Macro Report

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	Last	Previous	% Change
U.S. Dollar Index(DXY)	101.67	99.24	2.45%
USD/CNY	7.1839	7.2098	-0.36%
U.S. FOMC Upper Interest Rate	4.50	4.50	0
China Repo 7 day	1.56	1.83	-14.75%
Caixin China Manufacturing PMI	50.40	51.20	-1.56%
Markit U.S. Manufacturing PMI	50.80	53.10	-4.33%

Currency and Global Market:

The US index rebounded significantly from 99.173 to 101.82 during the past 4 trading days following the US-UK trade deal and massive tax cuts between China and the US. The Hangseng rebounded by 22.98% from the low of April, while the Dow Jones rebounded by 15.84% during the same period. VIX dropped to 18.39 on 12th May, which was the lowest since 27th March, indicating a recovery of investment sentiment. Gold dropped from \$3500.1/OZ to \$3243.35/OZ because of the ease of geopolitical tensions between India and Pakistan as well as the winding down of tariffs.

FFA:

After the Labor Day holiday in Asia, the Capesize market retreat gave back most of gains made during past three weeks. The Brazil-China cargoes decreased significantly, pulled back freight rates. The Brazil shipment of iron ore decreased by 19% during past week.

Panamax saw freight rates decrease on both routes including Austraila-Rotterdam and Australia-North East Asia. The coal demand decreased marginally in Asia. The downward trend in grain freight rates on the main routes of Panamax bulk carriers has expanded in this period.

Oil:

After the China-US economic and trade negotiations led to a significant reduction in tariffs, market concerns about trade disputes have been alleviated, boosting the expectations for crude oil demand. Goldman Sachs said that with the slowdown of economic activities, it is expected that OPEC+ will stop increasing production in August. Geopolitically, the Middle East plans to start peace talks, and the ceasefire between India and Pakistan has supported the recovery of crude oil demand from a geopolitical perspective. However, Donald Trump's visit to the three Middle East countries may give rise to new market concerns and become a variable in the future market.



	Last	Previous	
LME Copper 3 Month Rolling	9520.50	9365.50	1.66%
LME Aluminium 3 Month Rolling	2480.00	2431.50	1.99%
WTI Cushing Crude Oil	61.95	57.13	8.44%
Platts Iron Ore Fe62%	98.60	96.90	1.75%
U.S. Gold Physical	3228.98	3431.77	-5.91%
BDI	1304.00	1411.00	-7.58%

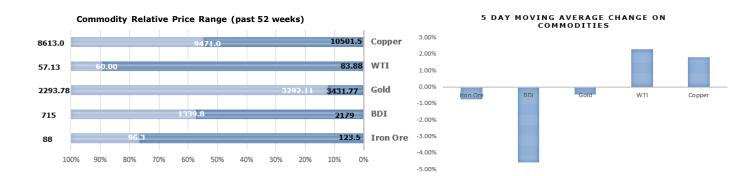
Metals:

The combined inventory of copper on the CME, SHFE and LME has continuously decreased to 550,000 tons. The inventory in China is at a seasonal low. Recently, the US job market statistics has shown resilience, but the manufacturing data in April was not good. The reduction of tariffs between China and the US may support the subsequent performance of copper to a certain extent. The time point of the US interest rate cut in the future will become the main variable for the marginal price of copper. The copper supply is tight, and the range of the price correction should be limited.

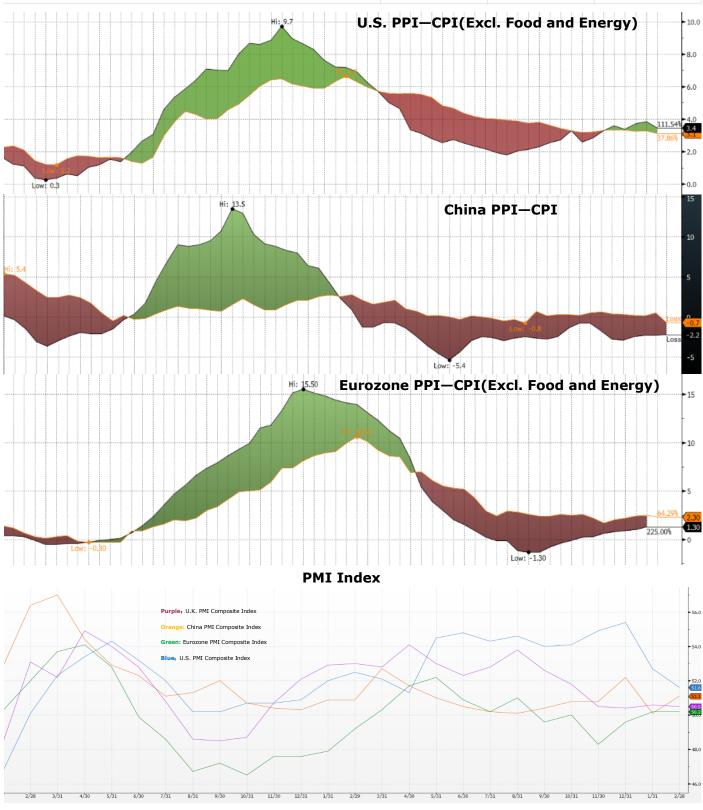
Ferrous:

China iron ore inventories stablised in May at 143-144 million tons in May. However, mills inventories were at seasonal low and refreshing year-low, which indicated a fast consumption on iron ores. The high delivery from Brazil in Q1 and lower delivery in Australia squeezed MB65-P62 spread to year-low around \$11/mt. The absolute low level could potentially bring back market interests on using more high grade given a decent steel mills margin. The market was waiting for potential change on steel tariffs in long-run.

The Australia FOB coking coal saw a correction after China coking coal tanked for several months. However, the India buyers will bottom hunt once index fell by \$5-10/mt. China coking coal has yet to see a reversal as high inventories and supplies come from Mongolia.



	Last	Previous	
Shanghai&Shenzhen 300 Index	3890.61	3770.57	3.18%
Dow Jones Industrial Average	42410.10	41218.83	2.89%
FTSE 100 Index	8604.98	8596.35	0.10%
Nikkei 225 Index	37644.26	36452.30	3.27%
BVAL U.S. 10-year Note Yield	4.4806	4.3674	2.59%
BVAL China 10-year Note Yield	1.6996	1.6869	0.75%



Sources: Bloomberg, FIS

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-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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