

# FIS Macro Report

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**18/2/2025**

	Last	Previous	% Change
<b>U.S. Dollar Index(DXY)</b>	106.88	107.96	<b>-1.00%</b>
<b>USD/CNY</b>	7.2742	7.3100	<b>-0.49%</b>
<b>U.S. FOMC Upper Interest Rate</b>	4.50	4.75	<b>-5.26%</b>
<b>China Repo 7 day</b>	2.08	1.80	<b>15.56%</b>
<b>Caixin China Manufacturing PMI</b>	50.10	50.50	<b>-0.79%</b>
<b>Markit U.S. Manufacturing PMI</b>	51.00	47.90	<b>6.47%</b>

## Currency and Global Market:

The USD index corrected from 109.88, to 106.73 during the past two weeks. Metals experienced a rebound eyeing the depreciation of US dollar. In the mid-run, more countries have taken countermeasures by imposing import tariffs on goods from the US, which could potentially increase barriers on trading commodities. Thus, the commodities under the impact of tariffs tend to have "higher cost" and "lower trade". However, this should not apply for those commodities with high absolute value.

## FFA:

The Capesize market showed a weak trend last week. The Cape 5TC declined in the first two days and regained stability in the last two days and early of this week. In Western Australia, the cyclone disrupted the operations of Port Hedland and Dampier. In addition, a fire broke out at Praia Mole Coal Terminal in Brazil. The number of ballast ships in South Atlantic is gradually increasing. The increasing South-Atlantic ballast ships were competing with ships from Euro-Continent and Mediterranean region.

The Panamax market experienced a steady decline, pulled by the frozen demand from north Atlantic sector where charters lowered offers.

## Metals:

The rapid decline of the US dollar has led to a continuous rebound in copper prices in February. However, last week, the LME copper inventory unexpectedly increased by 7,600 tons to 255,225 tons, or 3.07%. The SHFE copper inventory increased by 45,646 tons to 230,281 tons, or 24.06%, reaching a five-month high. Gold started to experience profit-taking pullbacks from its all-time high, and copper prices were dragged down at the beginning of this week and started to decline. Chile's copper production increased by 4.9% to 5.5 million tons in 2024, and the target is to increase it by 4.6% to 5.76 million tons in 2025. Due to the continuous decline of copper concentrate processing charges, they have dropped to a historical low level. Specifically, the TC/RC charges on Wednesday were -\$12.50 per ton and -1.25 cents per pound. In contrast, the TC charges were still around \$20 per ton a year ago. This further reflects the severe shortage of concentrate supply at present.

Sources: Bloomberg

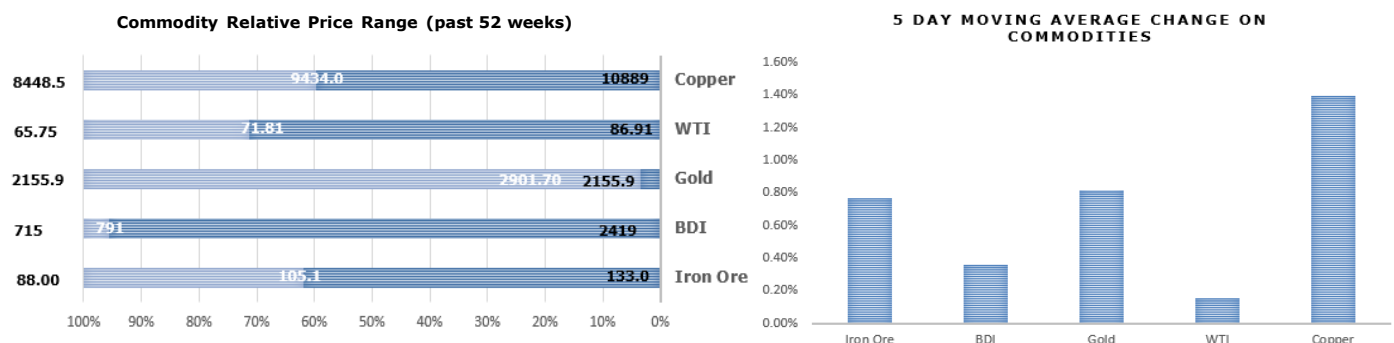
	Last	Previous	
<b>LME Copper 3 Month Rolling</b>	9395.50	9447.50	<b>-0.55%</b>
<b>LME Aluminium 3 Month Rolling</b>	2645.00	2658.50	<b>-0.51%</b>
<b>WTI Cushing Crude Oil</b>	70.74	71.00	<b>-0.37%</b>
<b>Platts Iron Ore Fe62%</b>	106.35	107.70	<b>-1.25%</b>
<b>U.S. Gold Physical</b>	2897.17	2897.91	<b>-0.03%</b>
<b>BDI</b>	806.00	815.00	<b>-1.10%</b>

