FIS

# Macro Report

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

**2/12/2025**

| | Last | Previous | % Change |
|---|---|---|---|
| **U.S. Dollar Index(DXY)** | 99.44 | 99.66 | **-0.23%** |
| **USD/CNY** | 7.0744 | 7.0824 | **-0.11%** |
| **U.S. FOMC Upper Interest Rate** | 4.25 | 4.50 | **-5.56%** |
| **China Repo 7 day** | 1.50 | 1.58 | **-5.06%** |
| **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:

After multiple Federal Reserve officials made remarks to soothe the market, the probability of a Fed interest rate cut in December has climbed back to 80%. However, after implementing three pre-emptive interest rate cuts as expected, the Federal Reserve may consider pausing its monetary easing cycle. The US Dollar Index has been gradually declining from its seven-month high. Additionally, a technical glitch at the CME Group last week amplified the volatility of commodities. Silver recorded the largest single-day gain of the year across the three major exchanges. The Bank of England has indicated the possibility of an interest rate cut in December. The market expects the European Central Bank to keep its policy unchanged, as inflation has returned to the target range.

### FFA:

The Capesize market rose last week, boosted by higher cargo volumes in the Pacific. Australian mines stepped up iron ore shipments sharply for end-of-quarter push, tightening Pacific capacity. Long-haul routes maintained a relatively balanced supply-demand profile.

The Panamax Index hit a new year-high last week. In the Pacific market, cargo volumes kept flowing out from Indonesia, the North Pacific, Australia and US.  However, Indonesia's shipments potentially drop cyclically post-peak.

### Oil:

Representatives from the US and Ukraine held negotiations in Geneva this week. The US announced that significant progress had been made in reaching a peace agreement, which has strengthened the market's expectation for the end of the war between Russia and Ukraine and led to a drop in the geopolitical premium of crude oil. Nevertheless, the possibility of resolving the main issue during a single negotiating round remains rather low, and the conflict is likely to be prolonged. In addition, the tense situation in Venezuela has been escalating continuously. The suspension of production increase by OPEC+ is expected to alleviate the long-term oversupply of crude oil. Demand for transportation fuels has declined from its summer peak.

*Sources：Bloomberg*

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|---|---|---|---|
| **LME Copper 3 Month Rolling** | 11252.00 | 10773.00 | **4.45%** |
| **LME Aluminium 3 Month Rolling** | 2893.00 | 2812.00 | **2.88%** |
| **WTI Cushing Crude Oil** | 59.32 | 59.14 | **0.30%** |
| **Platts Iron Ore Fe62%** | 107.35 | 106.05 | **1.23%** |
| **U.S. Gold Physical** | 4213.17 | 4130.69 | **2.00%** |
| **BDI** | 2560.00 | 2270.00 | **12.78%** |

Although heating oil and marine fuel oil have provided certain support, they are hardly able to offset the overall slump in consumption.

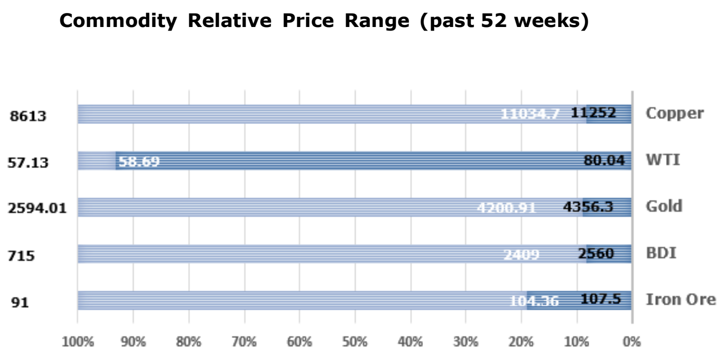
**Metals:**

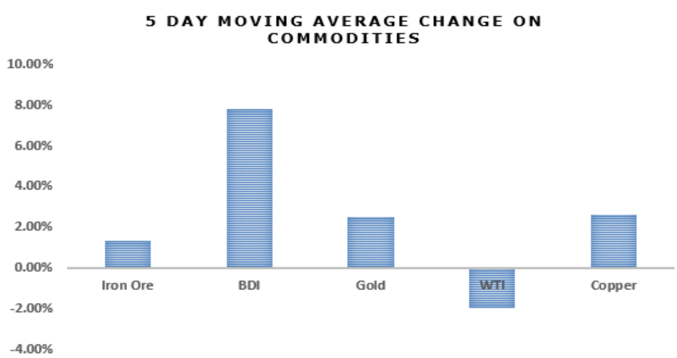
In mid-November, affected by relatively tight liquidity and financial conditions, the macro environment exerted a constraining effect on copper prices. Last week, driven by the combined impact of multiple factors, including the renewed rise in interest rate cut expectations, the gradual release of liquidity following the end of the US government shutdown, the surge in gold and silver prices, and the unchanged global inventory flow toward the US, copper prices have regained strength. However, during the long-term contract negotiations, price volatility may intensify. Codelco (National Copper Corporation of Chile) has finalized the long-term contract premium at $350/ton, an increase of $89/ton compared with 2025. Additionally, China has recently initiated the crackdown on tax rebates for scrap copper, resulting in higher tax costs and a subsequent decline in supply.

