FIS

Macro Report

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	Last	Previous	% Change
U.S. Dollar Index(DXY)	98.70	98.93	-0.23%
USD/CNY	7.1061	7.1268	-0.29%
U.S. FOMC Upper Interest Rate	4.25	4.50	-5.56%
China Repo 7 day	1.65	1.48	11.49%
Caixin China Manufacturing PMI	51.20	50.50	1.39%
Markit U.S. Manufacturing PMI	51.90	51.60	0.58%

Currency and Global Market:

The China-US meeting has ended, and consensus was reached on multiple issues including tariffs, fentanyl-related duties, rare earths and technology controls. Both sides agreed that they will continue regular communication going forward and roll out more detailed cooperation rules. Separately, the Russia-Ukraine conflict is expected to ease further. Strategy teams at US investment banks anticipate that the Federal Reserve will stop the reduction of its $6.6 trillion balance sheet this month, while the market expects the government's fiscal health to improve gradually. These developments have been interpreted as positive signals, lifting risk appetite, with the US dollar, stock markets and industrial commodities all posting notable gains, while precious metals have pulled back.

FFA:

During the past week, freight rates saw little change with volatility dropping significantly. The shipment rhythm of Australian bulk cargo remained stable. However, cold air in the northern Pacific caused delays to some shipping capacity, prompting shipowners to raise prices. This impact subsided quickly, and prices declined again shortly after. Nevertheless, the profitability of steel enterprises has decreased. Combined with the high inventory of iron ore at ports, the subsequent demand for cargo should gradually decline. In the short term, some ships have passed through the Red Sea smoothly, which has indirectly reduced the shipping capacity of vessels detouring around the Cape of Good Hope. Indonesian coal shipments have increased, driven by higher procurement demand from China, Southeast Asia and India. Additionally, Chinese power plants have started early stockpiling of coal for winter. In contrast, South American grain shipments have contracted significantly.

Oil:

Progress were made in Russia-Ukraine negotiations, but there are no tangible signs of an end of the conflict. Additionally, the EU has maintained some of its energy sanctions against Russia. The situation in the Middle East is deadlocked, with negotiations making no headway and intermittent fighting continuing. Due to the US crackdown on drug traffickers, short-term tensions have emerged in the Caribbean region, which may disrupt the passage of some energy vessels. Recently, the US Department of Energy stated that it will purchase 1 million barrels of crude oil to replenish its Strategic Petroleum Reserve (SPR) stocks.

Sources：Bloomberg

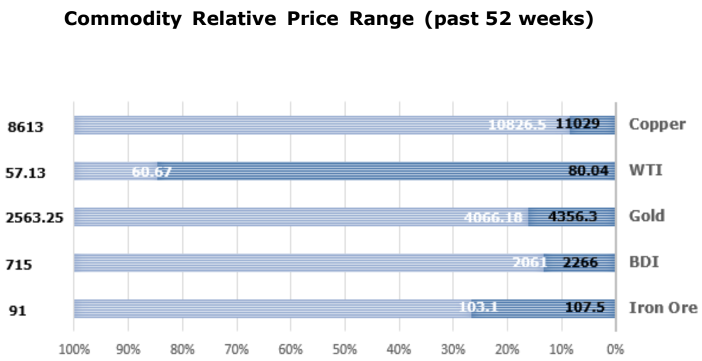
	Last	Previous	
LME Copper 3 Month Rolling	11029.00	10691.50	3.16%
LME Aluminium 3 Month Rolling	2874.50	2776.50	3.53%
WTI Cushing Crude Oil	61.31	57.52	6.59%
Platts Iron Ore Fe62%	106.50	105.30	1.14%
U.S. Gold Physical	4010.92	4125.22	-2.77%
BDI	1991.00	2046.00	-2.69%

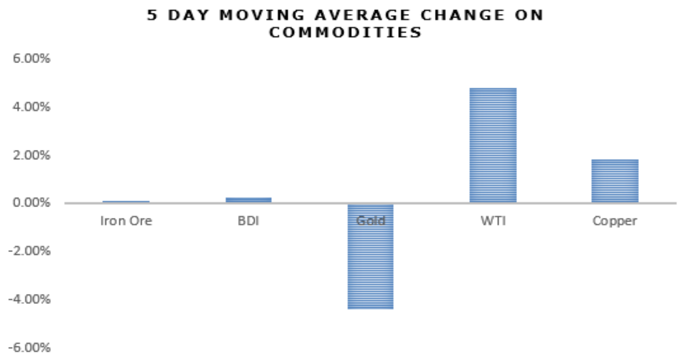
Metals:

Recently, expectations for a resolution to the US debt issue have emerged, coupled with the smooth progress of China-US talks and other factors, driving a rebound in global asset risk appetite. China's copper imports in the first three quarters rose 7.7% quarter-on-quarter, and the growth rate is expected to continue in the fourth quarter. Globally, the mining sector remains tight, and the Grasberg mine has significantly cut its production forecasts for this year and next due to safety accidents.

