

	Last	Previous	Changes %
US Dollar Index (DXY)	100.03	99.22	0.82%
USD/CNY	6.7836	6.7623	0.31%
US FOMC Upper Interest Rate	3.75	3.75	0.00%
China Repo 7 day	1.41	1.37	2.92%
Caixin China Manufacturing PMI	51.80	52.20	-0.77%
Markit US Manufacturing PMI	56.70	55.70	1.80%

Commentary:

Global Macro Markets:

Global markets traded around two core themes last week. Stronger-than-expected U.S. employment data pushed back rate cut expectations, while tensions in the Middle East eased. Market participants have delayed forecasts for Fed rate cuts. Per CME FedWatch, the probability of a Fed rate hike in December has exceeded 70%, a sharp week-on-week increase. Rate hike odds have also risen in Europe and Japan.

The shift in monetary policy expectations triggered a broad sell-off across global commodities and equities. China's industrial products have stayed in expansion territory for five consecutive months, partly supported by elevated crude oil prices. The upcoming G7 Summit will discuss sanctions to Russia, the situation in the Middle East and tariffs, which may drive marginal changes in commodity markets next week. Crude oil volatility has gradually declined recently.

Weather agencies project the current El Niño will intensify from June to August and fade towards year-end, bringing tangible impacts on crop cultivation. Yet such factors have been largely priced in. Combined with bumper grain harvests in Brazil and the United States, capital is gradually flowing out of global agricultural markets.

FFA:

Capesize rates and freight fell across the board this week. Rates retreated rapidly from a 5-year high of \$50,000/day, driven by easing port congestion, regional oversupply, and lower bunker prices eroding cost support. Near-term support stems from Australia's fiscal year-end cargo surge.

Panamax rates edged down last week on slower SE Asian coal activity. However, Indonesia may relax coal export quotas, while China's mine safety inspections curb output, offering medium-term support. Brazilian and US grain shipments remain strong, partially absorbed by smaller vessels, capping upside.

China-India minor bulk activity picked up, with China industrial exports underpinning Supramax demand. June construction steel output may decline on rainy season.

	Last	Previous	Changes %
Shanghai & Shenzhen 300 Index	4816.92	4892.12	-1.54%
Dow Jones Industrial Average	50786.01	51078.88	-0.57%
FTSE 100 Index	10373.20	10335.95	0.33%
Nikkei 225 Index	64024.60	66934.33	-4.35%
BVAL US 10-year Note Yield	4.5878	4.4807	2.39%
BVAL China 10-year Note Yield	1.7279	1.7145	0.78%

US Gulf demand stays firm. Key risk: Philippines' June 8th earthquake and rainy season could disrupt nickel ore shipments, affecting South East ship demand.

Oil:

Geopolitical tensions have eased in phases across multiple fronts: Israel-Lebanon ceasefire, de-escalation between Israel and Iran, and Russia-Ukraine dialogue. The UK and France plan mine-clearing operations in the Strait upon a US-Iran deal, further reducing risk concerns. Markets have progressively priced in lower conflict intensity, driving crude implied volatility down each month since April. Additional near-term pressure stems from capital outflows from oil and global monetary tightening.

Despite fading risk premiums, tight medium-term fundamentals strongly support front-month crude prices: supply bottlenecks persist as low shipments through the Strait of Hormuz—which handles about 20% of global oil trade—remain a binding constraint, while incremental output from OPEC+ members is modest and insufficient to close the supply gap rapidly. In addition, US crude inventories keep declining, eroding safety buffers, and peak demand from the Northern Hemisphere summer driving season is boosting refinery runs and oil consumption.