**Ferrous:**

Iron ore, coking coal and steel futures rebounded over the past week, buoyed by a recovering macro environment in the metals market, where silver and copper took the lead. Physical trading volume of mainstream iron ore concentrates picked up notably, as miners ramped up shipments following the quarter-end.

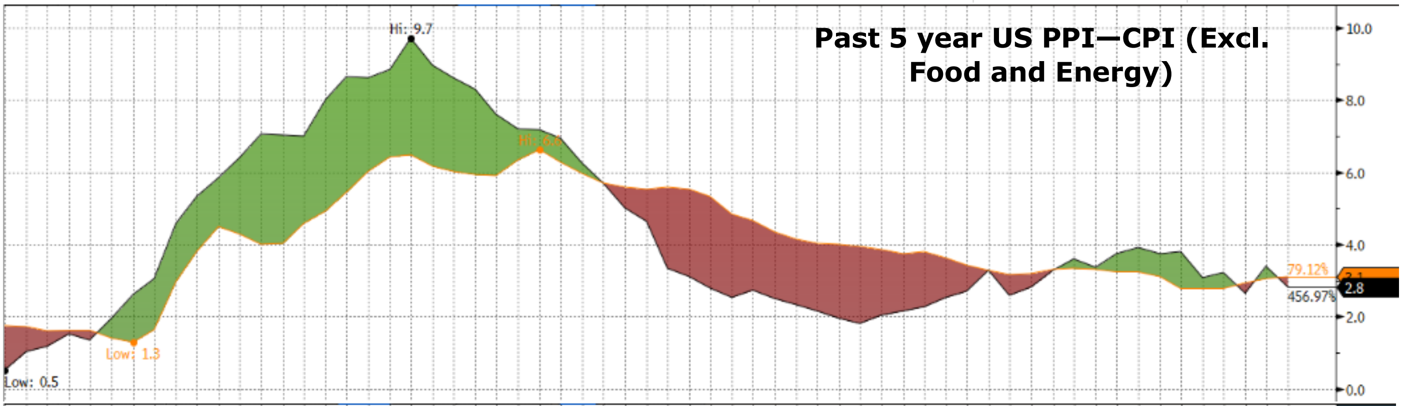
Chinese local government bond issuance should accelerate substantially in December. However, with winter in the Northern Hemisphere, downstream industrial activities are projected to drop sharply, and this factor may exert sustained downward pressure on steel demand over the medium to long term.

