

# FIS Macro Report

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

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	Last	Previous	% Change
<b>U.S. Dollar Index(DXY)</b>	106.50	106.31	0.18%
<b>USD/CNY</b>	7.2929	7.2549	0.52%
<b>U.S. FOMC Upper Interest Rate</b>	4.50	4.75	-5.26%
<b>China Repo 7 day</b>	1.95	2.45	-20.41%
<b>Caixin China Manufacturing PMI</b>	50.80	50.10	1.40%
<b>Markit U.S. Manufacturing PMI</b>	53.90	51.00	5.69%

## Currency and Global Market:

The USD index consolidated in the 106–107.5 area last week. The Nasdaq Composite Index dropped by 7.5% from Feb 19th to Feb 27th. Ferrous and metals dropped during the same period. The Hengsheng Index dropped 5.4% from two-year-high from late last week. The market movements indicated a general risk appetite decrease. The upcoming China Two sessions as well as the tariffs among countries become the major factors on the market.

## FFA:

The Capesize market saw strong growth during the past two weeks, eyeing increasing demand from Australia and Brazil iron ore miners seeking tonnages. The significant coal inquiries and orders emerged to support tonnage demand from the region. There were Brazil cargoes seeking ships during late half of last week. The general capacity was tightened.

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 from loss. The demand from Australia and Indonesia were limited.

## Metals:

As the macroeconomic data in the US is poor and the Federal Reserve has taken a hawkish stance, the market has started a "recession trade", which may suppress the non-ferrous metals market.

The global port inventories of copper concentrates continue to decline, and the Treatment and Refining Charges (TC) are dropping. Donald Trump's potential imposition of new tariffs on imported copper may affect the long-term export prices and production volumes of Chile, Canada, and Mexico. In the short term, copper prices are being supported, mainly because a widespread power outage in Chile disrupted mining operations. Only some areas have restored power supply after a week, and the time for full resumption of normal production remains uncertain. The Indonesian minister stated that the government has allowed PT Freeport Indonesia to resume the export of copper concentrates until the smelter maintenance is completed.

Sources: Bloomberg

	Last	Previous	
<b>LME Copper 3 Month Rolling</b>	9419.00	9494.50	<b>-0.80%</b>
<b>LME Aluminium 3 Month Rolling</b>	2611.00	2655.50	<b>-1.68%</b>
<b>WTI Cushing Crude Oil</b>	68.37	70.91	<b>-3.58%</b>
<b>Platts Iron Ore Fe62%</b>	101.05	109.10	<b>-7.38%</b>
<b>U.S. Gold Physical</b>	2887.63	2914.98	<b>-0.94%</b>
<b>BDI</b>	1276.00	981.00	<b>30.07%</b>

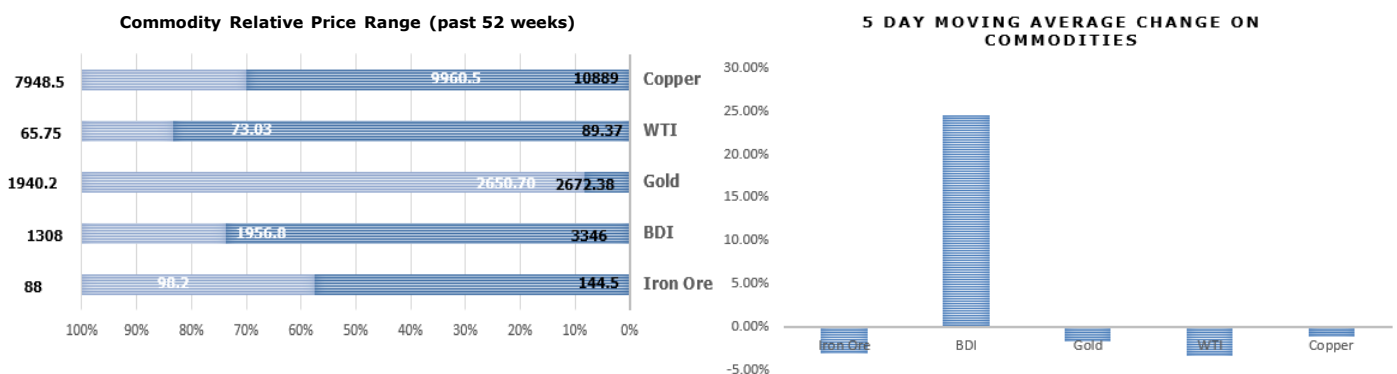
### Ferrous:

China iron ore inventories start to decrease following the construction season in China. However the inventories are seasonally high. Australia and Brazil shipments almost filled the shipment gap of the cyclones. The market was waiting for the arrival of new stimulus and projects during China Two Session. Moreover, market participants were waiting for the steel export tariffs from different countries and countermeasures.

