

FIS Macro Report

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	Last	Previous	% Change
U.S. Dollar Index(DXY)	97.41	96.82	0.61%
USD/CNY	7.1762	7.1609	0.21%
U.S. FOMC Upper Interest Rate	4.50	4.50	0
China Repo 7 day	1.50	1.95	-23.08%
Caixin China Manufacturing PMI	50.40	48.30	4.35%
Markit U.S. Manufacturing PMI	53.40	52.80	1.14%

Currency and Global Market:

The tariffs deadline extension eased the sentiment of the market. Metals and industrial commodities recovered some loss on Tuesday. The US dollar index rebounded from the three-year low of 96.373 to 97.33. The VIX remained at a low area from 16-18 during past two weeks, indicated an escalation of risk appetite. The speculation on China anti-involution has brought low-priced commodities to high area, but short run investors took gains as they are eyeing a potential large open interests. Furthermore, US employment data has stabilized for the time being, and expectations of interest rate cuts have faded.

FFA:

After a period of weakness, the Capesize market showed signs of stabilization last week. The Pacific market is recovering and the Atlantic market is moving towards balance. In the Pacific region, freight rates on the C5 route gradually strengthened. Major iron ore miners recorded active trades, while shipping capacities were limited. In addition, an increase in coal cargoes, and operator-driven demand supported market. The C3 route from Brazil to China was relatively soft in the early part of the week, but transactions stabilized in the latter part of the week compared with C5.

The Panamax market remained generally flat, with only the South American market showing signs of rising demand. The North Atlantic market was relatively weak, where freight rates were affected by the delivery locations. Long-haul voyages improved slightly, with stable demand for North American grains and ores.

Oil:

Geopolitical conflicts in the Middle East continued this week. However, the market believes that the US tariff situation has eased. The crude output of the 12 OPEC member countries increased by 360,000 barrels per day compared to May, with approximately two-thirds of the increment provided by Saudi Arabia. OPEC is considering promoting a production increase of 411,000 barrels per day in August at its meeting on 6th July. The non-farm payroll data shows that the US labor market remains resilient, which makes the market believe that the Fed will still choose to stand still at the FOMC meeting in July, continuing to exert pressure on the international crude oil market.

Sources: Bloomberg

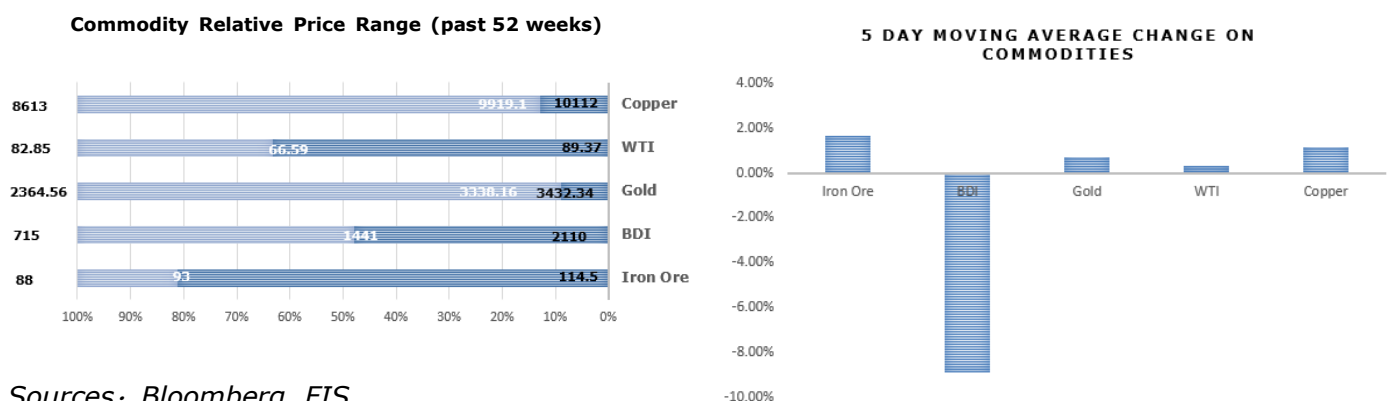
	Last	Previous	
LME Copper 3 Month Rolling	9829.50	9869.00	-0.40%
LME Aluminium 3 Month Rolling	2573.50	2597.50	-0.92%
WTI Cushing Crude Oil	67.93	65.52	3.68%
Platts Iron Ore Fe62%	94.15	94.15	0
U.S. Gold Physical	3333.58	3338.84	-0.16%
BDI	1436.00	1521.00	-5.59%