### Ferrous:

China iron ore inventories remained at their seasonal high at 153-154 million tons during February. The resumption of downstream and construction sites in China this year happened later than expected. Cyclones in Australia could potentially cause more than 12 million tons of delivery loss, however the high inventories are expected to fill this loss. Under poor steel margin, the premium iron ore concentrates had lower cost-effectiveness. The monthly spread level once ticked up and corrected during the week.

### Oil:

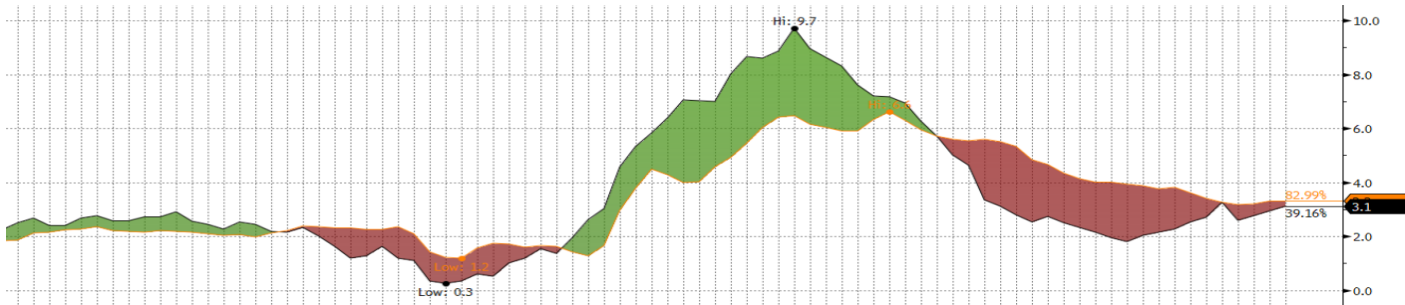
Due to the latest US sanctions on Russian oil producers, service providers and maritime transportation businesses, supported oil prices to some extent. The heating demand for distillate oil is in the mid - year consumption peak season. The latest EIA report shows that the weekly production of crude oil in the US increased by 16,000 barrels to 13.49 million barrels per day. Crude oil inventories increased by 4.07 million barrels. The report itself is bearish. Looking at the macro side, the US core CPI monthly rate in January went up 0.4%, the largest increase since March, and the market has started to trade based on the re-inflation logic.



