

FIS Macro Report

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	Last	Previous	% Change
U.S. Dollar Index(DXY)	103.73	105.74	-1.91%
USD/CNY	7.2448	7.2533	-0.12%
U.S. FOMC Upper Interest Rate	4.50	4.75	-5.26%
China Repo 7 day	1.83	1.95	-6.15%
Caixin China Manufacturing PMI	50.80	50.10	1.40%
Markit U.S. Manufacturing PMI	53.90	51.00	5.69%

Currency and Global Market:

The USD index dropped by 3.9% during the first five trading days of March, hitting new lows since last November. The Dow Jones Industrial average hit a 4-month-low, along with significant drop on ferrous and oil. The VIX index scored a quarter high at 27.86 on 10th March, symbolizing a sharp drop on risk appetite. The change on tariffs has increased uncertainties in commodity markets, growing risk on physical markets. Most of the end-users became cautious to hold materials on hand. China Two Sessions ended with less rumors and news compared to the politburo in last December. Thus, ferrous market saw gains taking during past week.

FFA:

In March, the Capesize market continued the strong momentum from the end of February. The weekly increase of the C3 route exceeded 25.45%. The rent of the C5 route soared to over \$10. As the weather in Australia gradually stabilizes, there will be less resistance to subsequent shipments, which is conducive to a further rebound in freight rates. The shipment of iron ore has entered an incremental cycle. The shipment of bauxite from Guinea decreased by 21%, but remains at a seasonal high. The Atlantic market saw heavy pressure on the freight rates because of lack of miners demand and increasing capacities. However, the increased demand in Asia well supported Panamax. Demand from Australia and Indonesia was limited.

The situation in the Panamax market is not particularly positive. Except for the route from South Africa to India, which has seen a continuous increase, the freight rates of other routes have declined. Coal shipments from Eastern Australia have maintained a high-volume rhythm, but the Ramadan may lead to a weakening of demand in Southeast Asia. Looking at grains, soybean shipments have decreased, while corn shipments have increased significantly by 68%. Due to the relatively high value of corn shipments and the fact that the shipments of both corn and soybeans are at a high level compared to the same period, the demand for ships in the grain transportation sector is strong.

Sources: Bloomberg

	Last	Previous	
LME Copper 3 Month Rolling	9528.50	9419.00	1.16%
LME Aluminium 3 Month Rolling	2694.00	2611.00	3.18%
WTI Cushing Crude Oil	66.03	68.37	-3.42%
Platts Iron Ore Fe62%	101.00	101.05	-0.05%
U.S. Gold Physical	2897.05	2917.89	-0.71%
BDI	1424.00	1229.00	15.87%

Metals:

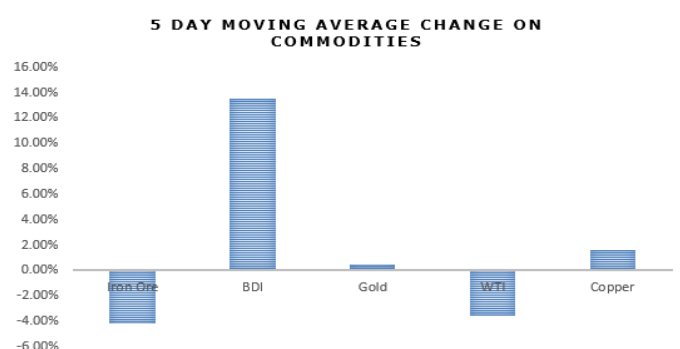
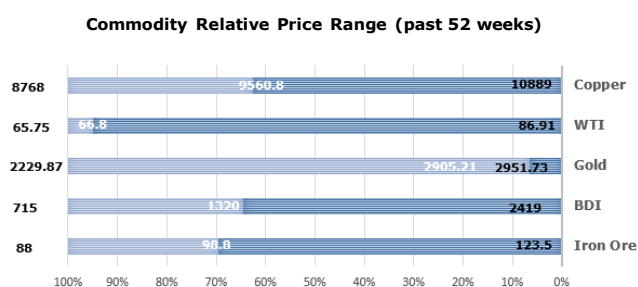
Donald Trump has stated that he will impose 232 tariffs on copper, and the market anticipates that the probability of an exemption is relatively low. The registered warrants on LME have been continuously declining, and the copper inventory in Shanghai has decreased compared with last week. The downstream industry has entered the peak season for copper, and demand is expected to rise. The Indonesian government has issued regulations allowing mining companies to export unprocessed ores under force majeure circumstances. The market expects that Indonesia's exports may increase. Regarding to the valuation, weakened USD supported metals price.