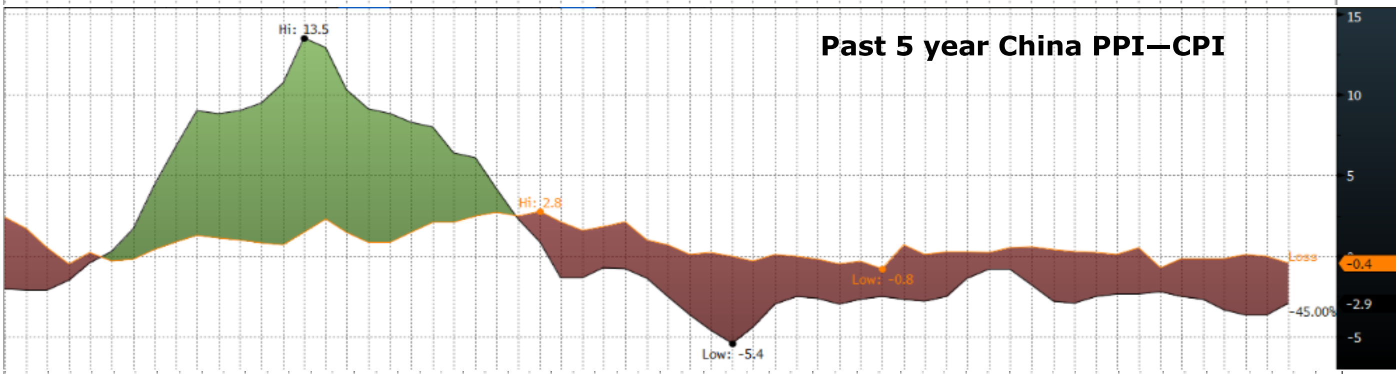


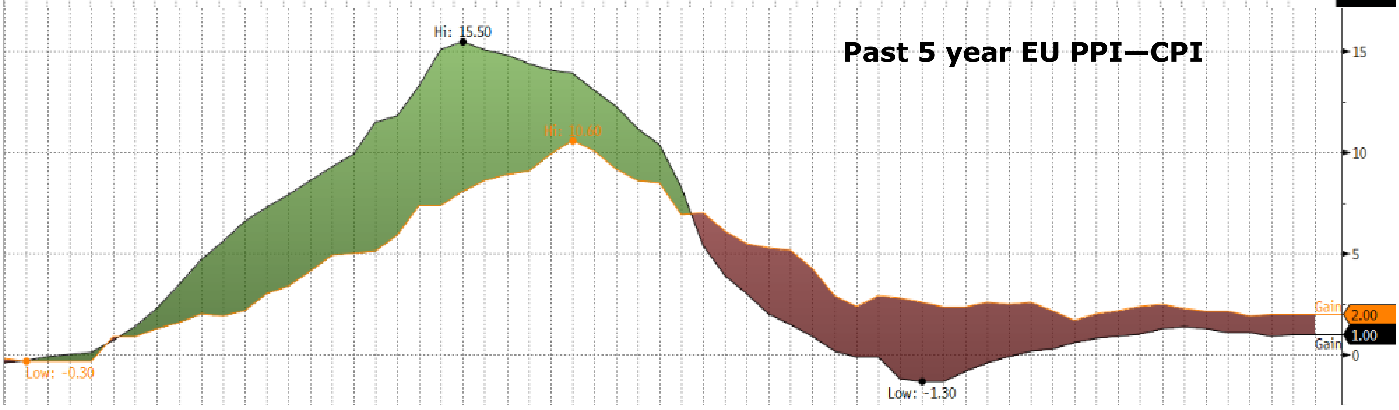




*Sources：Bloomberg, FIS*

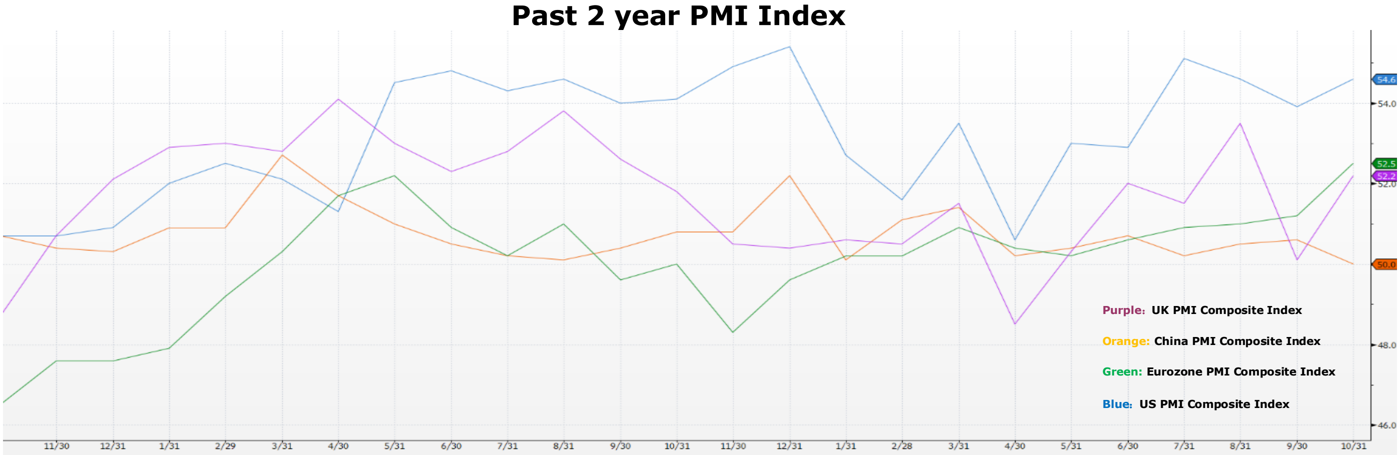
| | Last | Previous | |
|---|---|---|---|
| **Shanghai&Shenzhen 300 Index** | 4576.49 | 4448.05 | **2.89%** |
| **Dow Jones Industrial Average** | 47289.33 | 46245.41 | **2.26%** |
| **FTSE 100 Index** | 9702.53 | 9534.91 | **1.76%** |
| **Nikkei 225 Index** | 49303.28 | 48625.88 | **1.39%** |
| **BVAL U.S. 10-year Note Yield** | 4.1083 | 4.0727 | **0.87%** |
| **BVAL China 10-year Note Yield** | 1.8266 | 1.8047 | **1.21%** |




**Past 2 year 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.

Written by **Hao Pei**,

FIS Senior Research Analyst

haop@freightinvestor.com