FIS

Macro Report

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	Last	Previous	% Change
U.S. Dollar Index(DXY)	98.77	99.05	**-0.28%**
USD/CNY	6.8939	6.9194	**-0.37%**
U.S. FOMC Upper Interest Rate	3.75	4.00	**-6.25%**
China Repo 7 day	1.52	1.56	**-2.56%**
Caixin China Manufacturing PMI	52.10	50.30	**3.58%**
Markit U.S. Manufacturing PMI	53.30	49.70	**7.24%**

Global Macro Market:

This week saw wild swings in the crude oil market. A remarkable volatility spike in oil has sent shockwaves across commodities. As conflict-related news fades, overall commodity volatility may ease, but relative volatility will likely stay elevated versus the past 52 weeks. Meanwhile, weak US employment data combined with persistent inflation pressure has lowered the odds of a Fed rate cut going forward. The People's Bank of China has signaled it will maintain an accommodative monetary policy stance.

FFA:

Against the backdrop of the geopolitical crisis, FFA prices have continued to surge sharply. Capesize rates rebounded rapidly, supported by vessel demand from Australian miners. For long-haul routes, cargo volumes from Brazil and Guinea have kept flowing. In addition, the rapid rise in oil prices and longer overall sailing distances have both pushed up Capesize rates, and also brought forward a lot of ship demand from cargo owners.

Panamax daily rates have surged sharply, driven by the gradual release of cargoes from Australia, Southeast Asia, and North Asia, along with rising oil prices. After staying stable for an extended period, grain freight rates from Brazil to China have rebounded rapidly.

Daily rates for Supramax in the Southeast Asian market have risen sharply. Increasing coal import demand in India and Southeast Asia, along with the gradual release of nickel ore cargoes, have driven gains in Supramax FFA.

Oil:

The market focus remains on geopolitical developments, with tensions in Iran remaining elevated and oil tanker traffic through the Strait of Hormuz at an extremely low level. WTI crude oil briefly hit a new high since June 2022, rising by 78% in March, but corrected 28% on Monday. The crack spreads for diesel and jet fuel have surged, significantly boosting the value of low-sulfur fuel oil components.

Sources：Bloomberg, FIS

	Last	Previous	
LME Copper 3 Month Rolling	12954.00	13108.00	**-1.17%**
LME Aluminium 3 Month Rolling	3385.50	3194.50	**5.98%**
WTI Cushing Crude Oil	82.79	71.30	**16.12%**
Platts Iron Ore Fe61%	104.55	100.55	**3.98%**
U.S. Gold Physical	5143.74	5088.83	**1.08%**
BDI	2010.00	2117.00	**-5.05%**

In addition, many vessels have opted for longer alternative routes, increasing sailing distances and indirectly supporting marine fuel consumption.

The G7's relaxed restrictions on strategic petroleum reserve (SPR) releases and the US efforts to contain the Middle East war have alleviated oil supply shortages. The International Energy Agency (IEA) is considering releasing 25% to 30% of its total reserves (approximately 1.2 billion barrels), equivalent to 300 to 400 million barrels—marking the largest reserve release in the IEA's history. High oil prices could trigger a new inflation surge, derail the Federal Reserve's rate-cut plan, and potentially carry political implications.

Iraq, Qatar, and Kuwait have all implemented production cuts. Iran's crude oil storage infrastructure remains under frequent attacks. Even if mediation efforts emerge from multiple parties, the issue of crude oil supply will not be resolved in a matter of days.

Metals:

The copper market remains in a stock-building phase. Operating rates across the industrial chain are gradually recovering, with copper wire and cable producers seeing a sharp rise in utilization due to order fulfillment from downstream clients. US copper imports have fallen noticeably since February, driving a build-up in global copper inventories. Both LME and SHFE copper stocks have increased substantially, reaching high levels for the same period historically. Recent geopolitical tensions have raised copper transportation costs, but current inventory levels can effectively hedge against such risks. Over the long term, demand remains supported by the US power grid replacement and by the expansion in China logistics and computing power networks.

