

	Last	Previous	Changes %
US Dollar Index (DXY)	100.89	101.19	-0.29%
USD/CNY	6.7942	6.7918	0.04%
US FOMC Upper Interest Rate	3.75	3.75	0.00%
China Repo 7 day	1.42	1.48	-4.05%
Caixin China Manufacturing PMI	51.70	51.80	-0.19%
Markit US Manufacturing PMI	53.70	56.70	-5.29%

Commentary:

Global Macro Markets:

This week's global macro trading narrative centres on two core themes: the rapid unwinding of geopolitical risk premia and the repricing of global monetary policy expectations. The temporary US-Iran ceasefire and resumption of full shipping through the Strait of Hormuz have steadily erased energy's geopolitical premium, sending Brent crude sharply lower across the week. Meanwhile, US June non-farm payrolls printed well below consensus, materially easing market expectations for near-term Fed rate hikes and triggering a synchronised rebound across precious and base metals.

Major overseas central banks diverged notably on policy paths. The ECB raised its three key benchmark rates by 25 basis points in June, pushing the deposit facility rate to 2.25% and main refinancing rate to 2.40% – its first rate hike in nearly three years since September 2023. Despite the hike, dovish signals emerged alongside the move: President Lagarde acknowledged easing risks to Eurozone inflation and growth, with market pricing only factoring in one additional 25bp rate hike through mid-2027. The BOJ raised its policy rate by 25bp to 1.0% in June, hitting a 31-year high since 1995, and announced it would suspend balance sheet reduction starting April 2027.

The synchronised global central-bank tightening cycle has drawn to a close, ushering in a new era of asynchronous, multi-speed policy cycles. Broad monetary stances have gradually shifted from uniform hawkishness during the geopolitical crisis to a neutral bias. The US dollar's powerful rally has stalled as a result; commodities have decoupled meaningfully from macro rate swings, with price formation now driven primarily by individual supply-demand fundamentals.

FFA:

Capesize freight rates staged a recovery, backed by rebounding Australian mineral shipment demand, while abundant spare tonnage capped upside momentum, and Brazil routes maintained relatively resilient fundamentals. West Africa routes faced downward pressure, dragged by reduced rainy-season bauxite shipments and pending export quota policies. Looking ahead, the structural slowdown of China's steel demand and summer maintenance at Japanese steel mills are likely to curb Asia's overall iron ore procurement demand. After the export surge in June, Australian mineral shipments are expected to edge down in July.

Panamax freight rates also rebounded last week. Although Indonesia tightened its mineral export schedule, surging coal and grain cargoes in the North Pacific offset headwinds and pushed up shipping rates. In Europe, coal retains substitution value against natural gas. China faces sluggish metallurgical coal demand, while prolonged summer heat triggered by El Niño will boost thermal coal consumption, especially in July and August after the rainy season. Brazil's soybean exports have exceeded market expectations for four consecutive months. Following reports that 10 US soybean vessels were designated for shipment to China, the market anticipates accelerated US grain exports to China going forward.

The Supramax market faced downward pressure due to shrinking coal and bauxite cargo volumes. In addition, recent tropical cyclones may disrupt vessel turnover efficiency, bringing new uncertainties to the shipping supply side.

	Last	Previous	Changes %
Shanghai & Shenzhen 300 Index	4842.17	4868.22	-0.54%
Dow Jones Industrial Average	53055.91	51876.11	2.27%
FTSE 100 Index	10651.77	10484.22	1.60%
Nikkei 225 Index	69737.69	69468.11	0.39%
BVAL US 10-year Note Yield	4.49	4.39	2.30%
BVAL China 10-year Note Yield	1.7265	1.7156	0.64%

Oil:

Last week's vessel attack in the Gulf of Oman only triggered short-lived market volatility, with shipping lanes restored promptly. A string of minor geopolitical disruptions served as a stress test for Persian Gulf shipping flows, and the market consensus remains that unimpeded transit through key straits is the dominant long-term trend.

Crude supply additions exceeded market expectations during the week: Iraq announced output hikes alongside wider price discounts, Iran brought repaired crude facilities back online, Russia ramped up crude export shipments, and Saudi Arabia resumed terminal loading operations. US gasoline and distillate inventories sit at multi-year lows, providing partial insulation against price pressure stemming from the current crude supply surplus. Near-term strait traffic recovery remains constrained, meaning a full retracement to pre-conflict price levels will take time.

