

# FIS Macro Report

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20/5/2025

	Last	Previous	% Change
U.S. Dollar Index(DXY)	100.39	101.00	-0.60%
USD/CNY	7.2221	7.1991	0.32%
U.S. FOMC Upper Interest Rate	4.50	4.50	0
China Repo 7 day	1.65	1.56	5.77%
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 easing of tariffs between China and the US has been interpreted as an important signal of removal of global trade barriers. Commodities generally rebounded at the beginning of last week. However, most of them gave back the gains after a short-run speculation. The commodities should regain support as long as nothing change on the policies during this 90 days exemption window. The market is expecting new round of commodity buyers in next few weeks. Gold and VIX keep dropping due to the easing of many geopolitical tensions.

## FFA:

The Capesize FFA market closed last week on a firm note. Due to the Vesak Festival in Singapore, early-week activity was constrained. Although initial trading was lackluster, the market was supported by stronger bidding and tight shipping capacity, with bullish sentiment remaining intact. In the Pacific region, while freight rates dipped slightly at the start of the week due to a surge in orders. As miners actively participated, freight rates went higher. The front haul market was strong significantly.

The Panamax market experienced a boring week. The limited demand and increasing capacity resisted market from fast growth.

## Oil:

OPEC's May report mentioned maintaining global oil demand increments of 1.3 million barrels and 1.28 million barrels for 2025 and 2026, respectively, mainly sourced from Non-OECD regions. Goldman Sachs said that as economic activity slows down and oil demand weakens, OPEC+ is expected to stop increasing production in August. In early May, US oil product inventories decreased by 431,000 barrels per day month-on-month to 19.441 million barrels per day. Goldman Sachs anticipates that China's crude oil demand peaked in 2023, and there will be a trend of new energy replacing part of the traditional energy in 2024 and 2025. India has a relatively large increase in demand, but it is difficult to make up for the decline in China's demand.

Sources: Bloomberg

	Last	Previous	
<b>LME Copper 3 Month Rolling</b>	9523.50	9520.50	<b>0.03%</b>
<b>LME Aluminium 3 Month Rolling</b>	2450.00	2480.00	<b>-1.21%</b>
<b>WTI Cushing Crude Oil</b>	62.69	61.95	<b>1.19%</b>
<b>Platts Iron Ore Fe62%</b>	100.35	98.60	<b>1.77%</b>
<b>U.S. Gold Physical</b>	3213.84	3250.31	<b>-1.12%</b>
<b>BDI</b>	1347.00	1299.00	<b>3.70%</b>

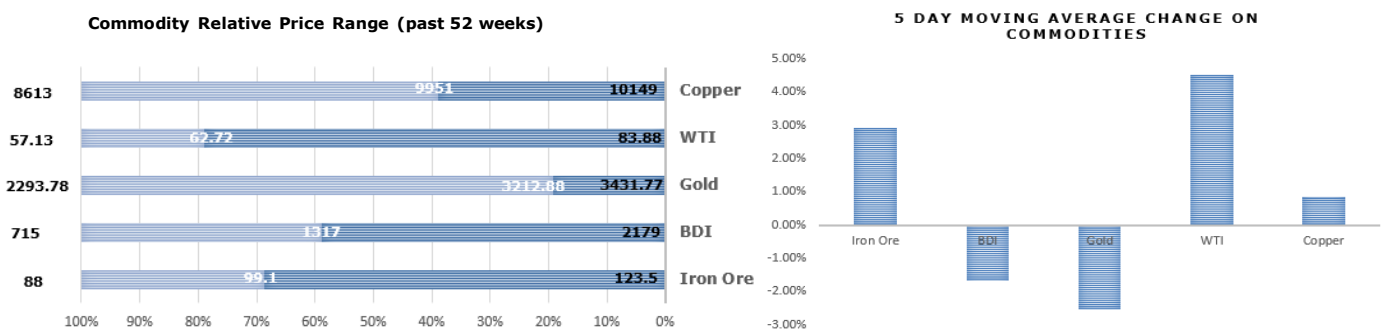
### Metals:

During the past week, SHFE copper inventory up 27,000 tons to 108,000 tons. LME copper inventory down 12,000 tons to 179,000 tons. COMEX copper up 8,313 tons to 168,000 tons. According to SMM data, the imported copper TC reported -\$42.61/mt on April 30, down \$18.47/tons from the end of March and down \$44.68/tons year-on-year, hitting the lowest level since September 2007. The copper TC was slightly up in first half of May, however the overall physical market was weak. In long-run, the low TC intensified the shortage on copper market, which could support the current copper price.