The market is still digesting the impact of the conflict in Iran, but the long-term drivers behind gold's rebound are gradually emerging. After months of extreme volatility, gold's recovery is increasingly dependent on the stability of the US dollar's credibility and safe-haven demand stemming from deglobalization.

Precious metals corrected during the early stages of the geopolitical crisis. As tensions ease or the conflict becomes more contained, a technical and fundamental rebound in precious metals is highly probable.

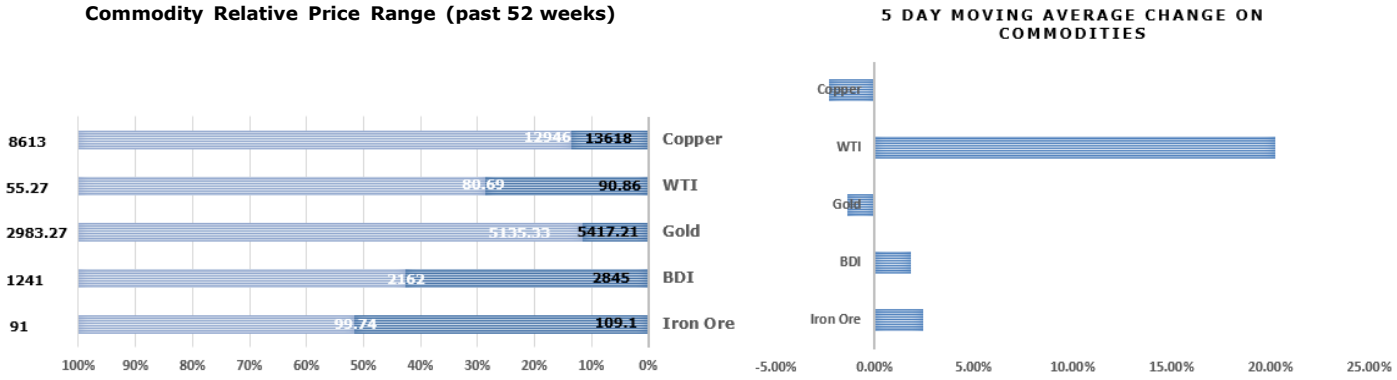
Sources：Bloomberg, FIS

Ferrous:

Geopolitical risks have driven up freight costs, leading to a rebound in seaborne iron ore and coking coal prices underpinned by higher overall valuations. Additionally, the "Two Sessions" (the annual plenary sessions of the National People's Congress and of the National Committee of the Chinese People's Political Consultative Conference), reiterated the issue of elevated property inventories, while some major cities have started easing home purchase restrictions. The People's Bank of China has also signaled continued accommodative monetary policy for the year—all these factors provide some demand support for the steel market in 2026.

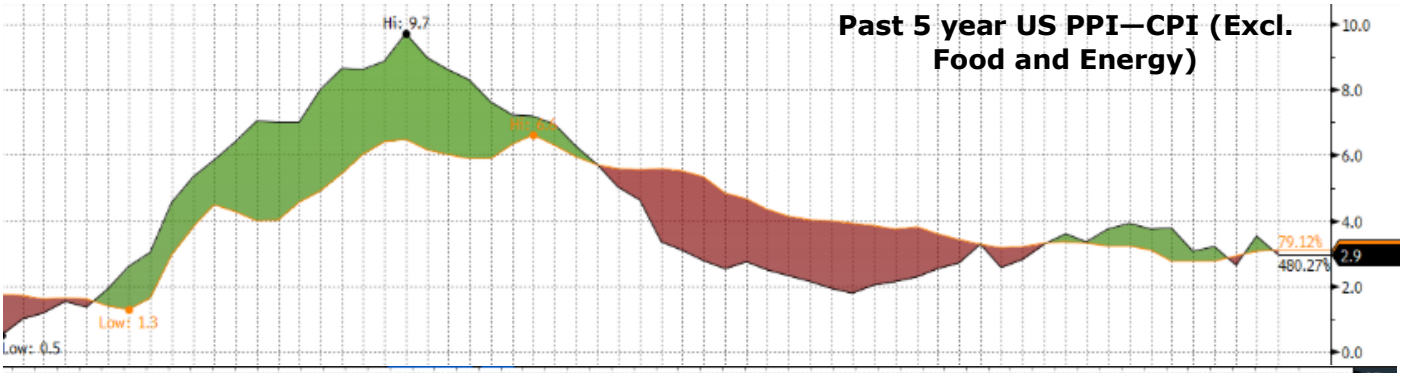
In the short term, China has entered the post Chinese New Year resumption season, but port iron ore inventories remain at multi-year high. Meanwhile, favorable weather in Australia and Brazil has kept shipping volumes stable. The iron ore market is therefore still in a supply surplus condition in the near term. With recent environmental production curbs mandated by major policy meetings, market focus remains on mainstream medium-grade fines and lumps.

