

	Last	Previous	Changes %
US Dollar Index (DXY)	101.33	101.41	-0.08%
USD/CNY	6.80	6.79	0.02%
US FOMC Upper Interest Rate	3.75	3.75	0.00%
China Repo 7 day	1.54	1.53	0.65%
Caixin China Manufacturing PMI	51.80	52.20	-0.77%
Markit US Manufacturing PMI	56.70	55.70	1.80%

Commentary:

Global Macro Markets:

The Federal Reserve's June dot plot reinforced its hawkish stance, with half of policymakers pricing in potential rate hikes for the remainder of the year. Meanwhile, core PCE rose 3.4% YoY in May, hitting a three-year high as inflation persistence exceeded market expectations. The US June Composite PMI climbed to 52.2, a five-month peak, reflecting strengthening economic recovery momentum. China's manufacturing PMI printed at 50.3, bolstered by robust AI-linked export demand; external demand markedly outperformed domestic consumption, pointing to mild economic expansion amid structural divergence.

The European Central Bank increased its rates by 25bp, marking the first tightening move among major advanced economies in this cycle. The Bank of Japan surprised markets with an additional 25bp policy rate lift, widening divergence in global monetary stances. On the geopolitical front, marginal de-escalation in the Middle East triggered a sharp correction in crude oil prices, while the US Dollar Index briefly hit a 13-month high. A broad risk-off sentiment swept global markets, sending US tech equities, industrial metals, non-ferrous metals and precious metals into steep declines. Looking ahead to H2, a gradual pullback in energy prices is set to ease global inflationary pressures, creating room for major central banks to slow their tightening cycles. Marginal liquidity improvement will likely underpin real purchasing power across commodity markets.

FFA:

Capesize freight rates corrected over the week. With Australia's fiscal year-end cargo push completed, ore export volumes are set to shrink in July. A potential industrial strike at BHP has been averted temporarily, yet recurring labour disputes remain a latent risk. The earlier slump had fully priced in bearish drivers including lower bunker costs and expanded available tonnage supply.

Panamax rates edged up modestly. Coal restocking demand softened as coastal power plants across Asia held elevated coal inventories; meanwhile, high summer temperatures dampened Chinese coking coal consumption. Grain export volumes from the US, Brazil and Argentina all retreated last week, jointly triggering a substantial pullback in time charter and voyage freight rates.

	Last	Previous	Changes %
Shanghai & Shenzhen 300 Index	4926.92	5059.66	-2.62%
Dow Jones Industrial Average	52182.74	51712.71	0.91%
FTSE 100 Index	10484.22	10437.85	0.44%
Nikkei 225 Index	69468.11	72353.96	-3.99%
BVAL US 10-year Note Yield	4.3913	4.5290	-3.04%
BVAL China 10-year Note Yield	1.7156	1.7320	-0.95%

Supramax rates edged down after a sustained rally, amid slower fixture activity. Market participants anticipate a mild contraction in Guinea's bauxite shipments in the coming period. Australia's fiscal year-end in July is likely to weigh on its mineral and bauxite export volumes. On the countervailing side, aluminium and fertilizer exports from the Gulf region are recovering step-by-step to shore up ton-mile demand.

Oil:

Over the past week (June 23–30), the crude oil market completed its final leg lower as pricing transitioned fully from a war-premium regime to post-conflict fundamentals. Sustained vessel transit recovery through the Strait of Hormuz accelerated the release of stranded crude barrels into global circulation, erasing nearly all geopolitical risk premium. Brent crude briefly slipped below USD 72 per barrel – matching the closing price registered on February 27, one day before the outbreak of US-Israel-Iran hostilities. Market narrative risks a rapid shift from supply panic to supply surplus.

