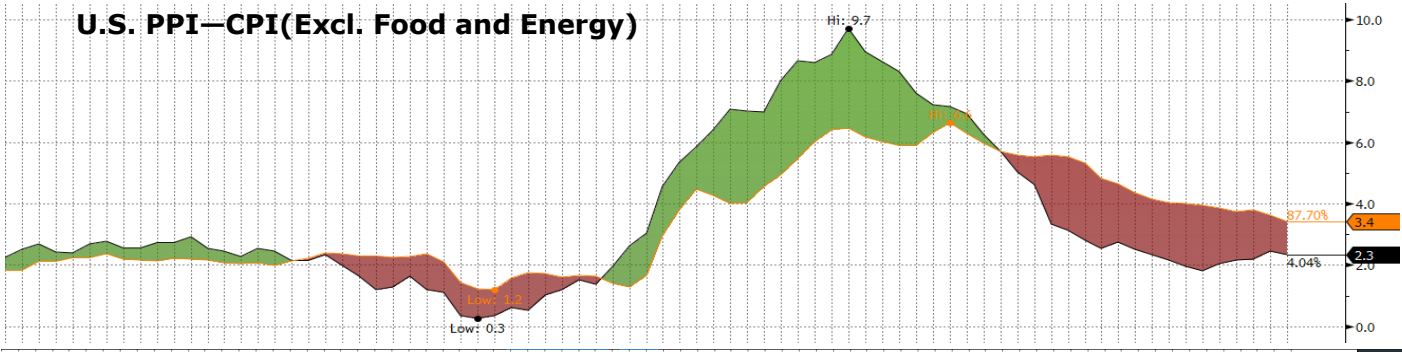
Since September, the continuous impact of macro and geopolitical factors has kept the volatility of crude oil in a high range. The tension in the Middle East has become the major driver from September and early October. The US presidential election trading has become the main theme for the rest of October. The US shale oil strategy become one of the most important thing after the election for oil market.

OPEC+ production increase plan starting in December is a major negative supply factor for the crude oil market. Although the production cut measures had previously been extended until the end of November, in the long run, the production plan still exerts pressure on supply side. The crude oil production in the US remains high. Recent statistic from IEA shows that the daily crude oil production increased by 100,000 barrels to 13.5 million barrels, breaking the previous record.



Sources: Bloomberg, FIS

	Last	Previous	
LME Copper 3 Month Rolling	9541.50	9559.00	-0.18%
LME Aluminium 3 Month Rolling	2645.50	2595.50	1.93%
WTI Cushing Crude Oil	67.38	70.56	-4.51%
Platts Iron Ore Fe62%	103.55	101.30	2.22%
U.S. Gold Physical	2755.43	2749.01	0.23%
BDI	1382.00	1576.00	-12.31%



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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