Metals:

Copper: The US Department of Commerce submitted the annual review report for the Section 232 national security probe on copper to the White House as scheduled, retaining the policy proposal released in 2025: import tariffs on refined cathode copper will rise to 15% starting January 1, 2027, and increase further to 30% in 2028. The policy has entered a 90-day presidential review window, with final implementation subject to signing by Trump. The market continues to price in policy uncertainty amid sustained pre-emptive copper stockpiling by US buyers; COMEX copper warehouse stocks have surged to an all-time high of 669,000 tonnes, marking a 5.5x jump from early February.

On the macro front, delayed Fed rate-hike bets and easing geopolitical risks jointly underpin copper prices recently. Fundamentally, tight copper concentrate supply persists, with treatment charges (TC) tumbling to -\$128.25/ton, a fresh post-2007 trough. Power outages at mines in Mongolia and Peru continue to curb mine output. Separately, even as cross-border geopolitical tensions abate, a wide global sulphur supply deficit lingers, constraining raw material access for solvent extraction electrowinning (SX-EW) operations and keeping leach copper output subdued.

Lithium: Lithium salt prices staged a recovery after falling at end-June, underpinned by upstream sellers holding back spot sales and downstream procurement driven by rigid demand. Global battery production schedules maintained a solid 5% month-on-month growth rate in July, while China's cell output plan hit new all-time highs for five consecutive months. Demand growth has evolved from single-track NEV-driven expansion to multi-pillar momentum spanning energy storage, new energy vehicles and AI hyperscale data centres. After top cell players finished capacity ramp-up, the industry transitioned from aggressive price competition to quality-focused rivalry, with higher capital expenditure and compliance thresholds across the wider supply chain.

Cobalt: The Regulatory and Control Authority for Strategic Mineral Markets (ARECOMS) of the DRC failed to issue official notice authorising customs to continue processing export quotas, triggering an administrative deadlock where miners hold valid quotas yet cannot complete customs declarations, risking stranded shipments exceeding 20,000 tonnes of cobalt. Sherritt International revealed in its Q1 earnings report that constrained raw material supply from Cuba triggered sharp production declines for nickel and cobalt. The firm produced 1,885 tonnes of finished nickel in the quarter, a 36% year-on-year drop, while finished cobalt output slumped to just 213 metric tonnes, down 34% YoY.

Source: Bloomberg, FIS

	Last	Previous	Changes %
LME Copper 3 Month Rolling	13403.50	13278.50	0.94%
LME Aluminium 3 Month Rolling	3115.50	3088.00	0.89%
Wti Cushing Crude Oil	68.55	69.23	-0.98%
Platts Iron Ore Fe61%	98.35	98.90	-0.56%
US Gold Physical	4137.85	4008.02	3.24%
BDI	2797.00	2524.00	10.82%

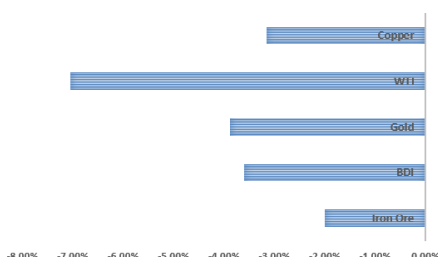
Ferrous:

China’s steel exports continued to rise in June, yet the growth failed to offset the simultaneous slowdown in demand in infrastructure and real estate sectors. Iron ore supply is projected to gradually contract in August, while high port arrivals and inventory levels in July create an obvious short-term supply surplus.

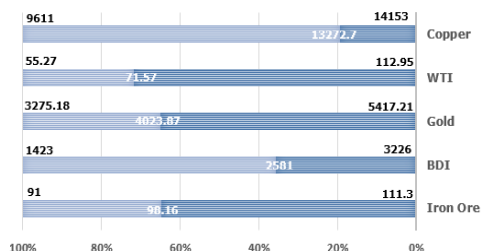
Coking coal faces multiple headwinds. Mongolian border clearance is set to resume, and mine capacity utilisation in Shanxi is rebounding post-safety inspections. Chinese buyers may pull back from seaborne coking coal amid ample domestic and land-transported supplies plus shrinking steel mill margins. India’s seasonal monsoon curtails near-term imports, and Japanese steelmakers cut operating rates as well.