Nevertheless, the sharp price correction does not signal normalized fundamental balances. Global oil inventories stand at their lowest level in four decades: US SPR fell to 325.7 million barrels, a trough unseen since 1983, while Cushing inventories breached the 20 million barrel operational critical threshold. The IEA's June report noted that global stock drawdowns are running at record rates despite notable demand contraction. Energy research institutions forecast crude prices will rebound to a \$80–90/b range in H2. The market is caught between two opposing forces: the unwinding of geopolitical premiums, and extreme inventory tightness paired with anticipated large-scale restocking cycles ahead. OPEC+ has lifted production quotas for four consecutive months. Following the UAE's withdrawal from the alliance, Iraq has also announced its exit, accelerating the pace of supply restoration. That said, residual geopolitical risks and summer global fuel demand restocking will provide near-term price support.

Metals:

Copper: Today is the deadline for the US Commerce Department to submit its Section 232 tariff probe report to US President. Current tariffs already levy steep duties on select semi-finished copper products and derivatives. Markets are closely watching if refined copper will be covered under the new tariff perimeter. In anticipation of potential new levies, importers front-loaded massive copper shipments to COMEX, where stockpiles have jumped from 80,000 tons in February to a record high of 650,000 tons. Monthly average US refined copper imports from Jan 2025 to May 2026 nearly doubled compared to the 2024 monthly average.

	Last	Previous	Changes %
LME Copper 3 Month Rolling	13278.50	13649.00	-2.71%
LME Aluminium 3 Month Rolling	3088.00	3364.00	-8.20%
Wti Cushing Crude Oil	70.75	74.82	-5.44%
Platts Iron Ore Fe61%	98.90	97.60	1.33%
US Gold Physical	3988.54	4117.19	-3.12%
BDI	2490.00	2722.00	-8.52%

Lithium: Market expectations for supply-side mine resumption heated up rapidly following news that the Jianxiawo lithium mine obtained safety operation permits. Separately, lithium ore shipments from Zimbabwe will arrive in China in July, while Australian spodumene deliveries are poised to hit an all-time high in June amid fiscal year-end shipment push. Nevertheless, demand retains solid resilience with cathode material order books staying full.

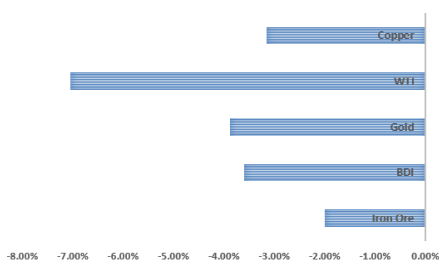
Cobalt: ARECOMS of DR Congo announced it will revoke all unused cobalt export quotas allocated for H1 and reassign them to state-controlled entities, marginally tightening global primary cobalt supply. ARECOMS specified that any quotas issued for January–June left unused by June 30 will be confiscated and automatically transferred to its strategic quota pool. global consumer electronics demand remains weak, power battery chemistries are shifting toward high-nickel low-cobalt formulations this year, and lithium iron phosphate (LFP) cathodes continue to substitute cobalt-containing materials. Fundamentals lack support for aggressive downstream restocking of cobalt salts, limiting both the magnitude and duration of any price rebound.

Ferrous:

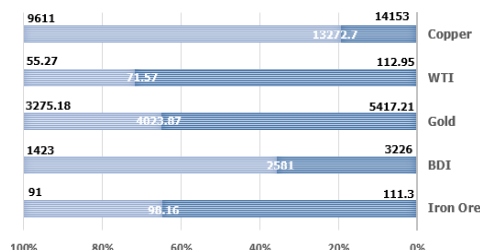
Iron ore has posted seven consecutive weekly declines. Inventories across China's 45 major iron ore ports stand at 168 million tonnes, staying at a cyclical historical high. Despite the wrap-up of Australia's fiscal year-end shipment push, inbound arrivals will remain heavy through the first half of July. Sharp declines in dry bulk freight rates have triggered downward revisions to iron ore valuation. Market rumors of volatile negotiations between CRMG and FMG raise risks of disruptions to FMG's long-term contract ore shipments. Steady ramp-up of Simandou shipments in H2 is set to further ease structural tightness in the high-grade iron ore segment.

Domestic mine resumption in Shanxi proceeds at a sluggish pace, while ore clearance volumes at Mongolia border crossings have fallen recently. Meanwhile, massive volumes of iron ore warehouse receipts on the DCE continue to cap derivative market performance.