Ferrous:

China iron ore inventories dropped from 154 million tons to 145 million tons fast during the past month. China entered the construction season along with fast pig iron consumption. The lack of macro stimulus during early March resisted iron ore price. In addition, the fast drop on risk appetite accelerated the profit taking in iron ore market during past two weeks. Tariffs changes on steel could potentially become the biggest macro factor for the marginal change of flat steel price. Currently, China steel exports are in a watch and see mode. The front laycans of Australia coking coal became crowded, however Indian buyers supported the market with sustainable demand. China coke saw high inventory on both ports and cokery plants.

Oil:

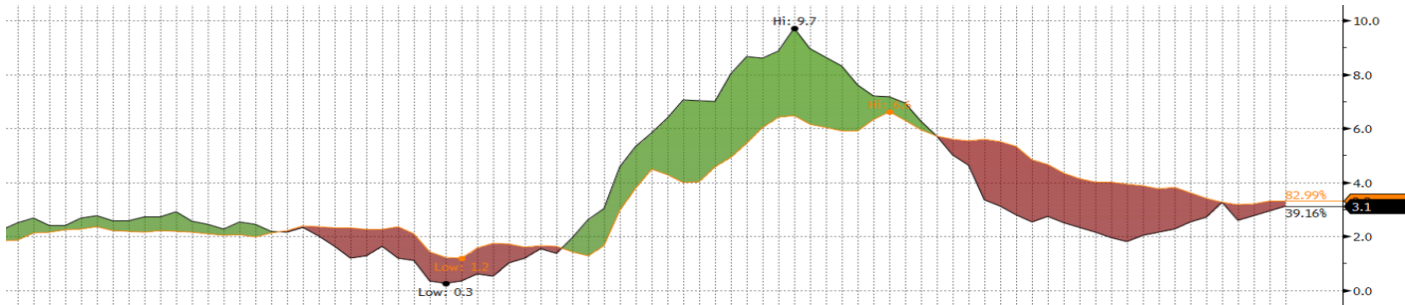
In early March, the market traded on the expectation of a US recession, leading to a synchronized decline in US stocks and crude oil. OPEC+ unexpectedly announced that it would resume production in April, and the increase in output exceeded the reduction caused by US sanctions on Iran. As a result, oil prices declined at an accelerated pace.



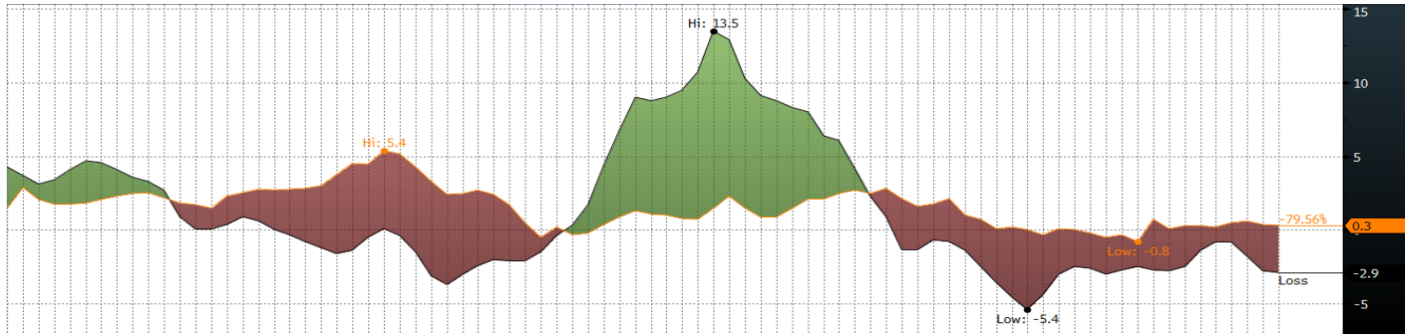
Sources: Bloomberg, FIS

	Last	Previous	
Shanghai&Shenzhen 300 Index	3928.80	3888.47	1.04%
Dow Jones Industrial Average	41911.71	43191.24	-2.96%
FTSE 100 Index	8600.22	8871.31	-3.06%
Nikkei 225 Index	37028.27	37785.47	-2.00%
BVAL U.S. 10-year Note Yield	4.2367	4.1670	1.67%
BVAL China 10-year Note Yield	1.8358	1.7507	4.86%

