FIS

Macro Report

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	Last	Previous	% Change
U.S. Dollar Index(DXY)	98.80	98.89	-0.09%
USD/CNY	7.1831	7.1808	0.03%
U.S. FOMC Upper Interest Rate	4.50	4.50	0
China Repo 7 day	1.48	1.64	-9.76%
Caixin China Manufacturing PMI	49.50	50.40	-1.79%
Markit U.S. Manufacturing PMI	49.90	53.40	-6.55%

Currency and Global Market:

The just-concluded Political Bureau in China made limited mention of launching new policy-based financial instruments or interest rate cuts as last meeting. Instead, it referred to combating "involution" without resorting to upstream price hikes to reduce overcapacity. This has exerted certain bearish pressure on some bulk commodities. However, this pressure is more long-term nature and cannot be resolved through short-term fluctuations. On the contrary, for upstream commodities that were already undervalued, their decline should be limited. After all, supply will contract as overcapacity is phased out. The US Federal Reserve has kept interest rates unchanged for the fifth consecutive time this year, yet the Fed’s hawkish-leaning statement has significantly dampened market bets on a rate cut in September. That said, there has been no panic selling in U.S. stocks.

FFA:

The BCI rebounded by 87% in July, hitting an intra-year high of 3,374 at one point. Entering August, terminal demand tied to the traditional September peak season for iron ore consumption provide support to shipping volumes. In the first half of July, shipping demand declined as iron ore mines wrapped up their production push. However, the latter half of the month saw rising shipping demand driven by increased bauxite shipments. That said, overall cargo volumes dipped in early August, leading to another pullback in freight rates from elevated levels.

Panamax followed an opposite trajectory to Capesize in July. The index edged higher in the first half of the month, supported by robust grain shipments and strong power plant consumption. However, it pulled back in the latter half as grain shipments tapered off and the extreme heat eased in China.

Oil:

In the first half of the reporting week, international crude oil prices rose significantly, driven by heightened risks from geopolitical conflicts and the impending collapse of Middle East negotiations. Additionally, positive progress in China-U.S. tariff talks eased market sentiment, boosting expectations for demand recovery. The WTI front-month futures contract moved above $70/barrel. In the second half of the week, however, hawkish remarks from the Federal Reserve and a surprisingly "disappointing" U.S. nonfarm payrolls report triggered an intraday pullback in crude oil prices.

Sources：Bloomberg

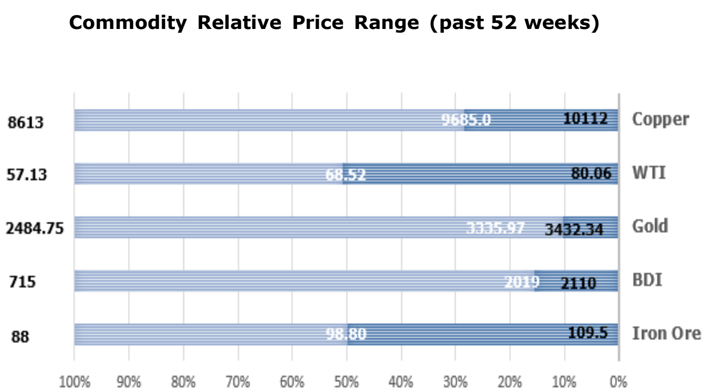
	Last	Previous	
LME Copper 3 Month Rolling	9687.00	9793.00	-1.08%
LME Aluminium 3 Month Rolling	2553.00	2631.50	-2.98%
WTI Cushing Crude Oil	66.29	66.71	-0.63%
Platts Iron Ore Fe62%	100.60	100.10	0.50%
U.S. Gold Physical	3377.68	3326.62	1.53%
BDI	1970.00	2257.00	-12.72%

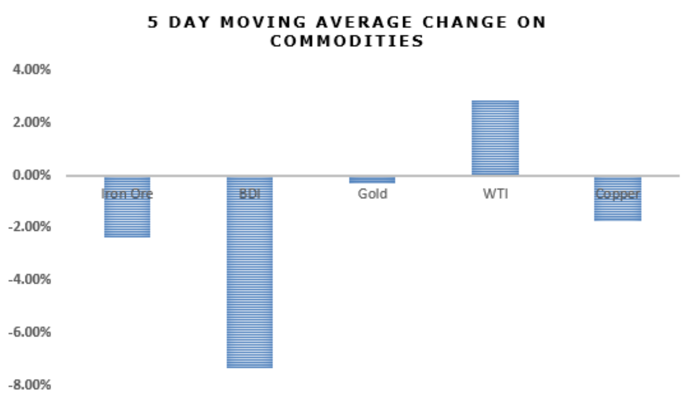
Metals:

The White House stated that US president Donald Trump has announced a 50% blanket tariff on imported semi-finished copper products and copper-intensive derivatives, effective August 1st. Notably, refined copper and cathode copper are excluded from the tariff list—a decision that sharply diverged from market expectations. This triggered a sharp pullback in U.S. copper prices, while LME copper also edged lower. As a result, the price spread between the two narrowed significantly, and global copper trade flows returned to normal. Reported global inventories have begin to pick up and LME inventories have also entered a period of growth. In addition, the US Fed’s hawkish comments created pressure over copper market.

Ferrous:

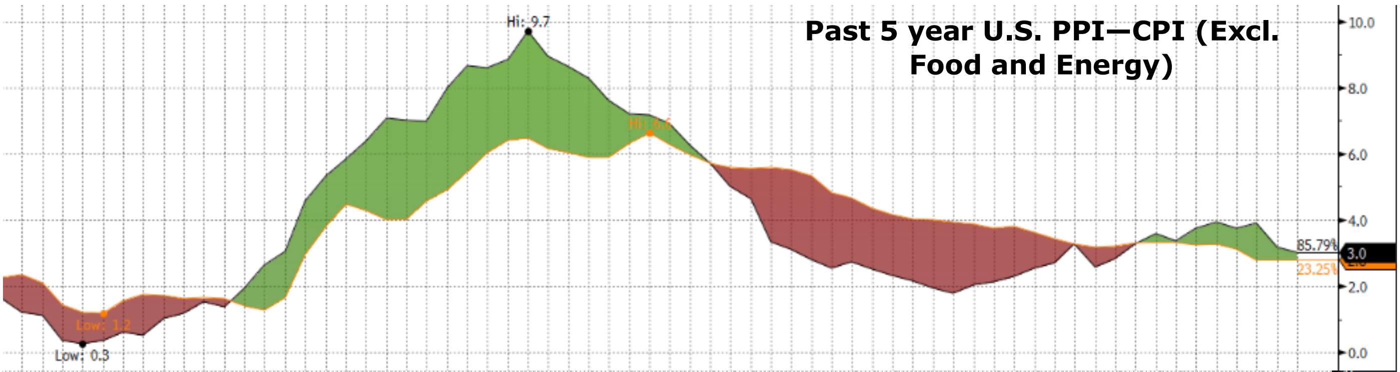
Iron ore shipments dropped significantly in July, while blast furnace operating rates remained stable. Overall port inventories of iron ore continued to decline. However, the arrival volume of scrap steel in China and electric arc furnace operating rates rose slightly, leading to a loose supply of steel in the short term. That said, the extension of China-U.S. tariffs has once again bolstered steel exports. Steel enterprises’ profit margins are expanding. Looking ahead, efforts to combat "involution" will persist throughout the year. It is highly unlikely that the valuation of the overall steel industry chain will return to its June low within the year.

