FIS

Macro Report

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	Last	Previous	% Change
U.S. Dollar Index(DXY)	100.41	99.43	0.98%
USD/CNY	6.9121	6.8938	0.27%
U.S. FOMC Upper Interest Rate	3.75	3.75	0.00%
China Repo 7 day	1.51	1.49	1.34%
Caixin China Manufacturing PMI	52.10	50.30	3.58%
Markit U.S. Manufacturing PMI	53.30	49.70	7.24%

Global Macro Market:

The recurrent volatility in Iran has kept global commodity markets in a state of heightened uncertainty, with sentiment oscillating between stagflation, recession, and recovery. From late last weekend to early this week, oil prices reverted to trading on the back of escalating geopolitical tensions, while precious metals saw a sharp decline amid shifting market dynamics. Dry bulk have maintained relative resilience, yet the pace of their upward momentum has moderated following repeated repricing of market expectations, reflecting a gradual digestion of forward-looking sentiment. Base metals, meanwhile, remain under sustained pressure, weighed down by a slowdown in global trade activity and a cooling manufacturing sector, which has dampened industrial demand for such commodities.

Notably, elevated oil prices and marginal supply shortages have already exerted tangible impacts on the extraction and processing activities of a wide range of industrial products. Looking ahead, this dynamic could further translate into a decline in operating rates across segments of the industrial sector, as higher energy costs erode profit margins and constrain production capacity. As the global energy crisis continues to escalate and ripple through global markets, central banks in several countries may be compelled to tighten their monetary policy stance to curb inflationary pressures, even at the cost of short-term economic growth. This shift in policy direction is already evident across major global central banks: the Federal Reserve has pivoted from a dovish to a more hawkish stance involving delayed easing and potential rate hikes; the European Central Bank is now signaling the possibility of rate increases; and the probability of monetary tightening has risen among several central banks in the Asia.

FFA:

The Capesize market has been disrupted by tropical cyclone in Australia, resulting in weakened cargo demand and congestion in short-haul tonnage, which has suppressed time charter rates and freight costs. Some operators are seeking cargo fixtures. However, post-cyclone conditions are expected to lead to a potential rebound in short-haul employment demand.

Sources：Bloomberg, FIS

	Last	Previous	
LME Copper 3 Month Rolling	12223.50	12167.00	**0.46%**
LME Aluminium 3 Month Rolling	3401.00	3199.00	**6.31%**
WTI Cushing Crude Oil	102.88	89.22	**15.31%**
Platts Iron Ore Fe61%	108.50	109.45	**-0.87%**
U.S. Gold Physical	4572.91	4475.51	**2.18%**
BDI	2017.00	2056.00	**-1.90%**

Meanwhile, long-haul routes, including West Africa to Far East and Brazil to Far East, continue to face tight capacity conditions amid stable demand fundamentals.

Due to the short-term South American grain loading being weaker than expected, China's import inquiries have diminished. In addition, demand for imported coal has softened, resulting in a market situation where the number of ships exceeds the available cargo. Charterers have begun to favor short-haul, short-term leases and low-price charters. The downward trend in fuel oil prices once dragged down freight rates. In terms of shipping capacity, there is a significant surplus in the Pacific region, which may suppress freight rates.

The Supramax market is stable, with steady Chinese export cargo volumes. At the same time, demand on routes to Southeast Asia and the Middle East is relatively resilient. Regional circulation is flexible, and shipping capacity is relatively balanced against demand. However, since most Supramax vessels are not equipped with scrubbers, they are highly sensitive to fuel oil prices. Against the backdrop of persistently high fuel oil prices, operating profits have been almost completely eroded, which may impact effective shipping capacity in the future.

Oil:

Short-term intraday trading was driven by news giving a bearish sentiment during the Trump trading window, while during the Iran session, other news supported a more bullish outlook on oil. Each week is divided into three smaller cycles, with repeated trading on the escalation and de-escalation of the crisis in Iran. In Asia, some countries were still able to rely on strategic crude oil reserves in March, but from the end of April, shortages will shift from expectations to reality in some regions, leading to more volatile marginal crude oil price movements. Recently, the market is trading on the possibility of Houthi rebels blocking the Bab el-Mandeb Strait. The current crack spread is at a historical and seasonal high, indicating strong refined product demand.

