

# FIS Macro Report

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8/10/2024

	Last	Previous	% Change
U.S. Dollar Index(DXY)	102.40	101.19	1.19%
USD/CNY	7.0652	7.0302	0.50%
U.S. FOMC Upper Interest Rate	5.00	5.50	-9.09%
China Repo 7 day	1.90	2.00	-5.00%
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:

The politburo meeting held on September 24th in China reversed the bearish sentiment on the Chinese equity market for three years. Goldman Sachs upgraded Chinese equities to “overweight”. Commodities rebounded following this improvement. However, commodities may potentially return to fundamentals after taking gains. The details and practical policies of the Chinese house market would largely decide the direction of many industrial commodities in Q4. It should be natural after the Fed started to cut interest rate, which could benefit other countries with strong currencies. The lower yield difference from US and other economies would accelerate investments outside of the US.

## FFA:

The Capsize FFA was weak in general last week due to the Chinese Golden Week and the increasing capacities. The Panamax market saw support thanks to US coastal ships going to India and China. However, the Panmax FFA saw resistance due to the holiday.

## Metals:

The strong non-farm payroll figure supported the US dollar, which resisted copper price. However, the slow supply and Chinese economy stimulus become a mid-run support for copper price. Although LME copper refreshed five-year high at late August, the inventory level went down to two-month low at 297,300 tons last week. SHFE copper inventories down 14.87% last week at 140,408, adjourned the seven months low.

Sources: Bloomberg

	Last	Previous	
<b>Shanghai&amp;Shenzhen 300 Index</b>	4017.85	3212.76	<b>25.06%</b>
<b>Dow Jones Industrial Average</b>	41954.24	42330.15	<b>-0.89%</b>
<b>FTSE 100 Index</b>	8303.62	8236.95	<b>0.81%</b>
<b>Nikkei 225 Index</b>	39332.74	37919.55	<b>3.73%</b>
<b>BVAL U.S. 10-year Note Yield</b>	4.0362	3.7993	<b>6.24%</b>
<b>BVAL China 10-year Note Yield</b>	2.1928	2.0596	<b>6.47%</b>

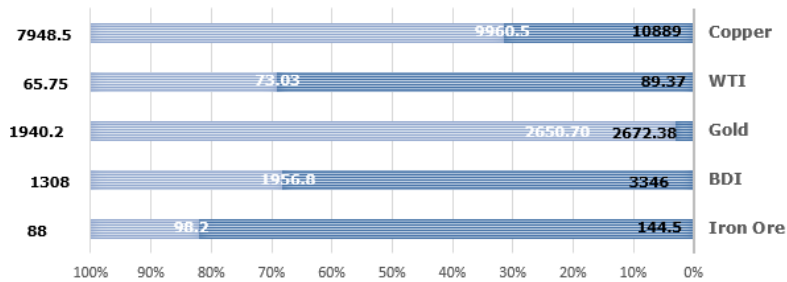
**Ferrous:**

Port inventories dropped from 154 million in early September to 150.53 million tons by late September. Port inventories gradually shift to mills as production of steel picked up during busy season. Prime coking coal market saw limited supply in both Australia and China. EAFs production picked up in China in September and October.

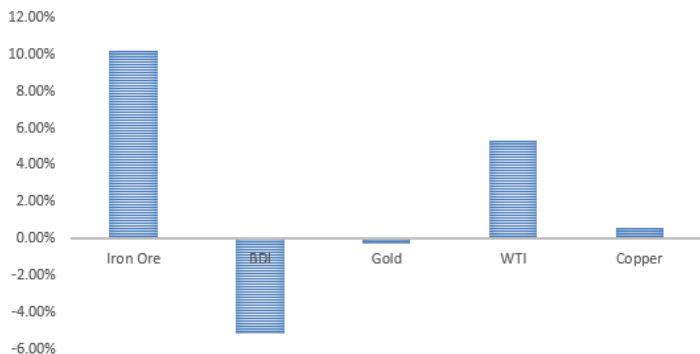
**Oil:**

The tension in the Middle-East pushed up the oil price. Russia lowered the October oil capacity due to low profit and seasonal maintenance. Libya is expected to resume production, and should reach over 1 million barrels/day.

