



2H 2026 Commodities Outlook

OCBC Group Research

2 July 2026

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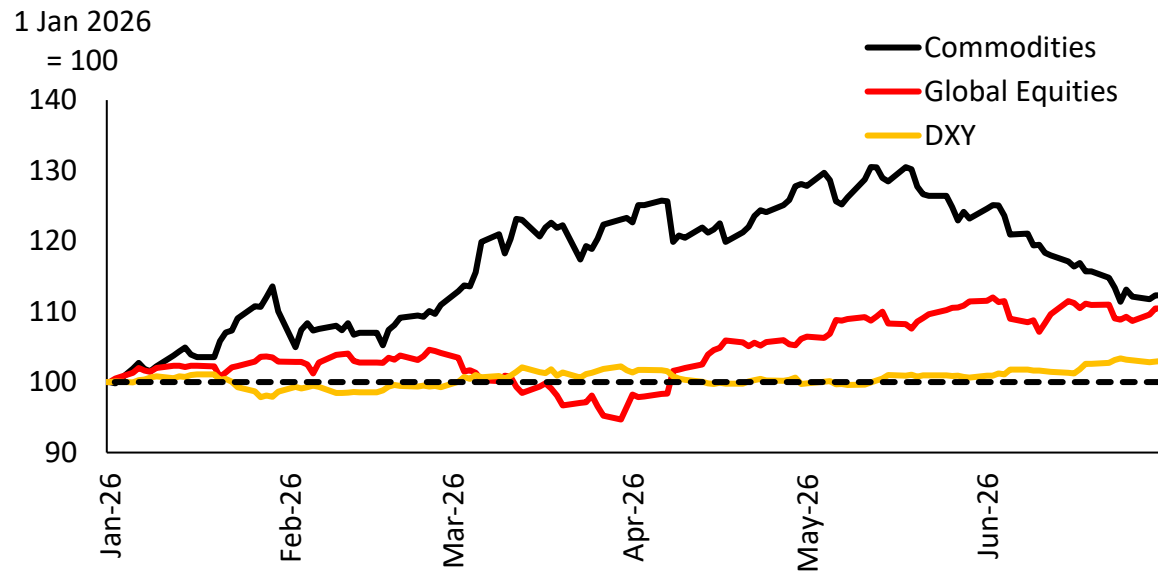
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Commodities 1H26 performance

- As of the close on 30 June 2026, commodities had delivered positive returns, modestly outperforming global equities.
- Within the commodities basket, performance were mixed across subindices. Notably, the 'Energy' category outperformed, rising by 36.2%. Meanwhile, gains in 'Industrial Metals' and 'Grains' posted more modest increases of 4.7% and 1.0%, respectively. In contrast, 'Precious Metals' declined by 9.3%.

Selected Asset Classes



Source: Bloomberg, OCBC Group Research.

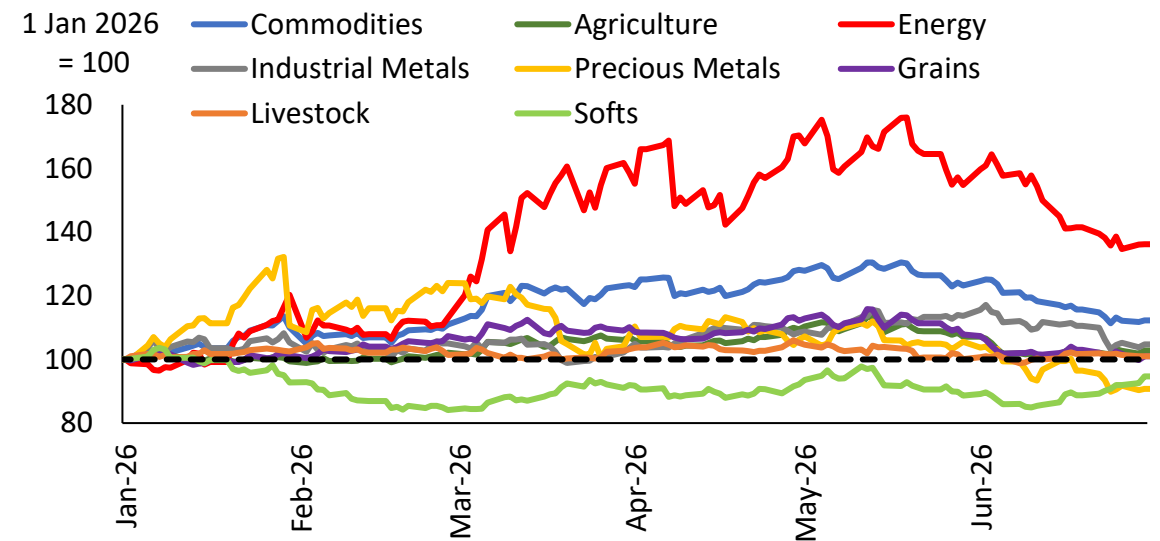


Note: Commodities (BCOM Index), Agriculture (BCOMAG Index), Energy (BCOMEN Index), Industrial Metals (BCOMIN Index), Precious Metals (BCOMPR Index), Grains (BCOMGR Index), Livestock (BCOMLI Index), Softs (BCOMSO Index), Global Equities (MXWD Index), DXY (DXY Curncy).

Source: Bloomberg, OCBC Group Research.

- On 19 June, the United States and Iran formally signed a Memorandum of Understanding (MoU) in Switzerland to end all hostilities and begin 60 days of negotiations for a permanent truce. Under the agreed MoU, the US will lift its blockade of Iranian ports while Iran will reopen passage through the Strait of Hormuz. Brent closed below USD73/bbl on 30 June 2026.
- That said, the ceasefire remains fragile, as implementation risks and the short negotiation window for reaching a permanent truce leave scope for renewed tensions.

Commodities



Source: Bloomberg, OCBC Group Research.

Summary of commodity views

- **Gold & silver:** We have lowered gold and silver forecasts to reflect a tougher near-term macro setup, while keeping a mild upward-sloping path. Gold's medium-term diversification role remains valid, while silver's structural deficit story is intact. But both need a friendlier macro backdrop before we rebuild stronger conviction.
- **Platinum & Palladium:** Platinum's fundamentals look less weak than palladium's, given repeated deficit forecasts and tighter above-ground stocks, but price action shows markets are not yet willing to chase the metal without stronger demand confirmation. For palladium, demand is projected to fall in 2026, reflecting weaker auto-catalyst demand, flat industrial consumption and less supportive investment flows. That said, palladium can still respond positively to an improvement in macro conditions, while supply squeezes remain a key upside risk.
- **Crude Oil:** Hormuz flows are improving, yet risks remain. Soft physical oil markets signal near-term looseness. Inventory restocking and shipping risks should cushion further oil price declines even as oil forecasts are revised lower.
- **Crude Palm Oil:** Despite a notable easing in energy prices, CPO held its ground in June, highlighting the underlying strength of the vegetable oil market. Growing momentum behind biofuel adoption globally continues to provide a supportive demand backdrop, while weather-related supply concerns associated with El Niño are beginning to re-enter the market narrative. Taken together, these factors suggest that CPO prices are likely to remain well supported in the near term, reinforcing our positive short- to medium-term outlook.
- **Aluminium:** Prices are set to ease lower, reflecting expectations for a return of Middle Eastern supply. Nonetheless, we still expect prices to remain higher than end-2025 levels, as the recovery of Middle Eastern supply is likely to be gradual and asymmetric across regional producers, while medium-term demand remains intact.
- **Copper:** Prices are set to ease in 2H26. Nevertheless, we expect the price floor to remain elevated, as structural mine supply tightness should keep the market fundamentally tight.

Forecasts

Commodity	30 June 2026 Closing	3Q26F	4Q26F	1Q27F	2Q27F	3Q27F
Gold (USD/oz, eop)	4008	4180	4360	4520	4680	4820
Silver (USD/oz, eop)	58	64	67	69	72	74
Platinum (USD/oz, eop)	1553	1917	2000	2025	2091	1928
Palladium (USD/oz, eop)	1212	1452	1500	1519	1528	1472
Crude Oil – ICE Brent (USD/bbl, eop)	72.9	75.0	75.0	73.0	71.0	69.0
Crude Oil – NYMEX WTI (USD/bbl, eop)	69.5	71.0	71.0	69.0	67.0	65.0
Crude Palm Oil (MYR/mt, aop)	4474	4400	4450	4450	4500	4500
LME Aluminium (USD/mt, eop)	3086	3150	3050	3075	3100	3100
LME Copper (USD/mt, eop)	13375	12500	12500	12600	12800	12800



Note: Last updated on 2 July 2026.
Source: Bloomberg, OCBC Group Research forecasts.

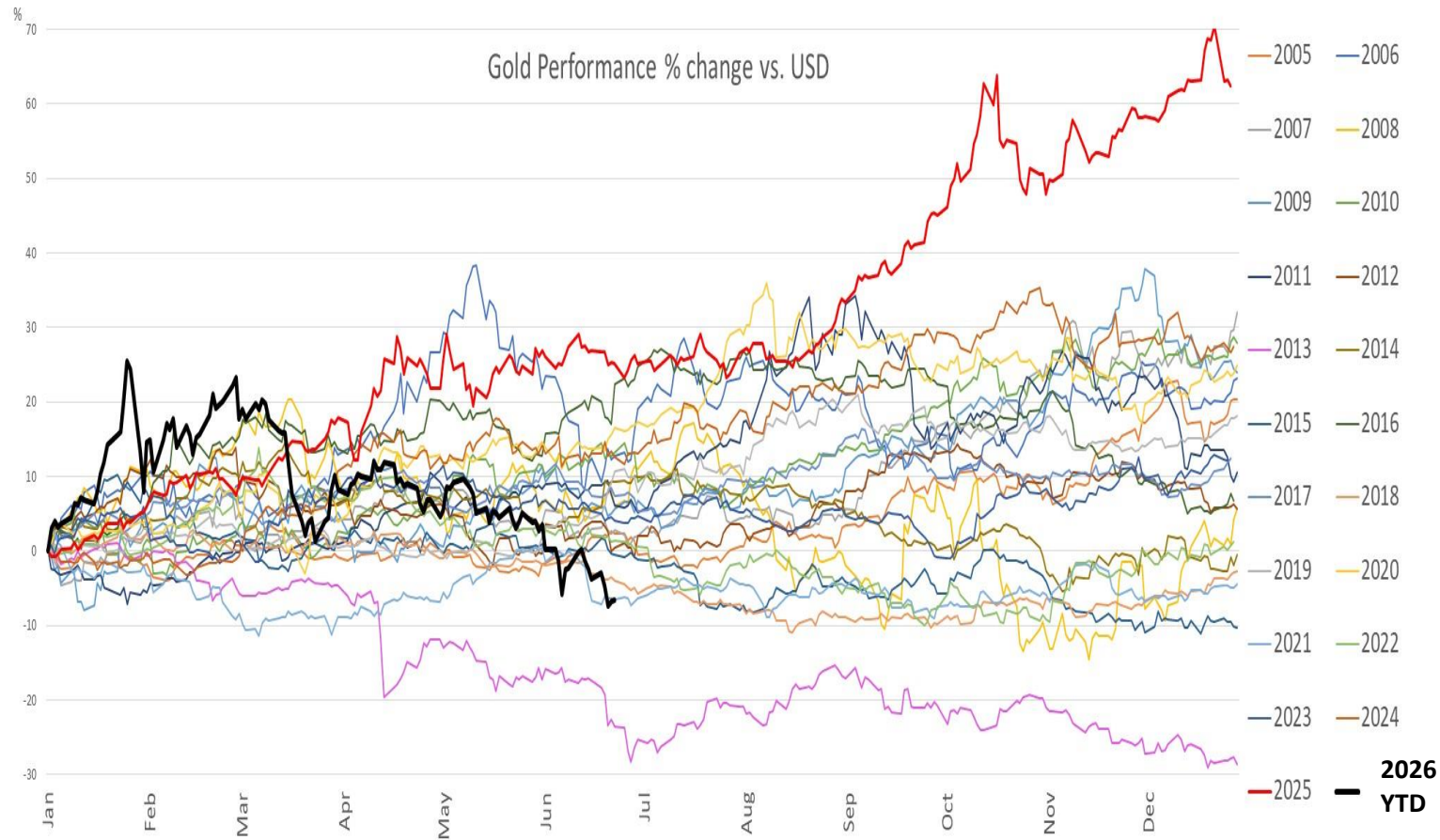
Precious Metals

Christopher Wong

Precious Metals Strategist



Gold started the year strong but a bumpy and corrective unwinding so far



- Gold's story over the past two years has not been a straight-line hedge. The 2025 rally was exceptional by historical standards, with gold delivering one of its strongest annual performances in the past two decades.
- But 2026 has been a reminder that even a structurally bullish asset can suffer sharp valuation resets. Gold started the year well, but gold has since turned lower as higher real yields, a firmer USD and stretched positioning challenged the safe-haven narrative.



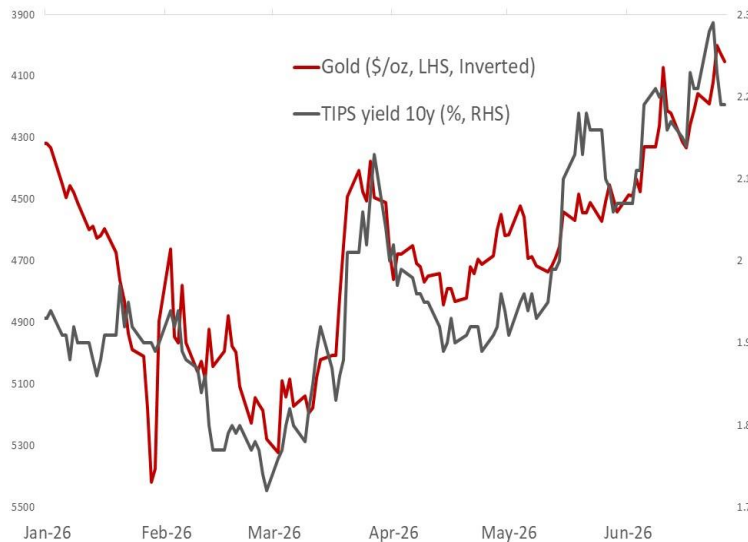
Note: Gold % YTD change as of 26 Jun 2026.