Metals:

Copper: The market generally expects that the upcoming U.S. refined copper tariff policy will maintain "strategic ambiguity," leaving room for future adjustments. However, any outcome—whether exemption, postponement, or a low tariff rate—remains beyond current market expectations, and the premium between COMEX copper and other markets potentially continue narrowing. As of June, COMEX copper inventories have reached a record high of 586,300 tons. On the macro front, the strong US dollar and slowing global economic growth are capping upside room for copper prices. On the supply side, Goldman Sachs has lowered its 2026 global copper mine supply growth forecast by 350,000 tons, primarily due to ongoing production disruptions at the Grasberg and Kamo-a-Kakula mines, which are not expected to return to full capacity until 2028. Additionally, tight sulfur supply is constraining global SX-EW copper capacity. On the demand side, new energy vehicles and the oil-to-electricity transition continue to support copper consumption, though China's copper rod and tube markets have entered their traditional off-season in June.

	Last	Previous	Changes %
LME Copper 3 Month Rolling	13615.50	13832.00	-1.57%
LME Aluminium 3 Month Rolling	3604.00	3716.00	-3.01%
Wti Cushing Crude Oil	91.30	92.16	-0.93%
Platts Iron Ore Fe61%	100.30	106.80	-6.09%
US Gold Physical	4315.62	4488.86	-3.86%
BDI	2981.00	3226.00	-7.59%

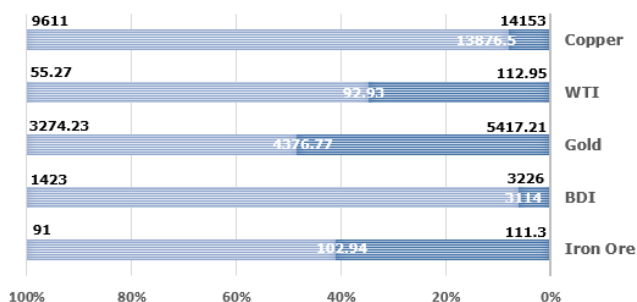
Lithium: GFEX lithium carbonate warrants hit a record high of 56kt. Stricter invoicing rules have redirected some physical material into warehouse stocks, capping near-term prices. However, the global visible deficit remains significant in June, driven by China's energy storage and European EV demand. From July, the supply gap is expected to gradually narrow, though based on the balance sheet, a tentative equilibrium may not be reached until November at the earliest.

Cobalt: Concentrated arrivals of accumulated cobalt intermediates from Q1 have hit Chinese ports, leading to near-term raw material stockpiles and downward price pressure. The metal price gap between electrolytic cobalt and cobalt salts has largely closed, shutting the reverse dissolution arbitrage window completely and dampening market liquidity.

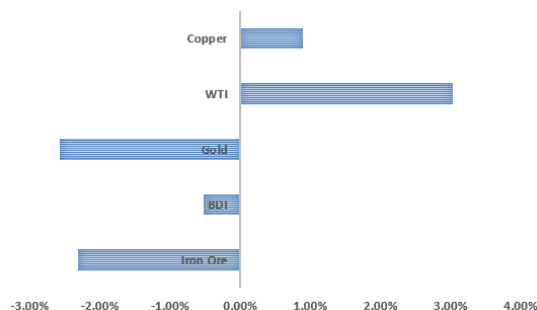
Ferrous:

China launched a summer coal supply security program, coupled with Indonesia raising its coal export quotas, pressing the brake on an overheated market. As China enters its June rainy season, hot metal output is expected to peak soon, with raw material demand gradually softening. Although iron ore port inventories have declined for several consecutive weeks, they remain seasonally elevated. Australian miners are also ramping up shipments ahead of year-end. An inflection point for iron ore and coal inventories appears imminent, with a shift into a restocking cycle ahead. Apparent demand for rebar and hot-rolled coil began to taper off last week. Recent exchange data also indicates that market capital is steadily rotating out of iron ore and coking coal positions.