**Commodity Relative Price Range (past 52 weeks)**

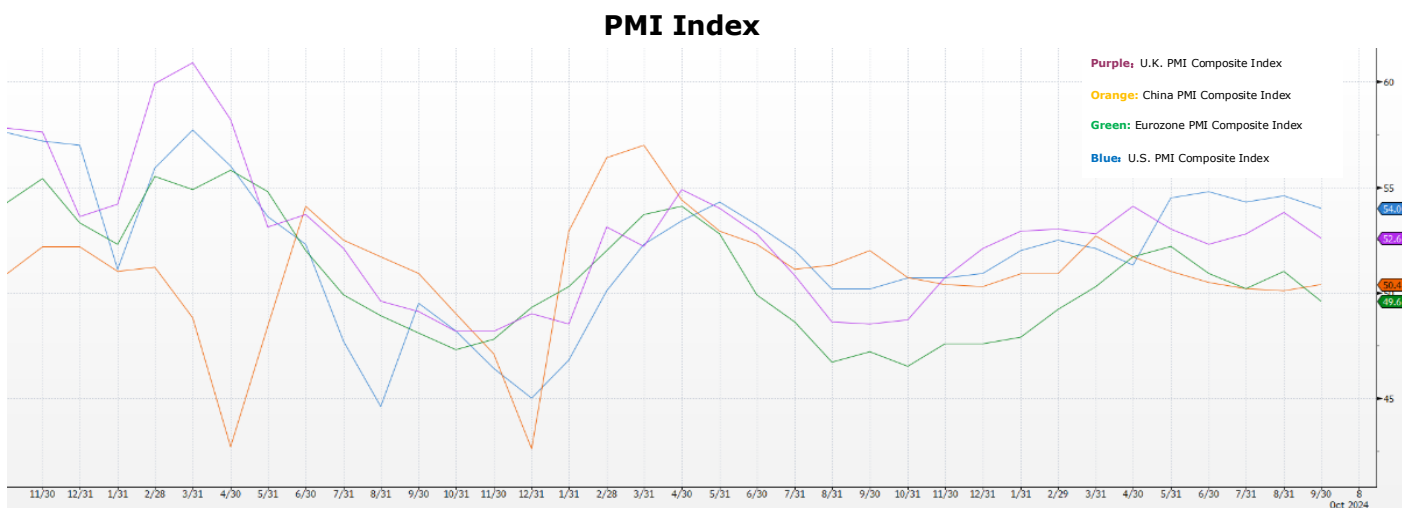
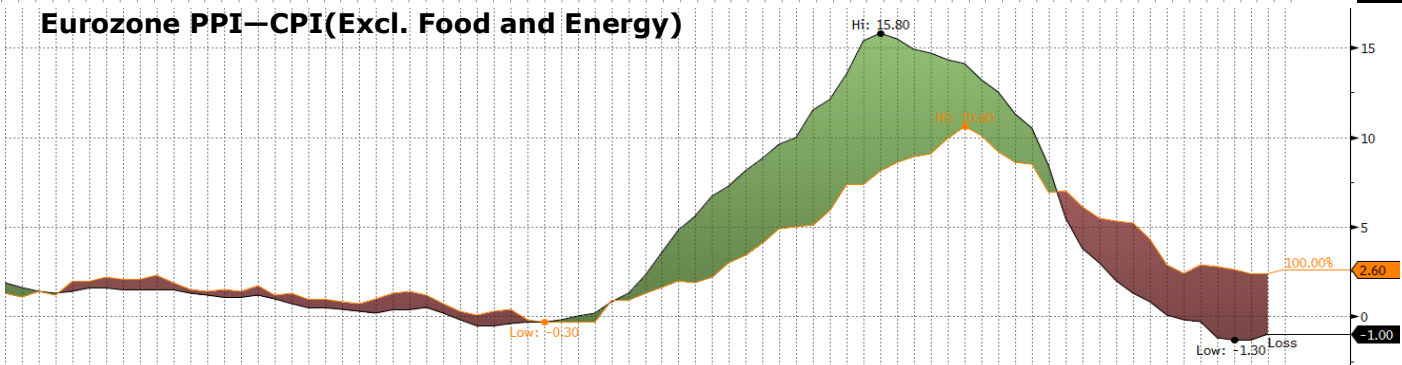
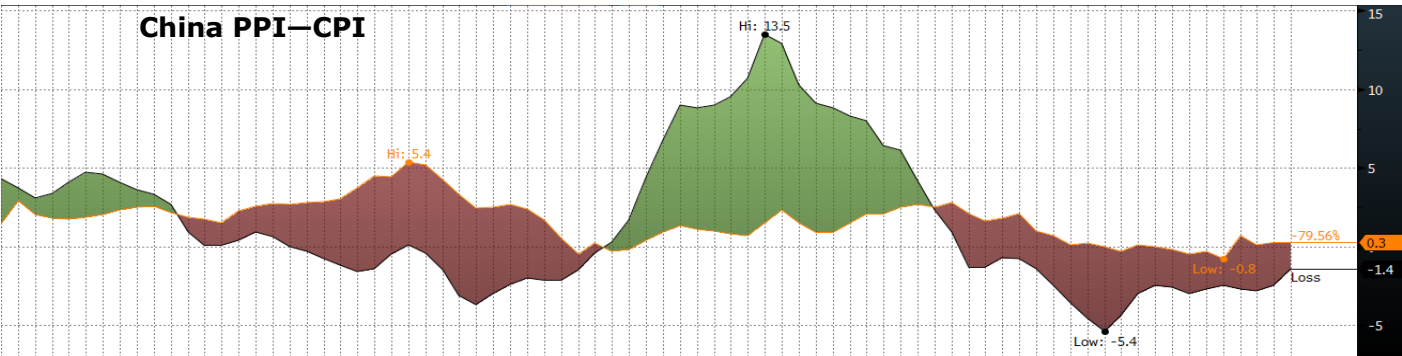
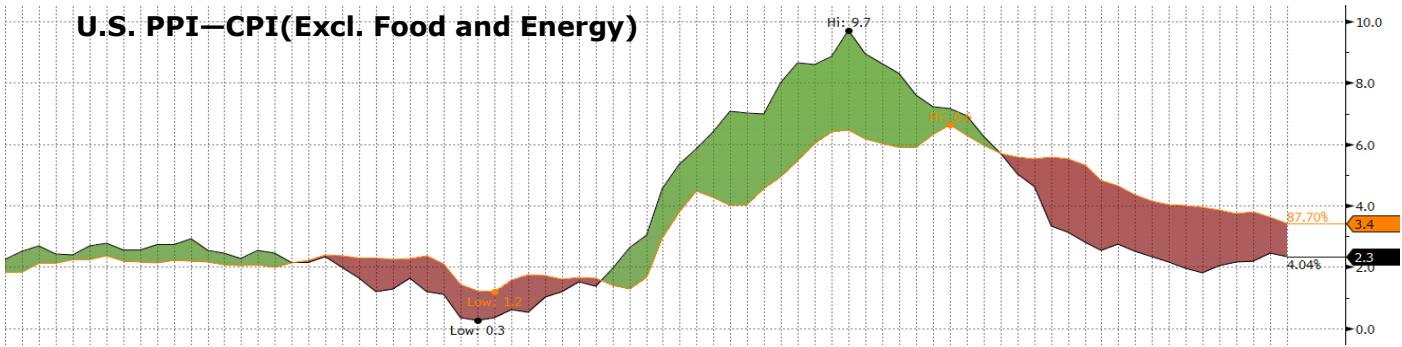


**5 DAY MOVING AVERAGE CHANGE ON COMMODITIES**



Sources: Bloomberg, FIS

	Last	Previous	
<b>LME Copper 3 Month Rolling</b>	9929.50	9829.00	<b>1.02%</b>
<b>LME Aluminium 3 Month Rolling</b>	2658.00	2611.50	<b>1.78%</b>
<b>WTI Cushing Crude Oil</b>	77.14	68.17	<b>13.16%</b>
<b>Platts Iron Ore Fe62%</b>	109.10	108.30	<b>0.74%</b>
<b>U.S. Gold Physical</b>	2642.71	2663.23	<b>-0.77%</b>
<b>BDI</b>	1907.00	2110.00	<b>-9.62%</b>



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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