

2/9/2025

	Last	Previous	% Change
U.S. Dollar Index(DXY)	97.73	98.23	-0.50%
USD/CNY	7.1355	7.1533	-0.25%
U.S. FOMC Upper Interest Rate	4.50	4.50	0
China Repo 7 day	1.47	1.58	-6.96%
Caixin China Manufacturing PMI	50.50	49.50	2.02%
Markit U.S. Manufacturing PMI	49.90	53.40	-6.55%

## Currency and Global Market:

The market's expectation for a 25 bps rate cut by the Federal Reserve in September has reached 85%. The main contract of COMEX gold futures has reached a new all-time high at \$3516 per ounce, while US stocks hit the biggest single daily drop in August. The VIX hovered at around 14.5 and 15.5 for most of August. In Europe, the market believes that there is no need for further rate cuts as the inflation target has been achieved. The expectation of a rate hike by the Bank of Japan is increasing. Risk appetite has increased due to the alleviation of geopolitical crises and the relaxation of international trade tensions. Therefore, commodities could potentially shift their trading focus from macro factors to fundamentals in September.

## FFA:

The Capesize market stayed strong in August. The C3 route freight rates remained stable, while C5 rates rose significantly, driven by higher demand for Brazilian iron ores. With iron ore demand expected to increase further in September and global shipments rising, Capesize vessel demand is generally expected to stay robust in early September.

The Panamax market also kept its strength in August. August coal shipments were robust, fueled by higher Chinese coal prices and stronger summer electricity demand. Additionally, a sharp surge in Indonesian coal shipments temporarily lifted Asian maritime shipping prices. August grain shipments rose markedly from July. Looking ahead, the expected growth in China's South American grain procurement could further support grain routes freight rates.

## Oil:

The market focus is shifting to next week's OPEC+ meeting. Crude output has risen as OPEC+ ramps up production to regain some market share. The end of the summer driving season has stoked concerns over weaker demand. Geopolitically, reports that Ukraine's European allies are discussing a potential ceasefire have helped curb oil prices. Investors are also monitoring India's response to US pressure to halt Russian oil purchases. Despite the 50% US tariffs on Indian goods, the market is currently trading on the logic that Russian oil exports to India have so far been rising.

Sources: Bloomberg

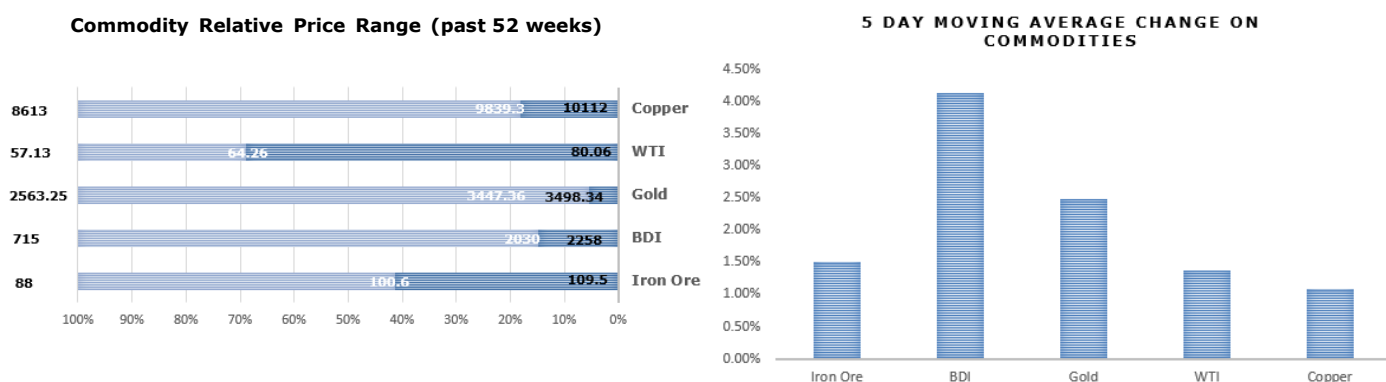
	Last	Previous	
<b>LME Copper 3 Month Rolling</b>	9884.00	9796.50	<b>0.89%</b>
<b>LME Aluminium 3 Month Rolling</b>	2611.00	2624.50	<b>-0.51%</b>
<b>WTI Cushing Crude Oil</b>	64.01	64.06	<b>-0.08%</b>
<b>Platts Iron Ore Fe62%</b>	101.85	100.10	<b>1.75%</b>
<b>U.S. Gold Physical</b>	3498.34	3393.57	<b>3.09%</b>
<b>BDI</b>	2024.00	1893.00	<b>6.92%</b>

### Metals:

Weekly inventories at SHFE fell by 4,700 tonnes to 81,700 tonnes, while those at the LME rose by 1,600 tonnes to 158,000 tonnes. In terms of positions, LME investment funds cut their net long positions by 906 lots week-on-week to 21,696 lots, and COMEX investment funds saw their net long positions drop by 1,834 lots, from 28,557 lots to 26,723 lots. First Quantum Minerals has launched a \$1.25 billion expansion project at its Kansanshi copper mine in Zambia. Against the backdrop of tight refined copper inventories, copper prices could still find support in the near future, as September ushers in the peak season for copper consumption.