This week, CFTC non-commercial net positions rose, while commercial positions were reduced after hedging profits. In the future, a decline in offshore floating storage coupled with an increase in passing vessels may push the market back into a short-term easing trading logic. However, with no effective negotiations held amid the ongoing conflict, the market remains bearish on the medium-term outlook.

Sources：Bloomberg, FIS

	Last	Previous	
Shanghai&Shenzhen 300 Index	4491.95	4418.00	**1.67%**
Dow Jones Industrial Average	45216.14	46208.47	**-2.15%**
FTSE 100 Index	10127.96	9894.15	**2.36%**
Nikkei 225 Index	51885.85	51515.49	**0.72%**
BVAL U.S. 10-year Note Yield	4.3649	4.3656	**-0.02%**
BVAL China 10-year Note Yield	1.8088	1.8334	**-1.34%**

Metals:

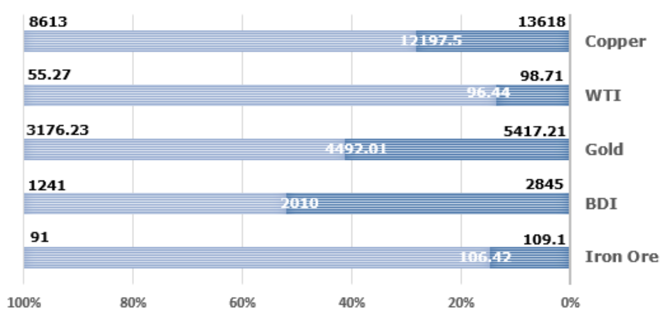
LME copper rebounded slightly last week. Recently, Mitsubishi Materials of Japan announced that its Onahama smelter located in Fukushima Prefecture, Japan, will stop copper concentrate processing and related smelting facility operations by the end of March 2027. Global copper smelting capacity has continued to decline this year. Previously, Australia, Chile, US, and Kazakhstan have all experienced varying degrees of output decline. A medium-to-long-term economic downturn caused by high inflation seems inevitable. Meanwhile, LME copper inventories have continued to accumulate to 360,000 tons, nearly doubling since late January. LME canceled warrants rose by 19% last week, indicating a potential increase in copper to be delivered from warehouses in the future.

Ferrous:

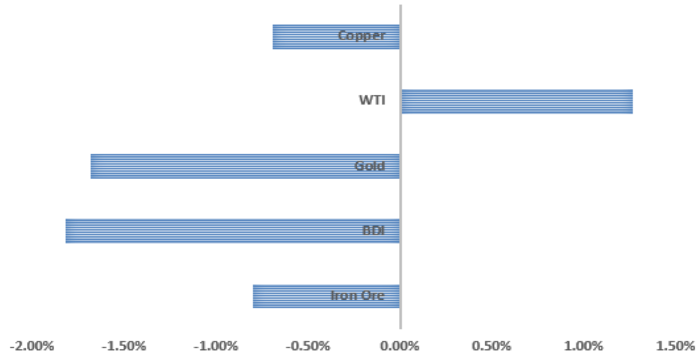
The impact of the typhoon on Australian ports has gradually faded, and ships exporting iron ore and coal have returned to normal. However, in terms of iron ore, amid negotiations between Chinese steel enterprises and Australian mines, the supply of medium-grade resources has fluctuated repeatedly in expectations. In the short term, shipping capacity in the Pacific is sufficient, coupled with locked-in freight prices, so the recent sharp rise in oil and chemical products prices should not drive up iron ore prices. It is worth noting that Australia's refined oil inventories are at a low level; if crude oil prices remain high, it will affect the operating costs of mines, ports and ships in the medium term.

