

FIS Macro Report

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7/1/2025

	Last	Previous	% Change
U.S. Dollar Index(DXY)	108.34	108.13	0.20%
USD/CNY	7.3456	7.3379	0.10%
U.S. FOMC Upper Interest Rate	4.50	4.75	-5.26%
China Repo 7 day	1.67	2.30	-27.39%
Caixin China Manufacturing PMI	50.50	51.50	-1.94%
Markit U.S. Manufacturing PMI	47.90	48.70	-1.64%

Currency and Global Market:

USD index once refreshed new high at 109.54 on 2nd January since November 2022. The index corrected for two trading days and stabilised at around 108.0-108.5 area. The fast appreciation hit down the dollar and settled commodities including iron ore and copper. The number of initial jobless claims in US last week was 211,000, with the previous figure being 219,000. The number refreshed eight months low. ISM manufacturing index at 49.3, refreshed eight month-high.

The China National Development and Reform Commission mentioned the monetary and fiscal stimuli potential including liquidity room during the last conference. There is still 2-3 months before the policies are actually implemented, so the market has not yet responded directly. On the other side, economists expected fast issuance of local debt during Q1, which could support the infrastructure sector.

FFA:

The Capesize 5TC index recovered from 9516 to 10696 during the report week. The Pacific miners demand became a major support factor. In Australia, Rio Tinto, BHP and FMG took laycans with high fixtures during the report week. There was laycans taken from CSN with fixed price yesterday overnight. However, demand from Brazil was thin. The looming Chinese New Year slowed down the demand in late January and early February.

The Panamax saw significant improvement during past week. The freight rates saw a big increase by 17-18% from Australia to north Asia and China. The thermal coal demand saw increasing in early Q1 after a huge decline during 2024.

Metals:

The correction of USD temporarily support copper from continuous drop. Some China eastern and southern buyers potentially start to restock before or Chinese New Year because of the limited supply during holiday. The TC was in absolute low level, which potentially drag down the production level in the coming months globally. LME copper inventories down 3,000 tons to 269,800 tons during the past week.

Sources: Bloomberg

	Last	Previous	
LME Copper 3 Month Rolling	9003.00	8982.00	0.23%
LME Aluminium 3 Month Rolling	2490.00	2558.00	-2.66%
WTI Cushing Crude Oil	73.56	70.60	4.19%
Platts Iron Ore Fe62%	97.05	99.40	-2.36%
U.S. Gold Physical	2637.59	2606.50	1.19%
BDI	1043.00	976.00	6.86%

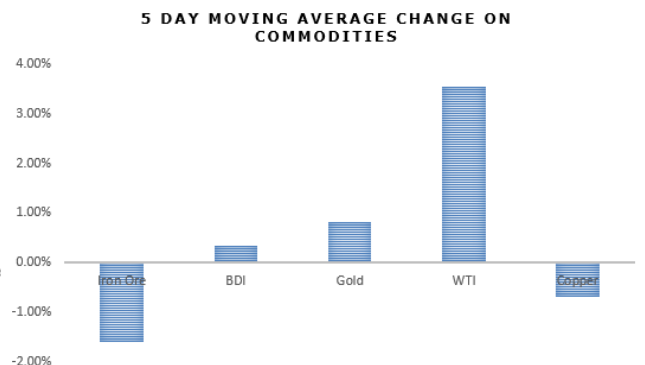
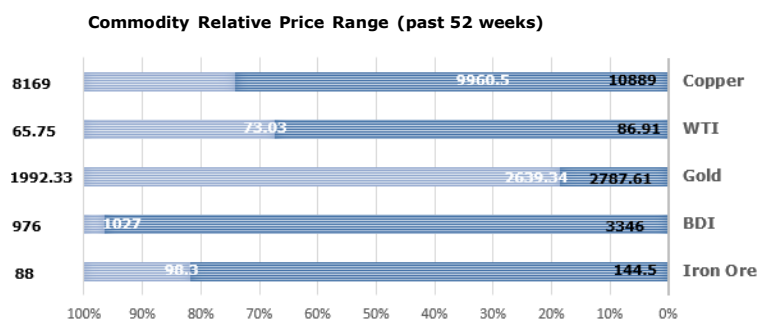
Ferrous:

China iron ore port stocks went down slowly from 150 million tons to 149 million tons during the past three weeks. The major miners delivery expected to decrease in December and January. By the end of year, steel price was locked while the marginal demand of iron ore remain limited. Indian demand supported prime coking coal from further correction. The global steel market demand decreased, which drag down China export HRC price. Chinese steel mills were discussing the sixth round of cut on physical coke price.