Commodity Relative Price Range
(Past 52 Weeks)

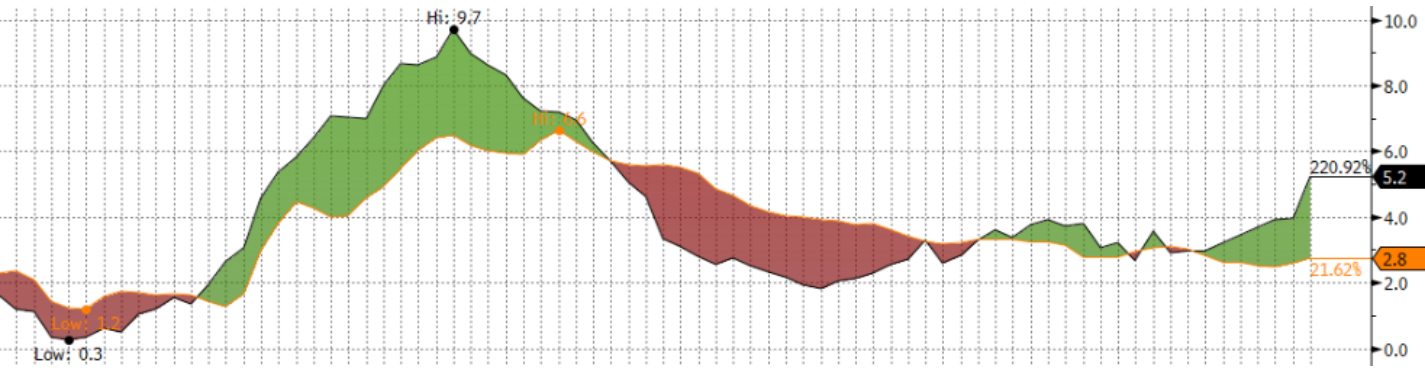


5 Day Moving Average Change
On Commodities

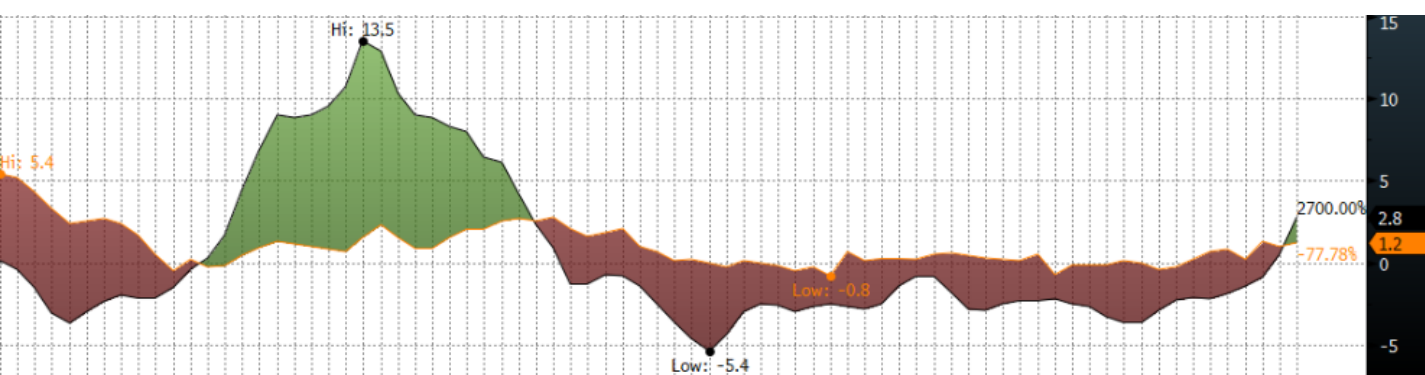


Source: Bloomberg, FIS

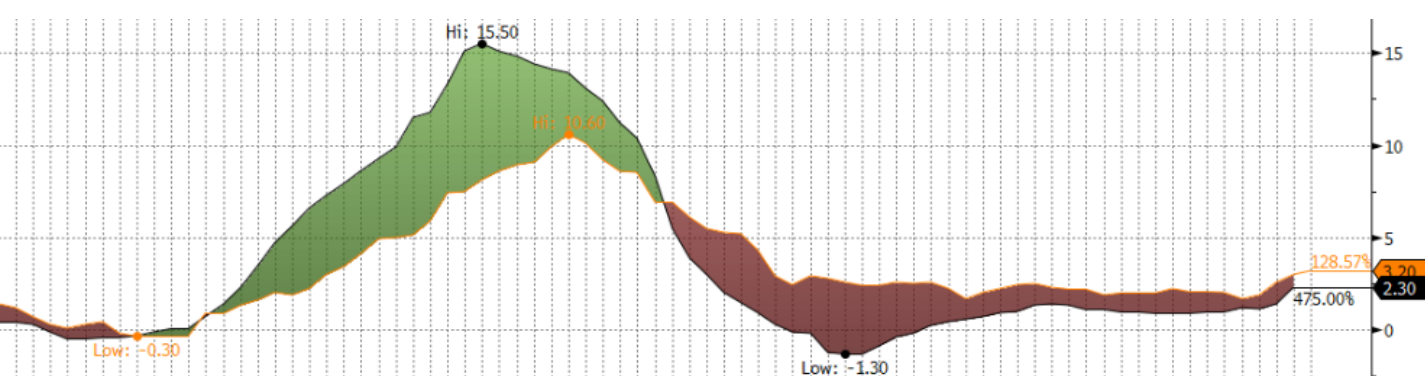
