

FIS Macro Report

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

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	Last	Previous	% Change
U.S. Dollar Index(DXY)	103.35	103.62	-0.27%
USD/CNY	6.8195	6.7839	0.52%
U.S. FOMC Upper Interest Rate	4.75	4.50	5.56%
China Repo 7 day	2.00	2.03	-1.48%
Caixin China Manufacturing PMI	49.20	49.00	0.41%
Markit U.S. Manufacturing PMI	46.70	45.50	2.64%

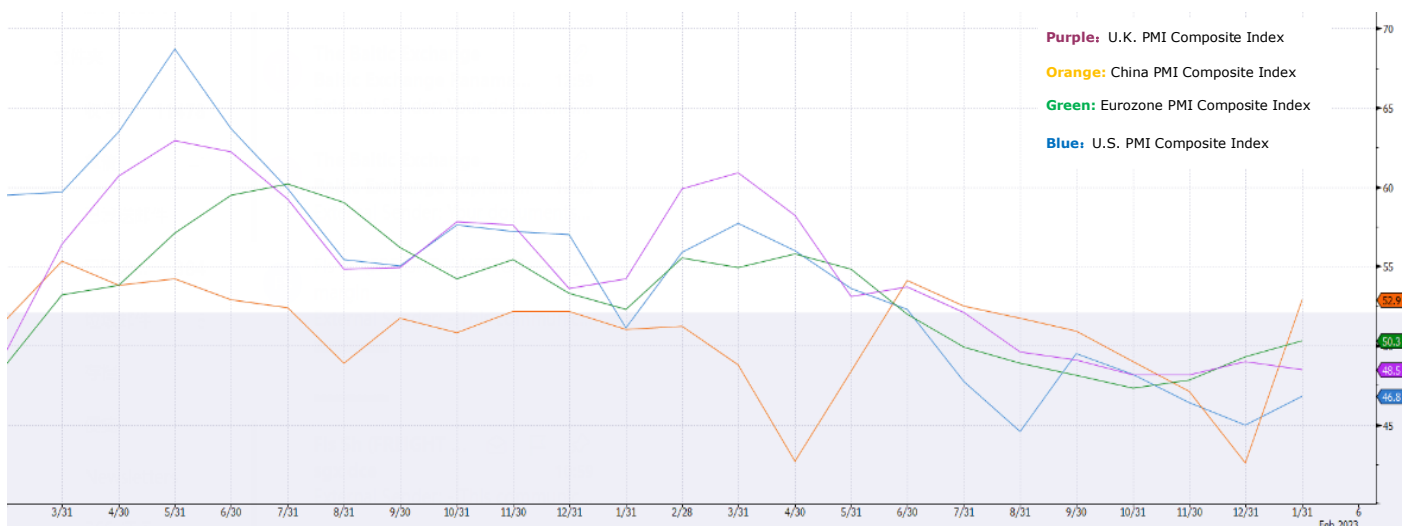
Market raised expectations on U.S. Federal’s Interest Hike

After the hawkish speeches from Federal members, most market participants expected an interest hike in the following months. However, the U.S. Federal Reserve clearly announced that the inflation control was far from a “success”. The slowdown on interest hikes doesn’t mean the market would turn to a QE phase. The investment market was too optimistic and overtraded the sentiment of a quit interest hike.

Some security houses macro research teams expected the interest rate peak would be 5.25-5.5% in May or June. However, the breakdown of each period would be equal to less or equal to 0.25%. In addition, the market was worried about the U.S. CPI data this Tuesday, potentially raising expectations of interest hikes again. In particular, energy prices had rebounded during the last month and resilient house rent. In addition, the U.S. BLS adjusted inflation indicated that Q4 inflation in the U.S. increased slightly, which did not agree with the expected “disinflation” previously.

EU increase the economy’s growth rate from 0.3% to 0.9%. At the same time, the EU decreased the inflation expectation from 6.1% to 5.6% in 2023. EU indicated that Euro potentially had escaped technical recession.