Commodity Relative Price Range (Past 52 Weeks)

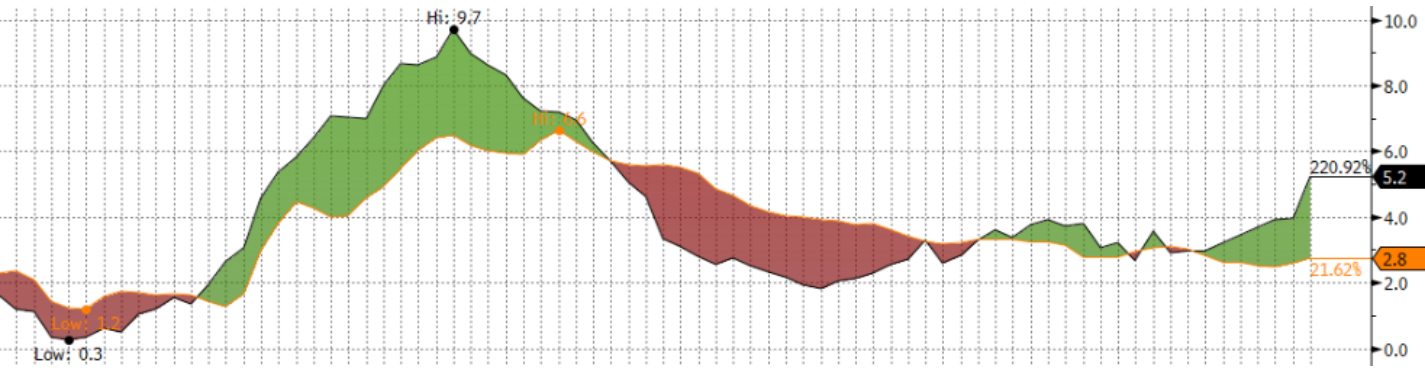


5 Day Moving Average Change On Commodities

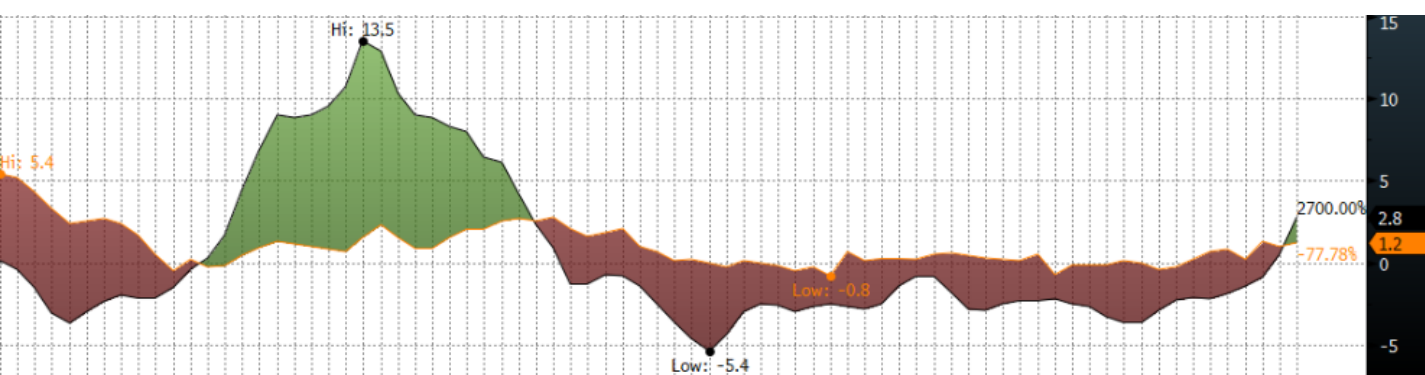


Source: Bloomberg, FIS

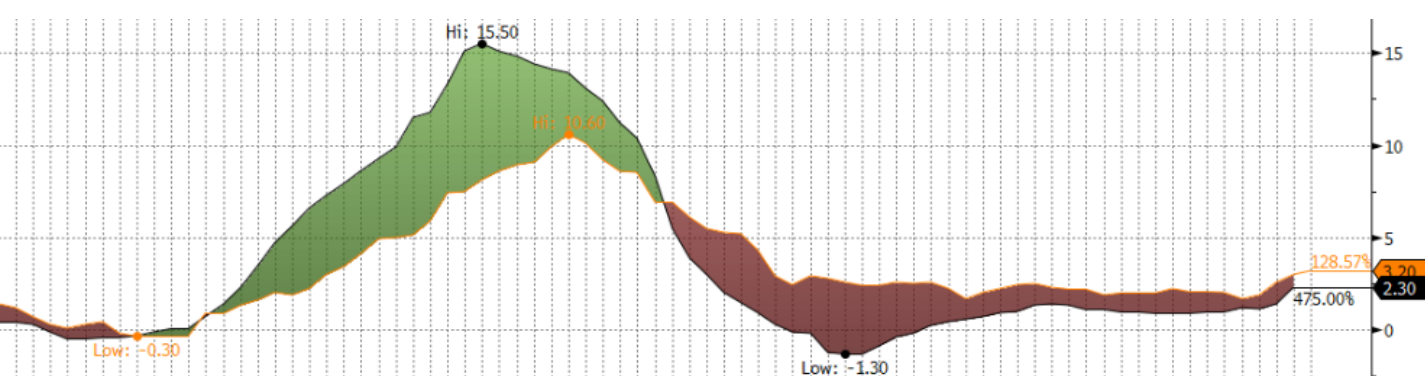
Past 5-year US PPI—CPI (Excl. Food and Energy)



