

FIS Macro Report

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12/11/2024

	Last	Previous	% Change
U.S. Dollar Index(DXY)	105.57	103.42	2.08%
USD/CNY	7.2383	7.1017	1.92%
U.S. FOMC Upper Interest Rate	4.75	5.00	-5.00%
China Repo 7 day	1.88	1.78	5.62%
Caixin China Manufacturing PMI	50.30	49.30	2.03%
Markit U.S. Manufacturing PMI	48.10	47.90	0.42%

Currency and Global Market:

After the results of the US presidential election and China's Politburo meeting, the market began to engage in reverse trading after being fully priced in the early stage. For example, non-ferrous metals, steel, and soybeans that had experienced significant increases earlier have seen a rapid decline. Recently, a global wave of interest rate cuts has started. The US Federal Reserve has cut interest rates by 25 bps as expected. The Swedish Riksbank has cut interest rates by 50 basis points, marking the largest single reduction in the last decade. The Bank of England has also cut interest rates by 25 bps. In long-term market, we need to consider the economic consequences triggered by trade barriers. For instance, although the previous trade war promoted the rise of non-ferrous metals and industrial products before it began, most commodities experienced rapid declines due to the reduction in trade activities and economic downturn. In the medium term, the Trump administration's weak-dollar and high-tariff policy is clearly a policy that potentially maintain commodity price at a relatively high level. In the short term, after these expectations are traded in advance, fluctuations may occur. Especially when there is a two-month period from the US election results to the official assumption of office. During this quiet period, some commodities are expected to return to fundamental logic.

FFA:

Capesize freight rates rebounded last week after several consecutive weeks of decline. The rebound was mainly due to the restoration of macro sentiment and the settlement of important risk events. The main support in the market comes from the iron ore export demand from Australia as well as south Brazil. During the Asian trading hours, within the announcements of Transatlantic fixtures, which was scheduled with an approximate freight rate of \$18,000/day. Panamax freight rates saw correction because of decreasing global demand for ships.

Sources: Bloomberg

	Last	Previous	
Shanghai&Shenzhen 300 Index	4131.13	3944.76	4.72%
Dow Jones Industrial Average	44293.13	41794.60	5.98%
FTSE 100 Index	8125.19	8184.24	-0.72%
Nikkei 225 Index	39533.32	38053.67	3.89%
BVAL U.S. 10-year Note Yield	4.3096	4.3876	-1.78%
BVAL China 10-year Note Yield	2.1295	2.1529	-1.09%

Metals:

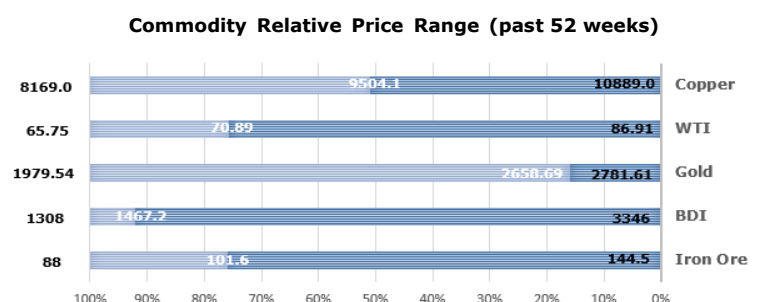
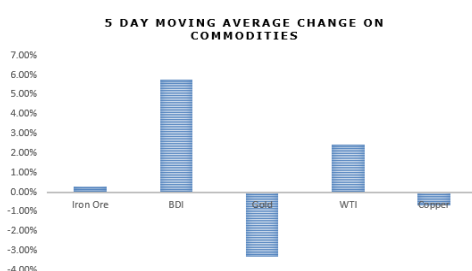
After the Chinese National Day, the arrivals of electrolytic copper at ports have increased, leading to a rapid inventory accumulation. Meanwhile, the trading volume has declined along with decreasing new orders, resulting in sluggish demand. Hence, copper is likely to experience further pullbacks after the macro events of last week have been traded. The number of maintenance operations of electrolytic plants in China has risen and the capacity expansion has not met expectations. The production of electrolytic aluminum in Indonesia is limited due to high electricity costs and the potential implementation of export restriction policies, which will lead to a reduction in expected exports in the future. In the medium term, aluminum remains continuously in short supply on a global scale as the capacity gaps in Guinea and Brazil cannot be filled.