The front laycans of Australia coking coal became slightly crowded, which lead to drop on coking coal. In long-run, the supply of prime coking coal remain limited, which should prevent the price level from heavy drop. China physical coke market is expected to experience two more rounds of correction.

### Oil:

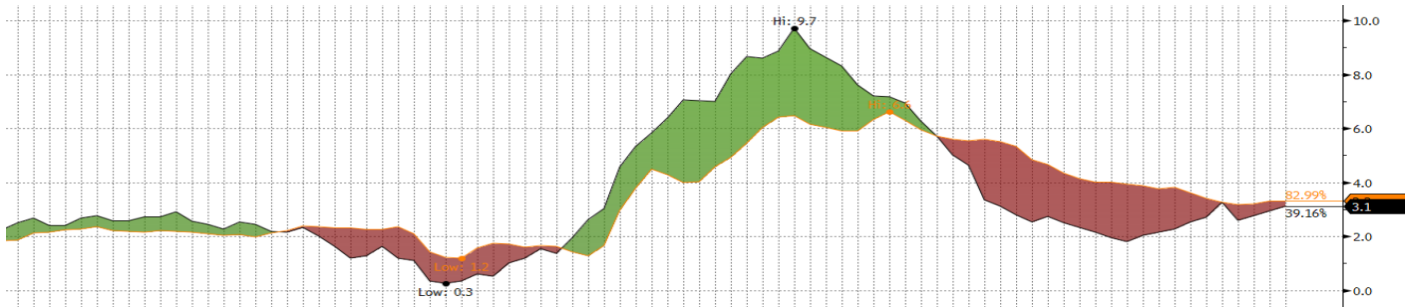
Data from the US CFTC shows that in the week ending February 25th, speculators' net long positions in NYMEX WTI crude oil decreased by 35,752 contracts, dropping to 67,578 contracts, the lowest level in nearly 14 years. The spat between the US and Ukraine triggered geopolitical uncertainties, dampening the energy market's hopes for sanctions relief. As a result, fluctuations in the international crude oil market have intensified, with the price of Brent crude oil rising by more than 1% during the day. As of today, US will impose additional tariffs on China, Canada, and Mexico. As the main suppliers of crude oil to the US, Canada and Mexico see the potential tariffs have a significant impact on the market.



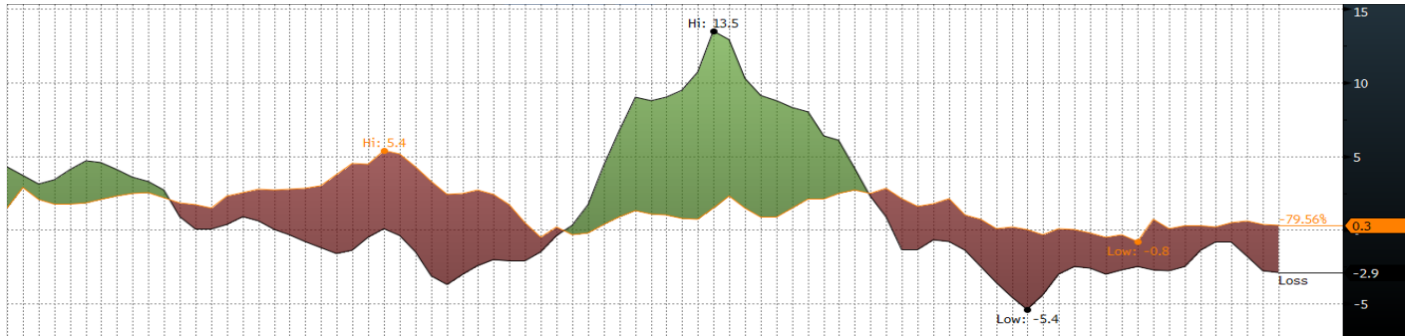
Sources: Bloomberg, FIS

	Last	Previous	
<b>Shanghai&amp;Shenzhen 300 Index</b>	3888.47	3969.72	<b>-2.05%</b>
<b>Dow Jones Industrial Average</b>	43191.24	43461.21	<b>-0.62%</b>
<b>FTSE 100 Index</b>	8871.31	8658.98	<b>2.45%</b>
<b>Nikkei 225 Index</b>	37785.47	38776.94	<b>-2.56%</b>
<b>BVAL U.S. 10-year Note Yield</b>	4.1670	4.4094	<b>-5.50%</b>
<b>BVAL China 10-year Note Yield</b>	1.7507	1.7573	<b>-0.38%</b>

