

16/12/2025

	Last	Previous	% Change
U.S. Dollar Index(DXY)	98.27	99.22	-0.96%
USD/CNY	7.0430	7.0610	-0.25%
U.S. FOMC Upper Interest Rate	3.75	4.00	-6.25%
China Repo 7 day	1.52	1.50	1.33%
Caixin China Manufacturing PMI	49.90	50.60	-1.38%
Markit U.S. Manufacturing PMI	50.70	52.00	-2.50%

### Currency and Global Market:

The Federal Reserve delivered a widely anticipated 25 bps rate cut at its December FOMC meeting. Chair Jerome Powell struck a dovish tone in his post-meeting press conference, and the Fed announced a resumption of Treasury purchases, marking a return to balance sheet expansion. Precious metals rallied sharply in response. A rate hike by the Bank of Japan (BOJ) landing this week will indeed trigger an exodus of carry trades, but the impact in December 2025 is likely to be milder than that in August 2024 due to the full pricing of rate hike. Thus, a contraction in the scale of carry trades are expected. In the first 11 months of the year, China's cumulative increment in social financing scale exceeded the full-year figure in 2024. The combination of financing expansion driven by fiscal efforts and the recovery of real economic demand has resulted in ample liquidity, leaving mid-term room for the structurally strong pattern in commodities.

### FFA:

The Capesize vessel market softened notably at last week's close. Interrupted continuity in mining tenders led to a sustained drop in freight rates. Major miners' quarterly volume push is drawing to a close, with shipment pace continuing to slow. Improved shipping demand in the Pacific area are expected to gradually buoy the market in December, while the North Atlantic remained generally quiet due to insufficient demand.

The Panamax vessel market saw a continued correction during past report week, as China power plants held abundant coal inventories while imported coal lost its price competitiveness recently, prompting downstream buyers to scale back procurement volumes.

### Oil:

During the past week, crude oil inventories drew down amid refinery maintenance, while cracking spreads trended lower and refined product consumption remained weak. The deadlock in Russia-Ukraine negotiations, port disruptions in Kazakhstan, and the US seizure of a Venezuelan oil tanker are insufficient to reverse the market's consensus that the crude oil market is oversupplied. Last week, WTI crude oil dropped to around \$57.5/barrel, near its annual low. Most oil consulting agencies now hold that the market will remain oversupplied in November and December, so oil prices are unlikely to stage a sustained rebound until the short-term oversupply situation reverses.

	Last	Previous	
<b>LME Copper 3 Month Rolling</b>	11655.50	11635.50	<b>0.17%</b>
<b>LME Aluminium 3 Month Rolling</b>	2866.00	2888.00	<b>-0.76%</b>
<b>WTI Cushing Crude Oil</b>	56.82	58.88	<b>-3.50%</b>
<b>Platts Iron Ore Fe62%</b>	105.20	105.75	<b>-0.52%</b>
<b>U.S. Gold Physical</b>	4304.74	4208.24	<b>2.29%</b>
<b>BDI</b>	2205.00	2814.00	<b>-21.64%</b>

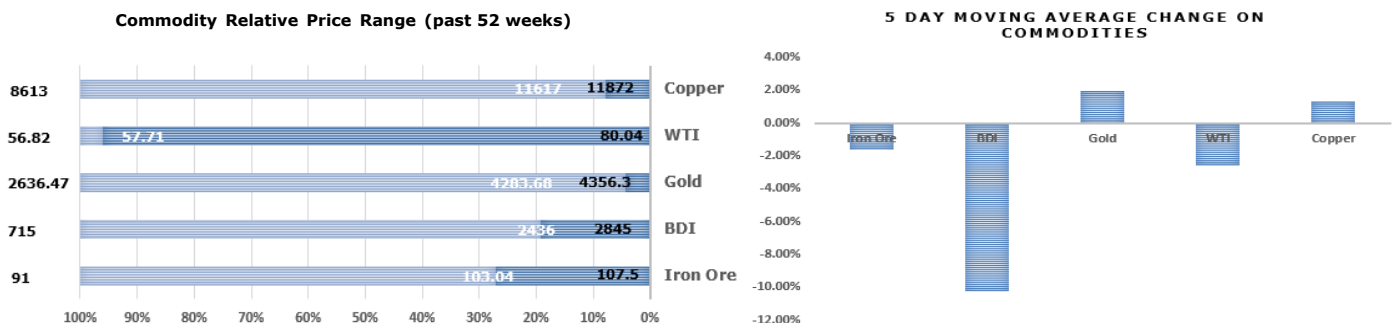
### Metals:

Market expectations for the Federal Reserve's rate-cutting trajectory are relatively unified, creating a supportive backdrop for base metal prices. The Grasberg mine has lowered its 2026 production forecast, coupled with potential 10% output cuts by China Copper Concentrates Negotiating Team member in 2026, global supply is poised to face constraints. As the year-end draws near, downstream enterprises are grappling with intensifying funding strains, a factor that could cap near-term gains in copper prices.