Source: Bloomberg, OCBC Group Research.

Upward repricing in real yields hurts gold, sentiments in the near term

- One of the key issues is that real-yield repricing, especially in the lead-up to possible Fed tightening, presents a challenging environment. Even if actual Fed tightening may not materialise, the hawkish repricing itself can weigh on gold by raising the opportunity cost of holding a non-yielding asset.
- Actual Fed hiking cycles have historically produced mixed outcomes for gold, but the metal is usually more vulnerable when markets are still repricing the real-rate path higher. That risk is more acute when higher real yields are accompanied by USD strength and ETF or investor liquidation. Gold ETF flows have slowed after the earlier surge, while positioning looks more vulnerable to liquidation whenever yields move higher. This matters because the earlier rally in gold was supported not only by central-bank buying, but also by stronger investor participation.

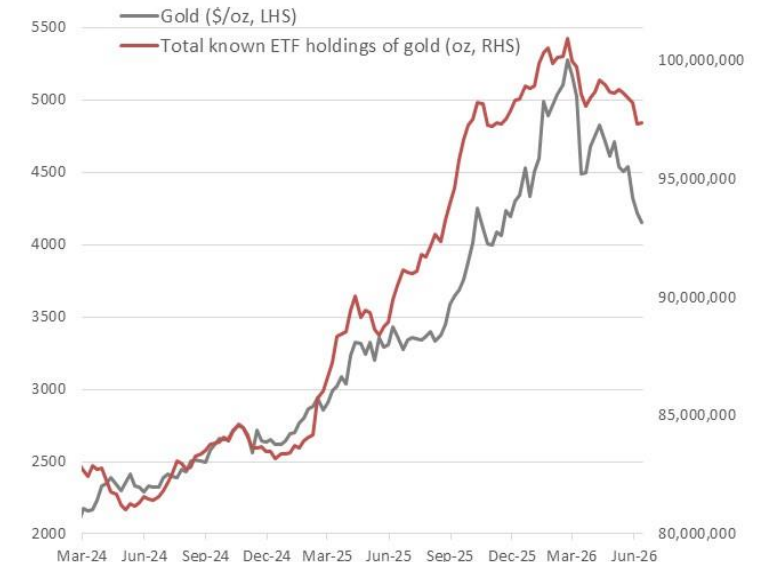
YTD 2026: Gold under pressure alongside sharp upward repricing in real yields



Hawkish Fed repricing: Markets swung from rate cut to rate hike expectations



Drop in investor demand weigh on gold



Current episode looks similar to 2013 taper tantrum but still different

- The 2013 taper tantrum remains the clearest example. No actual rate hike was needed for gold to fall sharply. What mattered then was not actual Fed tightening, but the speed of the rates shock. Real yields repriced sharply higher after the taper signal, the USD was firmer, and gold saw heavy ETF and investor liquidation. The Fed did not hike until late 2015, but gold had already absorbed a large part of the tightening shock well before liftoff.
- That said, today is not a clean replay of 2013. The key difference is the starting point. In 2013, rates were near zero and markets were adjusting to the prospect of policy normalisation. Today, policy is already restrictive, and real rates are much higher. This means the downside risk for gold may be less one-sided, especially if US data start to disappoint, Fed hawkish rhetoric does not translate into actual tightening, or markets begin to price a policy-error/recession risk.
- Still, the direction of travel has become similar enough to warrant a more cautious near-term forecast path. Gold is vulnerable when real yields and the USD reprice higher quickly, particularly if ETF liquidation extends. But unlike 2013, persistent central-bank buying and reserve diversification should provide a stronger medium-term floor, even if they do not fully prevent a near-term valuation reset.

Gold fell sharply during Fed taper tantrum in 2013



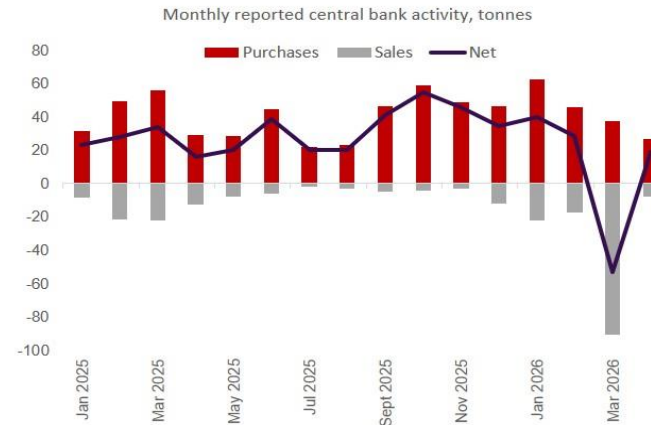
Historically, Gold can be sensitive to periods when there was sharp upward repricing in real yields



Medium term outlook remains underpinned by official sector

- While the environment has become more challenging in the near-term due to upward repricing in real yields, we are not turning structurally bearish.
- Official-sector demand remains an important anchor. The WGC 2026 central-bank survey showed that 89% of respondents expect global official gold reserves to rise over the next 12 months, while 45% expect their own institution's gold reserves to increase. This reinforces the view that reserve diversification and strategic central-bank accumulation remain medium-term supports for gold.
- The distinction is that structural demand may cushion, but not fully offset, near-term macro pressure. Central-bank buying tends to be strategic and persistent, but it may not prevent gold from adjusting lower when real yields and the USD move higher.
- As such, the path ahead is likely to be less aggressive and more two-way than previously assumed. A more durable improvement in gold's outlook would likely require real yields to ease, Fed hawkishness to fade, USD momentum to soften, or ETF/investor flows to stabilise more clearly.

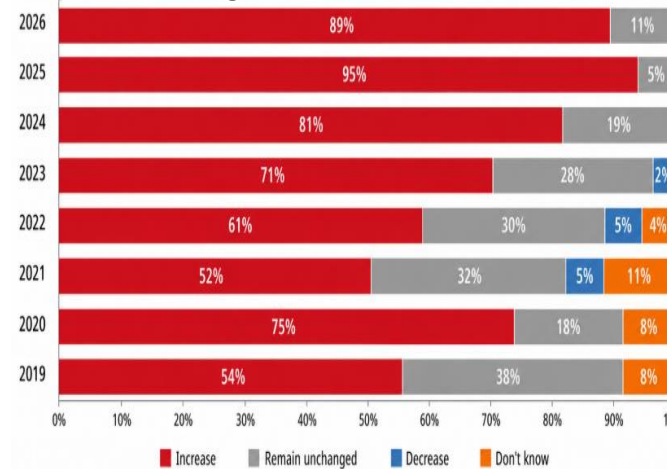
Central banks resumed gold purchases after the steep fall in in Mar-2026



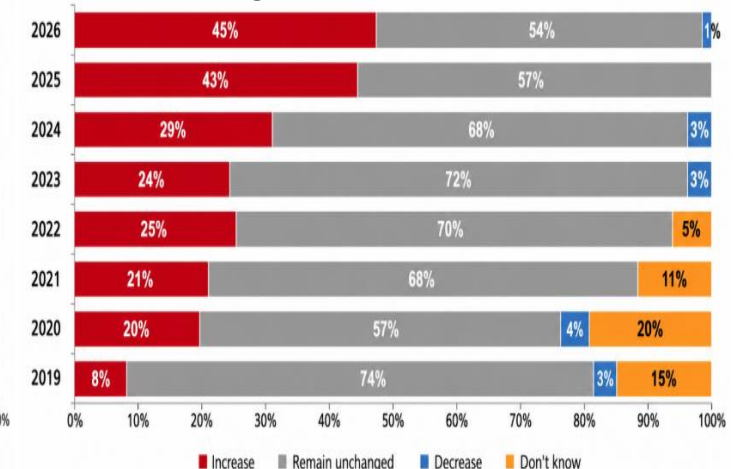
China continued to step up gold purchases for 19 straight month



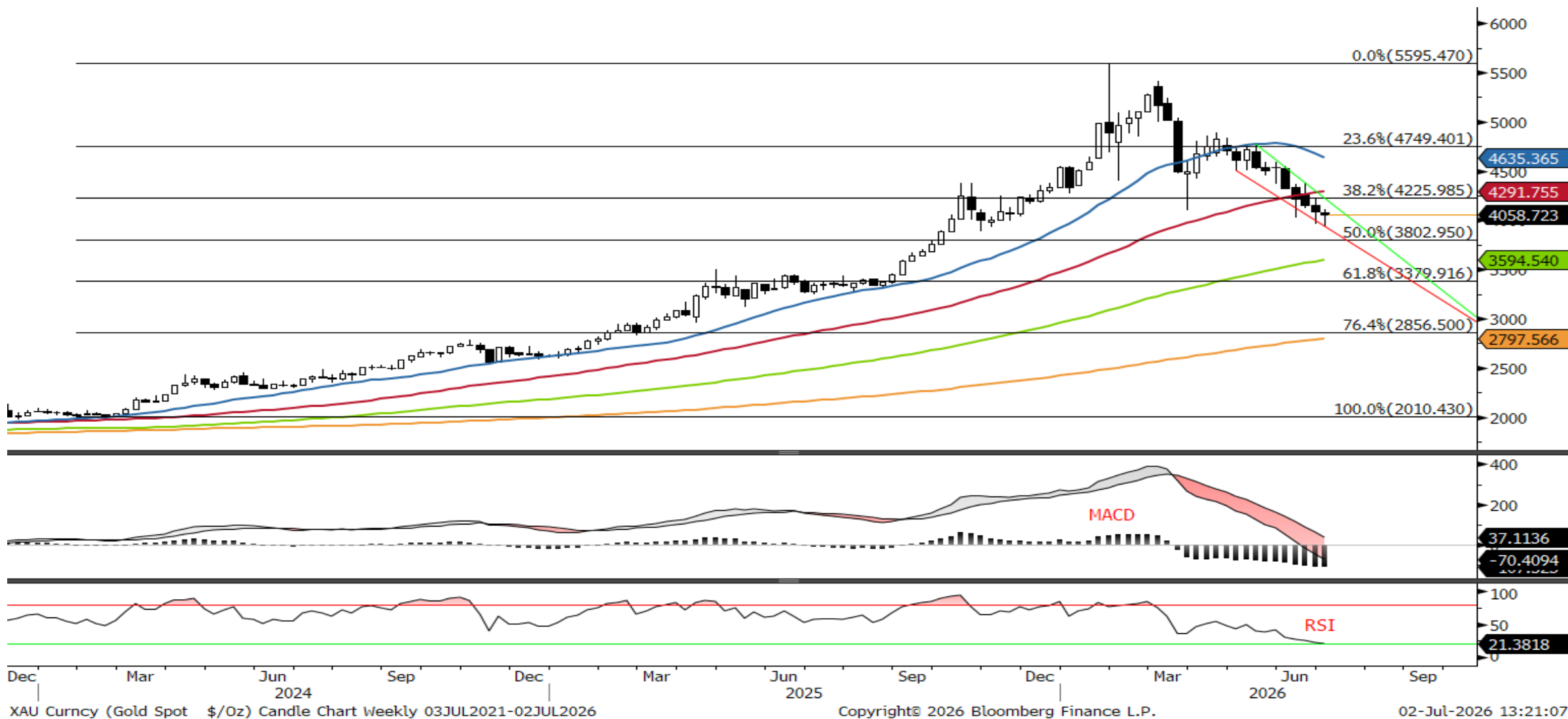
How do you expect global central bank gold reserves to change over the next 12 months?



How do you expect your institution's gold reserves to change over the next 12 months?



Gold: Increasingly stretched to the downside; nearing a turning point?



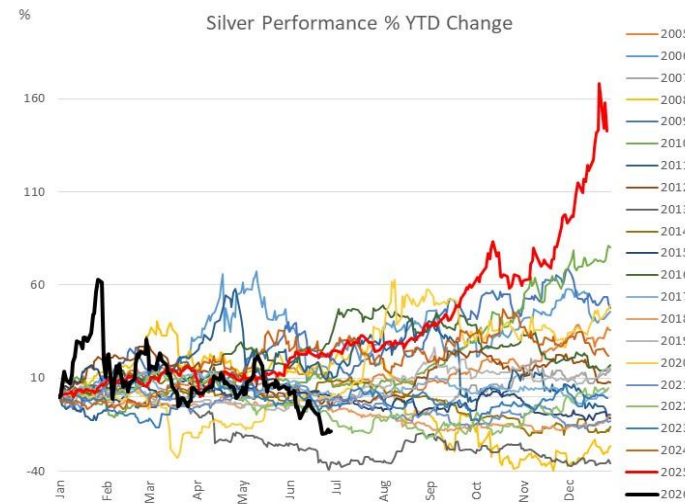
Note: blue line – 21 SMA; red line – 50 SMA; green line - 100 SMA; yellow line - 200 SMA; MACD refers to Moving Average Convergence Divergence; RSI refers to Relative Strength Index.

Source: Bloomberg (Weekly chart), OCBC Group Research.

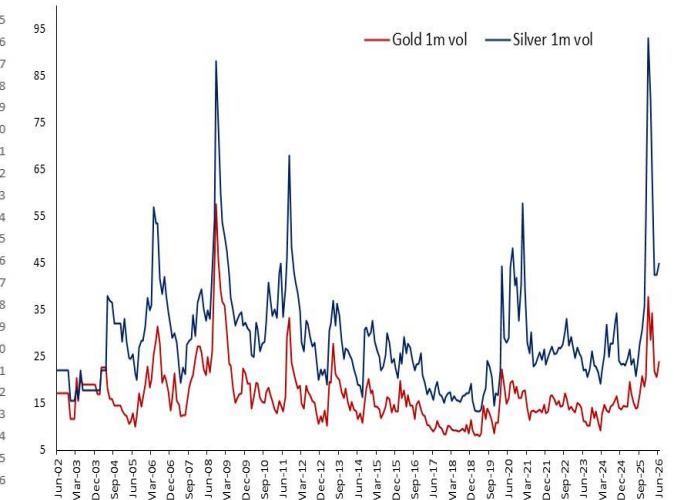
Silver: A near term reset, trading like high-beta gold

- Silver's near-term outlook has turned somewhat cautious as macro conditions have become less friendly for precious metals. The correction is not a clean rejection of the medium-term structural story; rather, it reflects a recoupling with real yields.
- Investor support has also weakened. ETF flows are no longer providing the same tailwind, which matters because silver's structural deficit story may not be enough to prevent near-term valuation resets when financial demand fades.
- At the same time, silver's higher-volatility profile means it tends to amplify gold's moves in both directions.
- That also means the downside need not be one-way from here. After the sharp reset, any easing in real yields, softer USD momentum or stabilisation in gold could see silver turn bid from better entry levels.

