

FIS Macro Report

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	Last	Previous	% Change
U.S. Dollar Index(DXY)	98.23	99.10	-0.87%
USD/CNY	7.1820	7.1887	-0.09%
U.S. FOMC Upper Interest Rate	4.50	4.50	0
China Repo 7 day	1.57	1.55	1.29%
Caixin China Manufacturing PMI	48.30	50.40	-4.17%
Markit U.S. Manufacturing PMI	52.80	50.80	3.94%

Currency and Global Market:

The USD index has corrected to 97.60 from 99 after the escalation of the conflict between Israel and Iran. The tensions in the middle east dragged down industrial commodity prices except for oil, which went up by 7.26% last Friday. Apart from that, COMEX gold rose by 1.88% during past report week. The current recovery on US equities symbolized the belief of a soft-landing of the economy in H2, following the announcement of tariff easing on Russia. The month-on-month decline in China housing prices in 70 cities narrowed in May. The new home prices in Hangzhou and Shanghai led the way with increases of 0.8% and 0.7% respectively. The inventory of commercial housing has decreased for three consecutive months.

FFA:

The Capesize market was strong during the past week. In the Pacific area, the C5 remains active from WA to China with iron ore miners accelerating to deliver cargoes. The Atlantic saw a tight ship capacity and growing demand on C3.

The Panamax market spiked during the past week, supported by strong demand of grains trades in North America and South America. There were wide discrepancy on the TCs in different areas.

Oil:

The global oil market has stepped into its peak consumption season. While demand is gradually recovering, OPEC+ continues to implement production cuts throughout the third quarter. The conflict between Israel and Iran has triggered market concerns about disruptions to the global energy supply chain. Iran has considerable crude oil production and exports. If the conflict escalates, its crude oil exports may be impacted, and the security situation in the Strait of Hormuz has also become a key concern for the market. Affected by this, WTI broke above 73\$ last Friday, technically shifted to a bullish trend. Saudi Arabia, the United Arab Emirates and other countries have idle production capacity to quickly fill the gap left by Iran. In the long term, the growing global crude oil supply and moderately expanding demand remains unchanged.

Sources: Bloomberg

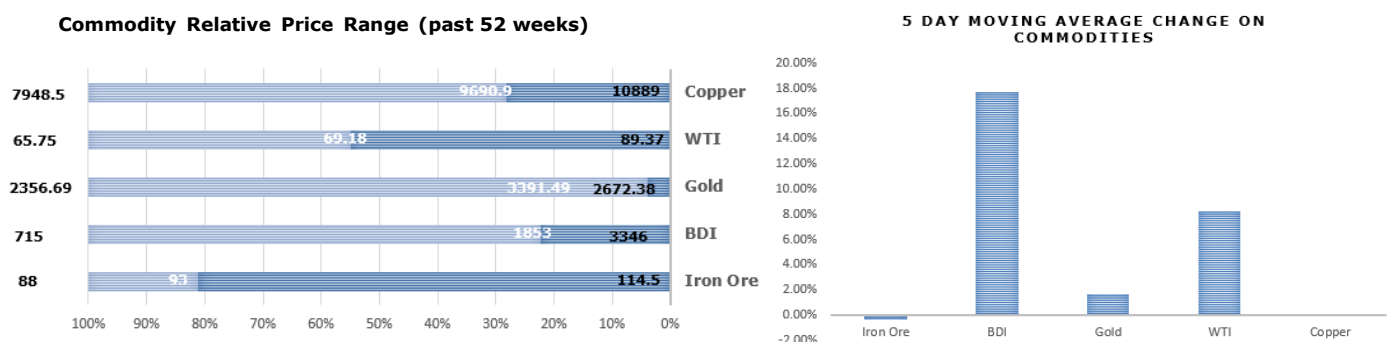
	Last	Previous	
LME Copper 3 Month Rolling	9703.00	9793.00	-0.92%
LME Aluminium 3 Month Rolling	2513.50	2479.00	1.39%
WTI Cushing Crude Oil	71.77	65.29	9.92%
Platts Iron Ore Fe62%	94.25	95.20	-1.00%
U.S. Gold Physical	3398.85	3323.69	2.26%
BDI	1975.00	1633.00	20.94%