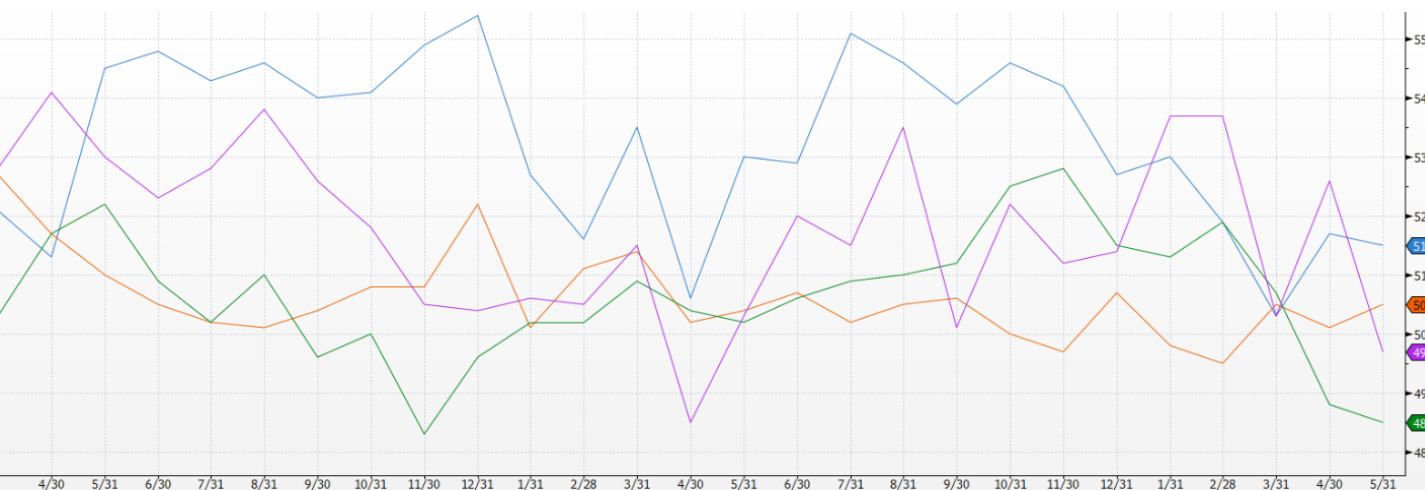
Past 5-year China PPI—CPI



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 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.

Written by **Hao Pei**,
FIS Senior Research Analyst
haop@freightinvestor.com