Ferrous:

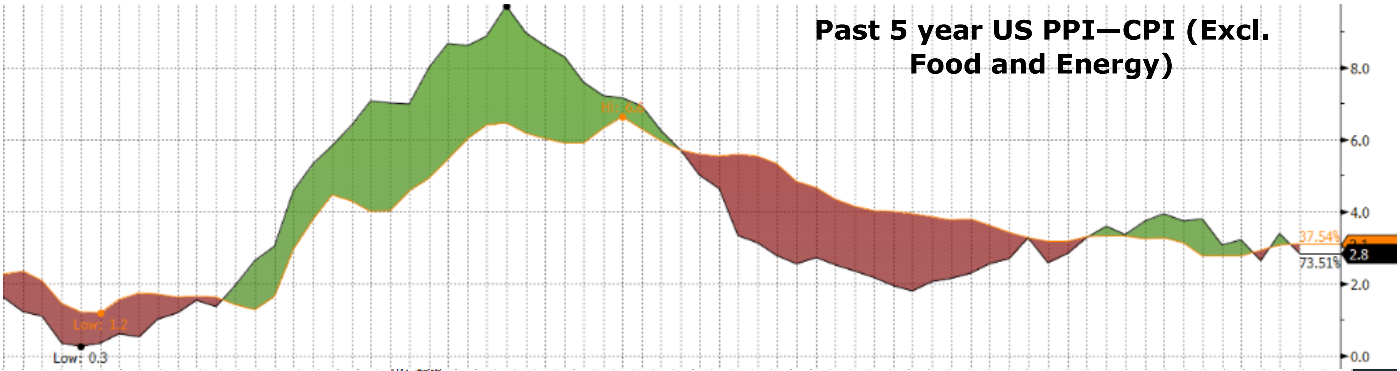
Similar to other industrial commodities, the ferrous sector has gained momentum amid an improving macro backdrop. However, pig iron consumption has entered a seasonal downtrend, which may constrain raw material demand. That said, coking coal should find renewed support as winter approaches in North Asia. China's steel margins have narrowed, prompting mills to opt for low-grade iron ore, while miners have widened discounts. Flat steel enjoys a brighter outlook, driven by strong export performance.