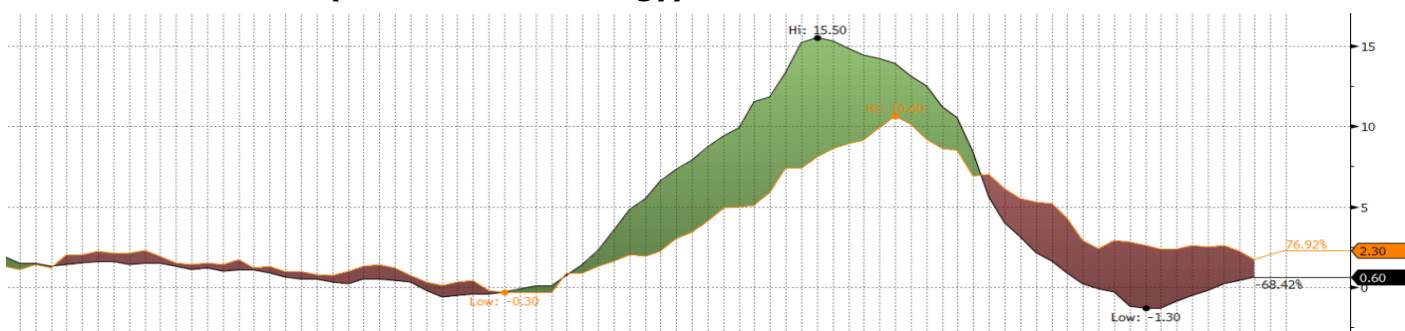
### U.S. PPI—CPI(Excl. Food and Energy)



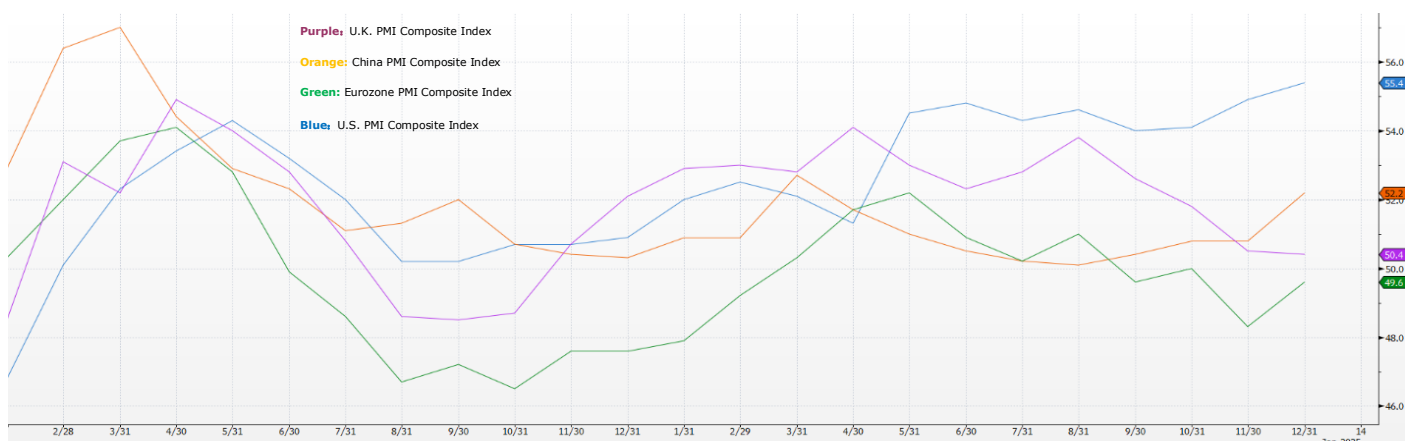
### China PPI—CPI



### 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.

Written by **Hao Pei**,  
FIS Senior Research Analyst  
haop@freightinvestor.com