



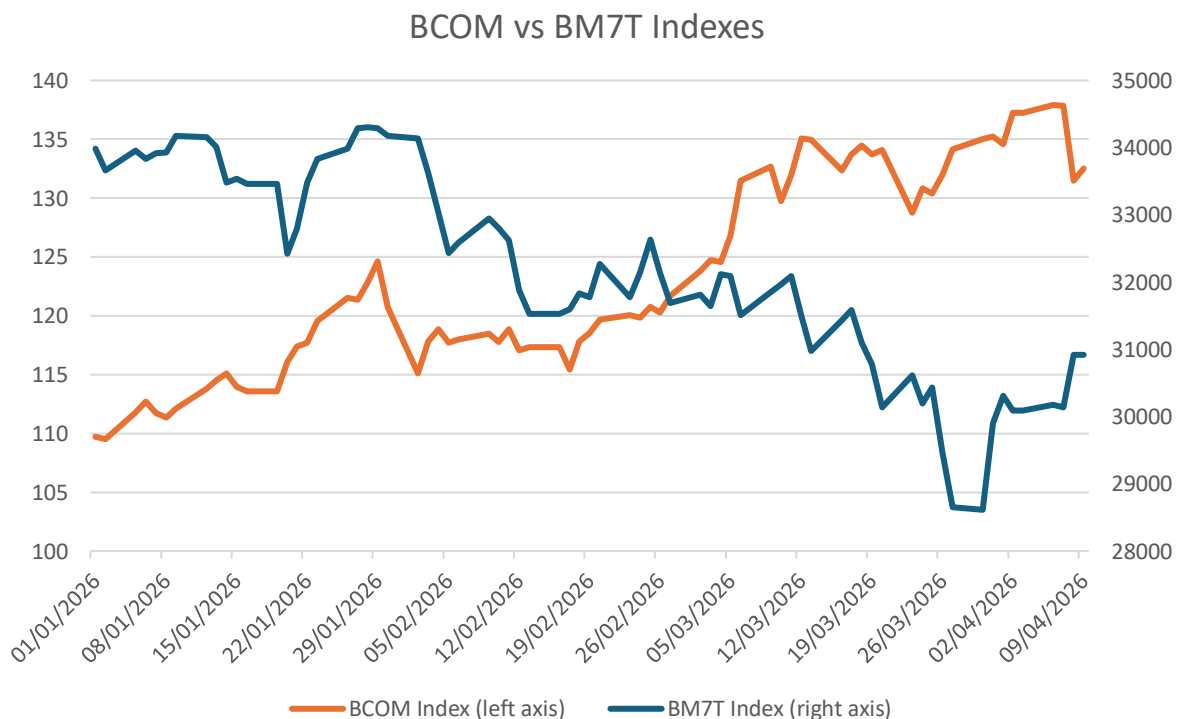
A Tale of Two Sectors: Tech & Commodities

The Magnificent 7 (Apple, Microsoft, Alphabet, Amazon, Meta, Nvidia and Tesla) have driven a significant share of recent equity market gains, accounting for roughly \$21.68tn of the S&P 500's market capitalisation at the end of 2025.

Since the start of this year, however, some of that momentum has faded. A divergence in performance has emerged across the group, alongside questions around whether rapid AI adoption could accelerate competitive disruption and shorten innovation cycles.

Over the same period, a very different narrative has unfolded in the commodities sector.

Geopolitical tensions, particularly in the Middle East, have pushed energy prices higher. The (periodically) disrupted Strait of Hormuz continues to act as a chokepoint for global energy flows, with effects spilling into fertilizers and, ultimately, future agricultural production. Meanwhile, copper, central to both electrification and semiconductor infrastructure, reached a record \$14,527.50/tonne on 29 January due to speculations on tariffs by the US.



