

	Last	Previous	Changes %
US Dollar Index (DXY)	99.64	99.91	-0.27%
USD/CNY	6.7595	6.7786	-0.28%
US FOMC Upper Interest Rate	3.75	3.75	0.00%
China Repo 7 day	1.47	1.41	4.26%
Caixin China Manufacturing PMI	51.80	52.20	-0.77%
Markit US Manufacturing PMI	56.70	55.70	1.80%

Commentary:

Global Macro Markets:

US and Iran reached a ceasefire agreement over the weekend, with a deal to reopen the Strait of Hormuz on June 19th. Market narratives shifted from prolonged geopolitical hedging to recovery plays, triggering a sharp rally across major global equities while crude oil and shipping freight rates slumped simultaneously. Industrial metals posted muted price moves, as capital has gradually unwound geopolitical trades over the past several months. Nevertheless, the truce faces lingering near-term uncertainties: acceptance of this temporary truce by other Middle Eastern nations, mine-clearance operations in the waterway, and the rollout of a new transit toll regime cannot be resolved overnight.

Global industrial value-added is recovering rapidly. If crude prices decline further down the line, the driver of industrial output will shift from lower energy costs to manufacturing capacity restarts, meaning aggregate growth momentum is unlikely to cool off abruptly. This week marks Super Central Bank Week. Easing energy price expectations have dampened fears of accelerating inflation, opening the door for major global central banks to pause their current rate-hiking cycles.

FFA:

Capesize time charter rates and freight rates extended losses this week. After hitting a peak of \$52,000/day, rates corrected 35% in just 12 trading sessions. Charterers resisted elevated pricing, while easing geopolitical tensions are set to reduce ton-mile demand, together triggering a steep slump. On the cargo side, major iron ore miners logged year-to-date export highs in June, whereas wet seasons curbed bauxite shipments out of West Africa. On the supply side empty tonnage in the Pacific hit an annual peak.

Panamax rates stayed flat last week amid a phased pullback in coal imports to Southeast Asia and India. Grain routes remained steady with consistent grain loadings from Brazil, while an abundance of ballasting vessels capped market upside.

Supramax outperformed larger bulk carriers, with the weekly index minimally changing, as some Panamax cargo demand shifted to Supramax trades. Cargo fundamentals were supportive: nickel ore shipments picked up, steel exports from North China held steady, and China's aluminium exports kept hitting three-year highs. Guinea is set to introduce bauxite export restrictions in June, though policy details remain unconfirmed.

	Last	Previous	Changes %
Shanghai & Shenzhen 300 Index	4777.32	4816.92	-0.82%
Dow Jones Industrial Average	51671.03	50786.01	1.74%
FTSE 100 Index	10430.62	10373.20	0.55%
Nikkei 225 Index	69317.50	64024.60	8.27%
BVAL US 10-year Note Yield	4.4909	4.5878	-2.11%
BVAL China 10-year Note Yield	1.7494	1.7279	1.24%

Should unimpeded transit resume through the Strait of Hormuz, medium and small-sized bulk tonnage may divert from the Pacific and US Gulf to European trades.

Oil:

Oil markets saw a dramatic trend shift in 2026, with pricing logic shifting swiftly from “geopolitical risk premium” to “peace discount” and weekly volatility topping 15%. Despite the full erosion of conflict premiums, crude prices have not rebounded to pre US-Iran conflict levels, as markets remain cautious about Gulf vessel queue duration and marginal supply recovery after transit resumption. Investment banks hold split views on supply recovery: bullish forecasts flag 50% offshore supply restoration by September, while consensus expects a 6-month recovery cycle due to logistics bottlenecks and residual crisis risks. Outstanding headwinds include mine clearance, transit tolls, vessel queue clearance and infrastructure restarts. A 60-day window supports importers’ inventory restocking, though mismatches between cargo arrivals and refinery deliveries may trigger short-term supply disruptions.

On the demand front, the EIA made a substantial downward revision to 2026 global oil demand growth. The agency cut its full-year demand forecast from a 1.2mn b/d rise projected in Q1 to a 1.1mn b/d decline in the latest report. Meanwhile, US commercial crude stocks fell for seven straight weeks to 426.5mn barrels in June, approaching historical lows.

Excluding geopolitical risk premiums, crude market fundamentals remain tight with no supply surplus. Nevertheless, oil prices will face sustained near-term downside pressure as markets continue pricing in Middle East conflict de-escalation.