Oil:

In China, a total of 198.68 million tons of crude oil import quotas have been issued, which is an increase of 2.99 million tons compared to 2024, representing not much of a change.

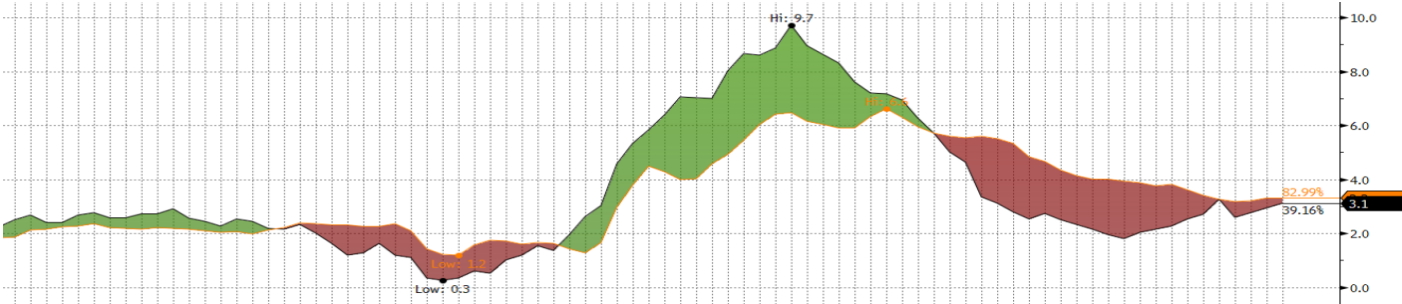
This week, the EIA (Energy Information Administration) crude oil inventories declined to some extent, while gasoline and diesel inventories increased significantly. The apparent demand for oil products was decent, but the actual demand was relatively low, so the report was rather bearish. OPEC+ will implement the current production cut of 2.2 million barrels per day until the end of March. In terms of geopolitics, Hamas stated that it has resumed ceasefire negotiations with Israel.



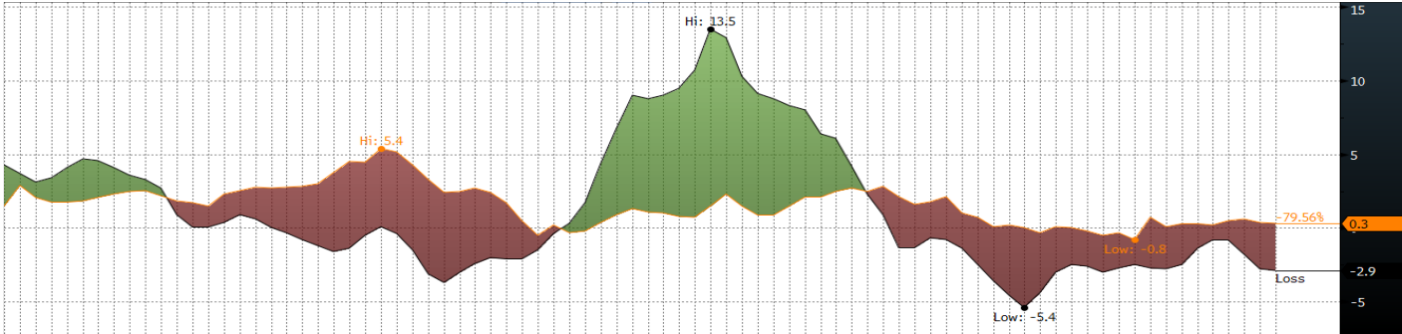
Sources: Bloomberg, FIS

	Last	Previous	
Shanghai&Shenzhen 300 Index	3768.97	3981.03	-5.33%
Dow Jones Industrial Average	42706.56	42992.21	-0.66%
FTSE 100 Index	8249.66	8149.78	1.23%
Nikkei 225 Index	39307.05	39036.85	0.69%
BVAL U.S. 10-year Note Yield	4.6315	4.6359	-0.09%
BVAL China 10-year Note Yield	1.6435	1.7518	-6.18%