In the future, the US could reduce steel and aluminum tariffs on Europe, and traders expect further expansion of the scope and extent of tax cuts. Steel in Southeast Asia and Japan has seen increased costs due to energy shocks, and prices have been raised in some regions. In addition, European demand has driven Turkey to increase steel exports.

Commodity Relative Price Range (past 52 weeks)

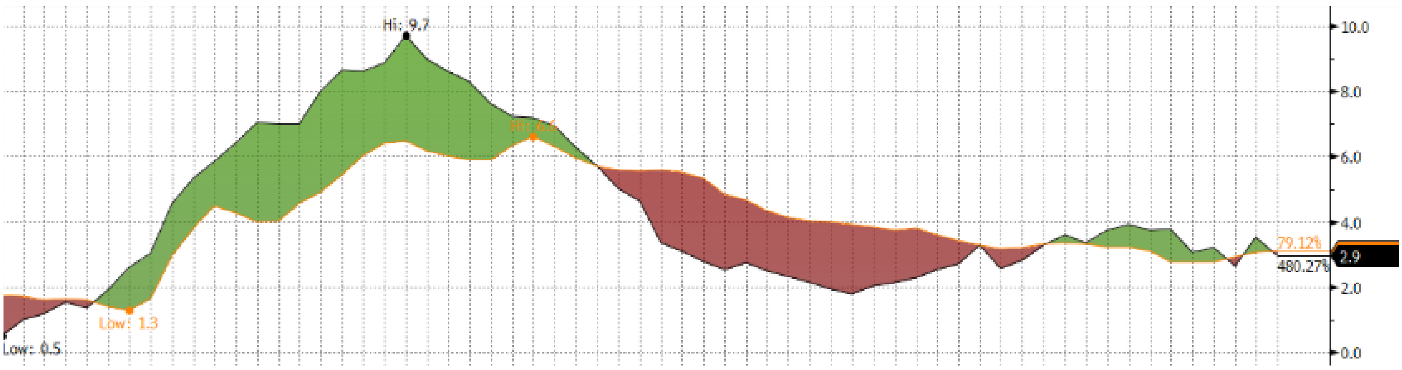