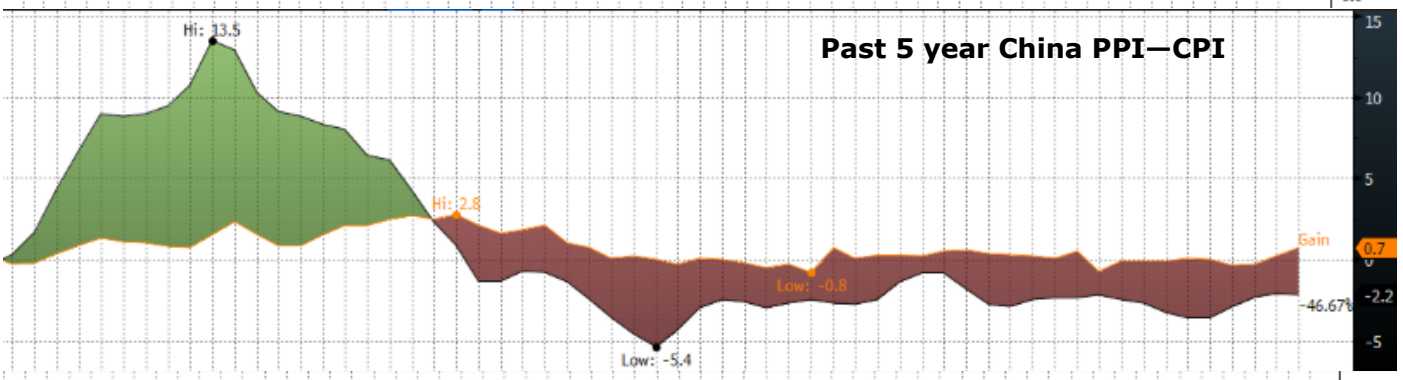
In the coking coal market, Chinese buyers remain absent amid ample domestic land transport coal supply. China saw first round of physical coke cut in 2026 landing amid weak steek margin and abundant supply. Indian buyers have also turned cautious following the recent price rebound, adopting a wait-and-see stance for price corrections.