Sharp decline after a very sharp spike in Jan



Higher Silver vol means more amplified moves



Investor support has weakened; renewed interest after the reset may help silver find a bid



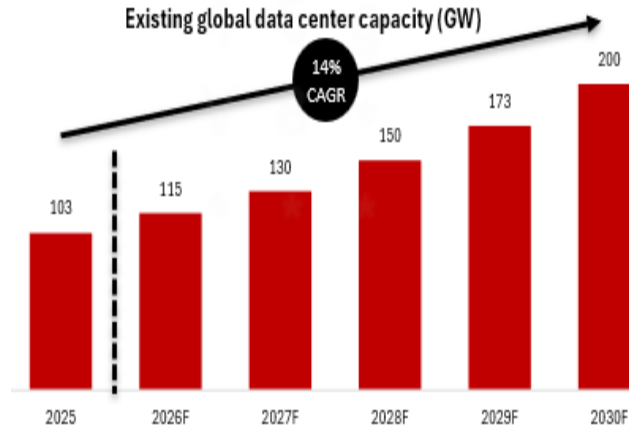
Silver prices recouping with real yields; Recovery in macro environment can aid silver



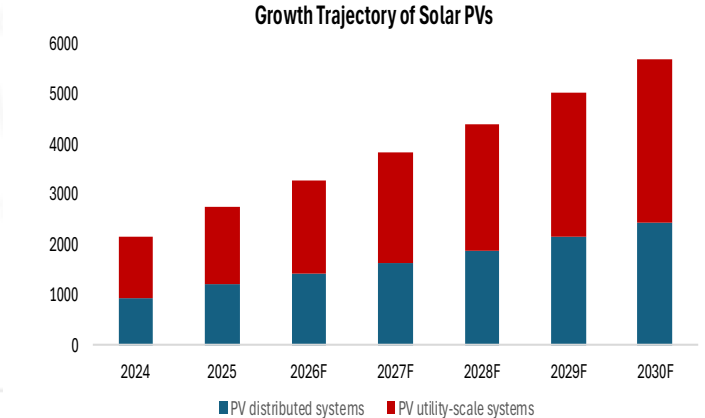
Silver: Deficit and broader industrial demand anchor medium term outlook

- Silver's medium-term structural case remains valid, but it needs to be framed with more discipline after the recent macro reset. The market remains in structural deficit, underpinned by resilient industrial demand and constrained supply response. Demand is still supported by solar PV, electrification, grid modernisation and the data-centre buildout, though the solar story is no longer a one-way bullish driver as higher prices are accelerating thrifting and substitution.
- Electrification and AI infrastructure also broaden silver's industrial base beyond PV, through power electronics, sensors, switches, interconnects and thermal-management applications. While copper remains the dominant metal for heavy power infrastructure; silver retains a role in high-value components where conductivity and reliability matter.
- The stronger medium-term anchor is on the supply side: silver remains largely a by-product metal*, limiting the speed of supply response even when prices rise. This combination of persistent deficits and sticky supply argues against turning structurally bearish. But it may not shield silver from near-term valuation resets when real yields, USD and investor flows move against precious metals.

Electrification and AI infrastructure broaden the industrial base

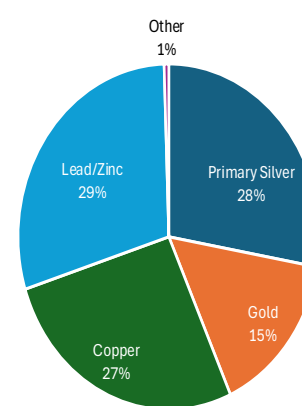


Solar remains a structural anchor but thrifting caps the upside impulse

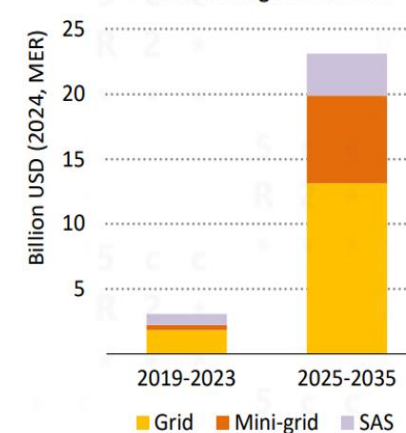


Grid modernisation and electrification linkages while Silver faces structural supply inelasticity

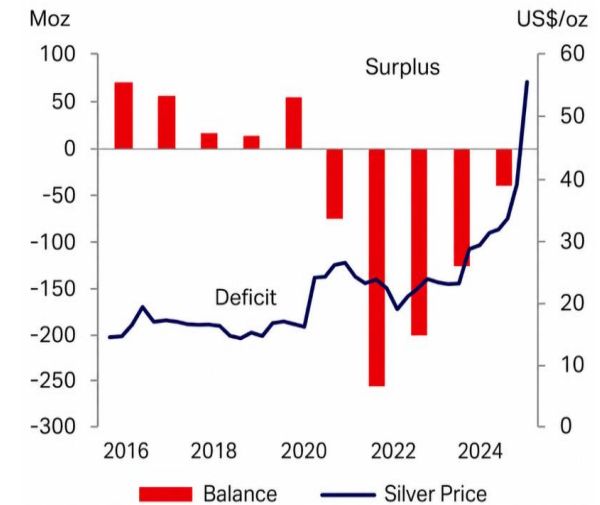
Global Breakdown of Silver in 2024



Annual average investment



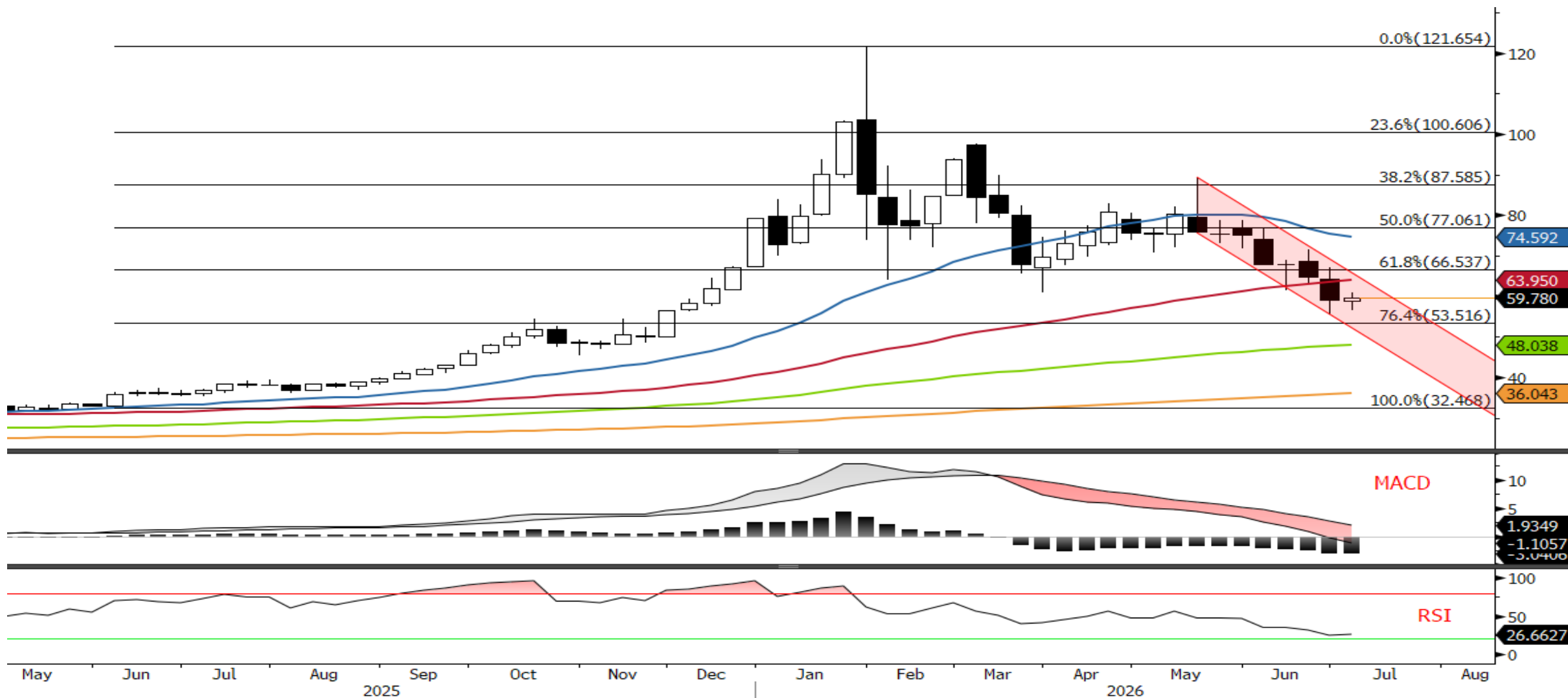
Silver: Still a structural deficit story



*Roughly 70% of global silver production is sourced as a by-product of copper, zinc, lead and gold mining, while only around 25% comes from primary silver mines.

Source: IEA, JLL Global data centre outlook, Metals Focus, Silver Institute, OCBC Group Research.

Silver: Still caught in bearish trend channel though nearing oversold



XAG Curncy (Silver Spot \$/Oz) Candle Chart Weekly 03JUL2021-02JUL2026

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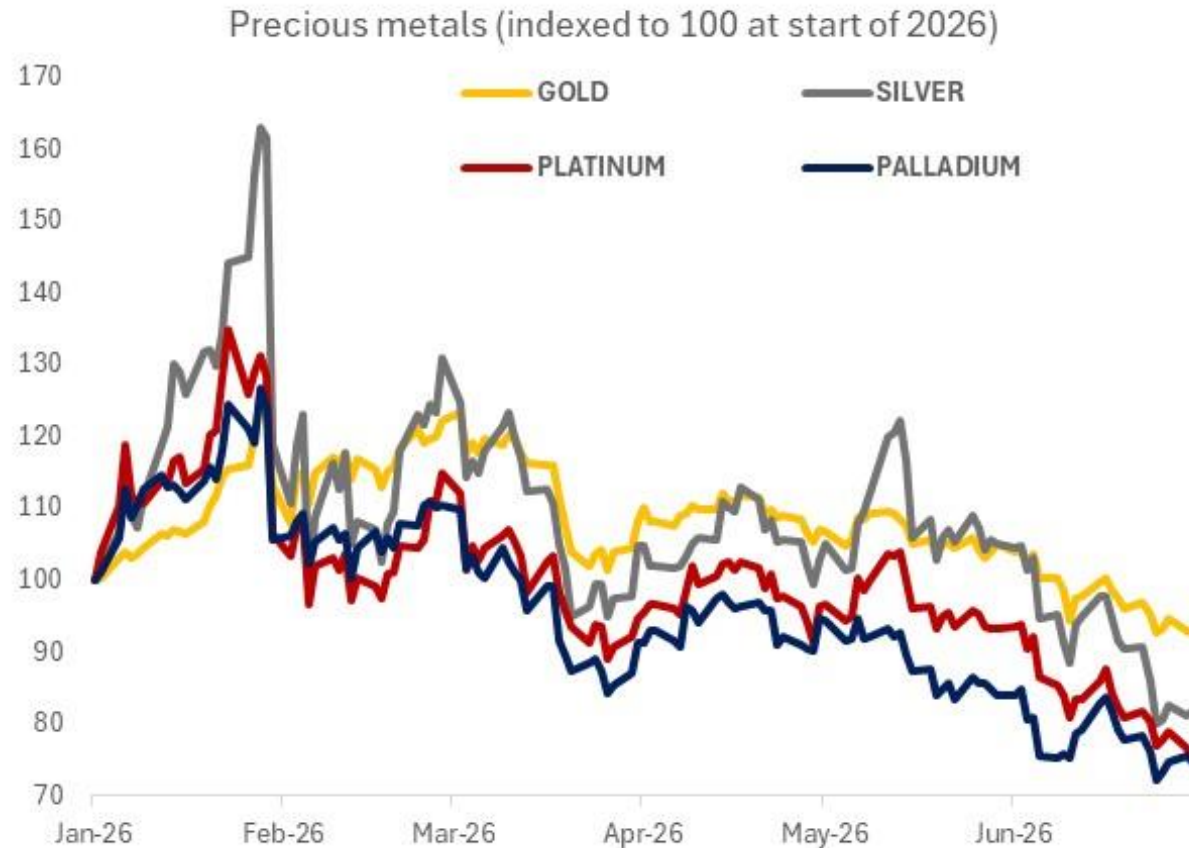
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Note: blue line – 21 SMA; red line – 50 SMA; green line - 100 SMA; yellow line - 200 SMA; MACD refers to Moving Average Convergence Divergence; RSI refers to Relative Strength Index.

Source: Bloomberg (Weekly chart), OCBC Group Research.

Taking Stock: Platinum, Palladium underperformed Gold, Silver



- PGMs have underperformed gold and silver this year because they are more exposed to cyclical auto/industrial demand and partly, reflects their higher beta. The macro backdrop has also turned less friendly amid hawkish fed rhetoric, higher real yields and firmer USD.
- Platinum: After an early-year rally, platinum has given back gains and is now down YTD. WPIC still sees the market in deficit for 2026, but near-term prices have been capped by weaker jewellery/investment demand, some easing in supply tightness and softer auto demand.
- Palladium remains the weakest of the four, down slightly more than platinum YTD. Continued pressure from autocatalyst demand concerns, substitution, and the longer-term drag from BEV penetration, even if supply risks can still create short squeezes.
- Relative view: Platinum's fundamentals look less weak than palladium's, given repeated deficit forecasts and tighter above-ground stocks, but price action shows markets are not yet willing to chase the metal without stronger demand confirmation.