Nevertheless, improved macro sentiment and a phase of eased global monetary policy deliver fundamental valuation support for bulk commodities.

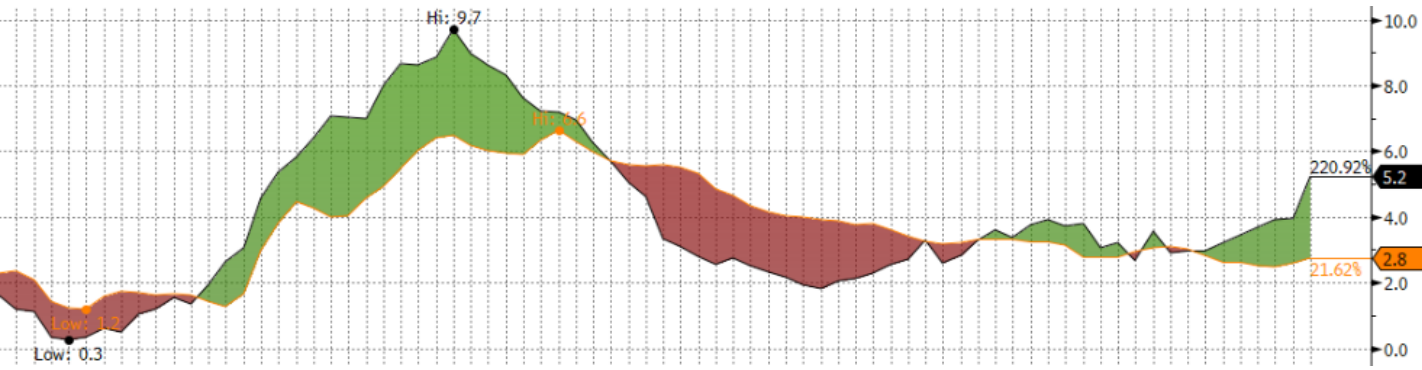
Commodity Relative Price Range (Past 52 Weeks)



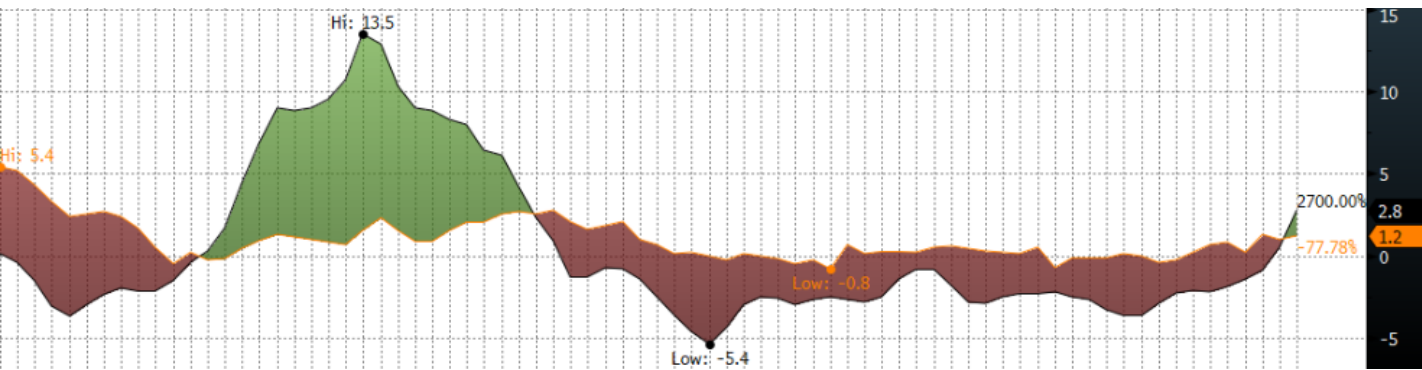
5 Day Moving Average Change On Commodities



