FIS

MACRO REPORT

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	Last	Previous	Changes %
US Dollar Index (DXY)	102.53	101.83	**+0.69%**
USD/CNY	6.6939	6.7015	**-0.11%**
US FOMC Upper Interest Rate	4.00	3.75	**+6.67%**
China Repo 7 day	1.41	1.41	**0.00%**
Caixin China Manufacturing PMI	52.10	51.50	**+1.17%**
Markit US Manufacturing PMI	55.20	53.10	**+3.95%**

Commentary:

Global Macro Markets:
US September nonfarm payrolls rose by only 29,000, sharply below the expected 84,000, marking the largest historical deviation between actual and forecast figures on record. Coupled with the upcoming US midterm elections, market expectations for an October rate hike have fallen by 2%.

US President Donald Trump has announced that he will not attack Iran before the 3 November midterm elections. The US and Iran continue indirect negotiations through mediators, and diplomatic channels have not been fully closed. However, the Strait of Hormuz remains closed, and Iran's Revolutionary Guard has further stated that it will shut down "illegal shipping lanes" within the strait, leaving prospects for restoring transit unclear. A Saudi airport came under attack, with regional security risks continuing to spill over. In addition, Trump has yet to facilitate a Russia-Ukraine ceasefire, and the geopolitical deadlock persists.

On the global trade front, the outcomes of the eighth round of US-China economic and trade consultations continue to advance: China will lower tariffs on 1,619 tariff lines, while the US will cut tariffs on 77 product categories, involving approximately $60bn in trade in total.

China's Q4 monetary policy signals for stabilising growth have strengthened further. PSL rates were cut and new relending quotas increased. The PBOC conducted RMB1.2tn in outright reverse repos, setting a record for the largest single rollover.

US Treasury yields hit a 14-year high in early October, exerting a siphoning effect on equities, commodities and other investment markets. However, with large-scale Treasury auctions and capital flowing back into different investment sectors, the marginal impact is gradually diminishing. Within commodities, precious metals and energy led gains, non-ferrous metals diverged, and ferrous metals came under pressure.

FFA:
Capesize rates fell sharply this week, with the Atlantic the weakest region. South Brazil and West Africa to China routes remained under pressure. The C3 rate declined from around $37/tonne early in the week to around $33/tonne. Ample ballasting tonnage exacerbated the market imbalance, and after November demand was largely realised, demand for the mid-to-late period entered a relative vacuum. Following China's National Day holiday, coupled with low steel mill profitability, mills continued to slow raw material restocking, leaving tonnage oversupply in Asia a prominent issue.

Panamax rates rose, with the Atlantic market strengthening throughout the week. Increased transatlantic demand helped absorb tonnage and improve sentiment, while ECSA delivery transatlantic voyage business was active. Fronthaul trade saw a record-high ballast bonus of $1.265mn, implying tight tonnage on that route. Higher US Gulf grain volumes supported Atlantic rate upside. The ECSA October tonnage list tightened, with prompt positions attracting the strongest interest.

Source: Bloomberg, FIS

	Last	Previous	Changes %
Shanghai & Shenzhen 300 Index	4317.25	4439.14	**-2.75%**
Dow Jones Industrial Average	51850.55	51267.90	**+1.14%**
FTSE 100 Index	10656.28	10497.94	**+1.51%**
Nikkei 225 Index	69030.92	68309.46	**+1.06%**
BVAL US 10-year Note Yield	5.2639	5.3032	**-0.74%**
BVAL China 10-year Note Yield	1.6513	1.6511	**+0.01%**

Supramaxes maintained a strong rebound. Chinese steel exports were stable, Asian nickel ore cargoes were steady, and prompt tonnage was relatively tight. European scrap demand was robust, while South Atlantic cargoes were stable. Indonesian coal exports face supply constraints, enhancing the competitiveness of smaller vessels.

Oil:
The crude oil market remains affected by the dual crisis in the Middle East and the Strait of Hormuz, with prices holding at elevated levels. The core tension is that Persian Gulf physical exports have largely recovered to pre-war levels, yet globally observable inventories remain at historic lows, with restocking demand providing sustained support.

