

FIS Macro Report

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	Last	Previous	% Change
U.S. Dollar Index(DXY)	98.84	99.52	-0.68%
USD/CNY	7.1973	7.1896	0.11%
U.S. FOMC Upper Interest Rate	4.50	4.50	0
China Repo 7 day	1.75	1.63	7.36%
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 once reached 100.54 during the past week, before dropping back to around 98.5. US President Donald Trump is doubling his tariffs on steel imports from 25% to 50%, in addition to the escalation between Ukraine and Russia which triggered a strong push on gold and silver. Comex gold up by 2.74% to \$3406/OZ. However VIX maintained at weekly low at 18.36. The US ISM export orders index dropped to 40.1, and the US ISM manufacturing import index recorded 39.9 in May, the lowest level since 2009, raised concerns on the recession risks.

FFA:

The Capesize market gradually rebounded over the past week. The Pacific basin was active, with sufficient cargo supplies from miners and limited vessel availability, lifting C5 from \$8.25/t to \$8.85/t. In the Atlantic market, the C3 route saw rebound due to strong cargo demand and a slightly shorter list of empty vessels.

The Panamax market continued to be weak. The Atlantic market was dominated by outbound routes, and cargo supplies in northern South America were stable. The transatlantic routes were extremely quiet. The Asian market lacked support as Indonesia's coal exports failed to recover.

Oil:

The U.S. did not to give clarity on relief to sanctions in US—Iran talks, which lifted the sentiment on oil market. Reuters revealed that many details were yet to be settled after five meetings. On the supply side, the recent OPEC meeting still maintain the production increase by 411,000 b/day from July, which was additional increase. The EIA weekly report indicated a decrease on oil inventory by 2.8 million tons.

Sources: Bloomberg

	Last	Previous	
LME Copper 3 Month Rolling	9616.50	9610.00	0.07%
LME Aluminium 3 Month Rolling	2466.00	2463.50	0.10%
WTI Cushing Crude Oil	62.52	62.18	0.55%
Platts Iron Ore Fe62%	96.30	97.65	-1.38%
U.S. Gold Physical	3367.81	3300.87	2.03%
BDI	1422.00	1341.00	6.04%

Metals:

June is the last month for the suspension of reciprocal tariffs, the overseas tariff negotiations could see further copper price fluctuations. In terms of supply and demand, the strong fundamentals has kept copper prices at a high level, including supply shortages and demand for sourcing export windows. The sustainability of demand front-loading will become an important driver for copper prices. CMX copper is currently at a 10% premium to LME copper. The recent Kakula earthquake decreased projected output capacity.

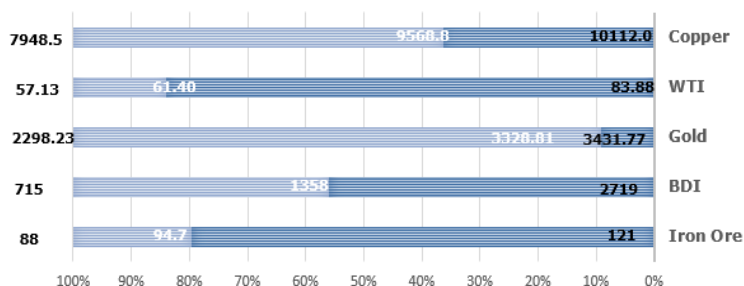
Ferrous:

Chinese iron ore inventories reached 138.67 million tons, down 1.21 million tons on the week. Daily pig iron production at 2.4191 million tons, down 16,900 tons on the week, up 60,800 tons on the year. Steel mills inventories were 87.54 million tons, down 4.49 million tons on the year. The low mills inventory and high pig iron consumption support iron ore price in mid-run. However, the pig iron has entered a seasonal declining period.

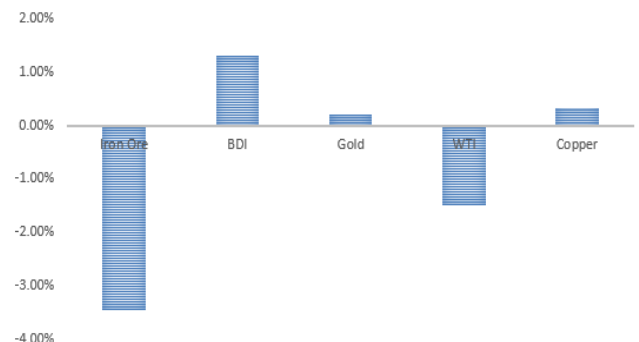
The Australia FOB coking coal corrected after witnessed a jump, following dynamic supply from different origins. China DCE coking coal saw 9-year low with strong imports and production. China coke saw two rounds of cut in May, and market participants expected two more rounds of cuts in June.

The new US steel tariff increase cooled down the sentiment on recovery of steel market. However the real impact remains in question.

Commodity Relative Price Range (past 52 weeks)