Metals:

During the past week, LME and SHFE copper inventories went down by 6.25% and 1.11% respectively. CME copper inventories increased by 4.35%. According to SMM, the Chinese weekly index of import copper concentrate processing fees fell to -\$43.56/t this week the loss of smelters continued to deepen. The LME copper inventories reached a three-year low. Coupled with the import uncertainty triggered by the US 232 investigation, the spot premium is rising, highlighting the shortage risk of delivery goods. However, the downstream acceptance of high-price copper is limited, with wide high offer and bid spread. From the macro level, the easing of the US-China tariffs provides support for the copper price, but the expectation of the US Fed rate rate cut in September restricts the upside room.

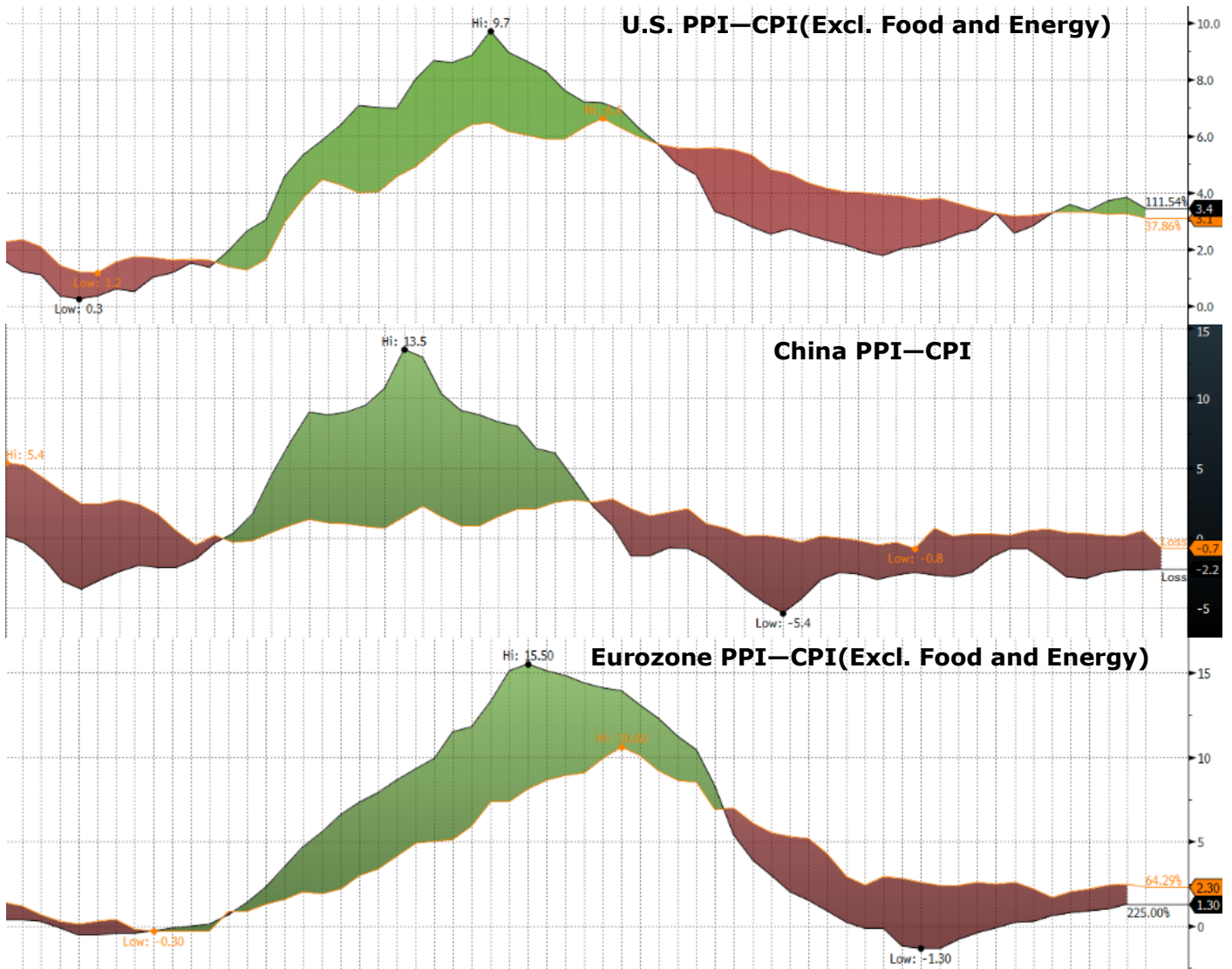
Ferrous:

The Chinese steel output in May was 605.82 million tons, up 5.2% year on year, while exports during the same period were 48.465 million tons, up 8.9% on the year. The price of SS400 HRC FOB Tianjin Port was \$450/t, up \$5/t on the month. Vietnam continues to hold up the price of HRCs, supporting Asian international steel prices. Recent tariff disturbances have been the reason for weakening demand in the international steel market. Chinese domestic inventory of the five major steel products has remained at a ten-year low for six consecutive weeks. Iron ore port inventories and steel mills inventories in China both saw slight growth since the rainy season cut off some demand. DCE coking coal price went up fast after refreshed 9-year low. Australia FOB coking coal and CFR China coking narrowed from \$30/mt to \$15/mt. The Chinese domestic coke expected to see further cut in late June.

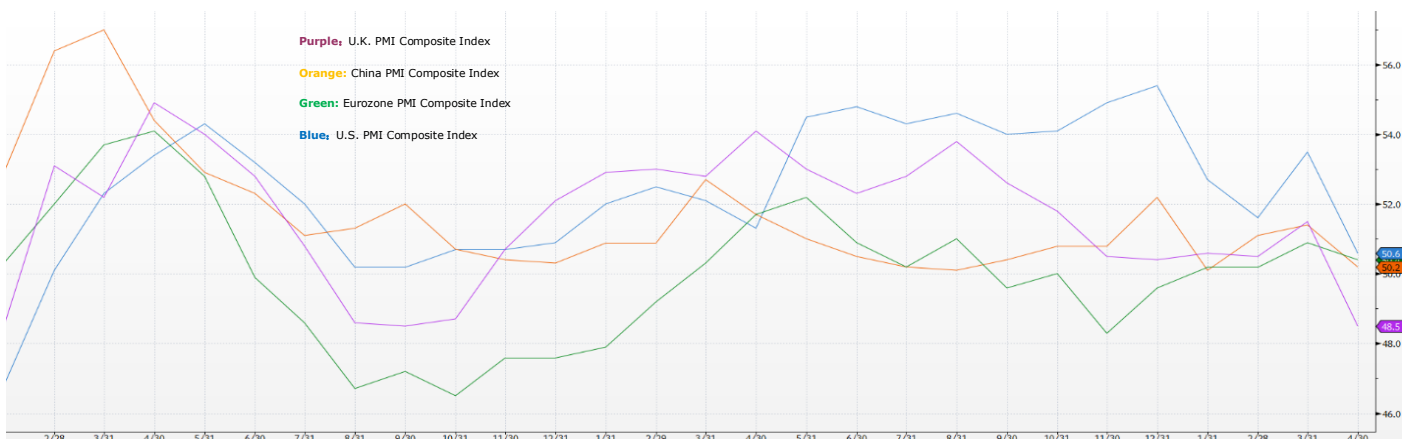


Sources: Bloomberg, FIS

	Last	Previous	
Shanghai&Shenzhen 300 Index	3873.80	3885.25	-0.29%
Dow Jones Industrial Average	42515.09	42761.76	-0.58%
FTSE 100 Index	8875.22	8832.28	0.49%
Nikkei 225 Index	38311.33	38088.57	0.58%
BVAL U.S. 10-year Note Yield	4.4758	4.5063	-0.68%
BVAL China 10-year Note Yield	1.6889	1.6981	-0.54%



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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