The Brent/WTI spread remains elevated at $13–14/bbl, serving as a barometer of geopolitical risk premium. A Goldman Sachs model shows that the average risk premium embedded in September Brent crude time spreads reached $22/bbl, the second-highest monthly level on record and even exceeding the peak at the outbreak of the 2022 Russia-Ukraine war. Following supply disruptions, even as daily deliveries recover, the market still needs to make additional purchases to replenish reserves drawn down earlier.

On 8 October, the US Treasury imposed a new round of sanctions on 17 vessels transporting Iranian crude and petrochemical products. An estimated 20mn barrels of Iranian crude remain stranded on ships, and Iranian crude loading and unloading activity has effectively stalled. Diplomatic de-escalation signals have not prevented continued deterioration on the physical side.

Hurricane Isaias formed in the Gulf of Mexico on 7 October and was upgraded to the first hurricane of the 2026 Atlantic hurricane season on 8 October. As of noon on 8 October, oil and gas shut-ins surged to 1.283mn b/d, or 62.89% of current daily production. Natural gas shut-ins reached 1.127bn cubic feet/day, or 57.35%, providing additional short-term support to oil prices. The prospect of large volumes of Russian diesel entering the global market remains in a tug-of-war with Hormuz supply risk. The main caps on oil prices come from the possibility of a diplomatic breakthrough and the global economy's limited capacity to absorb high prices; in the near term, prices may remain range-bound at elevated levels.

Metals:
Copper: LME copper continued to strengthen, supported by mine supply risks and active Chinese import demand. LME data show that after a net outflow of 2,200 tonnes, copper inventories in registered warehouses fell to 233,025 tonnes, a seven-week low. The cancelled warrant ratio remains elevated at 44.86%. The global copper market's "destocking outside the US, restocking in the US" divergence has further solidified, with the COMEX/LME spread continuing to attract global copper resources into the US. Mine-side tightness is deepening: the copper concentrate TC index stood at -$237/dmt on 9 October, setting another record low. The strike at Antofagasta's Centinela copper mine in Chile has officially begun. Government-led compulsory mediation failed to reach an agreement, and the union said the strike will affect output from November.

Source: Bloomberg, FIS

	Last	Previous	Changes %
LME Copper 3 Month Rolling	14618.50	14420.00	**+1.38%**
LME Aluminium 3 Month Rolling	3052.50	3127.00	**-2.38%**
WTI Cushing Crude Oil	98.10	98.75	**-0.66%**
Platts Iron Ore Fe61%	90.60	91.35	**-0.82%**
US Gold Physical	4162.68	4164.18	**-0.04%**
BDI	2852.00	3148.00	**-9.40%**

Lithium: The lithium carbonate market continues its "strong physical, weak expectations" tug-of-war, with futures pricing still dominated by weak forward expectations. Near-term prices are expected to remain range-bound, while the medium term is shaped by both destocking support and expectations of incremental supply. Mine-side loosening expectations continue to build. Zimbabwean mine shipments have resumed and the Jianxiawo restart process is advancing, further reinforcing forward supply growth expectations and weighing on the futures curve. Growth in China's October production schedules slowed to 4%, with the market questioning the strength of the peak season and the sustainability of demand into next year. In the medium term, however, Q4 production schedules have been revised up across the board, with December potentially hitting a new high for the year. Destocking support and supply growth expectations offset each other, leaving prices without a clear directional driver in the near term. LFP and the energy storage chain are biased bullish, with projects coming online intensively and storage demand stable. Ternary materials are Neutral to Bearish, with Europe's restrictions on Chinese new energy exports posing a potential drag. On the policy side, if supporting measures under the 15th Five-Year Plan for the New Battery Industry are implemented, they may again support China's long-term new energy demand. Europe's push for independent development and localised self-sufficiency in the new energy industry will also expand demand for lithium salts, cobalt salts and other raw materials.

Cobalt: Cobalt costs continue to weaken. Cobalt intermediate CIF China/Japan/Korea prices continued to fall, with quotes still having room to probe lower; MHP cobalt payables stood at 59.5%, a historic low, and cobalt sulphate spot costs are near the break-even line, with cost support clearly weakening. No improvement is seen on the demand side, with ternary precursor and LCO producers maintaining just-in-time procurement only; post-holiday spot single-order demand is limited, and the consumer electronics peak season is underwhelming. Overall, with cost declines and weak demand reinforcing each other, cobalt prices remain under near-term pressure. Going forward, watch for supply disruptions near the cost line and downstream restocking signals.