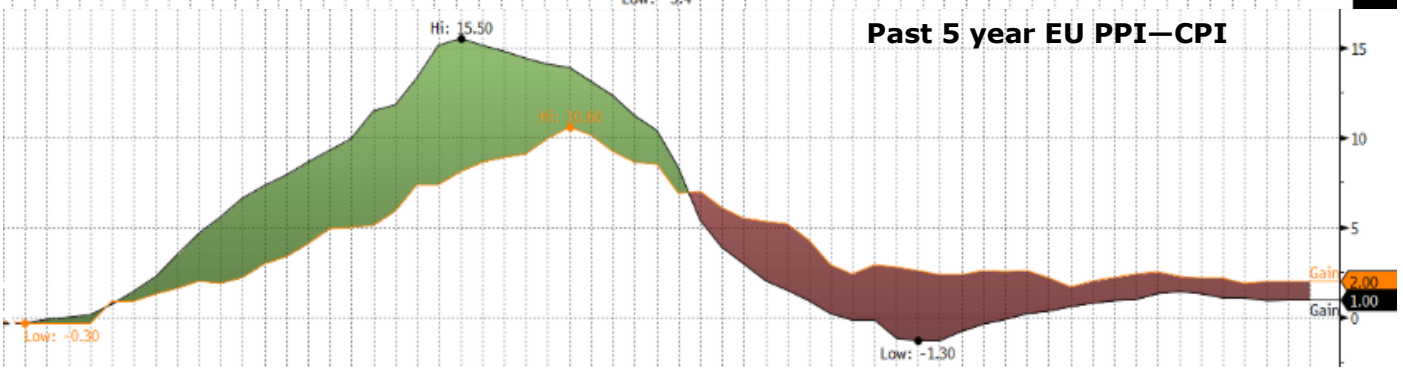


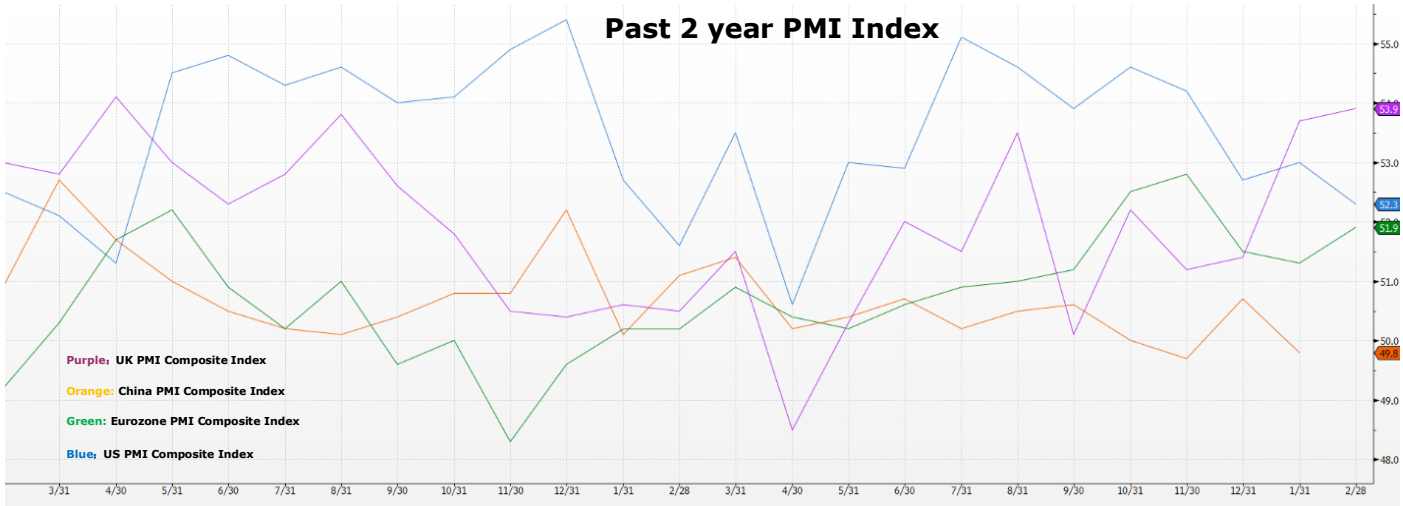
Sources：Bloomberg, FIS

	Last	Previous	
Shanghai&Shenzhen 300 Index	4660.44	4710.65	**-1.07%**
Dow Jones Industrial Average	47740.80	48904.78	**-2.38%**
FTSE 100 Index	10249.52	10780.11	**-4.92%**
Nikkei 225 Index	52728.72	58057.24	**-9.18%**
BVAL U.S. 10-year Note Yield	4.1222	4.0628	**1.46%**
BVAL China 10-year Note Yield	1.8096	1.7920	**0.98%**









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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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