

FIS Macro Report

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1/4/2025

	Last	Previous	% Change
U.S. Dollar Index(DXY)	104.09	104.18	-0.09%
USD/CNY	7.2720	7.2659	0.08%
U.S. FOMC Upper Interest Rate	4.50	4.75	-5.26%
China Repo 7 day	2.25	1.82	23.63%
Caixin China Manufacturing PMI	51.20	50.80	0.79%
Markit U.S. Manufacturing PMI	53.90	51.00	5.69%

Currency and Global Market:

The USD index remained stable around 103-104 in most time of March. The physical gold hit historical high at \$3090/OZ due to concerns on US president Donald Trump’s tariff news on 2nd April as well as the Marinduque/Philippines earthquake lifting the risk-hedging sentiment. NASDAQ went down 2.7% during past week, refreshed the second largest drop in 2025. The Hengsheng dropped from the 40-month high by 7.01% during the past six trading days. Goldman Sachs has sharply raised the probability of the US economy entering a recession in the next 12 months from 20% to 35%, nearly doubling the previous estimate.

FFA:

During past week, BCI corrected by 7.62% while BPI up by 8.87%. The huge correction on C5 routes dragged down the overall index of capsize market, because of lower shipments from Australia as well as sufficient capacity on the route. In addition, global bauxite shipment down 14.78% during past week. The Brazil-China route and TC maintained healthy with resilient demand on cargoes as well as moderate ship capacities. The strong India and South Africa demand on coals supported Panamax market. In the mid-run market, both Capesize and Panamax could potentially find support thanks to the resilient Asian demand on coals and iron ores during construction season in April.

Oil:

The latest plan announced by OPEC+ requires seven member states to further cut oil production. Geopolitical tensions in the Middle East have escalated. The US has imposed new sanctions on Iran and levied additional tariffs on Venezuelan crude oil buyers. Additionally, President Trump mentioned imposing secondary measures on Russia if failed to reach consensus on Ukraine issue. These news have heightened market concerns about the tightening of crude oil supply and the stability of the crude oil market's supply chain. NYMEX WTI oil up by 1.58% during past week.

Sources: Bloomberg

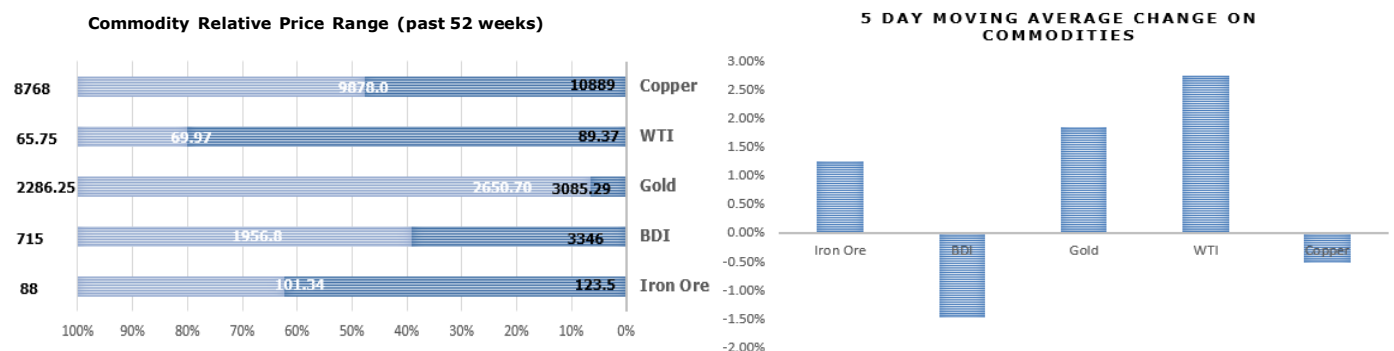
	Last	Previous	
LME Copper 3 Month Rolling	9710.00	9956.00	-2.47%
LME Aluminium 3 Month Rolling	2533.00	2615.50	-3.15%
WTI Cushing Crude Oil	71.48	69.51	2.83%
Platts Iron Ore Fe62%	103.85	101.05	2.77%
U.S. Gold Physical	3141.10	3020.09	4.01%
BDI	1598.00	1643.00	-2.74%

Metals:

The impact of changes in US tariff policies on the copper market can be divided into two stages: Before the implementation of tariffs, due to the demand for stockpiling in the market, the copper price in the US was pushed up. Traders transported copper from other regions to the US for arbitrage, leading to a tightening of supply in other regions. After the implementation of tariffs, logistics were readjusted. Tariffs inhibited the circulation and consumption of copper, and the market shifted from "buying on expectations" to "selling on the reality". The LME-COMEX price spread reflects the tariff expectations. During past week, the spread has expanded to around \$1,600/t. If the full carry cost is taken into account, it has basically reflected the impact of a 22% tariff.