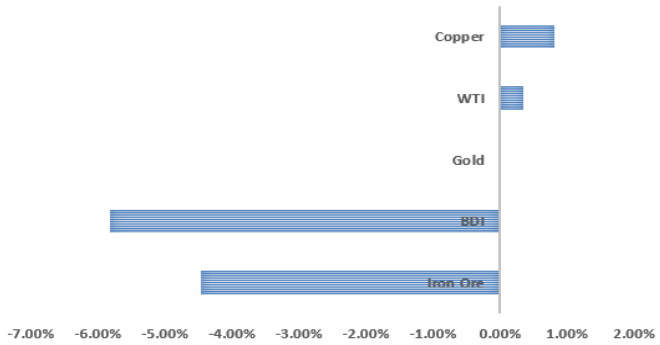
Ferrous:

Iron Ore: Following China's National Day holiday, the ferrous complex as a whole maintained a "rising supply, weak demand" pattern. Iron ore came under pressure and moved lower, with coking coal and coke correcting in tandem, while the shipping side saw Capesize rates weaken sharply, extending the negative feedback loop along the supply chain. Iron ore fundamentals remain weak. Port inventories are at historically high levels for the same period, with supply-side pressure persisting. On the demand side, fewer than 7% of sampled steel mills were profitable, constraining both production appetite and restocking capacity. Peak-season restocking is likely to remain cautious and need-based, lacking proactive restocking momentum, with clear caps on the upside.

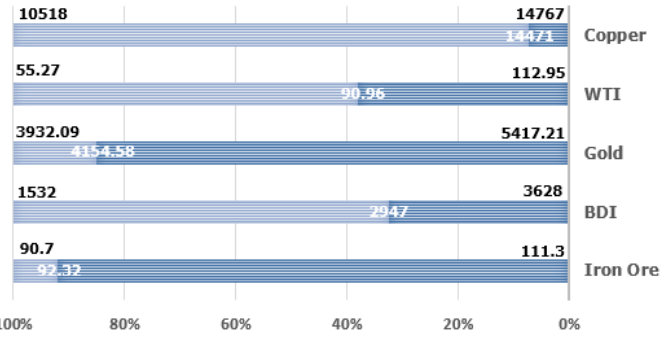
Coking Coal: Maintenance on the Daqin Railway, combined with road repairs at the Mongolian border, has reduced supply and transit efficiency, creating near-term supply-side disruption. Meanwhile, Indian demand is stimulating overall seaborne coal demand, providing marginal support for seaborne coking coal. Domestic supply-guarantee policy expectations are running ahead, but the actual resumption of production remains to be verified. The auction failed-bid rate has fallen from its high, with market sentiment recovering marginally. Overall, coking coal is supported in the near term by supply disruptions, but remains capped in the medium term by supply-guarantee and production-resumption expectations, with the near-term strong, forward weak pattern continuing.

Source: Bloomberg, FIS

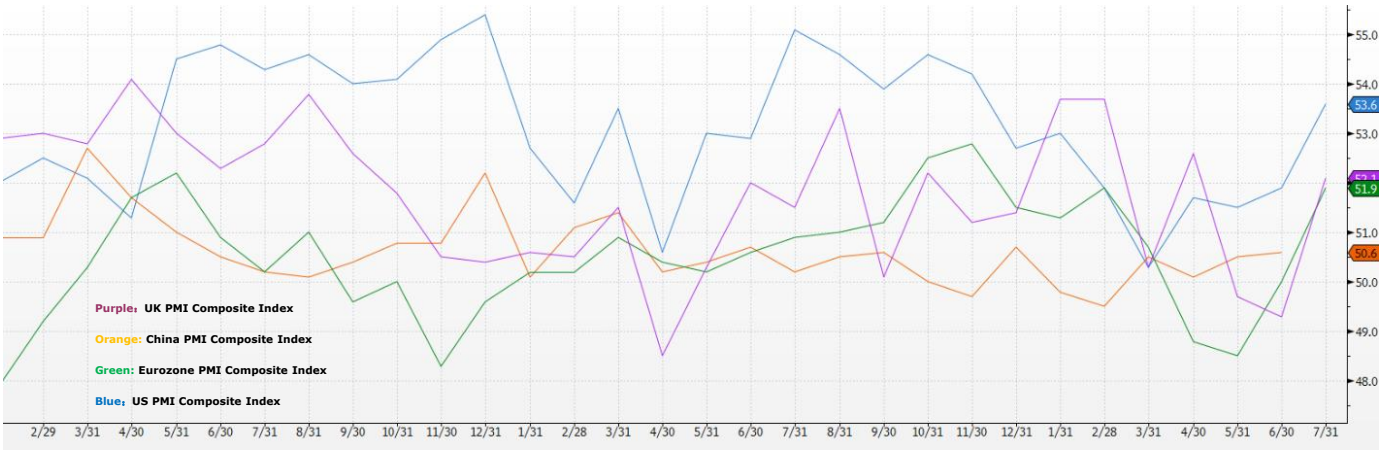
Commodity Relative Price Range
(Past 52 Weeks)



