

FIS Macro Report

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	Last	Previous	% Change
U.S. Dollar Index(DXY)	106.13	106.37	-0.22%
USD/CNY	7.2528	7.2998	-0.64%
U.S. FOMC Upper Interest Rate	4.75	5.00	-5.00%
China Repo 7 day	1.88	1.73	8.67%
Caixin China Manufacturing PMI	51.50	50.30	2.39%
Markit U.S. Manufacturing PMI	48.70	48.10	1.25%

Currency and Global Market:

USD index stayed around 106-107 during past two weeks. However major commodities suffered losses in the second half of last week. US PPI in November went up by 3%, est. 2.6%. China value-added amount above designated scale in November was up by 5.4%. The number is up by 5.8% from January to November, indicating Chinese economic stimuli had some effect. The major contributors were equipment manufacturing and home appliances.

FFA:

The Capesize market declined in both Pacific and Atlantic area during the past week. BCI once saw an increase to \$12,702, however pulled back fast to \$10,474. The slowdown on Brazil shipments caused by the strike at ports led to the drop of C3. The increased capacity from the east coast of Canada intensified the bearish trend on route rates.

Looking at Panamax, the demand for trans-Atlantic routes was the key driver, while the outbound routes were flat. There were many fixtures despite the bearish Asian market. In other words, the deals potentially support rates back in few more weeks.

Metals:

The interest cut by the Fed has been priced in, and the tight supply of copper provided a mid-run bottom for copper price. The loosening of monetary policies in several economies will boost investment and consumption. The market may potentially wait for the new policies landing in Q1, because the easing of trade frictions or the new trade agreements would promote the largest international trade circulation of copper in history.

The TC (Treatment and Refining Charges) for copper concentrate in 2025 long-term agreements was \$21.25/ton, a significant decrease by 73.4% to 2024, creating the low of the decade. The low TC suggest a potential decrease on supply in 2025.

Sources: Bloomberg

	Last	Previous	
LME Copper 3 Month Rolling	9232.00	8992.50	2.66%
LME Aluminium 3 Month Rolling	2588.00	2590.00	-0.08%
WTI Cushing Crude Oil	68.37	68.10	0.40%
Platts Iron Ore Fe62%	106.00	106.10	-0.09%
U.S. Gold Physical	2668.88	2643.49	0.96%
BDI	1168.00	1354.00	-13.74%

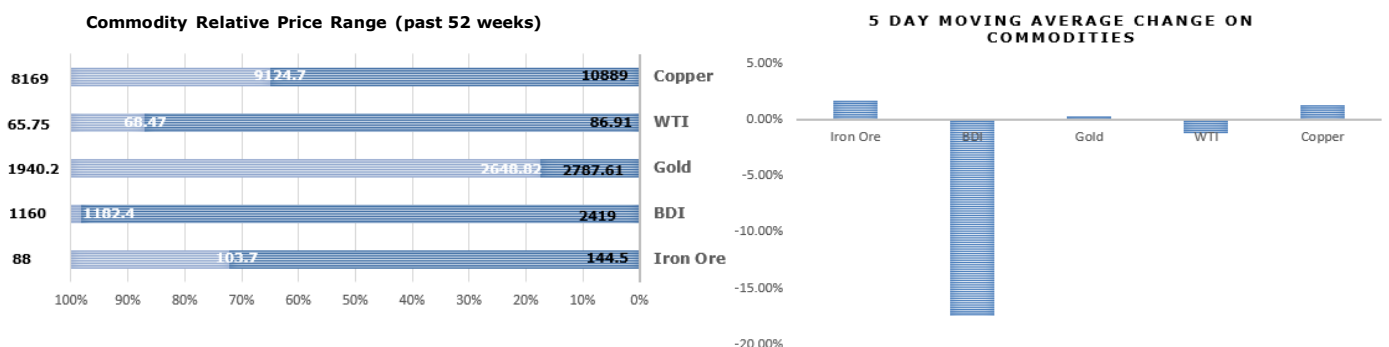
Ferrous:

China iron ore port stocks remained largely unchanged at 150 million tons during past week. The margin demand of pig iron expected to decrease by late December. However the demand was high for flat steels, as the consumption stimulus before new year as well as exporters finalize deals before eyeing more tariffs. The shipment for iron ore is expected to decrease in December. At the same time, the domestic supply of iron ore concentrates is also expected to decline.