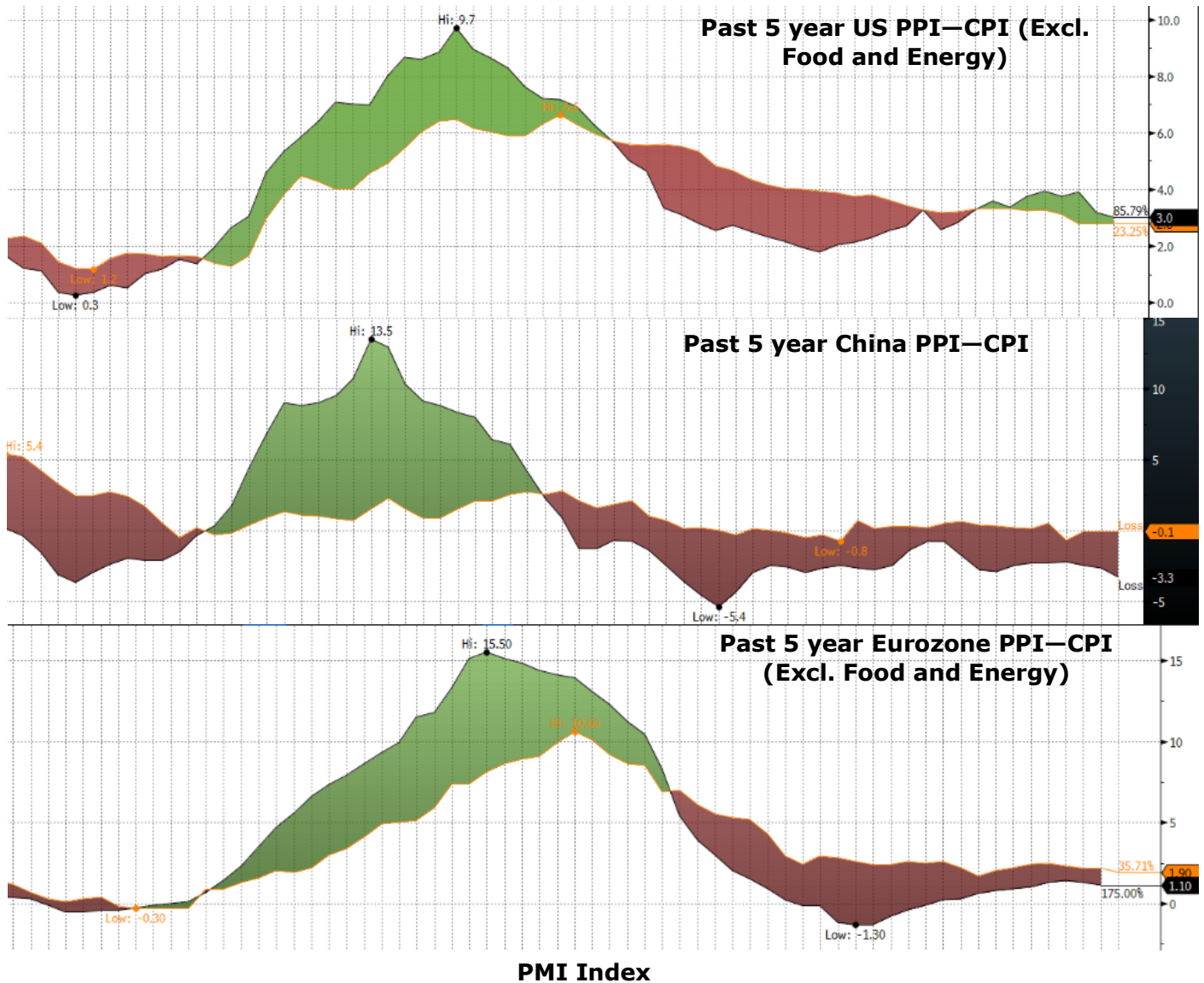
### Ferrous:

China's average daily pig iron output remained on a seasonal high of 2.4 million tonnes in August, supporting iron ore demand. Last week, the rebar and wire rod output saw a significant increase. As the peak demand season approaches, the downside room for the steel industry as a whole remains limited. Currently, the market is awaiting a gradual uptick in steel demand following the overall resumption of construction in some regions in mid-September. On the other side, steel inventories did not decline during off-season, while port stocks of iron ore and coal remain elevated, factors that could further constrain demand growth.



Sources: Bloomberg, FIS

	Last	Previous	
Shanghai&Shenzhen 300 Index	4523.71	4469.22	1.22%
Dow Jones Industrial Average	45544.88	45631.74	-0.19%
FTSE 100 Index	9196.34	9321.40	-1.34%
Nikkei 225 Index	42188.79	42807.82	-1.45%
BVAL U.S. 10-year Note Yield	4.2356	4.2693	-0.79%
BVAL China 10-year Note Yield	1.8207	1.8193	0.08%



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.

**US 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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