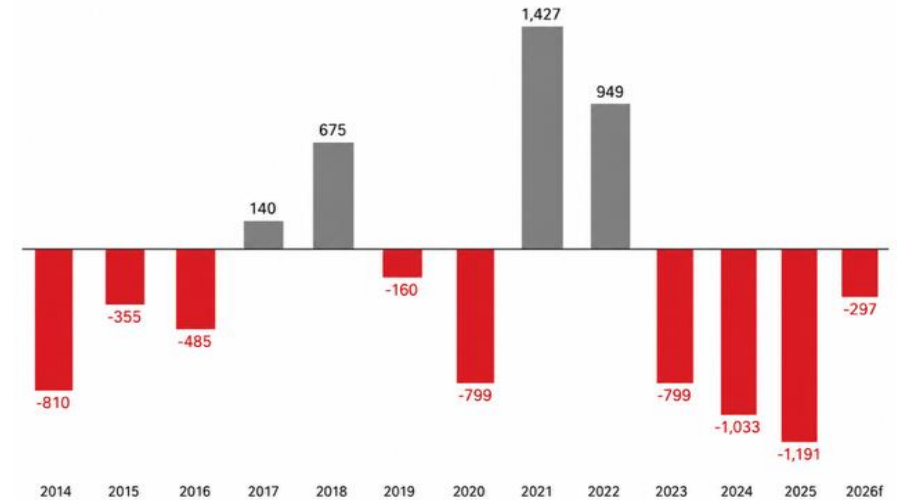
Note: Platinum and palladium are collectively referred to as PGM (Platinum Group Metals).

Source: Bloomberg, OCBC Group Research.

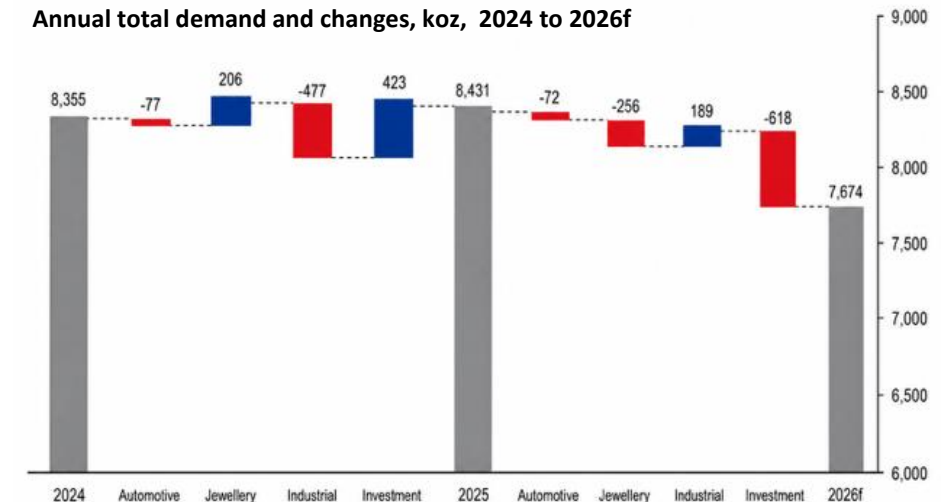
Platinum: Supply deficit persists while demand is mixed

- Structural support remains, but not all demand channels are firing.
- Projections from WPIC show that platinum to remain in deficit in 2026, marking a 4th consecutive annual deficit, even if the shortfall is smaller than in 2025.
- Above-ground stocks have already been drawn down, leaving the market with less buffer against supply disruptions or stronger-than-expected demand. Recycling did rise 7% in 1Q but fell short of expectations. For the year, recycling is forecast to rise 9%, mainly coming from autocatalyst.
- Total mine supply is expected to remain broadly flat. South African output may improve modestly but declines from Russia and North America offset part of the gains.
- Demand is split, with industrial and auto resilient while jewellery and investment softer.
- Overall, Platinum's correction looks more like a macro and positioning reset than a breakdown in the medium-term fundamental story. The deficit case remains intact, but with investment flows less supportive and jewellery demand soft, prices may need either renewed supply stress or a friendlier rates/USD backdrop to regain upward momentum.

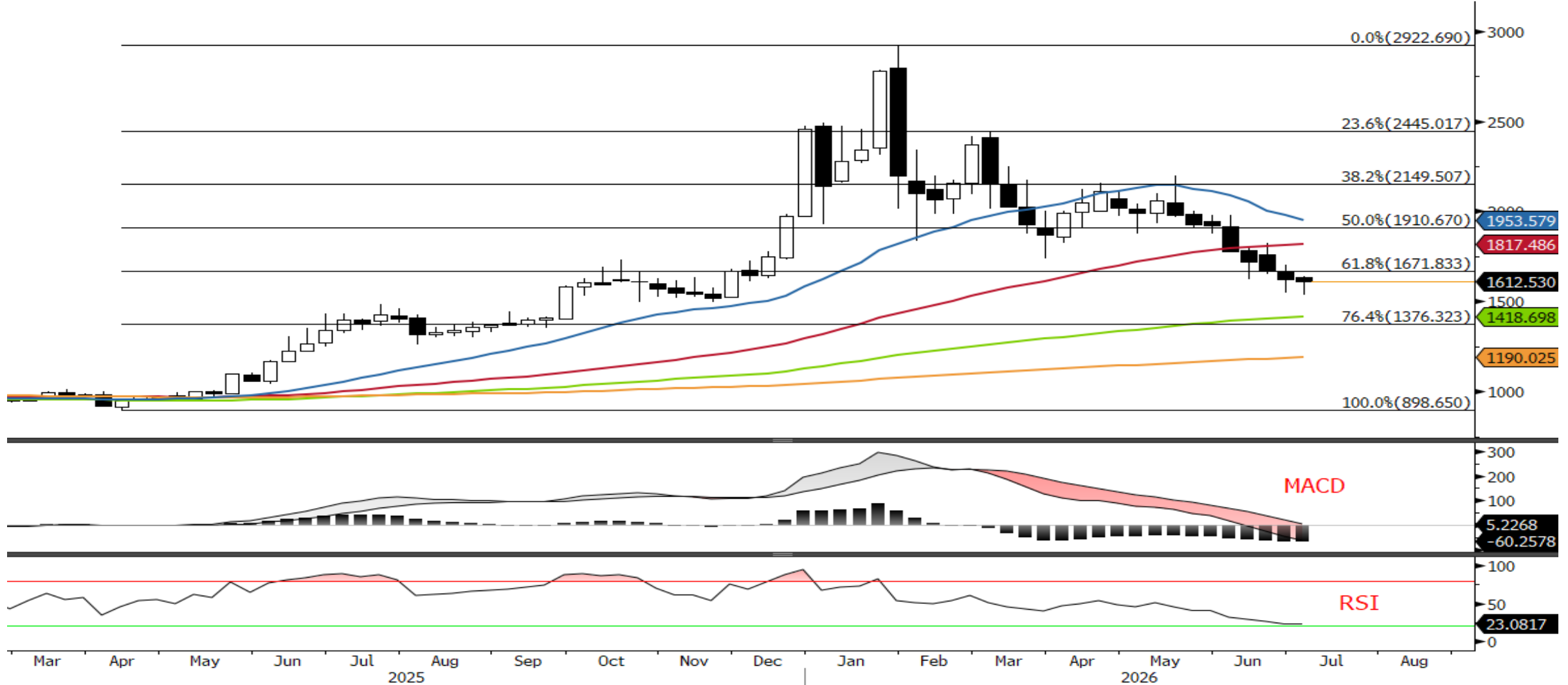
Annual platinum supply-demand balance, koz, 2014-2026f



Annual total demand and changes, koz, 2024 to 2026f



Platinum: Attempting to stabilise but need further price confirmation



Note: blue line – 21 SMA; red line – 50 SMA; green line - 100 SMA; yellow line - 200 SMA; MACD refers to Moving Average Convergence Divergence; RSI refers to Relative Strength Index.

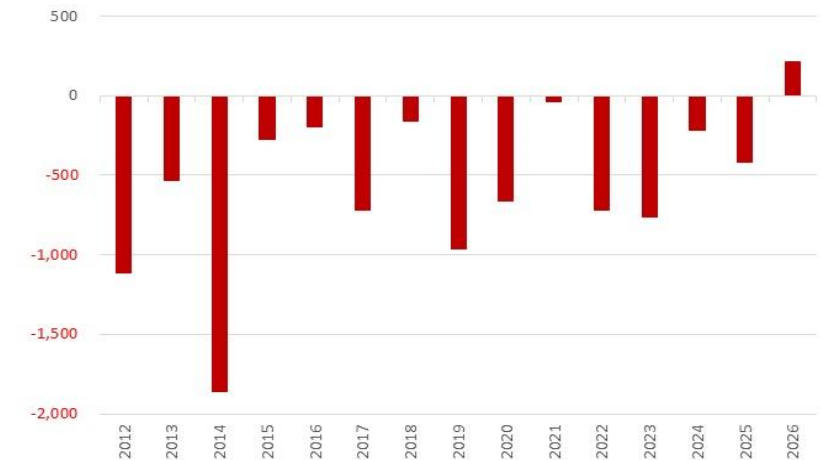
Source: Bloomberg (Weekly chart), OCBC Group Research.

Palladium: Less tight balance but supply risk still matter

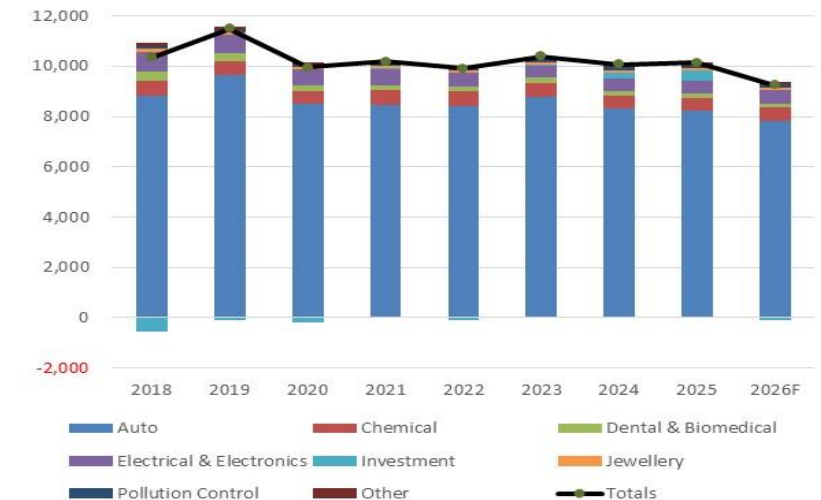
- Palladium supply remains highly concentrated, with Russia and South Africa accounting for around 3/4 of global mine supply/capacity. Russian flows face trade and geopolitical risk, while South Africa remains exposed to operational, labour and power-related disruptions. Major strikes are not frequent, but the supply impact can be material when they occur: the five-month South African platinum strike in 2014 helped push palladium to a 13½-year high in June that year.
- Fundamentally, palladium is potentially shifting from years of deficit toward balance or a small surplus in 2026. Primary supply remains fragile, especially from Russia, but recovering recycled supply may partially offset the expected decline in mine production.
- Demand is also becoming less supportive. Palladium demand is projected to fall in 2026, reflecting weaker auto-catalyst demand, flat industrial consumption and less supportive investment flows (which can be a swing factor). The market remains heavily exposed to automotive emissions control, especially gasoline vehicles, which account for around 80% of palladium demand. This leaves palladium vulnerable to EV penetration, substitution, thrifting of catalyst loadings and the global auto cycle.
- From a demand-supply standpoint, the market is no longer as clearly undersupplied as before. Recycling is recovering, auto demand is softer, and ETF demand has turned less supportive. That said, palladium can still respond positively to an improvement in macro conditions, while supply squeezes remain a key upside risk given concentrated production and trade-policy uncertainty.



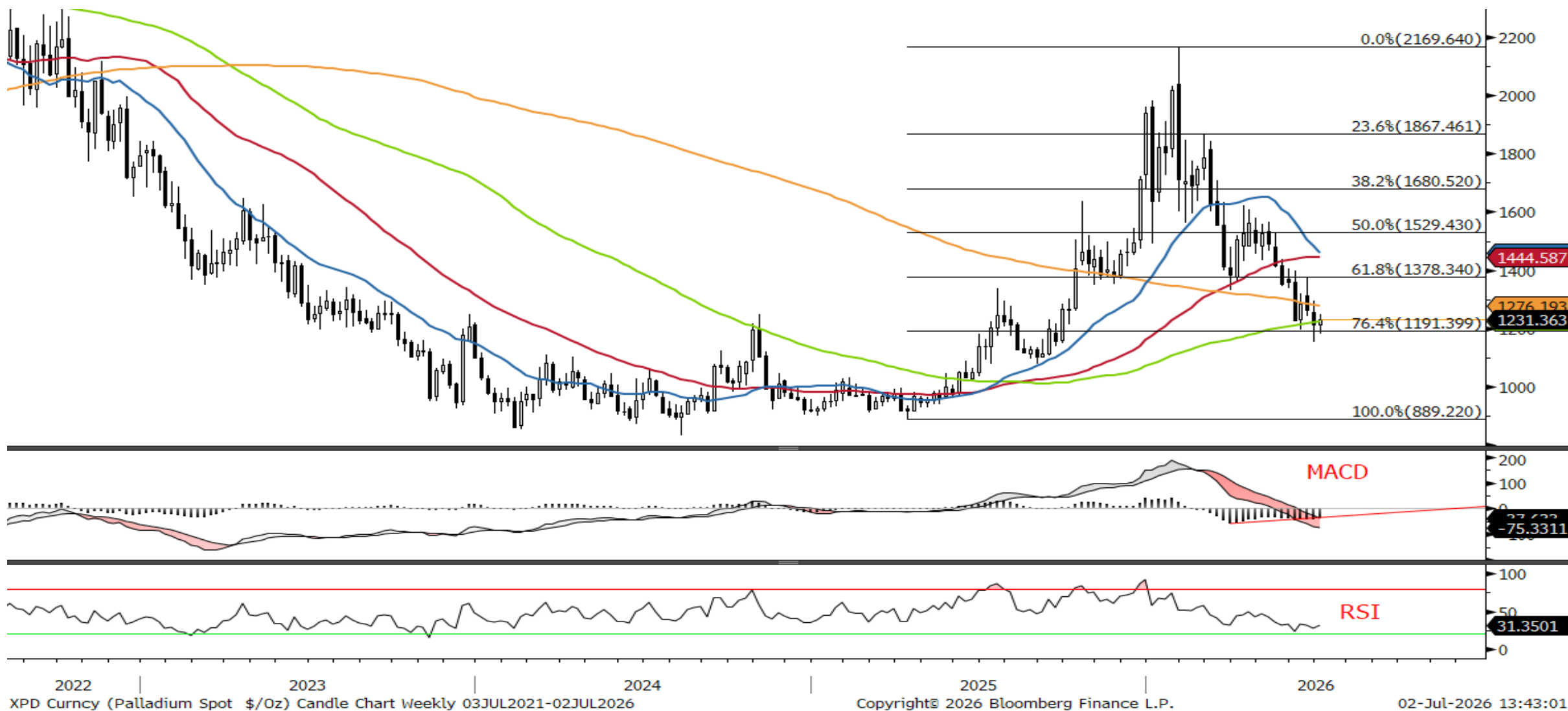
Palladium market balance (Supply – demand, '000 oz)



Palladium demand by application ('000 oz)



Palladium: Approaching make-or-break support at 1200



Notes: blue line – 21 SMA; red line – 50 SMA; green line - 100 SMA; yellow line - 200 SMA; MACD refers to Moving Average Convergence Divergence; RSI refers to Relative Strength Index.