### Ferrous:

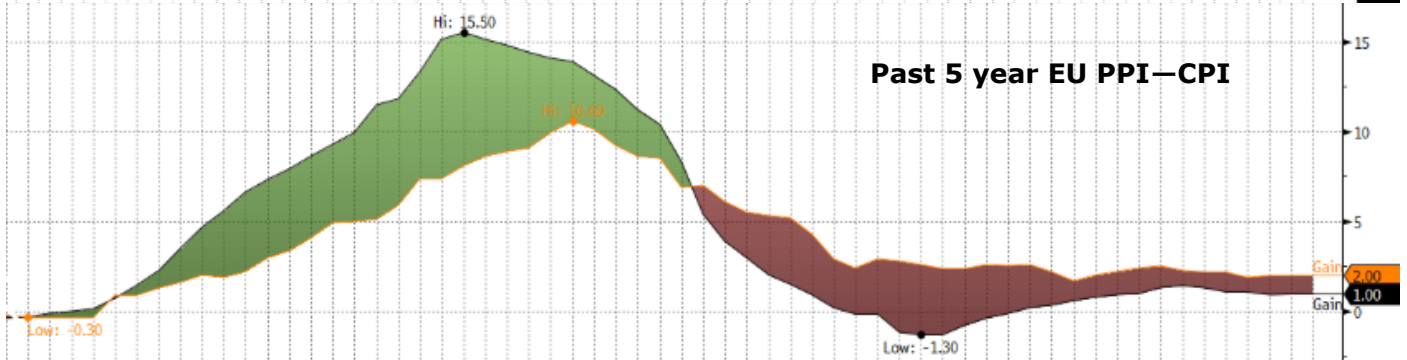
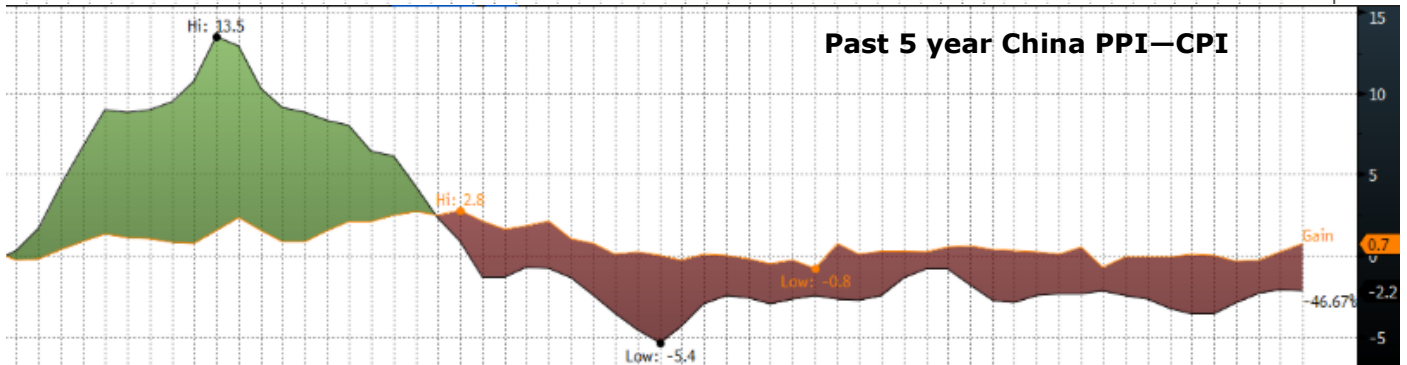
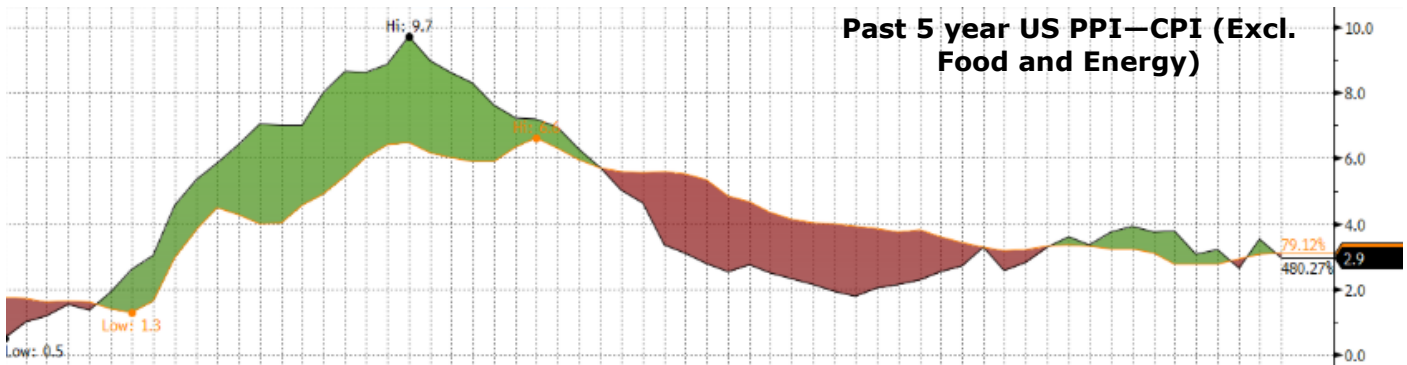
As defined by the China National Development and Reform Commission (NDRC), high-energy-consuming products include coke, some coal chemical products, glass, cement, steel and alloys. The market expected supply contraction for these commodities driven by policies of energy consumption, phase-out of low qualified capacity. However, the China Economic Work Conference prioritized stabilizing commercial housing and accelerated market-oriented measures to resolve oversupplied houses.