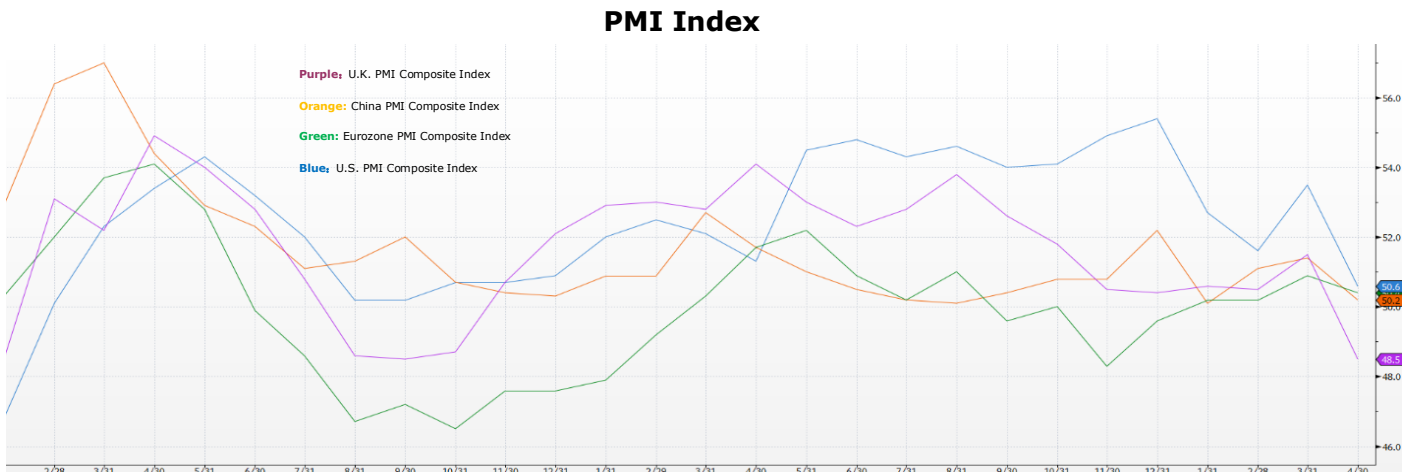
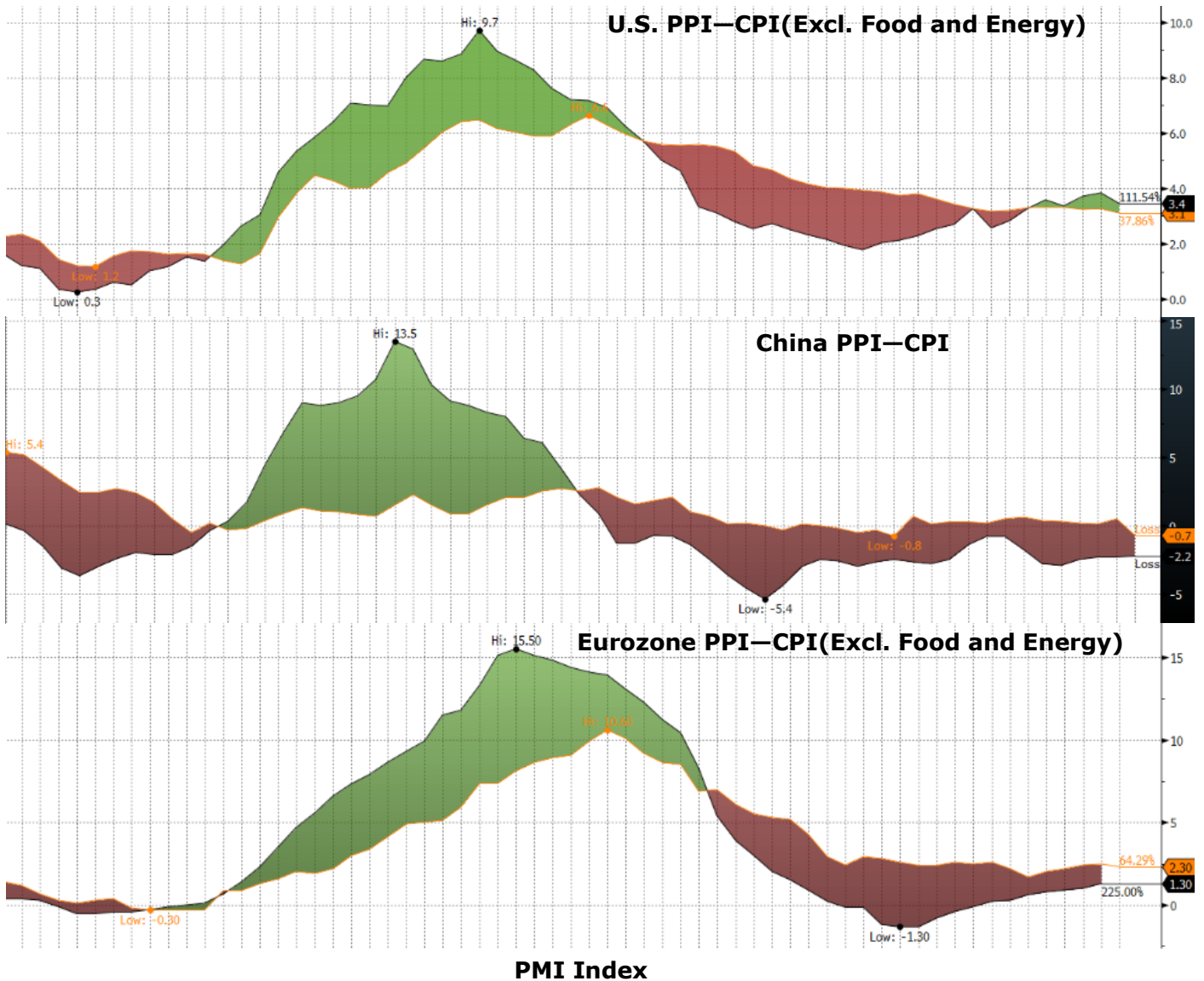


5 DAY MOVING AVERAGE CHANGE ON COMMODITIES



Sources: Bloomberg, FIS

	Last	Previous	
Shanghai&Shenzhen 300 Index	3840.23	3882.27	-1.08%
Dow Jones Industrial Average	42305.48	41603.07	1.69%
FTSE 100 Index	8774.26	8717.97	0.65%
Nikkei 225 Index	37470.67	37531.53	-0.16%
BVAL U.S. 10-year Note Yield	4.4661	4.5329	-1.47%
BVAL China 10-year Note Yield	1.7222	1.7186	0.21%



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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