Source: Bloomberg (Weekly chart), OCBC Group Research.

Crude Oil

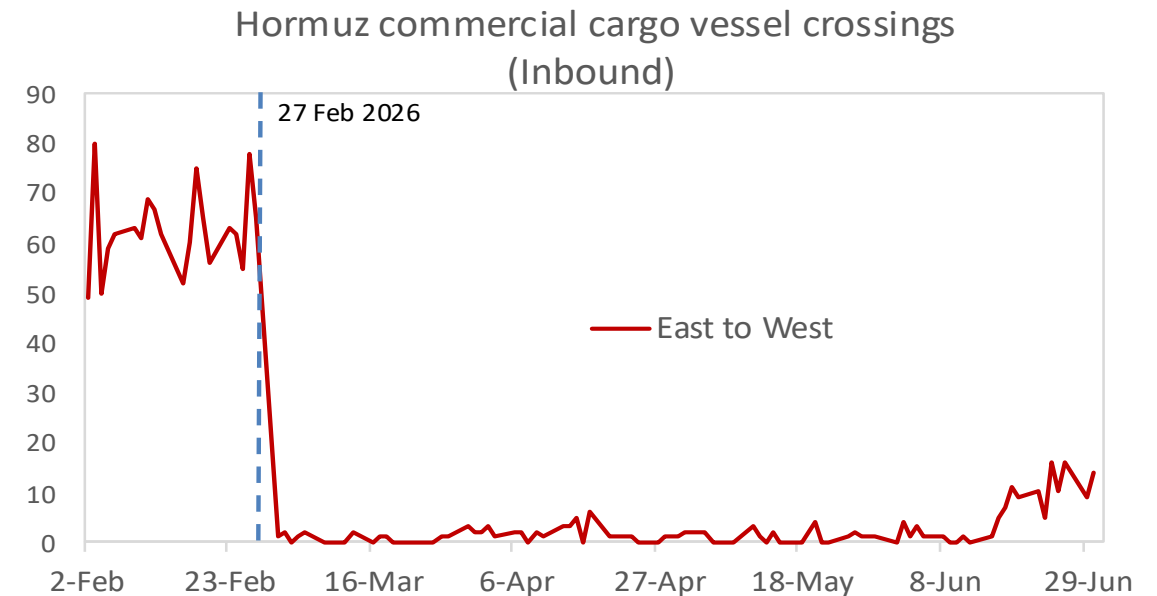
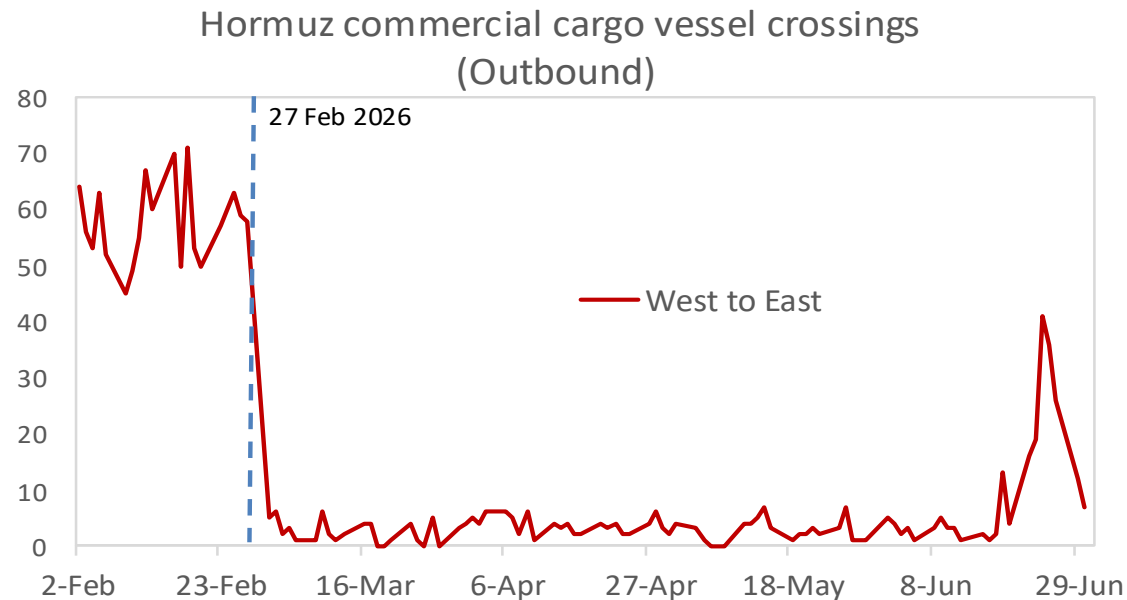
Sim Moh Siong

Commodity Strategist



Oil: Vessel traffic through the Strait of Hormuz is increasing

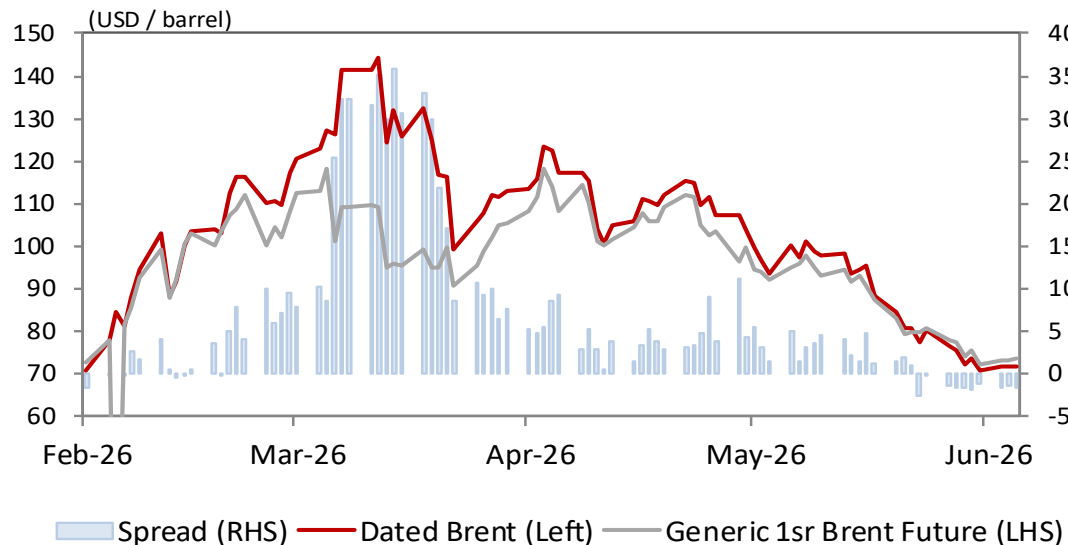
- Shipping traffic – and thus oil flows – through the Strait of Hormuz has picked up following the US–Iran memorandum of understanding.
- Vessel transits have rebounded to about 30% of normal levels, though momentum slowed after a container ship incident off Oman on 25 June.
- The surge mainly reflects the release of floating storage previously stranded in the Gulf. Slower inbound traffic suggests shipowners remain cautious, indicating flows may ease once backlog cargoes clear.



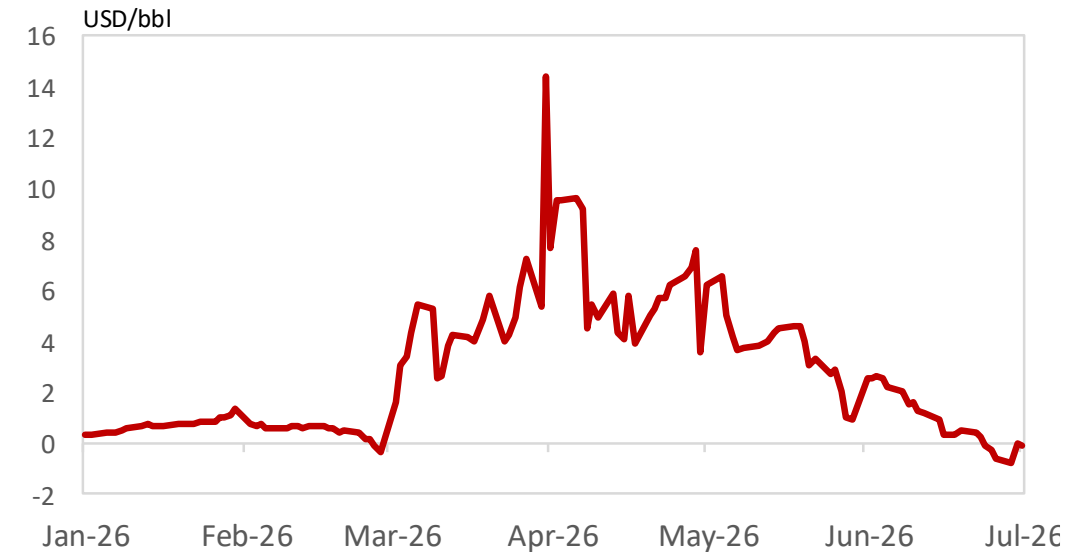
Oil: Physical oil market is weak

- Expectations of normalised flows quickly pushed crude prices back to pre-conflict levels, reviving the oversupply narrative.
- The physical market remains soft: Dated Brent trades at a discount to futures, and the front-end Brent curve has flattened, with the month 1/ month 2 time spread slipping into contango—signaling near-term looseness despite tighter oil balances further out.

Dated Brent versus Brent frontmonth future



Brent 1-2-month time spread



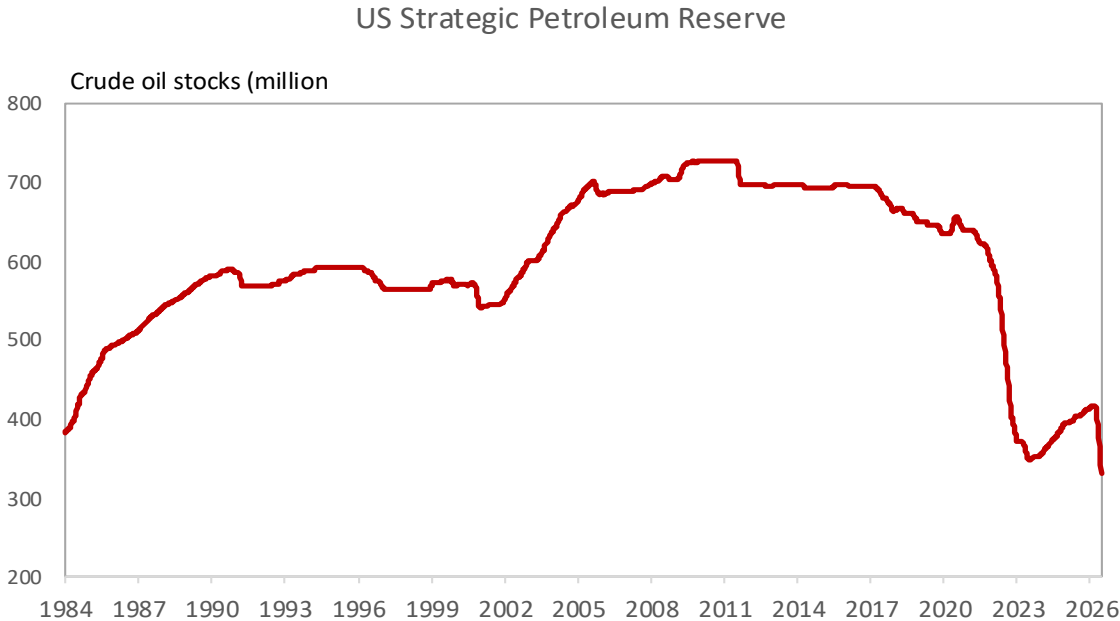
Oil: Oil price declines to moderate from here

- We lower our end-2026 Brent forecast to USD75/bbl from USD80/bbl and trim our 2027 outlook. Even so, we expect price declines to moderate, as markets appear overly optimistic about the speed and durability of supply recovery.
- De-mining in the Strait remains a key operational risk for shippers, while markets may be overestimating the durability of the US-Iran ceasefire.
- Strong US exports and weak China imports helped cap the initial price spike but drew down inventories. Restocking by both economies should absorb returning Middle East supply and help stabilise prices.

Crude Oil Forecasts						
	3Q26	4Q26	1Q27	2Q27	3Q27	2026
ICE Brent USD/bbl (new)	75.0	75.0	73.0	71.0	69.0	81.2
ICE Brent USD/bbl (previous)	85.0	80.0	75.0	75.0		85.8
NYMEX WTI USD/bbl (new)	71.0	71.0	69.0	67.0	65.0	76.7
NYMEX WTI USD/bbl (previous)	81.0	76.0	71.0	71.0		81.3



Source: Bloomberg, OCBC Group Research.