5 Day Moving Average Change
On Commodities

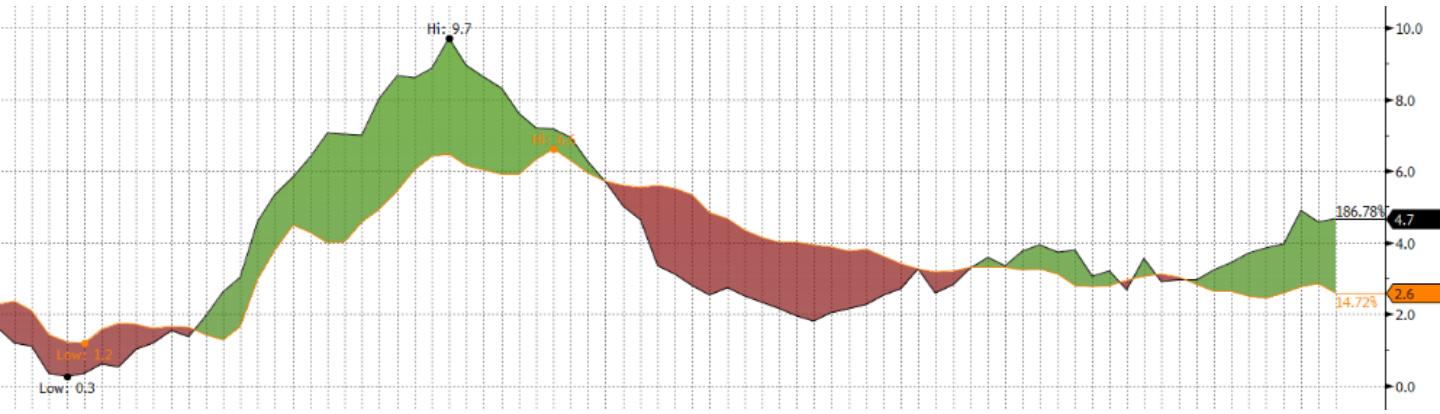


Past 3-year PMI Index

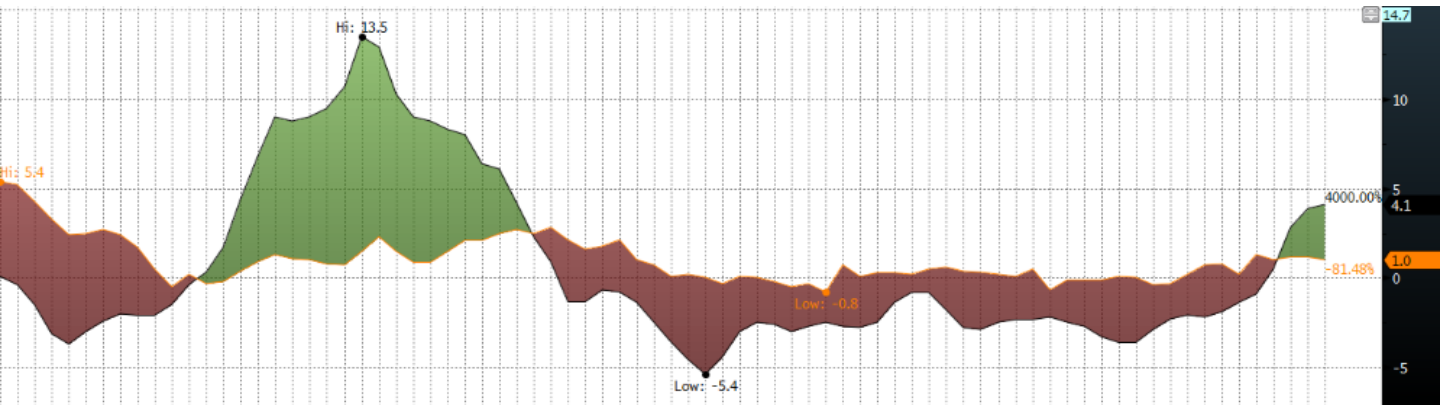


Source: Bloomberg, FIS

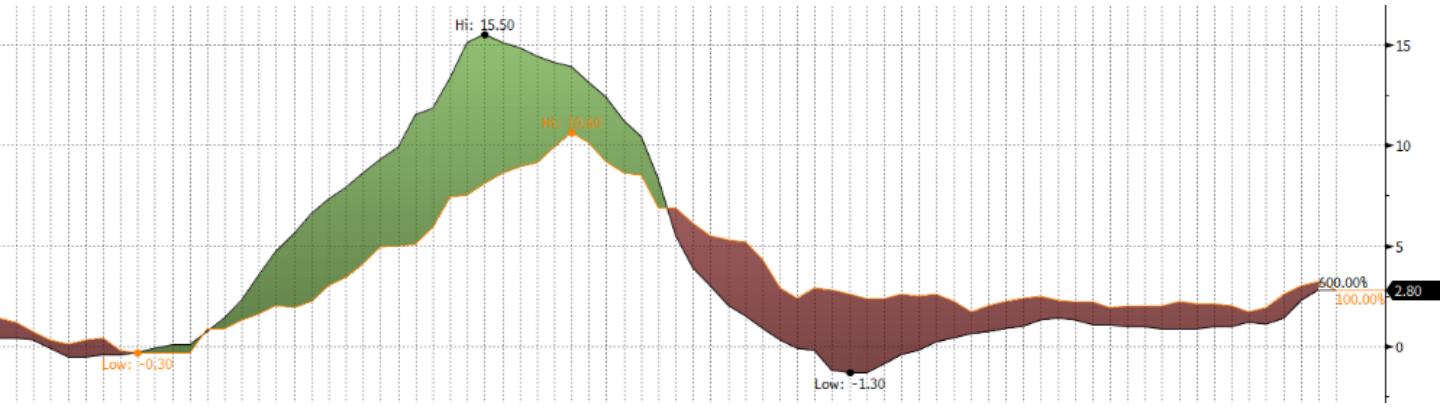
Past 5-year US PPI—CPI (Excl. Food and Energy)



Past 5-year China PPI—CPI



Past 5-year EU PPI—CPI



Source: Bloomberg, FIS

Fact Sheet

EMH: The Efficient Market Hypothesis was proposed by economist Eugene Fama in 1970. Fama was awarded the Nobel Prize in Economic Sciences in 2013. The EMH holds that, in a stock market with sound laws, efficient functions, high transparency and full competition, all valuable information should be reflected promptly, accurately and fully in share prices. Unless there is market manipulation, investors cannot consistently obtain returns above the market average.

Eurostat: Eurostat is the highest administrative body for EU statistics and is based in Luxembourg. The statistical system consists of Eurostat, the statistical institutions and central banks of EU Member States, Iceland, Norway and Liechtenstein.

FedWatch: CME Group's FedWatch tool allows investors to gauge market expectations of potential changes to the federal funds target rate quickly and efficiently.

Lagging Economic Indicators: Lagging economic indicators are indicators whose movements lag behind the economic cycle. For example, if the peak or trough of an indicator occurs several months after the peak or trough of the broader economic cycle, it is considered a lagging indicator. Common examples include the unemployment rate, material inventories and the volume of outstanding loans.

Leading Economic Indicators: Leading economic indicators are used to forecast economic trends. Common examples include unemployment insurance claims, the money supply, average weekly working hours, new housing construction and stock market trends.

US Rate-Hiking Cycle: The US rate-hiking cycle refers to a period during which the Federal Reserve raises the federal funds rate through decisions taken at its policy meetings.

Stagflation: Stagflation is an economic situation characterised by high inflation, with prices rising continuously, but little or no growth in employment or business activity.

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