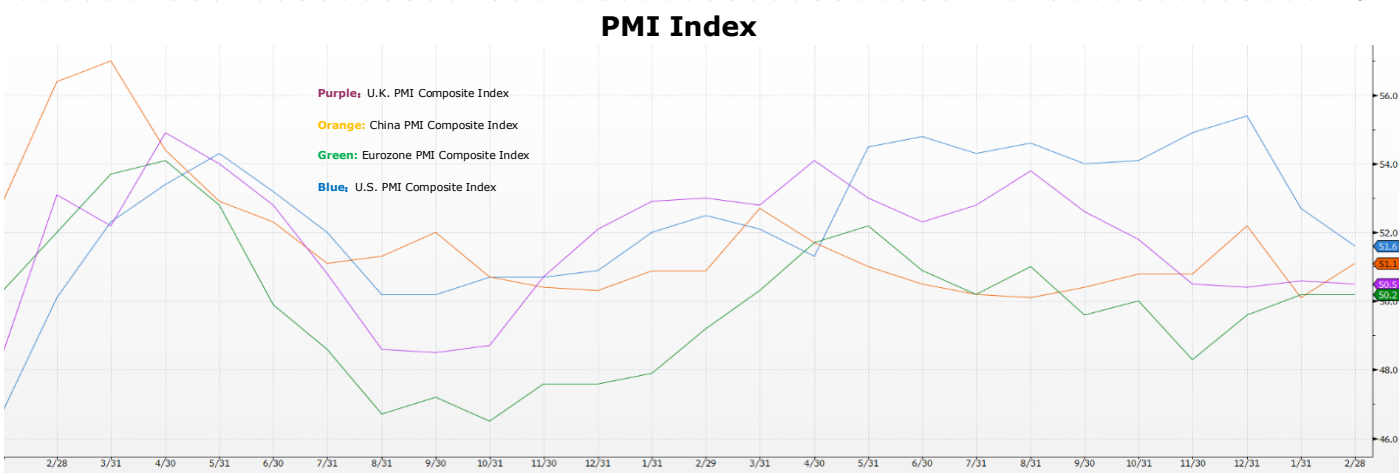
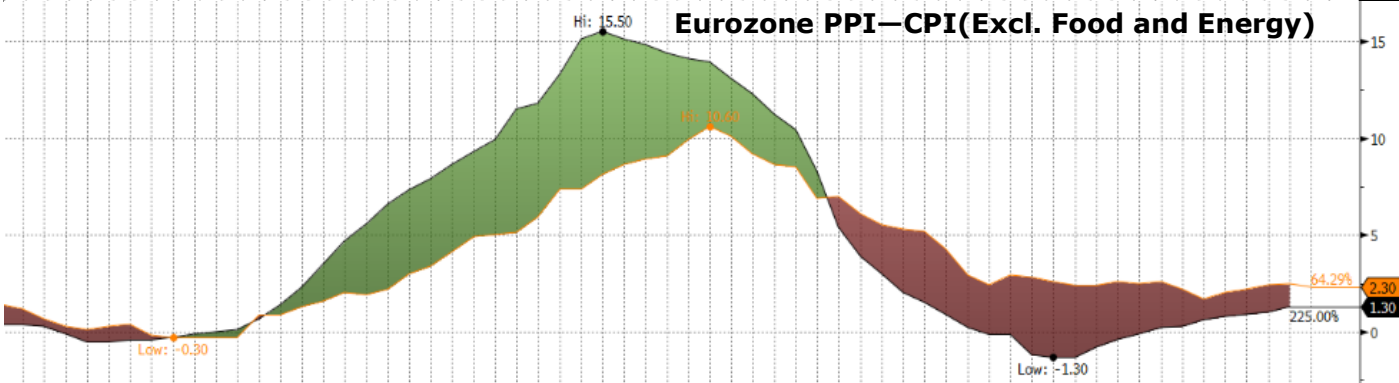
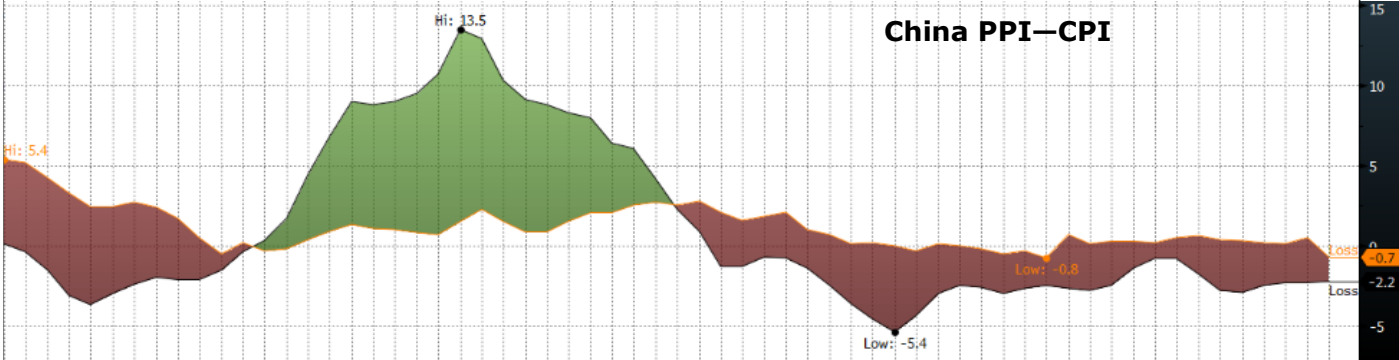
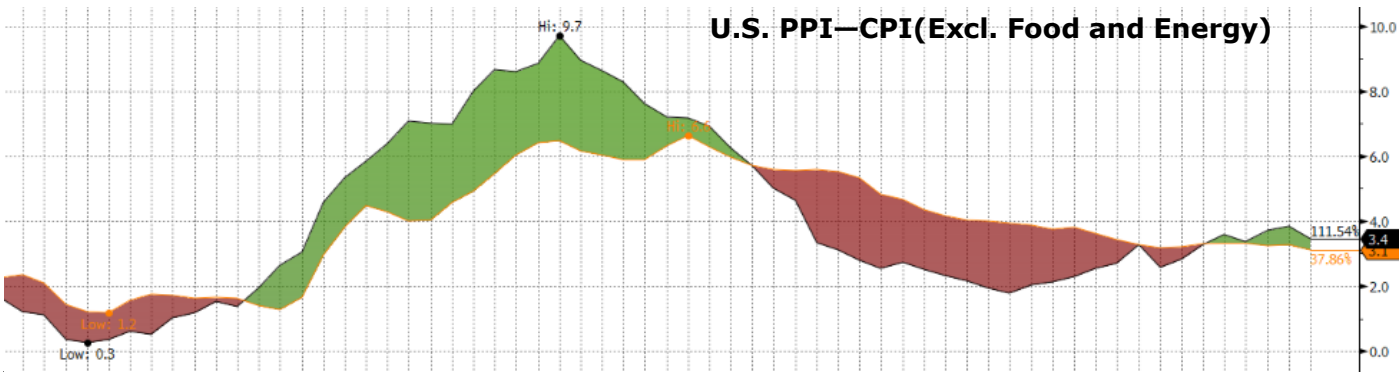
Ferrous:

Chinese iron ore inventories rebounded slightly during the past two weeks, however market expect a destock sharply happen in April given a strong consumption. Pig iron production was 9% higher on the year in China. Discount iron ores in Australia was popular to end-users. The high stocks and high import of coking coal in China drag down the price and marginal demand. In China, some of the commodities before delivery were holding historical high open interest including coking coal and flat glass. Thus, the massive covering to avoid physical delivery potentially drive market up at some point in March.



Sources: Bloomberg, FIS

	Last	Previous	
Shanghai&Shenzhen 300 Index	3887.31	3934.85	-1.21%
Dow Jones Industrial Average	42001.76	42583.32	-1.37%
FTSE 100 Index	8582.81	8638.01	-0.64%
Nikkei 225 Index	35617.56	37608.49	-5.29%
BVAL U.S. 10-year Note Yield	4.2279	4.3487	-2.78%
BVAL China 10-year Note Yield	1.8704	1.8994	-1.53%



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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