BCOM - Bloomberg Commodity Index



BM7T - Bloomberg Magnificent 7 Total Return Index

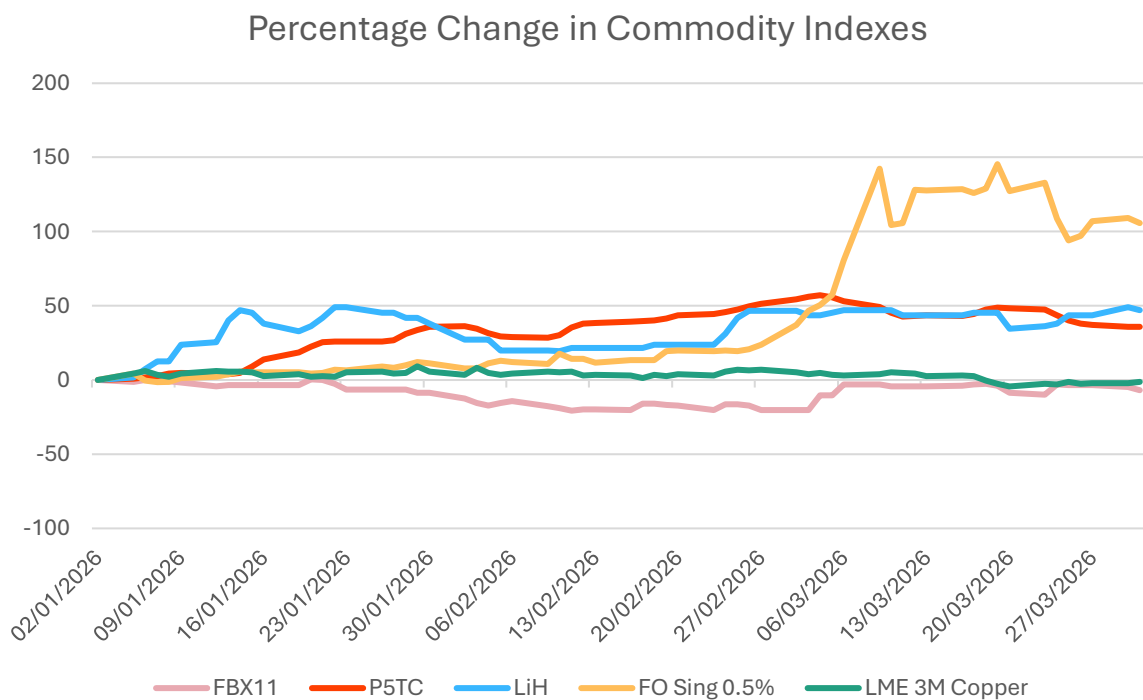
Source: Bloomberg

The divergence between the two sectors, which has become more pronounced since February 2026, can be attributed to several factors:

- Rising oil prices are feeding into inflation expectations, reinforcing a “higher-for-longer” rate environment that weighs on long-duration tech valuations.
- Significant capital expenditure, particularly in data centres and supporting infrastructure (with estimates exceeding \$650bn in 2026), is likely to compress margins for tech companies.
- Investor positioning appears to be rotating towards more defensive assets, including energy, critical materials, and defence.

By contrast, commodities have been supported by supply-side shocks and macro uncertainty. The strategic importance of the Strait of Hormuz and its impact on freight transportation, combined with safe haven flows into precious metals, has driven strong performance across the complex, with metals playing a significant role in broader index gains.

Taken together, this suggests a weakening correlation between tech and commodities, an increasingly relevant dynamic from a diversification* standpoint.