PMI Index

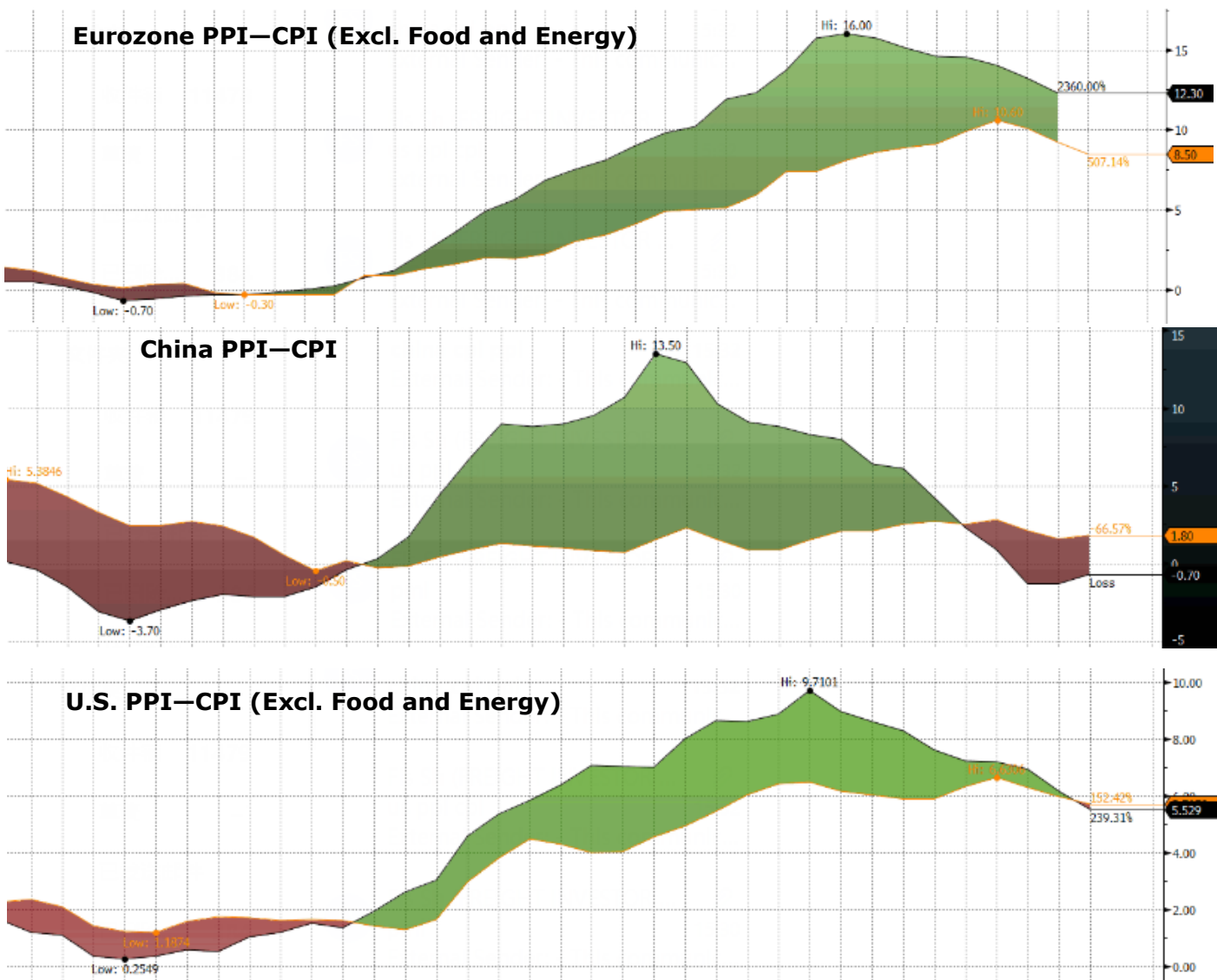


Sources: Bloomberg

	Last	Previous	
Shanghai&Shenzhen 300 Index	4106.31	4141.63	-0.85%
Dow Jones Industrial Average	34245.93	33891.02	1.05%
FTSE 100 Index	7947.60	7836.71	1.42%
Nikkei 225 Index	27427.32	27693.65	-0.96%
BVAL U.S. 10-year Note Yield	3.7071	3.6224	2.34%
BVAL China 10-year Note Yield	2.9084	2.9144	-0.21%

Goldman increased Chinese Economy Growth Rate

Goldman Sachs analysts Joseph Briggs and Devesh Kodnani predicted that the Chinese average economic growth rate would reach 6.5%, increasing by 1% from the last forecast in November 2022. The report mentioned that most of the major economies had prevented a recession, which clearly shows economic recovery in the near future. International trade, travel and consumption, and commodity demand will become the major contributors to China’s economic growth in 2023.