Past 5 year US PPI—CPI (Excl. Food and Energy)



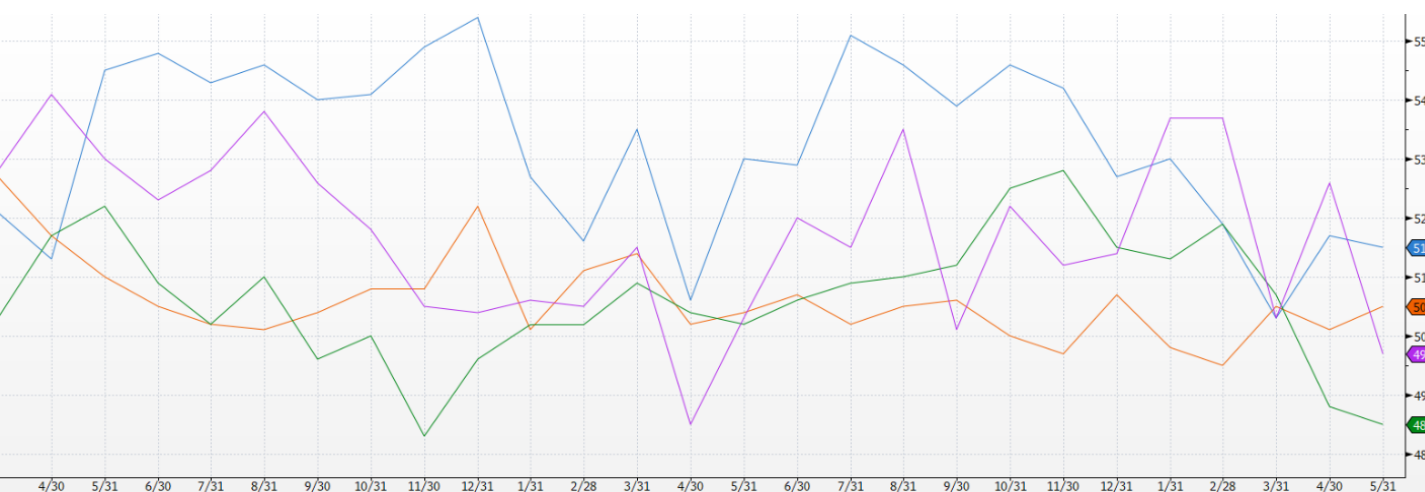
Past 5 year China PPI—CPI



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.

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