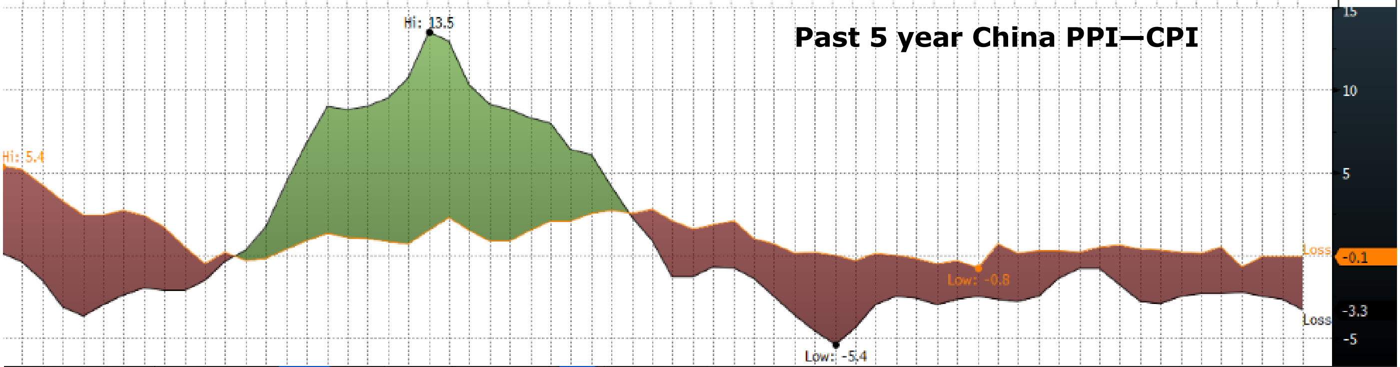


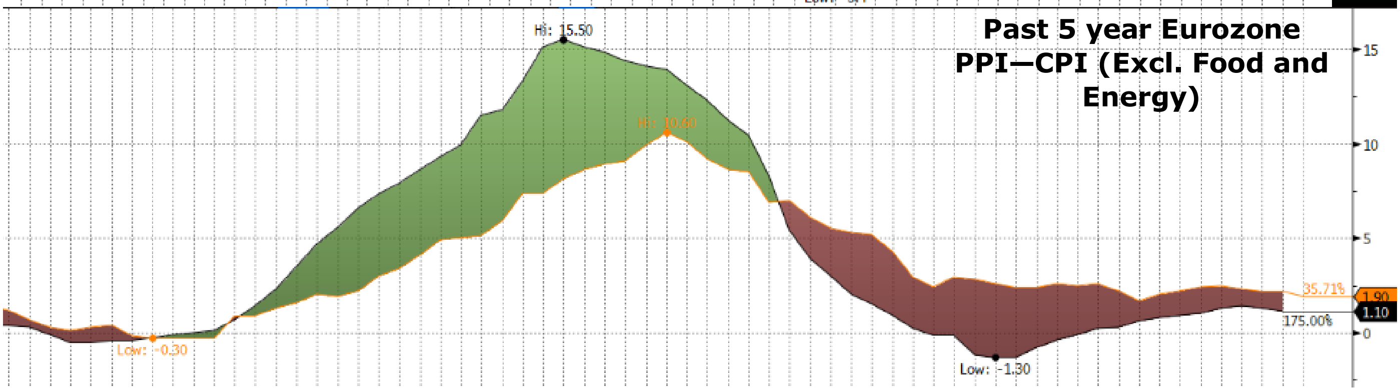


Sources: Bloomberg, FIS

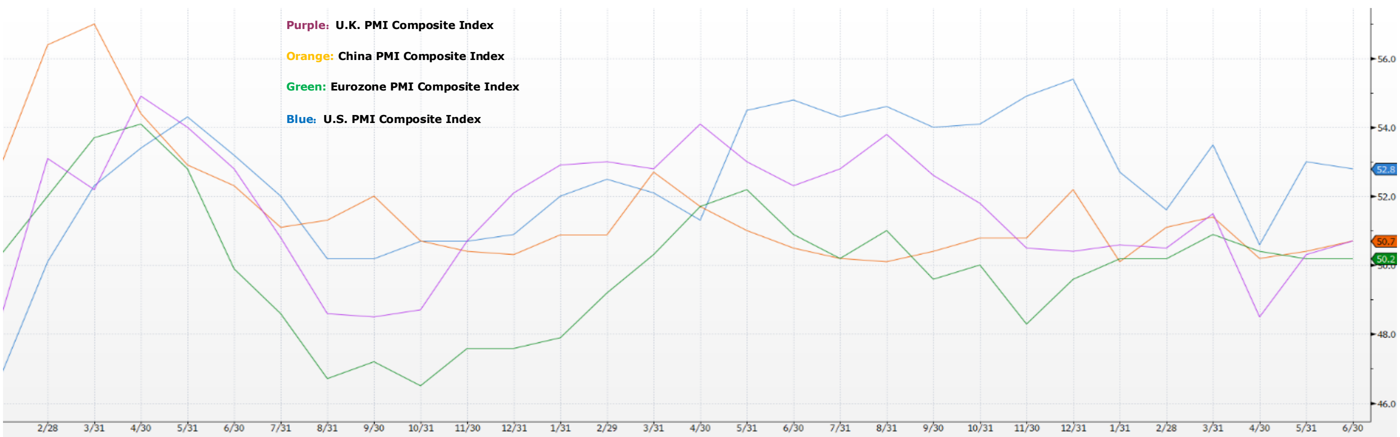
	Last	Previous	
Shanghai&Shenzhen 300 Index	4070.70	4135.82	-1.57%
Dow Jones Industrial Average	44173.64	44837.56	-1.48%
FTSE 100 Index	9128.30	9081.44	0.52%
Nikkei 225 Index	40290.70	40998.27	-1.73%
BVAL U.S. 10-year Note Yield	4.2232	4.4361	-4.80%
BVAL China 10-year Note Yield	1.7382	1.7534	-0.87%







PMI Index



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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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