Steelmaking activity and downstream markets across the Northern Hemisphere have quiet amid winter conditions and the approaching the Christmas period. The coal market overall has been underpinned by rising winter demand, yet metallurgical coal faces headwinds from slowing industrial activity and weaker seaborne demand from China, compounded by Mongolia's peak export volumes.

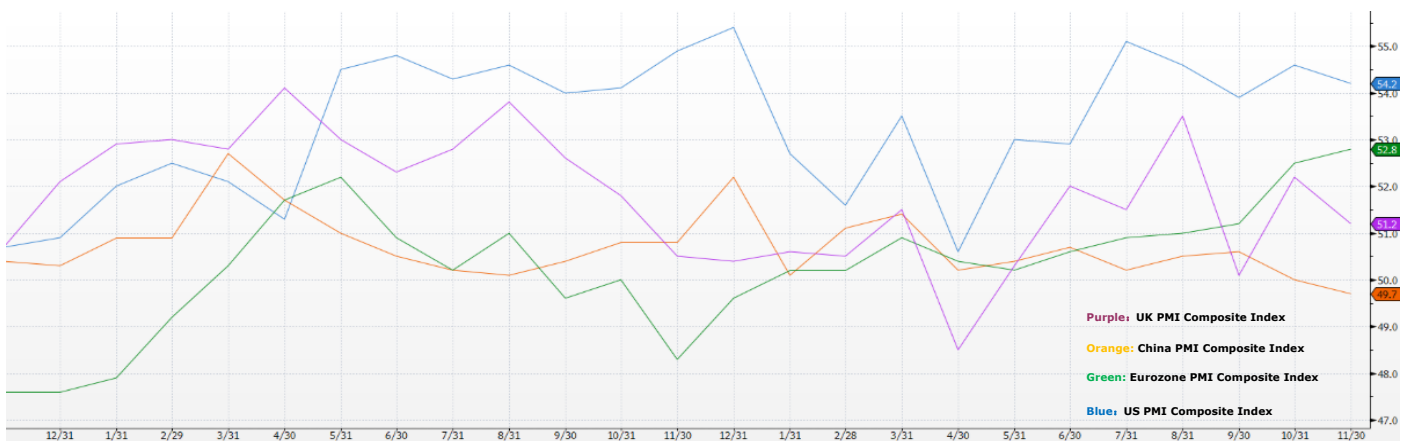


Sources: Bloomberg, FIS

	Last	Previous	
Shanghai&Shenzhen 300 Index	4580.95	4584.54	-0.08%
Dow Jones Industrial Average	48416.56	47739.32	1.42%
FTSE 100 Index	9751.31	9645.09	1.10%
Nikkei 225 Index	50168.11	50581.94	-0.82%
BVAL U.S. 10-year Note Yield	4.1970	4.1821	0.36%
BVAL China 10-year Note Yield	1.8602	1.8564	0.20%



### Past 2 year 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.

**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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