Metals:

Copper: Copper traded cautiously early last week amid lingering pressure from rate-hike expectations, yet market sentiment rebounded markedly after the US-Iran ceasefire agreement was reached over the weekend. China’s weekly copper concentrate TC index slumped to an all-time low of \$119/dmt, and steep smelting losses underscore severe concentrate scarcity. Key supply headwinds include the delayed restart of Indonesia’s Grasberg mine until late 2027, power supply risks in Peru, and a global sulfur shortage. Ivanhoe Mines also cut production guidance for the Kamoanga copper mine, lowering its 2026 copper anode output target from the prior 380,000–420,000 mt to 290,000–330,000 mt. In addition, Zambia’s three major smelters will undergo concurrent maintenance from June to September, cutting local cathode copper output by nearly 50%. Inventories diverged regionally in Q2: LME stocks kept drawing down

	Last	Previous	Changes %
LME Copper 3 Month Rolling	13745.00	13615.50	0.95%
LME Aluminium 3 Month Rolling	3379.50	3604.00	-6.23%
Wti Cushing Crude Oil	80.75	91.30	-11.56%
Platts Iron Ore Fe61%	102.20	100.30	1.89%
US Gold Physical	4321.03	4260.85	1.41%
BDI	2720.00	2981.00	-8.76%

while COMEX inventories built up, with copper cargoes flowing from Europe to the US. Three core variables will steer copper prices going forward: global economic recovery following de-escalation, the trajectory of interest-rate trades, and the implementation timeline of US tariffs.

Lithium: Lithium staged a recovery last week. Delayed resumption of Jiangxi mines and salt lake facility maintenance squeezed marginal supply, while a month-on-month rise in June battery production schedules is expected to support demand.

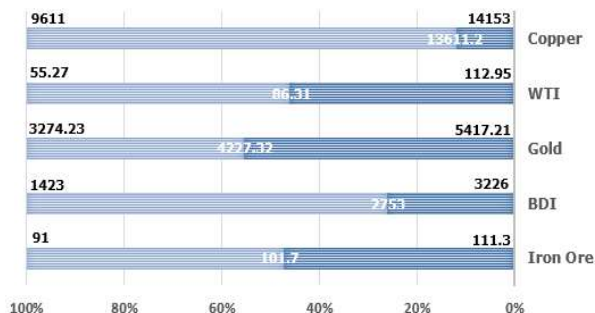
Cobalt: Cobalt faces weaker near-term demand and incoming supply pressure from concentrated port arrivals in Q3, dragging prices lower.

Ferrous:

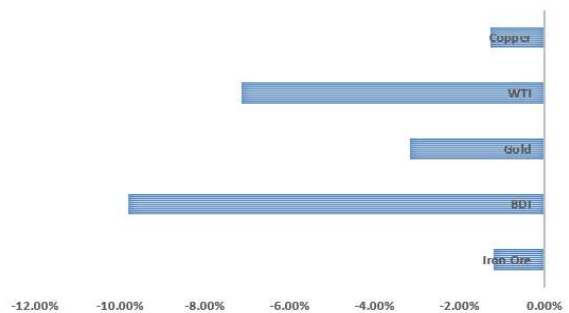
Iron ore supply expanded amid robust shipments. Near-term demand remains firm as hot metal output hovers at an annual high. Nevertheless, steel production is set to cool off around late June due to rainy seasons in East China, followed by high-temperature output curbs in July and August.

China released a three-year decarbonization roadmap for manufacturing sectors, which caps long-term coal demand outlook while supporting steel valuations. Coal supply is showing divergent trends: slow mine resumption in Shanxi Province plus nationwide safety inspections in June limit incremental coke supply, with the eighth round of coke price hikes fully implemented. Meanwhile, coal border clearance volumes from Mongolia rebounded to an annual peak. Abundant nearby-month coking coal warehouse receipts on the DCE continue to weigh down overall valuations.

Commodity Relative Price Range (Past 52 Weeks)