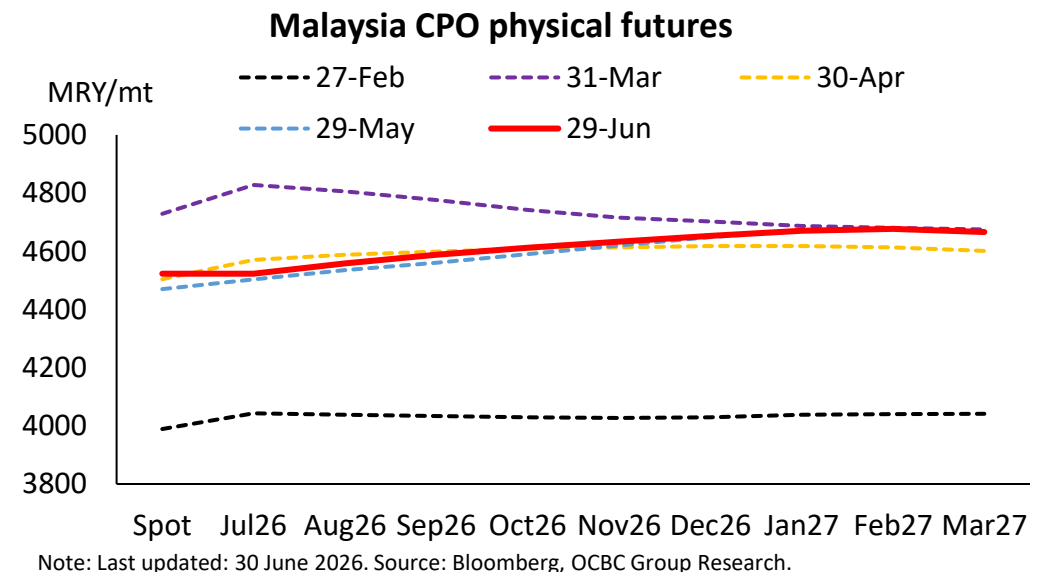
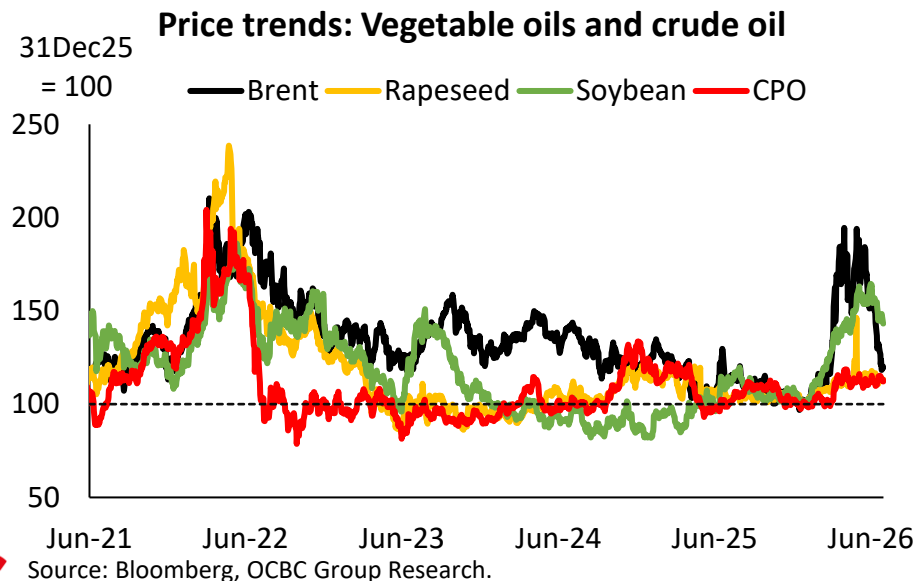
Crude Palm Oil (CPO)

Ahmad A Enver
ASEAN Economist
(Agriculture)



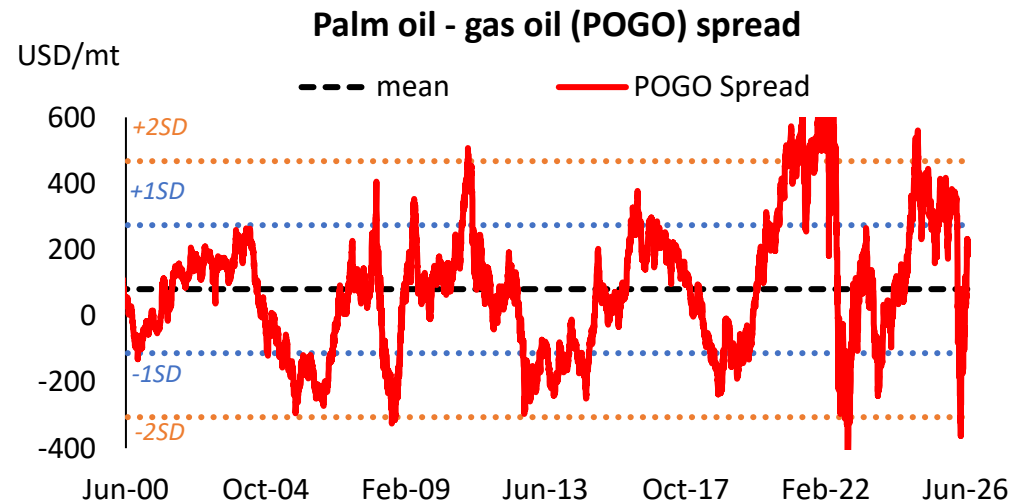
CPO: Price strength supported by energy and veg oil complex

- CPO prices remained elevated in June, averaging MYR4,510.3/mt, up ~MYR41 from May. This resilience came despite lower energy prices (Brent crude averaged USD84.4/bbl mtd as of 30 June, versus USD103.7 in May), underscoring the broader strength across the vegetable oil complex amid a more synchronised push toward biofuels. Alongside intensifying El Niño conditions, CPO prices may prove sticky to the downside in the near term.
- The soybean oil–palm oil (BOPO) spread has narrowed in recent weeks to around USD407/mt, from USD616/mt on 1 June, though it remains elevated relative to USD75 at the start of 2026. The earlier widening reflected a surge in soybean oil prices following the US EPA's record-high Renewable Fuel Standard (RFS) targets for 2026–2027, which indirectly support CPO prices via substitution effects. With CPO still trading at a relative discount, import demand should remain supportive, particularly in price-sensitive markets. However, already elevated price levels may cap further upside.
- We maintain a constructive short- to medium-term outlook for CPO prices, projecting an average of MYR4,400/mt in 2026, up from MYR4,280/mt in 2025.

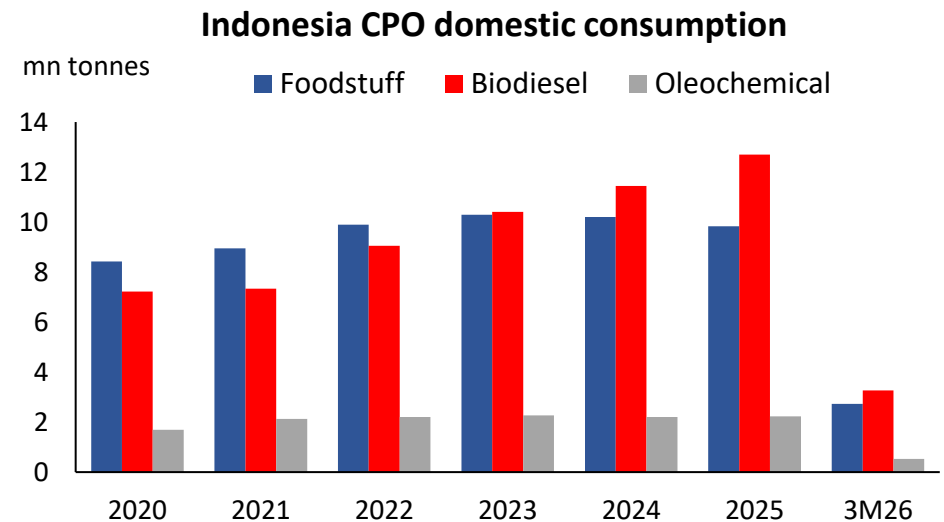


CPO: Policy-driven demand supporting prices

- CPO prices are increasingly underpinned by structural demand, particularly from the biofuels sector. Elevated crude oil prices continue to support biodiesel economics, reinforced by policy momentum toward higher blending mandates across Asia. Indonesia's move to bring forward its B50 target to July 2026, alongside Malaysia's transition toward B15 and higher blends, is set to divert a larger share of palm oil toward domestic fuel consumption. In the absence of notable supply growth, this rising absorption should tighten export availability. Indonesia's GAPKI estimates biodiesel consumption could reach as much as 16mn tonnes annually under B50, up from 12.7mn tonnes under B40 in 2025.
- Market signals remain consistent with this constructive demand outlook. The palm oil–gasoil (POGO) spread has been volatile year-to-date, turning sharply negative following the escalation of Middle East tensions on 28 February, boosting biodiesel competitiveness, before reverting to positive territory in late May. Nonetheless, at ~USD208/tonne, the spread remains below the USD339 average recorded in January–February. Against a still-fragile geopolitical backdrop, this normalisation is unlikely to deter policy momentum, as countries prioritise energy security and reduce reliance on external fuel sources.



Note: Data from 1 Jan 2000. Source: Bloomberg, OCBC Group Research.



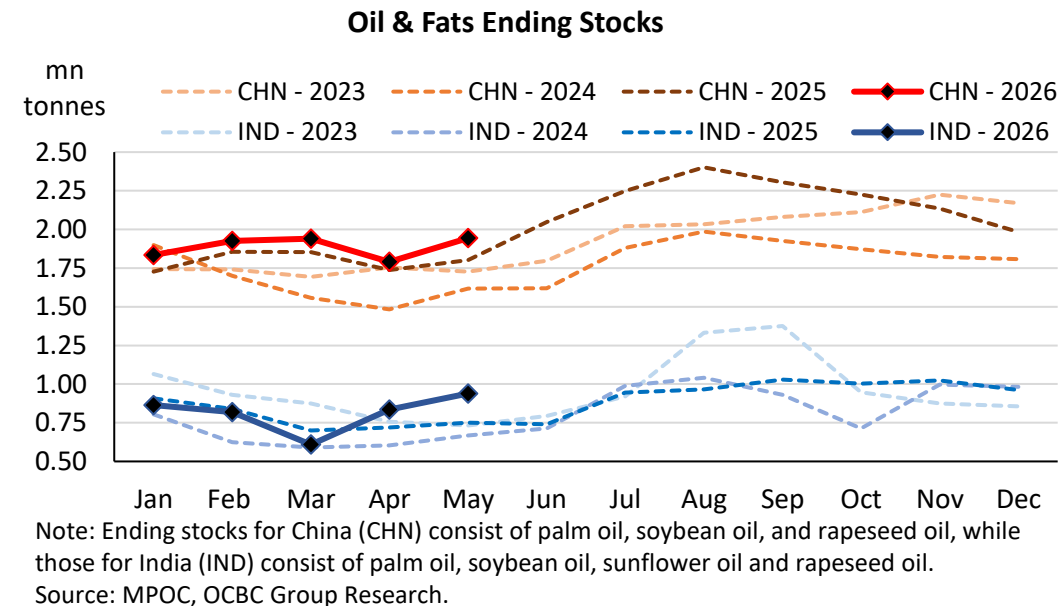
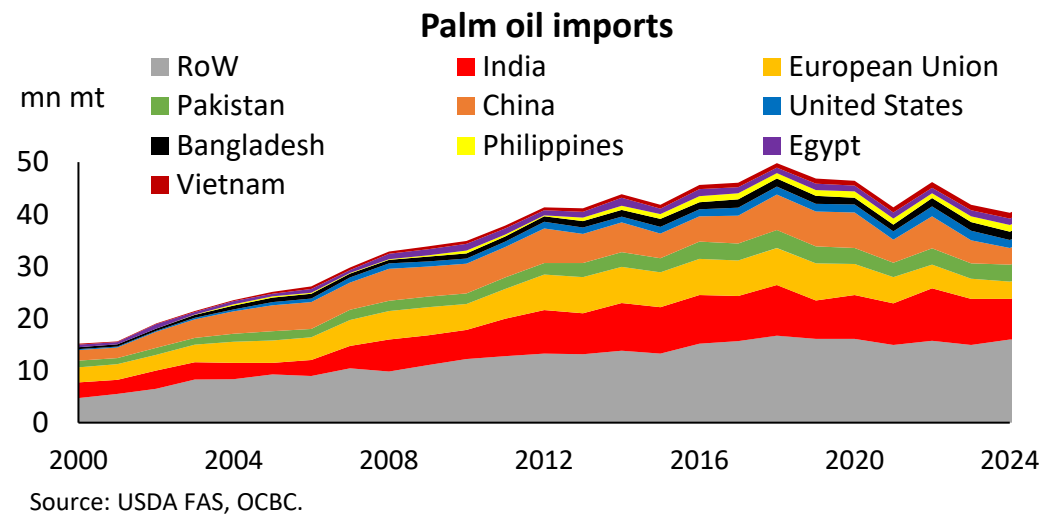
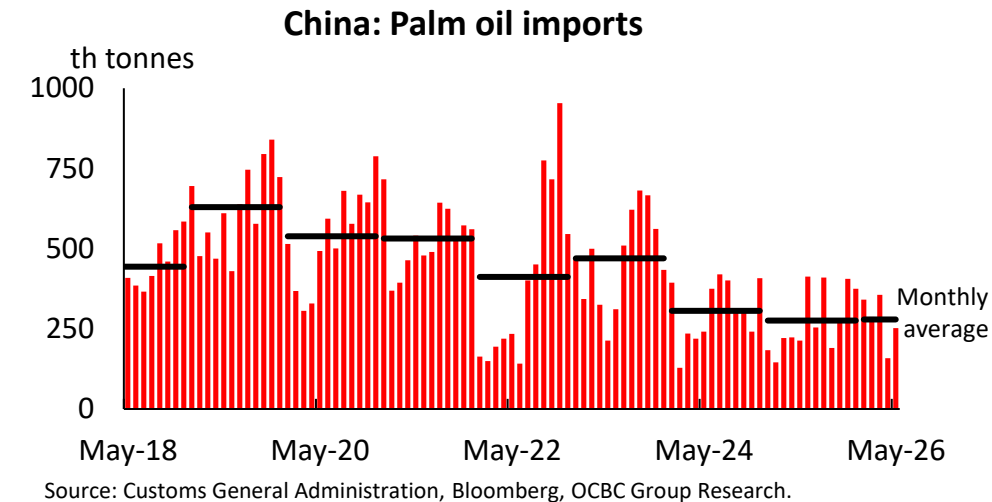
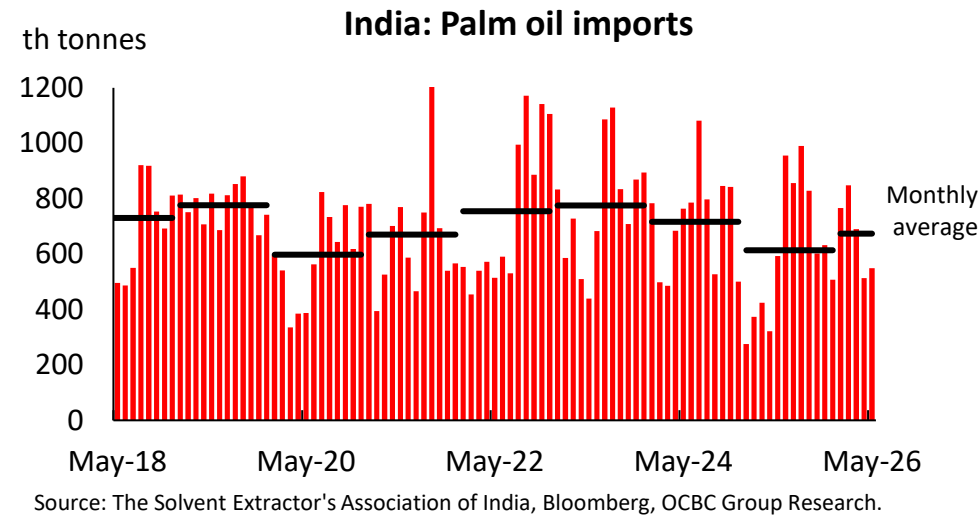
Source: GAPKI, CEIC, OCBC Group Research.