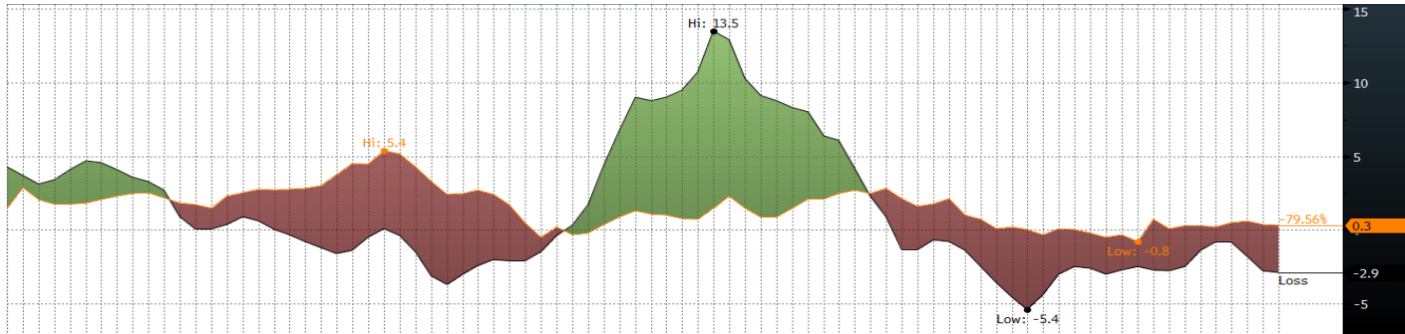
Sources: Bloomberg, FIS

	Last	Previous	
<b>Shanghai&amp;Shenzhen 300 Index</b>	3947.40	3901.06	<b>1.19%</b>
<b>Dow Jones Industrial Average</b>	44546.08	44303.40	<b>0.55%</b>
<b>FTSE 100 Index</b>	8768.01	8767.80	<b>0.00%</b>
<b>Nikkei 225 Index</b>	39174.25	38787.02	<b>1.00%</b>
<b>BVAL U.S. 10-year Note Yield</b>	4.4857	4.4992	<b>-0.30%</b>
<b>BVAL China 10-year Note Yield</b>	1.6720	1.6578	<b>0.86%</b>

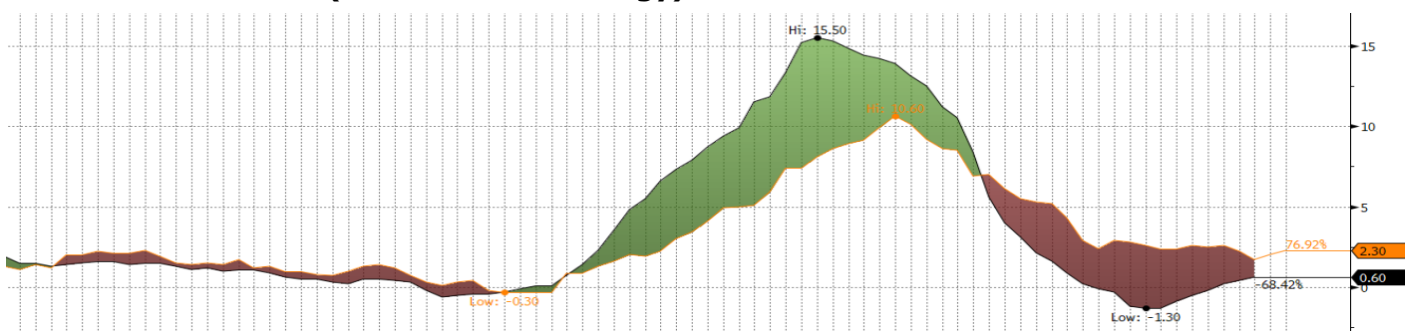
### U.S. PPI—CPI(Excl. Food and Energy)



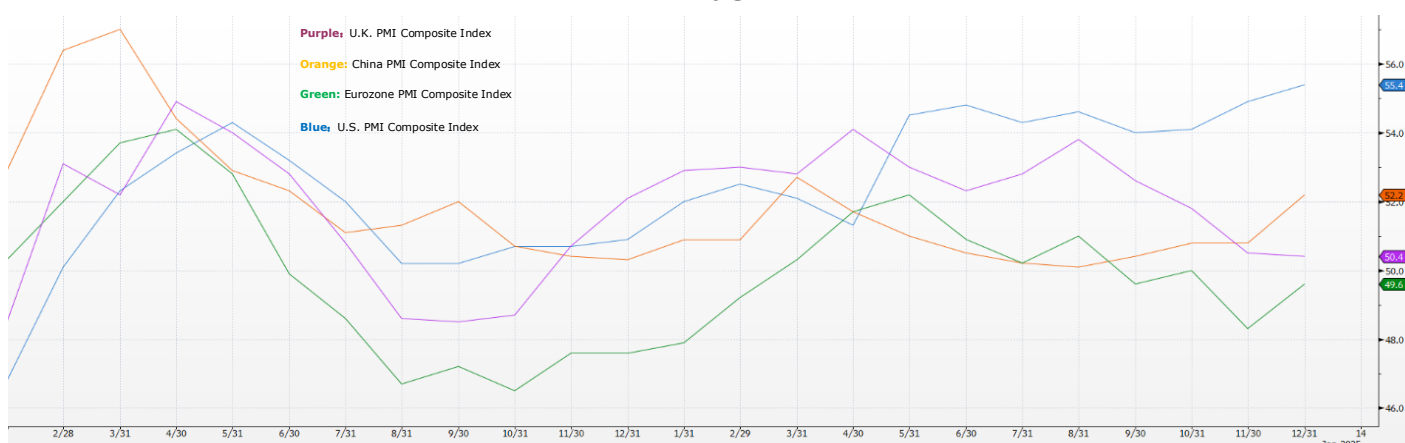
### China PPI—CPI



### 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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