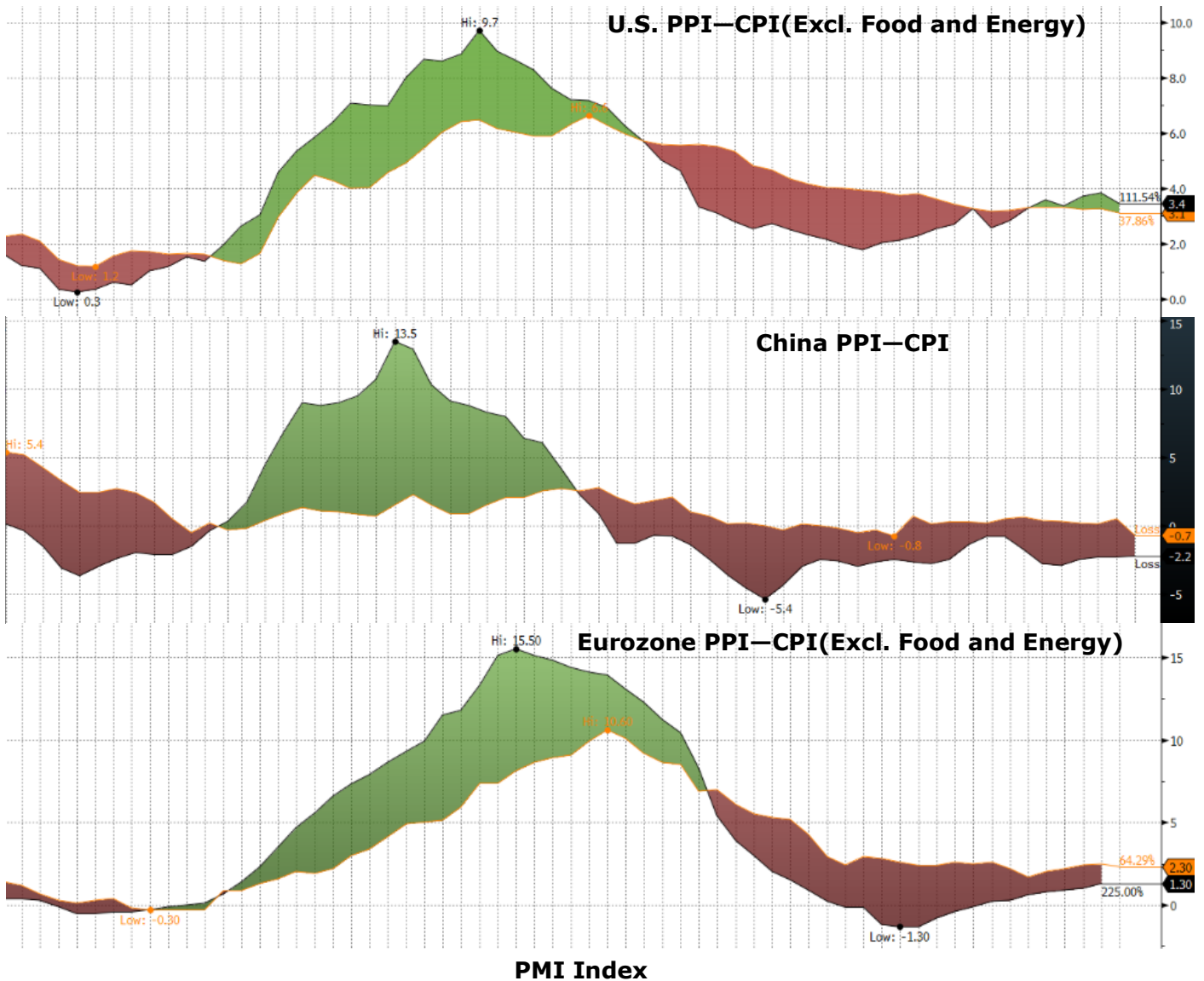
### Ferrous:

China iron ore inventories reached 141.66 million tons, down 726,200 tons on the week. Daily pig iron production at 2.45 million tons, down 8,700 tons on the week, up 78,800 tons on the year. Steel mills inventories were 3.11 million tons lower than last year. The low mills inventory and high pig iron consumption support iron ore price in short-run. However, there was market participants worrying about the rainy season in June, which left two weeks for the high demand. In addition, cheap electricity price in Q2 lowered EAFs cost, which potentially boost EAFs crude steel production and resist blast furnace production.

The Australia FOB coking coal stabilised as an expectation of July maintenance among Australia miners. India demand well support the current price. In China, the first round of physical coke cut landed by 50– 55 yuan/ton. DCE coking coal updated its 8-year-low early this week.



	Last	Previous	
<b>Shanghai&amp;Shenzhen 300 Index</b>	3877.15	3890.61	<b>-0.35%</b>
<b>Dow Jones Industrial Average</b>	42792.07	42410.10	<b>0.90%</b>
<b>FTSE 100 Index</b>	8699.31	8604.98	<b>1.10%</b>
<b>Nikkei 225 Index</b>	37498.63	37644.26	<b>-0.39%</b>
<b>BVAL U.S. 10-year Note Yield</b>	4.4775	4.4806	<b>-0.07%</b>
<b>BVAL China 10-year Note Yield</b>	1.7121	1.6996	<b>0.74%</b>



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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