FBX 11 – Container Route China/ East Asia to Northern Europe

P5TC – Panamax Time Charter Average

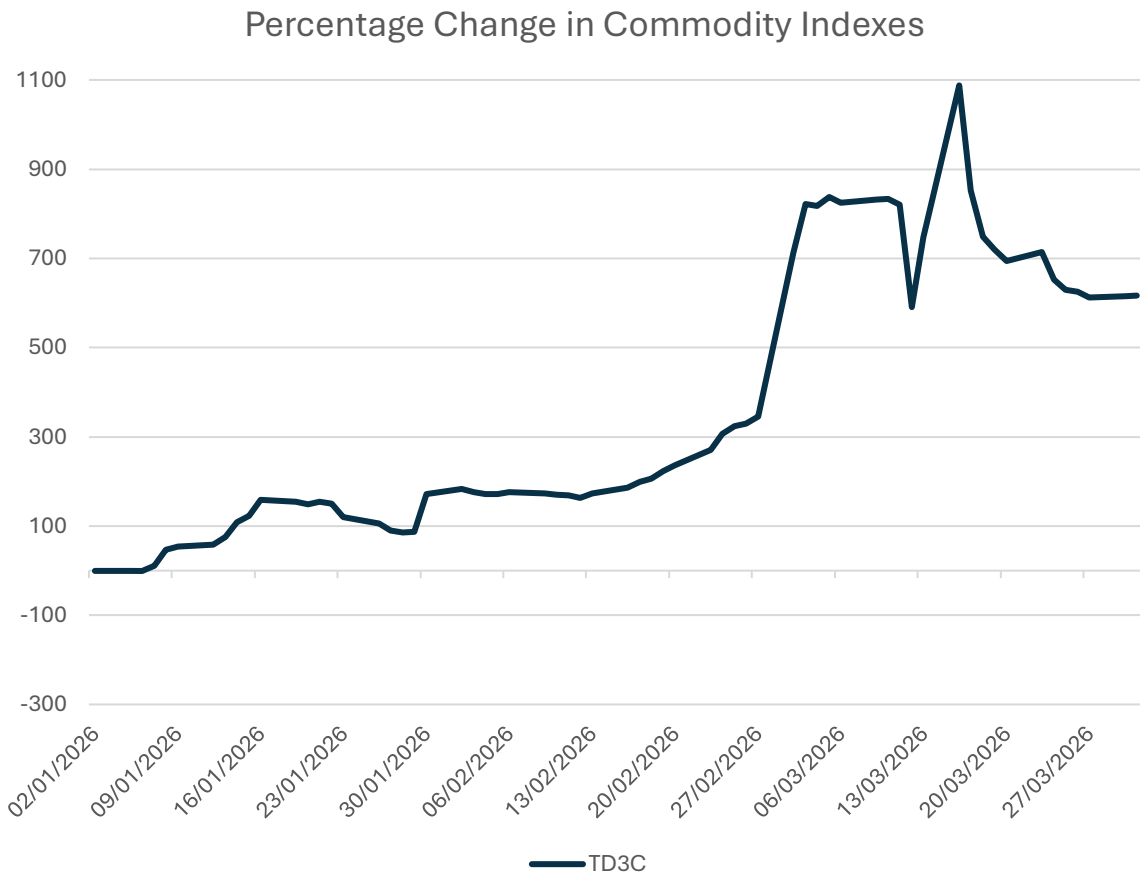
LiH – Lithium Hydroxide Futures

FO Sing 0.5% - Singapore Fuel Oil 0.5%

LME 3M Copper – London Metals Exchange 3m copper

Source: FIS Live, The Baltic Exchange, LME

While the performance of these commodities has been notably strong since the beginning of 2026, the wet freight market has experienced a parabolic rise, largely driven by supply constraints and the disruption of a key trade route.



TD3C – Tanker Route Middle East Gulf to China

Source: FIS Live

The key question now is whether this divergence is cyclical, or the early stages of a more structural reallocation.



**Diversification does not ensure a profit or guarantee against loss*

For more information, please contact enquiry@freightinvestor.com

Sources:

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Bloomberg – *Blomberg Commodity Index (BCOM) factsheet*

Companies Marketcap - *Largest Companies by Marketcap*

Financial Times - *Chart of the Week: A diverging Magnificent Seven*

IEA - *Copper prices have hit record highs, but smelters face mounting strategic pressures*

FIS Live – *Commodity pricing data*

The Baltic Exchange - *Commodity pricing data*

London Metals Exchange – *Commodity pricing data*

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