Oil:

According to the US EIA forecasts that by the end of 2025, global crude oil inventories will be close to the level at the end of 2024. The continuous production cuts by OPEC+ have led to an average reduction of approximately 400,000 barrels per day in global crude oil inventories in 2024. The extension of OPEC+'s production cuts will result in a reduction of 700,000 barrels per day in inventories in the first quarter of 2025. From the second quarter to the fourth quarter of 2025, as OPEC+'s production increases and the supply in regions outside OPEC+ continues to grow, it will lead to an average increase of 100,000 barrels per day in inventories.

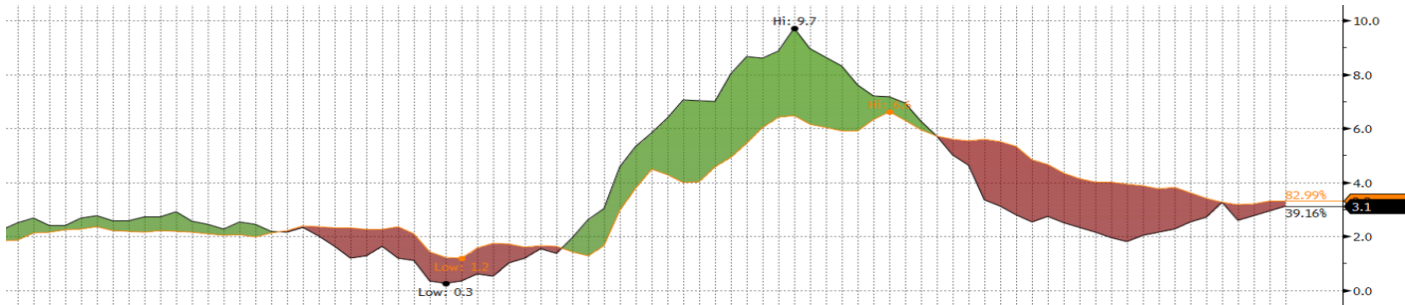
The future course of the ongoing Middle East conflicts and the willingness of OPEC+ member countries to adhere to voluntary production cuts. In recent weeks, the volatility and risk premium related to the Middle East conflicts have eased, but an escalation of regional conflicts could reduce oil supplies, and the uncertainty in regional politics might increase the risk premium again. Although the EIA assesses that OPEC+ member countries may continue to keep their production below the recently announced targets in 2025, the commitment of OPEC+ member countries to continue production cuts may weaken, which increases the downside risk for oil prices.



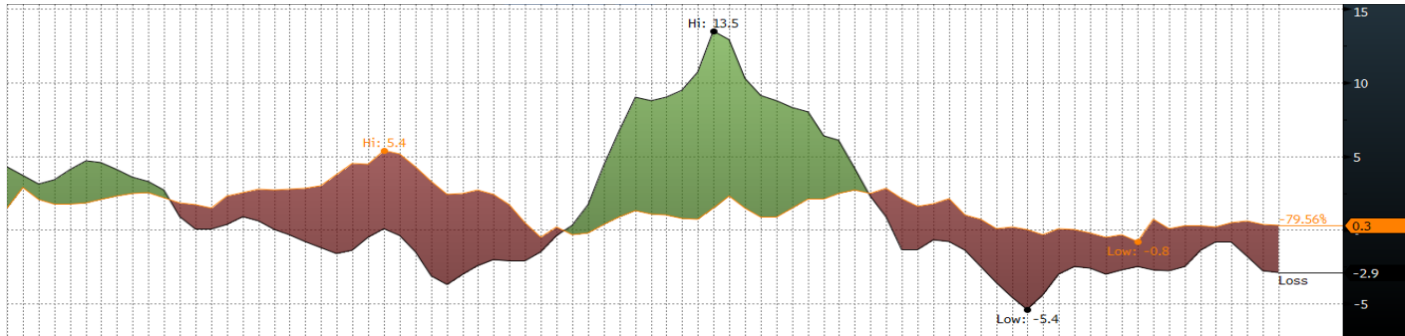
Sources: Bloomberg, FIS

	Last	Previous	
Shanghai&Shenzhen 300 Index	3966.57	3947.63	0.48%
Dow Jones Industrial Average	44401.93	44782.00	-0.85%
FTSE 100 Index	8352.08	8312.89	0.47%
Nikkei 225 Index	39160.50	38513.02	1.68%
BVAL U.S. 10-year Note Yield	4.2092	4.1997	0.23%
BVAL China 10-year Note Yield	1.9772	2.0247	-2.35%