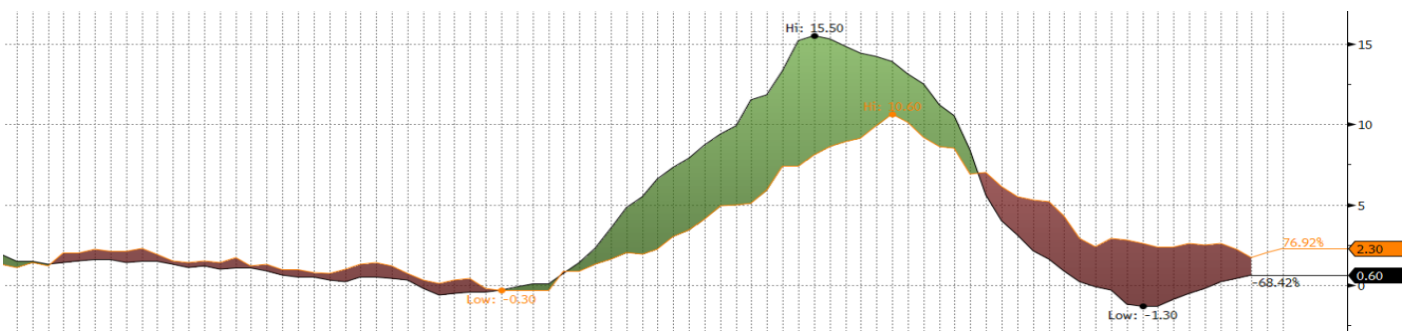
U.S. PPI—CPI(Excl. Food and Energy)



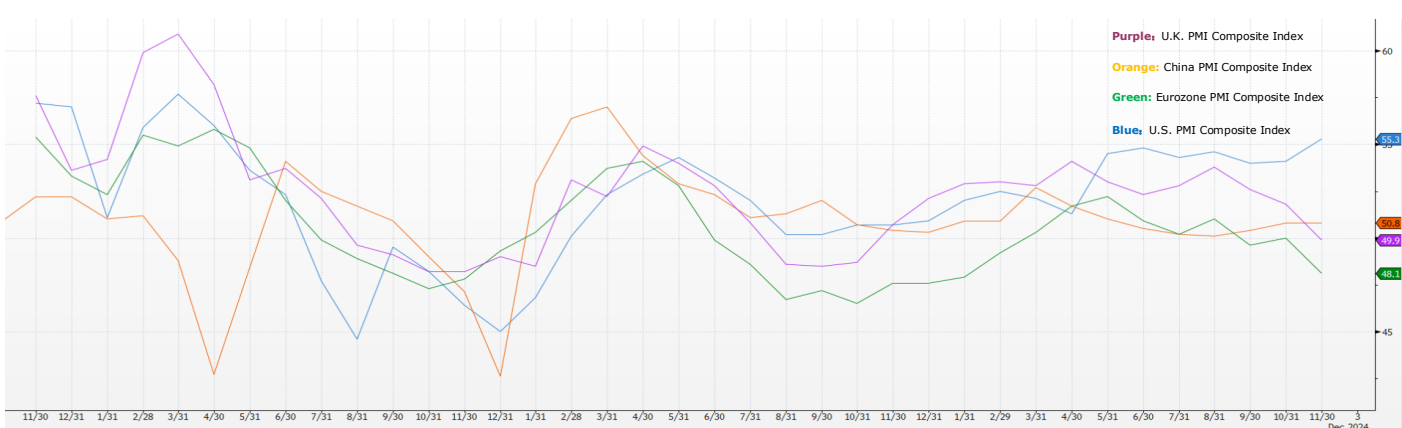
China PPI—CPI



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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