Source: GAPKI, Bloomberg,
CEIC, OCBC Group Research.

Note: Indonesia has steadily increased its biofuel blending mandate from B2.5 in 2008, B7.5 in 2010, B15 in 2015, B30 in 2020, B35 in 2023 and B40 in 2025.

CPO: Key demand signals

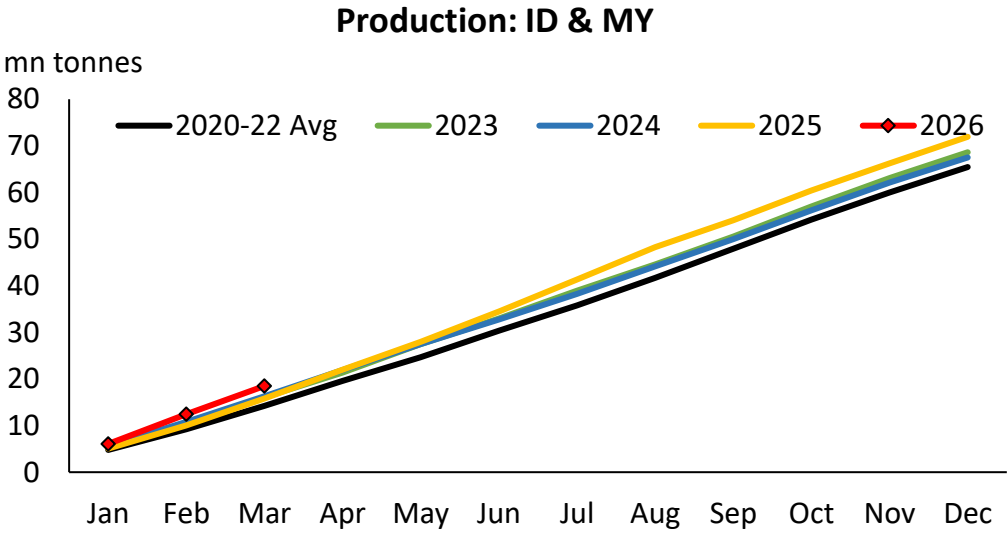


CPO: Gradual supply improvement with ongoing challenges

- CPO supply is expected to improve in 2026/27, albeit at a more measured pace. MPOB data showed that domestic CPO production rose by 1.5% YoY during the Jan–May 2026 period to 7.4mn tonnes, compared to a more muted 0.2% increase during the same period in 2025. While labour availability has stabilised, yields remain structurally weighed down by an ageing tree profile, persistent disease pressure, and national replanting activity that continues to lag targeted levels. For the full year of 2026, we expect overall production growth to remain broadly flat against the 2025 baseline of ~20.3mn tonnes, while the USDA projects a minor contraction.
- Indonesia remains the anchor of global CPO supply, with production projected to grow 3–5% in 2026 from 51.7mn tonnes in 2025. GAPKI data indicate that output rose 18.2% YoY to 14.2mn tonnes in 1Q26, rebounding from a 4.4% contraction in 4Q25.
- While the near-term production outlook is supportive, medium-term risks remain, including potential yield pressures from an emerging El Niño phenomenon. In addition, Indonesia’s planned centralised export framework introduces policy uncertainty which, while unlikely to directly affect production, could impact shipment processes, contract execution, and pricing dynamics.

Global palm oil supply (th metric tons)						
Production	2024/25	2025/26	2026/27	% YoY	2025/26	2026/27*
Indonesia	45,500	46,700	47,500		2.6	1.7
Malaysia	19,380	20,200	19,600		4.2	-3.0
Thailand	3,740	3,900	3,720		4.3	-4.6
Colombia	1,900	2,000	2,000		5.3	0.0
Nigeria	1,500	1,500	1,500		0.0	0.0
Other	6,823	6,971	7,041		2.2	1.0
Total	78,843	81,271	81,361		3.1	0.1

Note: *June 2026 projections. Source: USDA.

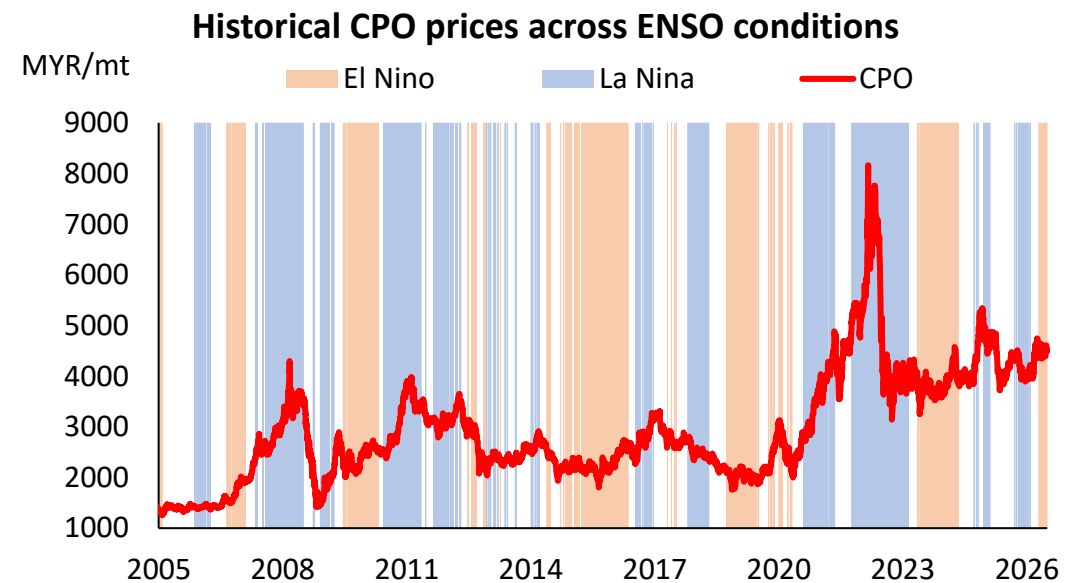
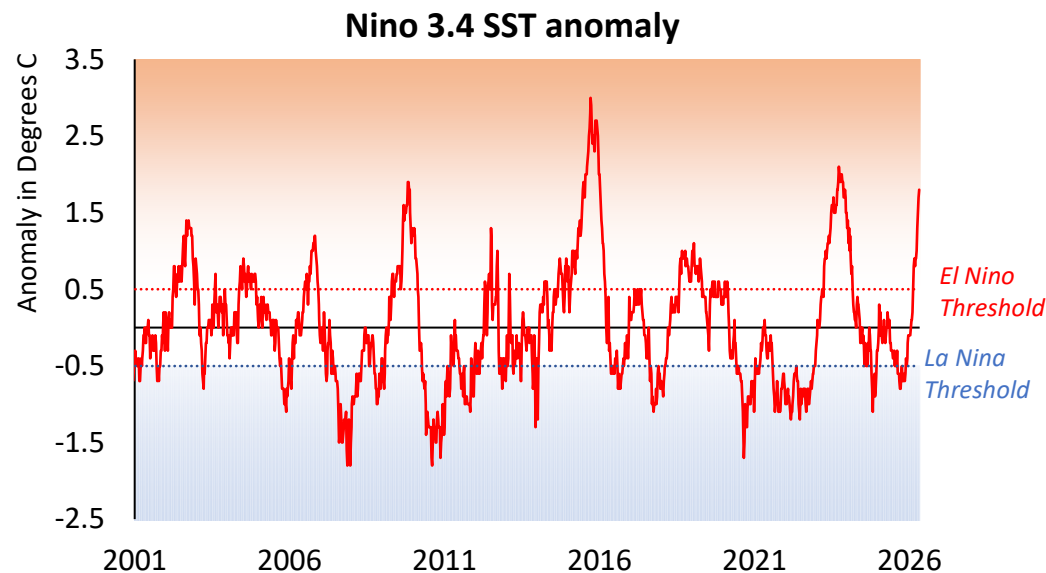


Note: Data up to March 2026. Source: GAPKI, MPOB, CEIC, OCBC Group Research.



CPO: El Niño tilts risks to the upside

- The latest ENSO signals reinforce upside risks to CPO prices in 2H26 and into 2027. NOAA indicated that El Niño conditions are already present and are expected to strengthen into the Northern Hemisphere winter of 2026–2027. For palm oil, the key factors are duration and intensity rather than the initial weather shock, as yield impacts typically emerge with a 6–18-month lag, given that rainfall stress affects flowering, fruit development, and fresh fruit bunch formation before translating into lower harvested output.
- The price implications are therefore asymmetric. If El Niño intensifies further and persists for a prolonged period, markets are likely to price in tighter forward supply ahead of visible production declines, especially if inventory levels remain modest. While CPO prices will continue to be influenced by factors such as crude oil, soybean oil, biodiesel mandates, export policies, and demand elasticity, the evolving weather backdrop reduces the likelihood of strong production growth in late 2026–2027 and raises the risk of downward revisions to supply expectations.



Note: Shaded periods denote El Niño-like (Nino 3.4 SST anomaly $\geq +0.5^{\circ}\text{C}$) and La Niña-like ($\leq -0.5^{\circ}\text{C}$) conditions based on NOAA observations. Source: Bloomberg, NOAA CPC, OCBC Group Research.

CPO: World supply and distribution of palm oil

Thousand mt	2022/23	2023/24	2024/25	2025/26	2026/27*
Production					
Indonesia	45,000	43,000	45,500	46,700	47,500
Malaysia	18,389	19,710	19,380	20,200	19,600
Thailand	3,321	3,274	3,740	3,900	3,720
Colombia	1,853	1,875	1,900	2,000	2,000
Others	8,154	8,235	8,323	8,471	8,541
Total	76,717	76,094	78,843	81,271	81,361
Domestic consumption					
Indonesia	19,125	21,075	22,375	22,925	23,375
India	8,900	8,990	8,800	9,125	9,150
Malaysia	3,975	3,667	4,165	4,235	4,270
China	5,400	5,000	3,300	4,100	3,965
Others	36,423	36,322	37,541	38,148	38,837
Total	73,823	75,054	76,181	78,533	79,597
Ending stocks					
Indonesia	5,108	4,761	4,416	4,491	4,466
Malaysia	2,312	2,014	2,360	2,475	2,455
India	2,419	2,615	1,898	2,098	2,038
Colombia	856	842	717	752	757
Others	6,298	5,750	5,593	5,627	5,251
Total	16,993	15,982	14,984	15,443	14,967

Thousand mt	2022/23	2023/24	2024/25	2025/26	2026/27*
Exports					
Indonesia	28,077	22,273	23,471	23,700	24,150
Malaysia	15,355	16,530	15,617	16,350	15,800
Thailand	902	878	1,302	1,000	1,000
Papua New Guinea	813	669	740	830	850
Others	4,220	4,060	3,888	3,862	3,823
Total	49,367	44,410	45,018	45,742	45,623
Imports					
India	10,045	8,886	7,786	9,050	8,800
China	6,190	4,377	3,203	4,175	3,900
Pakistan	3,094	2,980	3,325	3,650	3,700
European Union	4,576	4,013	3,135	3,500	3,200
Others	22,736	22,103	23,909	23,088	23,783
Total	46,641	42,359	41,358	43,463	43,383

Source: USDA.



Note: *as of June 2026.

Source: USDA, OCBC Group Research.

Special theme: Mapping Asia's agricultural vulnerability

Asia's agriculture faces a dual shock: Middle East tensions are adding pressure to energy and fertiliser markets, while El Niño raises the risk of hotter and drier conditions across parts of Southeast Asia.