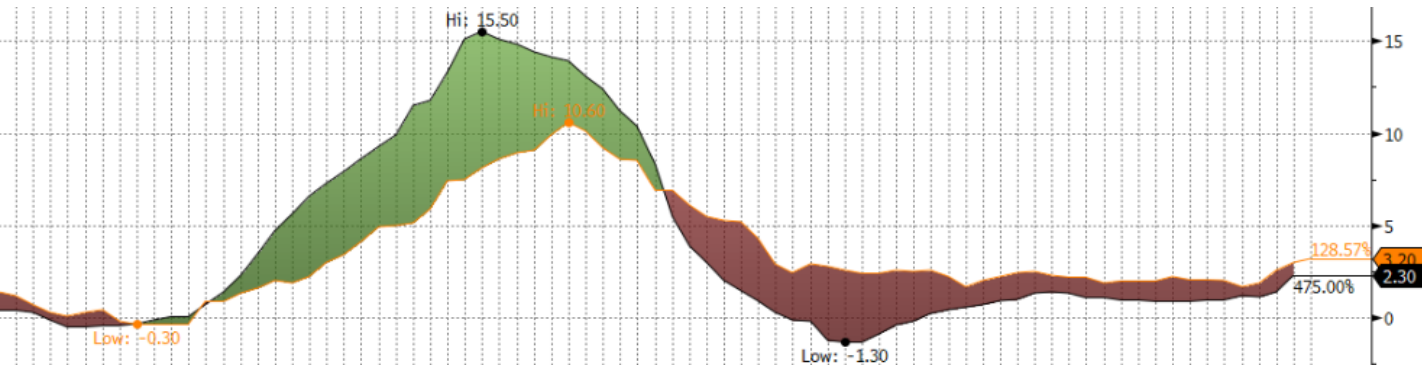
Past 5-year US PPI—CPI (Excl. Food and Energy)



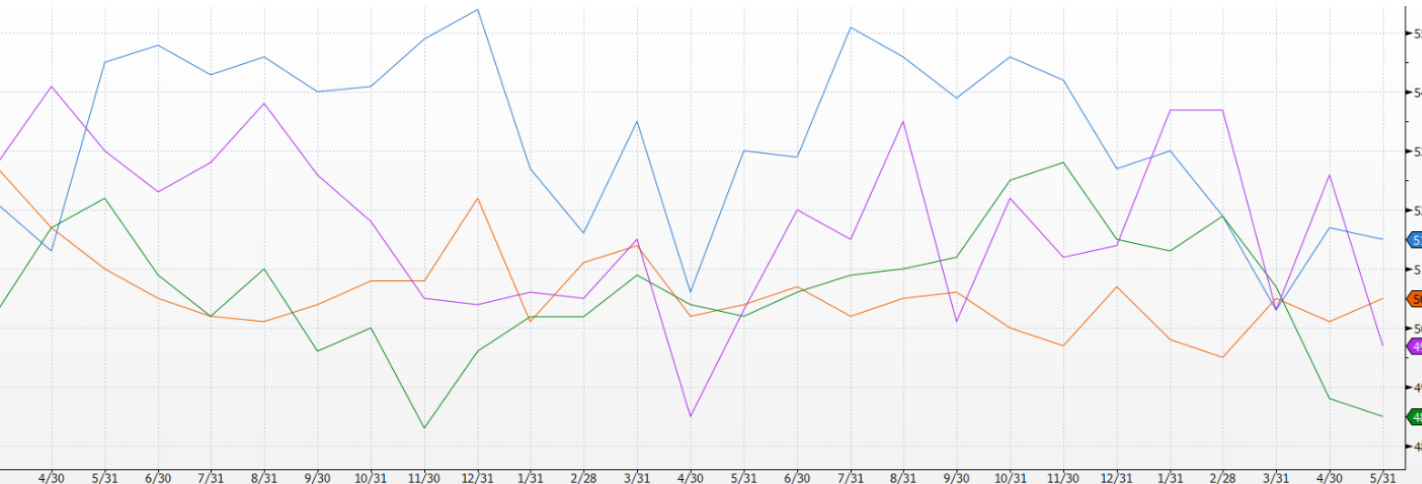
Past 5-year China PPI—CPI



Past 5-year EU PPI—CPI



Past 2-year PMI Index



Fact Sheet

EMH: Efficient Market Hypothesis: Proposed by Eugene Fama in 1970. The theory states that, in an efficient market, asset prices fully and quickly reflect all available information. As a result, investors should not be able to consistently earn returns above the market average without taking on additional risk.

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 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, material inventory, and the scale of uncollected loans.

Leading Economic Indicators: Indicators that forecast economic trends. The most common indicators are social welfare 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 in adjusting the monetary policy and raising 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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