5 Day Moving Average Change on Commodities

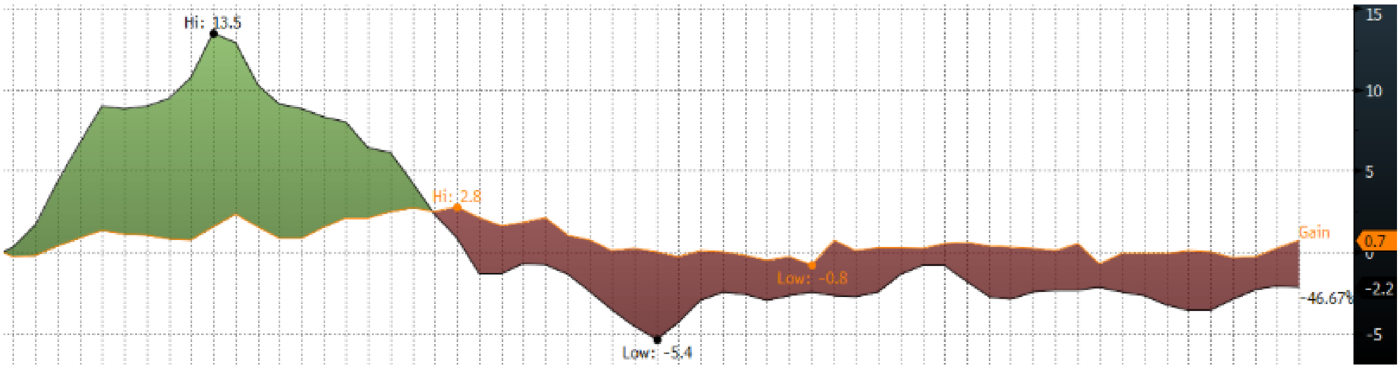


Sources：Bloomberg, FIS

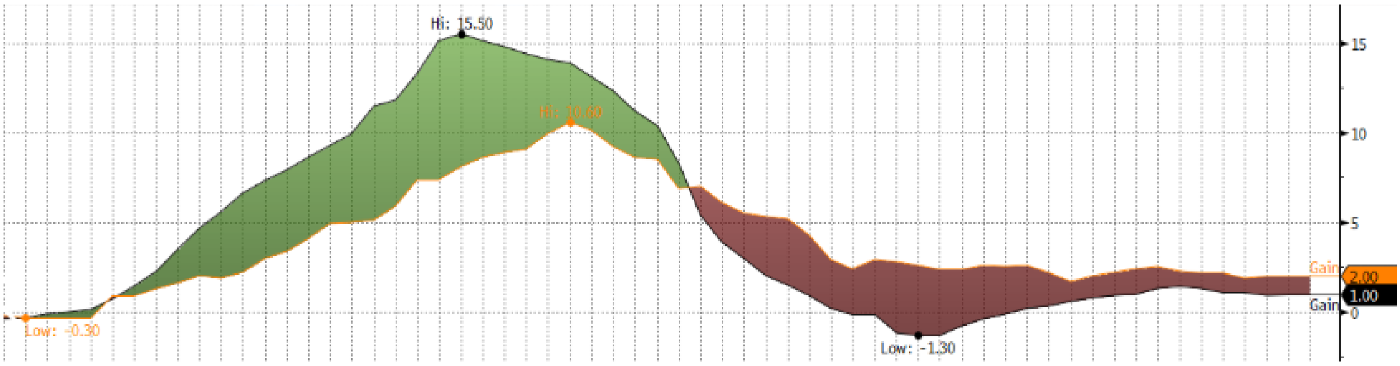
Past 5 year US PPI—CPI (Excl. Food and Energy)



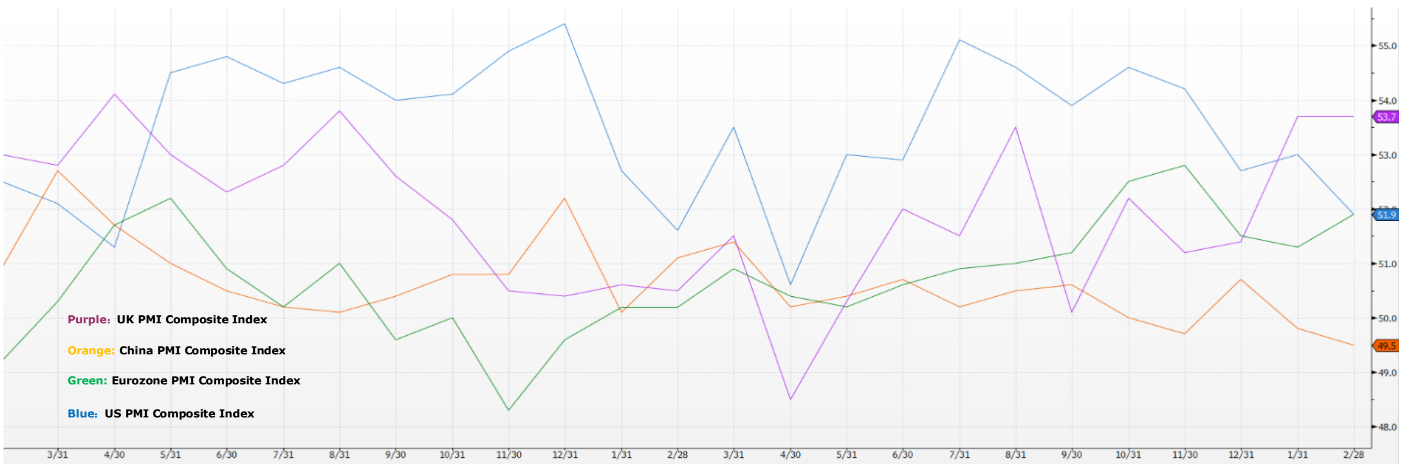
Past 5 year China PPI—CPI



Past 5 year EU PPI—CPI



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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