Sources: Bloomberg, FIS

	Last	Previous	
LME Copper 3 Month Rolling	8938.00	8871.50	0.75%
LME Aluminium 3 Month Rolling	2412.50	2533.50	-4.78%
WTI Cushing Crude Oil	80.14	74.11	8.14%
Platts Iron Ore Fe62%	121.85	124.05	-1.77%
U.S. Gold Physical	1856.24	1873.10	-0.90%
BDI	602.00	621.00	-3.06%

Commodity Outlook and Major Economists Event

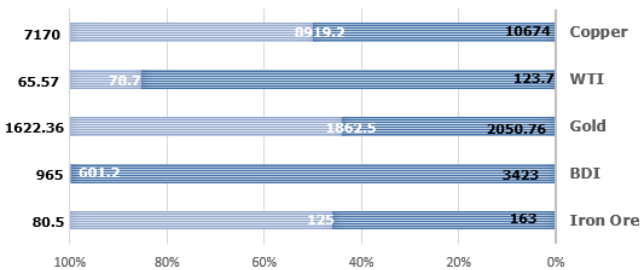
Fed Spectrometer: Fed Members' Policy Inclinations

2023 FOMC Voting Members [-2 = dovish/ 0 = neutral/ +2 = hawkish (1)]		Alternate Voters (2)	
Board of Governors			
Jerome Powell, Chair	+1	Helen Mucciollo, Interim First VP of FRB New York	N/A
Lael Brainard, Vice Chair of Board of Governor(3)	-2	Loretta Mester, Cleveland	+1
Michael Barr, Vice Chair for Supervision	0	Thomas Barkin, Richmond	0
Michelle Bowman, Governor	+1	Raphael Bostic, Atlanta	-1
Christopher Waller, Governor	+1	Mary Daly, San Francisco	+1
Lisa Cook, Governor	-1		
Philip Jefferson, Governor	0		
Voting Regional FRB Presidents			
John C Williams, New York	0	James Bullard, St Louis	+2
Austan Goolsbee, Chicago	-1	Esther George, Kansas City	+1
Patrick Harker, Philadelphia	0	Susan Collins, Boston	0
Neel Kashkari, Minneapolis	+2		
Lorie Logan, Dallas	0		
Non-Voters			

(1) Numerical ratings are subjective assessments of Bloomberg's U.S. Economics team based on recent comments.
 (2) Alternate Voters are non-voting unless required to vote in the absence of a voting member.

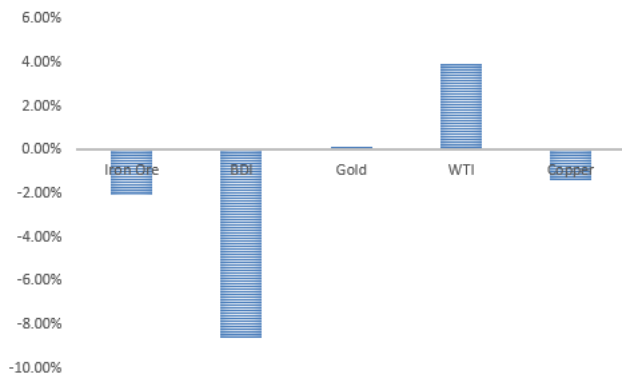
- On the left side, the Bloomberg Economics Fed Spectrometer subjectively classifies each governor or banker in a spectrum from -2(Dove) to +2(Hawk). Voters tilt Dovish in 2023 from this Spectrometer. The chart is updated weekly to observe the voters' decision on expectations as an early indicator of FOMC decision.

Commodity Relative Price Range



- Iron ore might see gains after the policies of China entered a muted month in February.

5 DAY MOVING AVERAGE CHANGE ON COMMODITIES



- The postponed laycans supported primary coals price.
- BDI retreated to the recovery in maritime capacity and the rally on the supply chain.
- Metals saw a correction as risk appetite shifted after the Fed announced a few hawkish views following the high non-farm payroll number.
- The oil and energy market saw a rebound as Russia cut oil production in March.

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.

U.S. 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

Edited by **Mopani Mkandawire**,

FIS Content Manager

News@freightinvestor.com, +44 207 090 1120

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