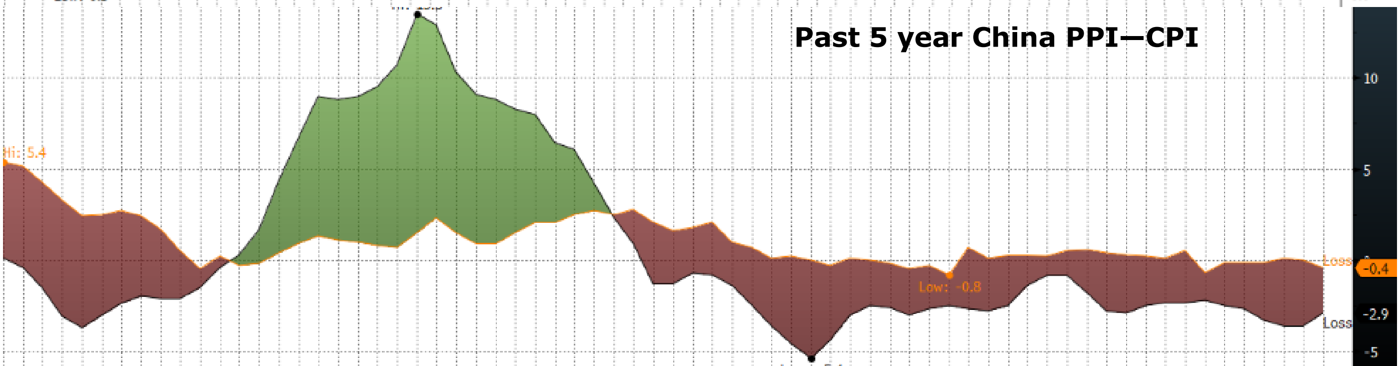


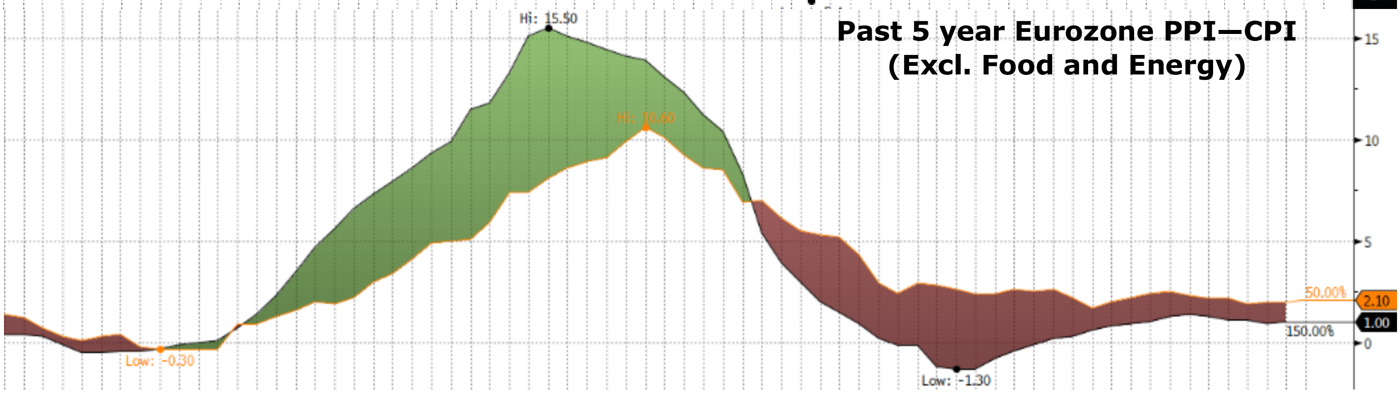


Sources: Bloomberg, FIS

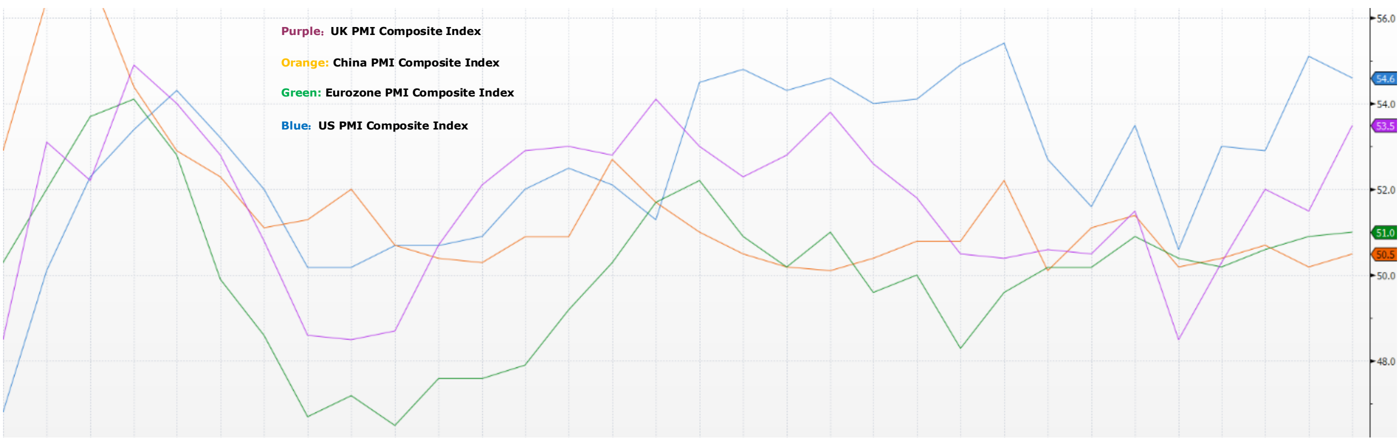
	Last	Previous	
Shanghai&Shenzhen 300 Index	4716.02	4538.22	**3.92%**
Dow Jones Industrial Average	47544.59	46706.58	**1.79%**
FTSE 100 Index	9653.82	9403.57	**2.66%**
Nikkei 225 Index	50512.32	49185.50	**2.70%**
BVAL U.S. 10-year Note Yield	4.0120	4.0032	**0.22%**
BVAL China 10-year Note Yield	1.8311	1.8266	**0.25%**







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.

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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