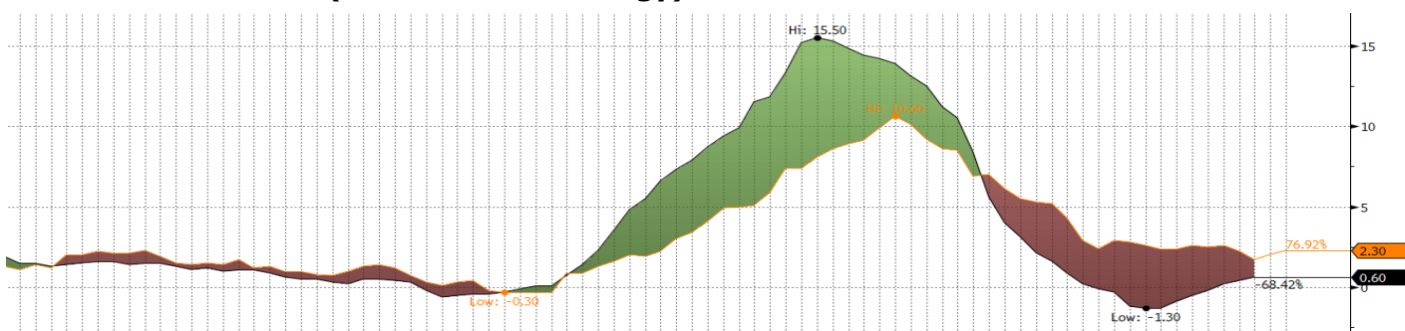
U.S. PPI—CPI(Excl. Food and Energy)



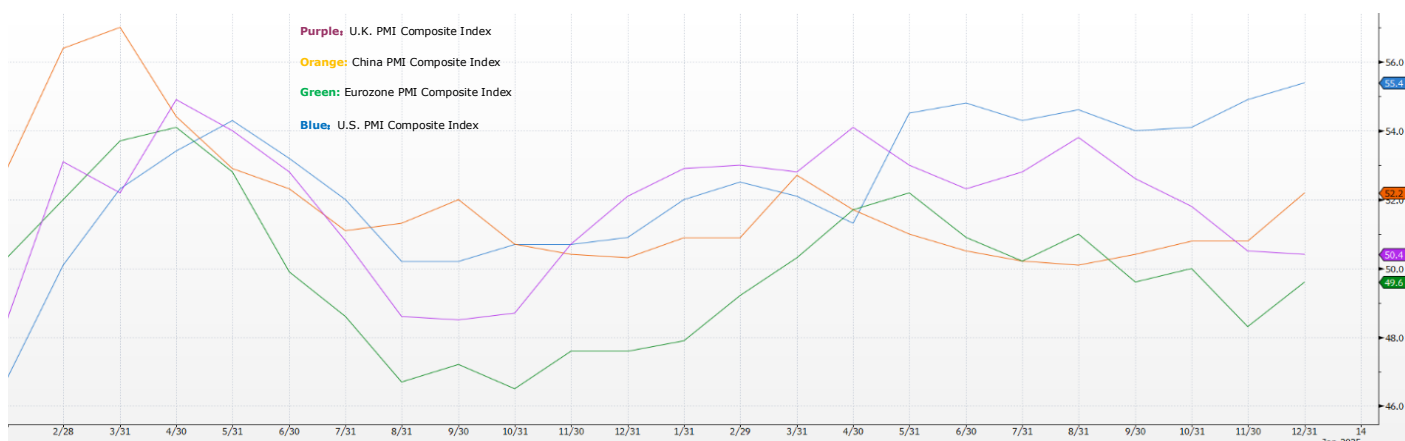
China PPI—CPI



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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