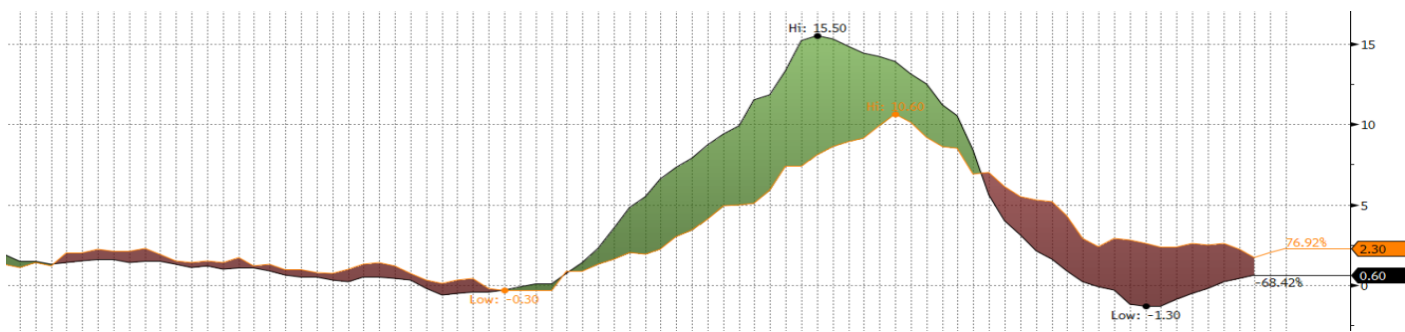
U.S. PPI—CPI(Excl. Food and Energy)



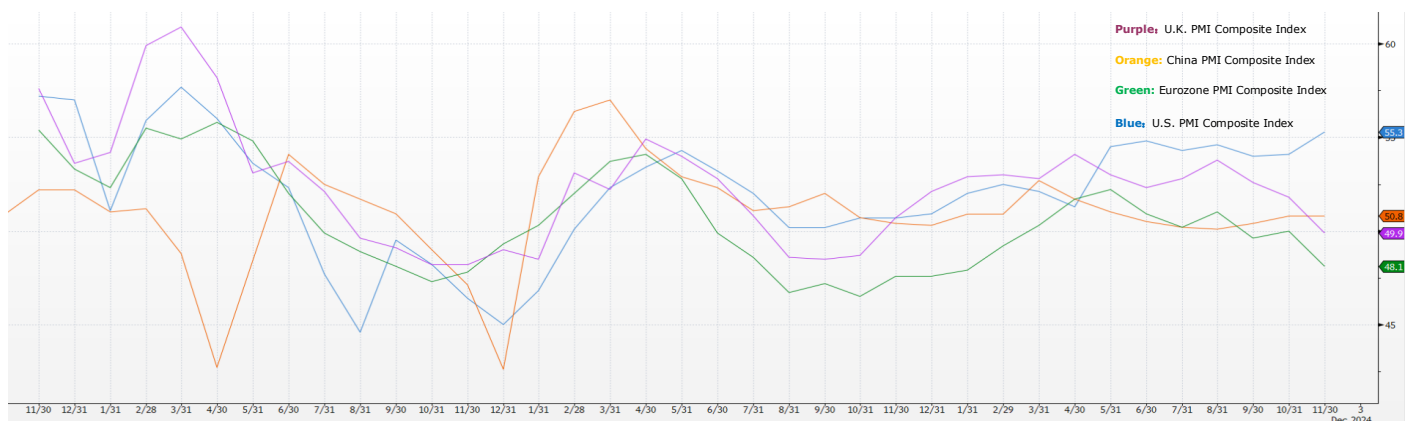
China PPI—CPI



Eurozone PPI—CPI(Excl. Food and Energy)



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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