Metals:

As of 8th July, SHFE copper inventories rose by 8,000 tons to 120,000 tons, while LME copper inventories decreased by 5,000 tons, reaching 100,000 tons. The decline in LME was due to fast withdrawals from warehouses in Rotterdam and Antwerp. CME inventories were unchanged during the period. The COMEX - LME spread is approximately \$1,400 per ton, with a premium of about 14%. In the first half of the week, improved US economic data boosted expectations of interest rate cuts, and coupled with tight spot supply both domestically and internationally, the combined effect stimulated copper prices to break through the 80,000 yuan mark. On Thursday night, the US non-farm payroll report indicated the resilience of the job market, dispelling market bets on a rate cut in July, and expectations of a rate cut in September also cooled. The strengthening of the US dollar put pressure on copper prices to pull back.

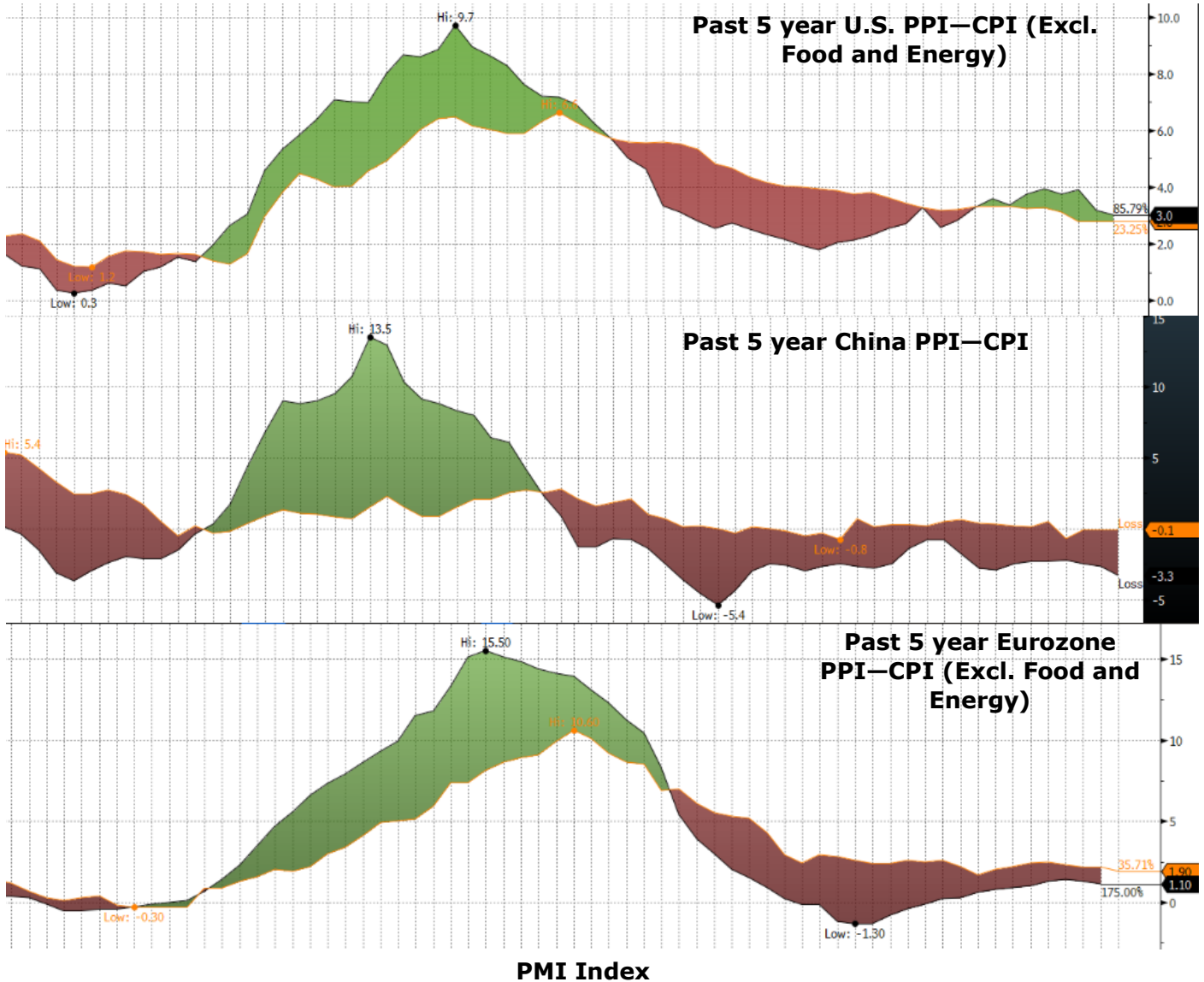
Ferrous:

The trades of SS400 HRC exported from Tianjin Port maintained the price of \$450/ton unchanged in July. Vietnam imposed anti-dumping duties of 23.01-27.83% on HRC exported from China. MySteel's global iron ore shipments reached 29.95 million tons last week, a decrease of 3.43 million tons w-o-w. Iron ore inventories at 45 ports in China had maintained around 139 million tons for six weeks. The daily evacuation volume remained at seasonal high level. There were increasing seaborne trades during this week, including different brands of mid-grade fines. The port stocks of Chinese coke and met coals is starting to decrease. The production cut in Tangshan boosted lump ores demand. On the other side, decreasing pig iron consumption is limiting both iron ore and coke usage.

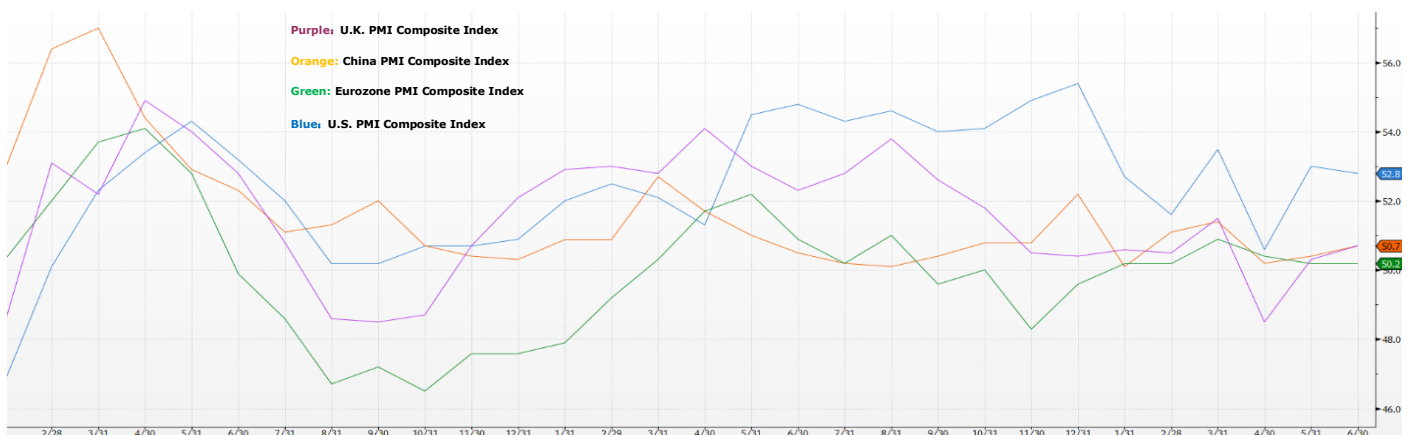


Sources: Bloomberg, FIS

	Last	Previous	
Shanghai&Shenzhen 300 Index	3965.18	3936.08	0.74%
Dow Jones Industrial Average	44406.36	43819.27	1.34%
FTSE 100 Index	8806.53	8760.96	0.52%
Nikkei 225 Index	39587.68	40487.39	-2.22%
BVAL U.S. 10-year Note Yield	4.4074	4.3045	2.39%
BVAL China 10-year Note Yield	1.6734	1.6970	-1.39%



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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