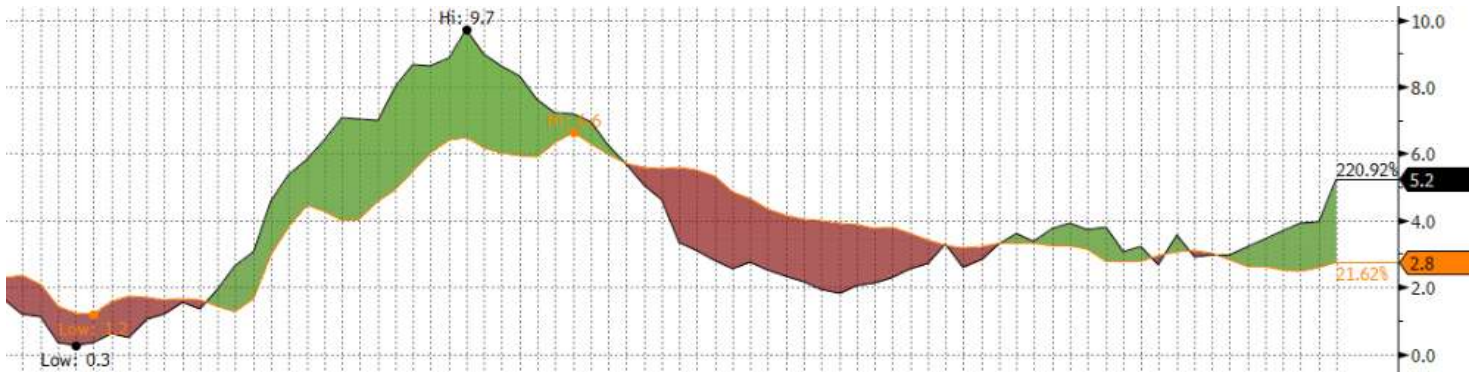


5 Day Moving Average Change On Commodities

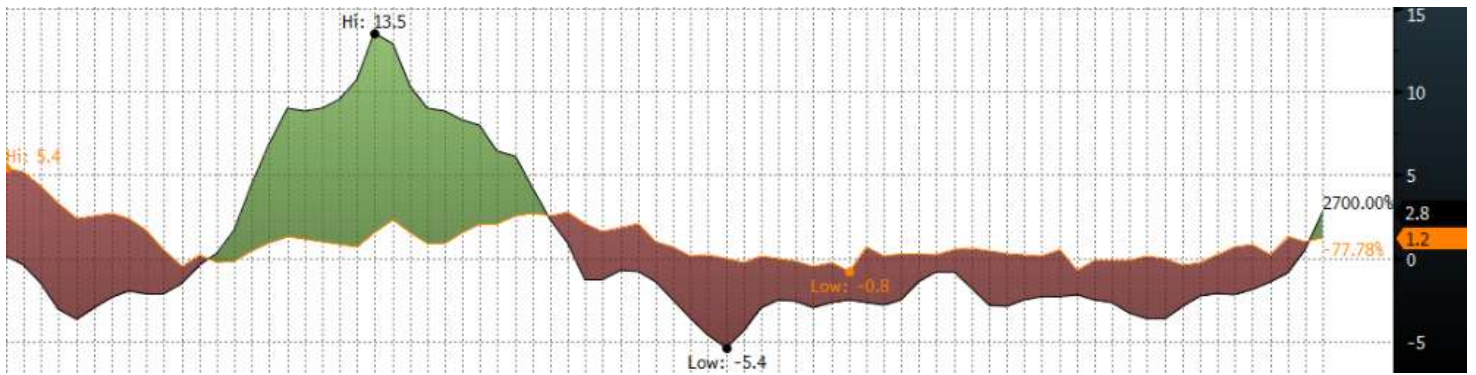


Source: Bloomberg, FIS

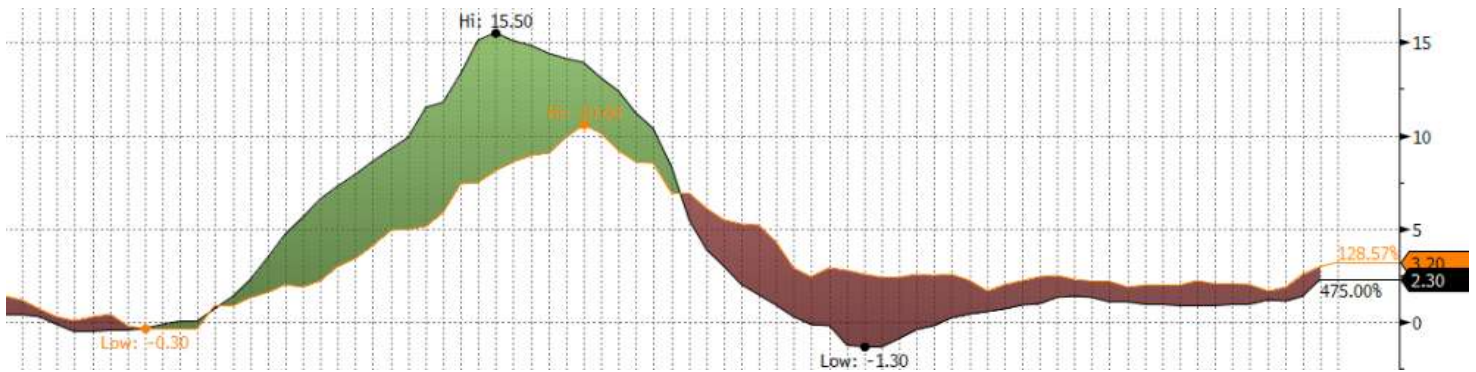
Past 5-year US PPI–CPI (Excl. Food and Energy)



Past 5-year China PPI–CPI



Past 5-year EU PPI–CPI



Past 2-year PMI Index



Fact Sheet

EMH: Efficient Market Hypothesis: proposed by Eugene Fama in 1970, Economist, and Nobel Prize Winner in 2013. The EMH states that in the stock market with robust regulation, effective market functioning, high transparency, and full competition, all valuable information should be reflected in a timely, accurate and complete manner 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: 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 quickly and efficiently gauge the market's expectations for potential changes to the Fed Funds target rate.

Lagging Economic Indicators: Refer 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 used to forecast on economic trend. The most common indicators are unemployment insurance application rate, money supply, weekly average working hours, new house construction rate, and stock index trend.

US Rate-Hiking Cycle: Refers to the decision of the Management Committee of the Federal Reserve System to adjust the monetary policy and raise the federal funds rate following its policy meeting.

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
haop@freightinvestor.com