Ferrous:

Iron ore port inventories dropped from the seasonally highest level of 154 million tons to 152 million tons. The port inventory is likely to remain between 150 million and 155 million tons until the end of the year under the circumstances of high consumption and high shipments in November and December. However, hot metal production has started to decline and may develop in a stable or slightly weak direction marginally. Entering winter, Chinese steel enterprises may lock EWX price for long steels. By then, the fluctuations in raw materials expected to be weakened.

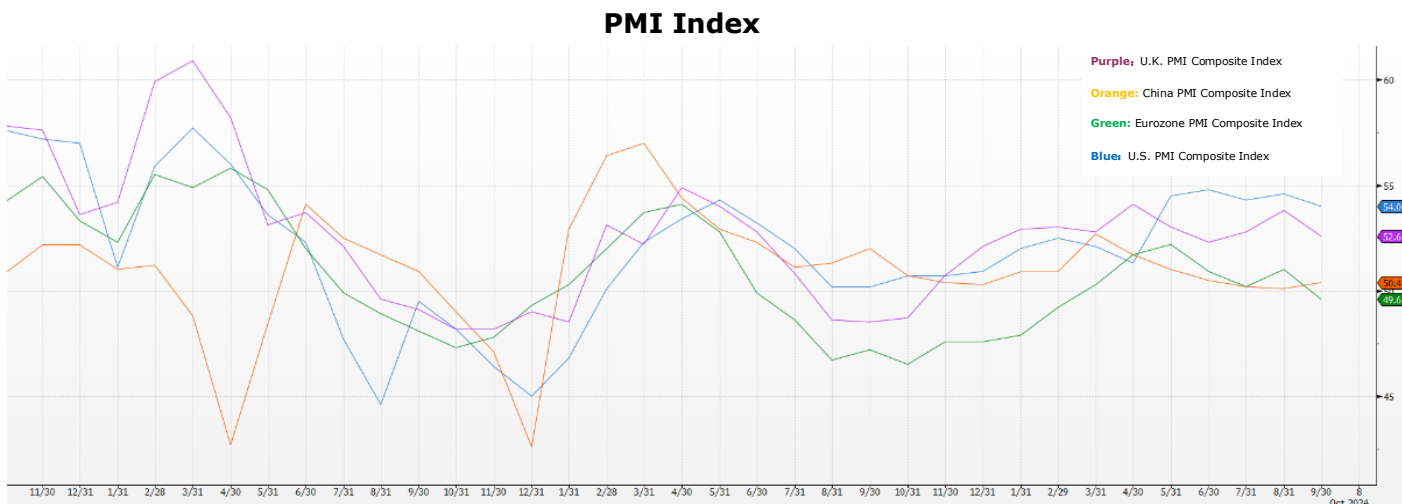
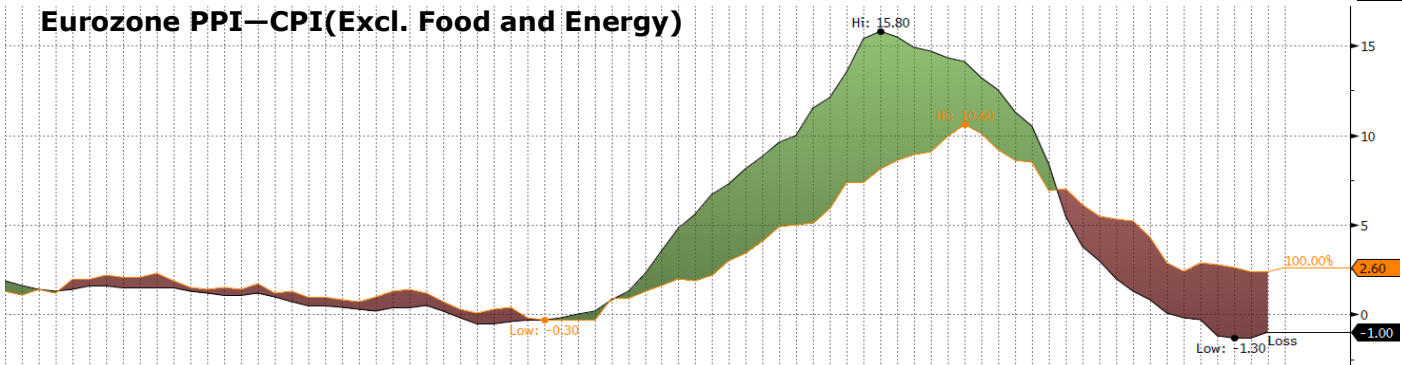
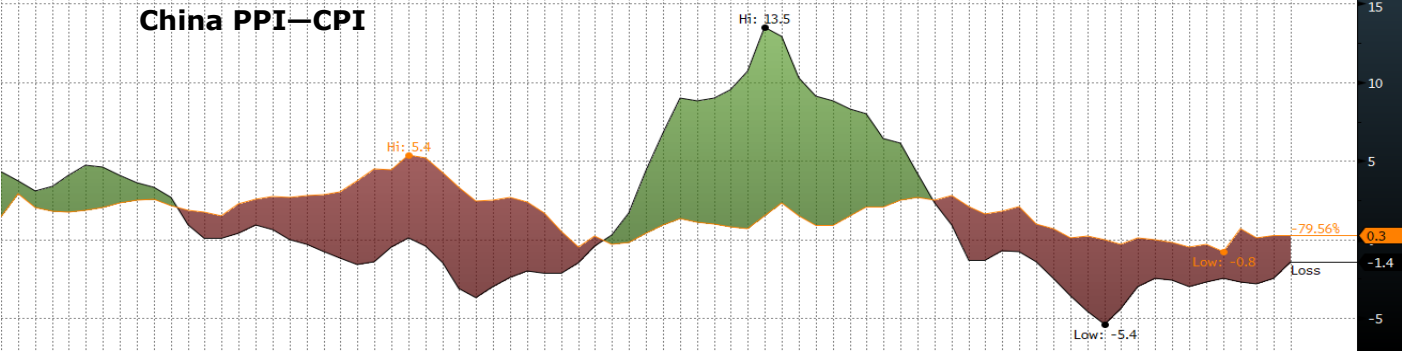
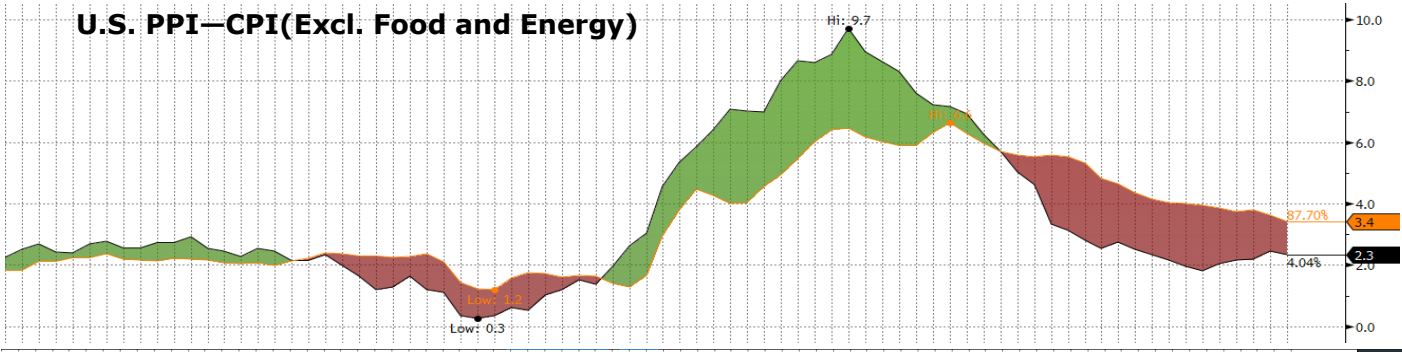
Oil:

After the conclusion of the US elections, investors' concerns about geopolitical risks subsided. Additionally, after the full pricing of multiple events such as the end of the hurricane impact and the OPEC's decision to postpone production cuts, a rapid sell-off occurred in the crude oil market. The increase in EIA inventories further exacerbated the weakening of market prices in the short term. Although the market anticipates a possible increase in U.S. crude oil production in the future, the process of inventory build-up is relatively long and may have little impact on the near-term fundamental market.



Sources: Bloomberg, FIS

	Last	Previous	
LME Copper 3 Month Rolling	9331.50	9696.50	-3.76%
LME Aluminium 3 Month Rolling	2586.50	2620.00	-1.28%
WTI Cushing Crude Oil	68.04	71.47	-4.80%
Platts Iron Ore Fe62%	101.15	104.10	-2.83%
U.S. Gold Physical	2624.08	2743.99	-4.37%
BDI	1558.00	1378.00	13.06%



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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