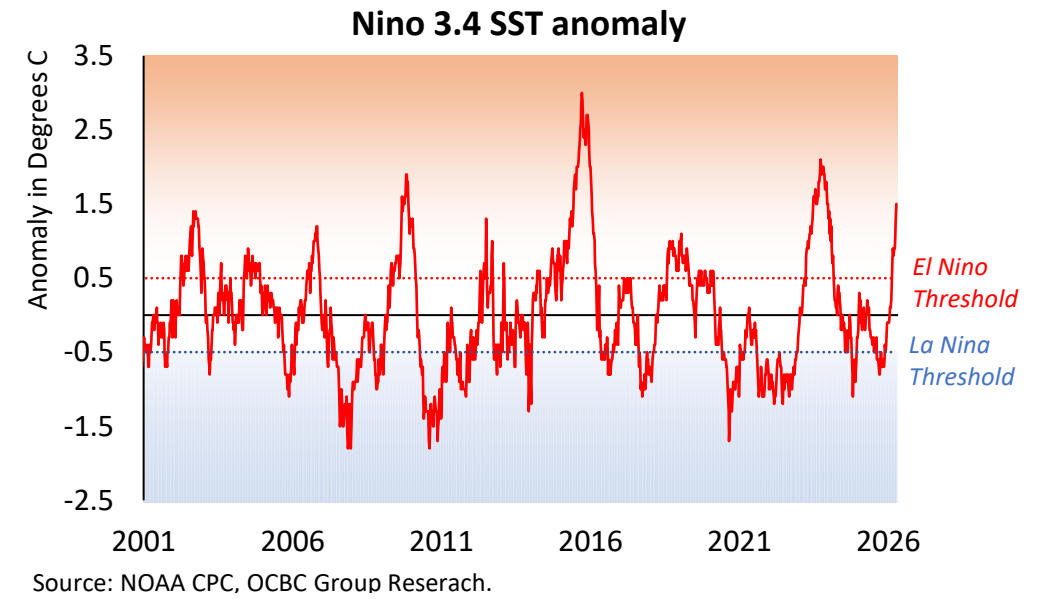
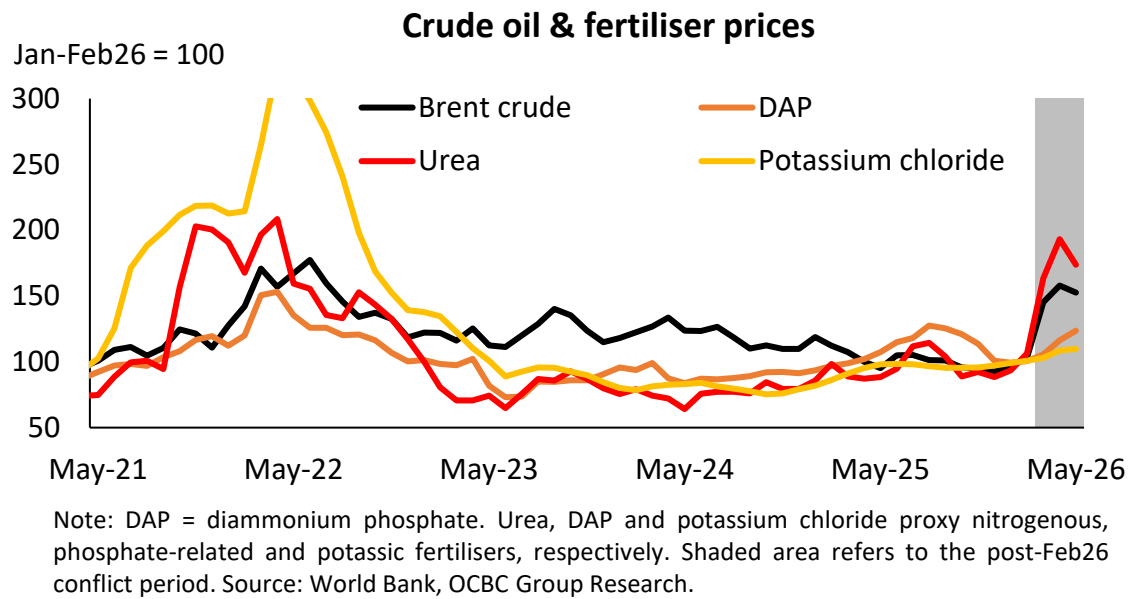
Fertiliser exposure is uneven across the region. Thailand has the clearest direct reliance on GCC plus Iran supply, Japan and South Korea are net importers, while China's export stance matters for regional replacement supply.

The risk is not an immediate Asia-wide food shortage, but a gradual build-up of pressure through higher input costs, squeezed farm margins, weather-sensitive yields and potentially rising import needs.



Asia's agriculture faces dual shock

- Asia's agricultural supply chain is facing a more difficult operating environment as two pressures converge. The Middle East conflict has disrupted shipping through the Strait of Hormuz, adding pressure to energy and fertiliser markets, while El Niño raises the risk of hotter and drier conditions across parts of Southeast Asia. While crude oil prices have eased following the latest US-Iran deal, fertiliser supply normalisation may lag due to plant restarts, maritime transport frictions, and backlogged cargo schedules.
- The risk extends beyond fuel cost. The Strait of Hormuz is also a key route for global fertiliser trade, with potential implication for Urea and DAP prices. These products matter directly for crops such as rice, maize, sugarcane, and oil palm, where yields depends heavily on timely fertiliser application.
- The key risk is a gradual build up pressure through higher input costs, weaker farm margins, and more uncertain yields, rather than an immediate food shortage. Food-related inflation is therefore worth monitoring across the region.



The fertiliser channel

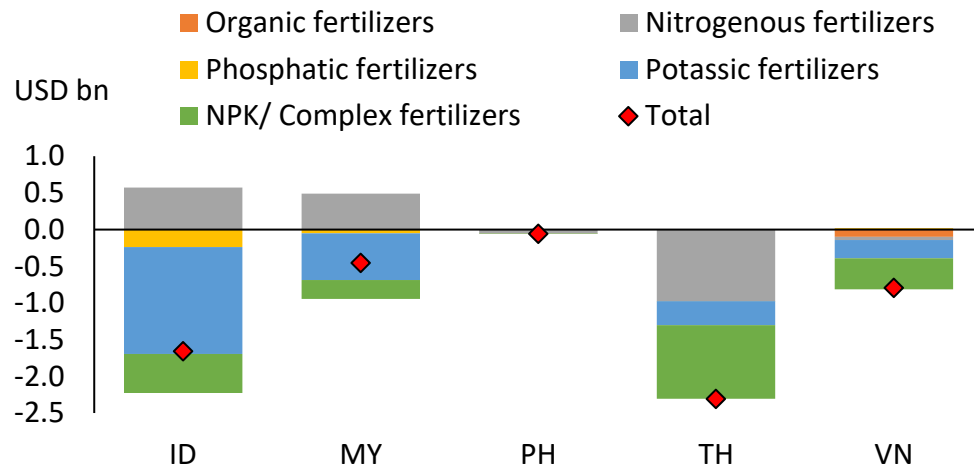
- The clearest transmission from the Middle East conflict to Asia's agriculture is through fertiliser imports. In this analysis, fertiliser refers to HS31, specifically HS3101 to HS3105.
- These categories cover organic, nitrogenous, phosphatic, potassic and NPK or complex fertilisers. They are trade classifications rather than a full agronomic taxonomy, but they provide a useful way to map how different fertiliser products support crop production and where supply exposure may arise.

HS code	Fertiliser category	Main function for crops	Common crop relevance
HS3101	Organic fertilisers	Add nutrients gradually and help improve soil structure, often from animal or vegetable materials	Used across mixed farming systems, vegetables, fruit crops and smallholder plots
HS3102	Nitrogenous fertilisers	Support leaf growth, crop vigour and yield formation; urea is the key example	Rice, maize, sugarcane and oil palm, especially during vegetative growth
HS3103	Phosphatic fertilisers	Support root development, early crop establishment, flowering and seed formation	Rice, maize, sugarcane, cassava, vegetables and plantation crops
HS3104	Potassic fertilisers	Support water regulation, stress tolerance, fruit quality and crop resilience	Oil palm, fruits, vegetables, cassava, sugarcane and other potassium-demanding crops
HS3105	NPK/complex fertilisers	Combine two or three major nutrients (N, P, K) in one product	Widely used across rice, maize, sugarcane, oil palm, vegetables and horticulture
Note: Practical guide only. Actual fertiliser use varies by crop, soil and farming practice. Source: World Customs Organization, Food and Agriculture Organization, International Fertiliser Association, OCBC Group Research.			

Fertiliser trade exposure: ASEAN-5 vs North Asia

- Fertiliser exposure is uneven and broad-based across products. ASEAN-5 runs a sizeable net fertiliser deficit, led by Thailand (~USD2.3bn), Indonesia (~USD1.7bn) and Vietnam (~USD792mn), with NPK/complex, potassic and nitrogenous fertilisers accounting for most of the region's imports. North Asia tells a different story. China was a sizeable net HS31 exporter, with a surplus of around USD3.9bn, while Japan and South Korea were small net importers, with deficits of around USD601mn and USD312mn respectively.
- The product breakdown adds nuance. China recorded large surpluses in nitrogenous, phosphatic and NPK/complex fertilisers, but remained a net importer of potassic fertilisers. Japan was a net importer across all main nutrient categories, while South Korea imported nitrogenous and potassic fertilisers but ran a surplus in NPK/complex fertilisers. Potassic fertiliser is the common thread across the region: all three North Asian economies, like ASEAN-5, were net importers of it, making it the universal dependency across Asia's fertiliser landscape.

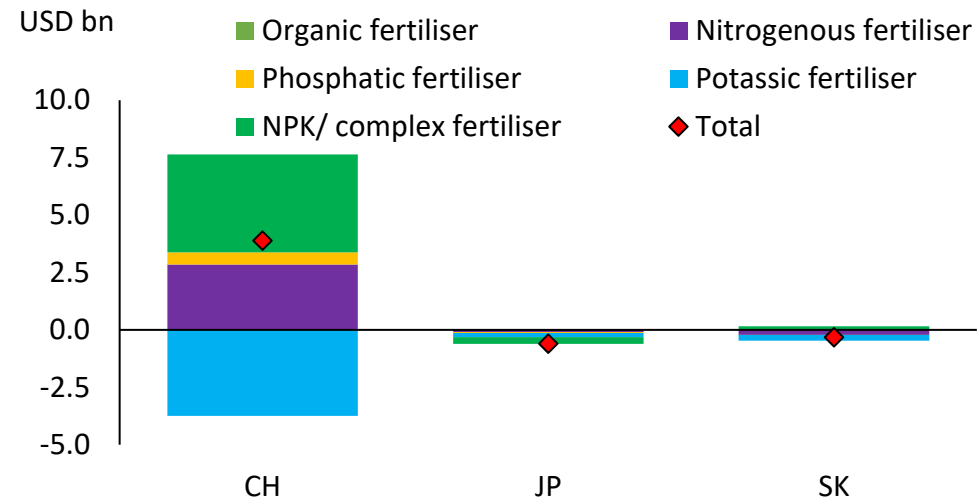
ASEAN-5: Fertiliser trade balance (Total)



Note: HS 3101–3105. Based on the latest available data (2025 for Indonesia and Malaysia; 2024 for the Philippines, Singapore, and Thailand; and 2023 for Vietnam).

Source: UN Comtrade, OCBC Group Research.

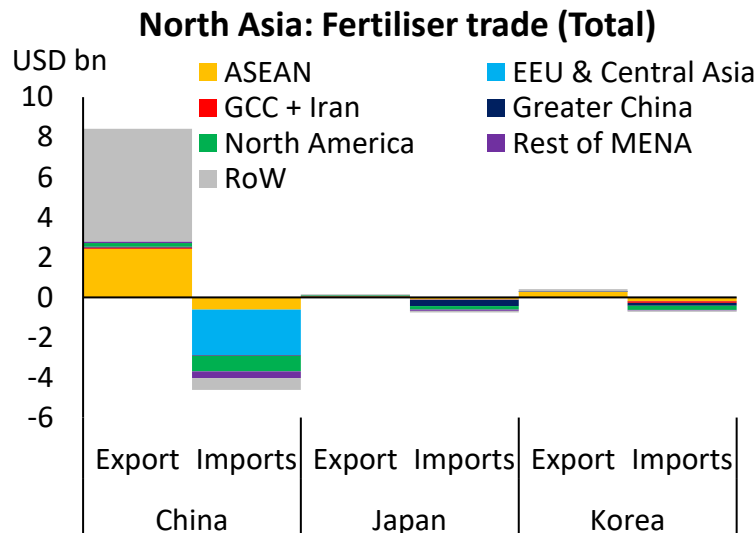
North Asia: Fertiliser trade balance (Total)



Note: HS 3101–3105. Based on the latest available data. Source: UN Comtrade, OCBC Group Research.

China as regional swing supplier

- North Asia adds a different layer to the fertiliser channel. China's direct import exposure to the Gulf is less important than its role as a regional supplier. Its large surpluses in nitrogenous, phosphatic and NPK/complex fertilisers, combined with a persistent deficit in potassic fertiliser, position it as the swing supplier for the wider region when Gulf cargoes become delayed or more costly.
- The scale of this role is significant: China sent ~28% of its total fertiliser exports to ASEAN in 2024, meaning its export policy stance directly shapes regional replacement supply whenever Middle East shipments are disrupted. This creates both an opportunity and a risk. China's surplus position can help cushion the region against Gulf-related shortfalls, offering a partial buffer against the Strait of Hormuz disruption. But it also means that any tightening of Chinese export controls, whether for domestic food security reasons or otherwise, would immediately narrow the options available to import-dependent economies across ASEAN and North Asia, compounding cost pressures at exactly the point where alternative Gulf supply is already constrained.

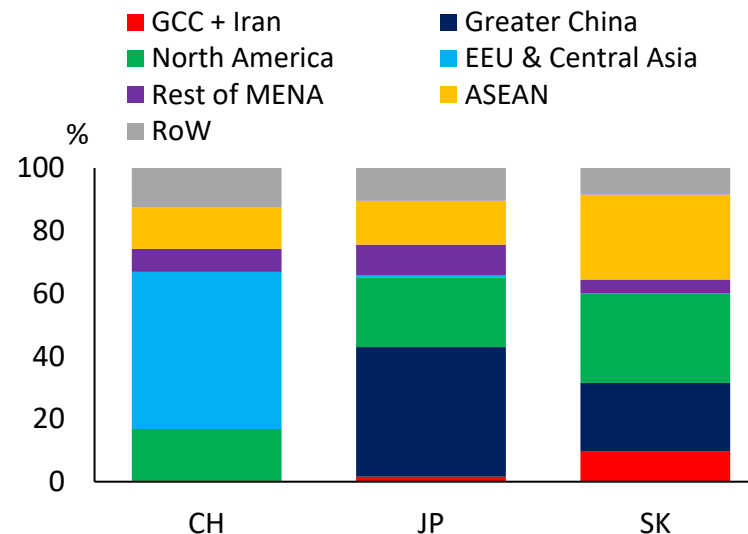


Note: Fertiliser refers to HS31. Based on the latest available data.
Source: UN Comtrade, OCBC Group Research.



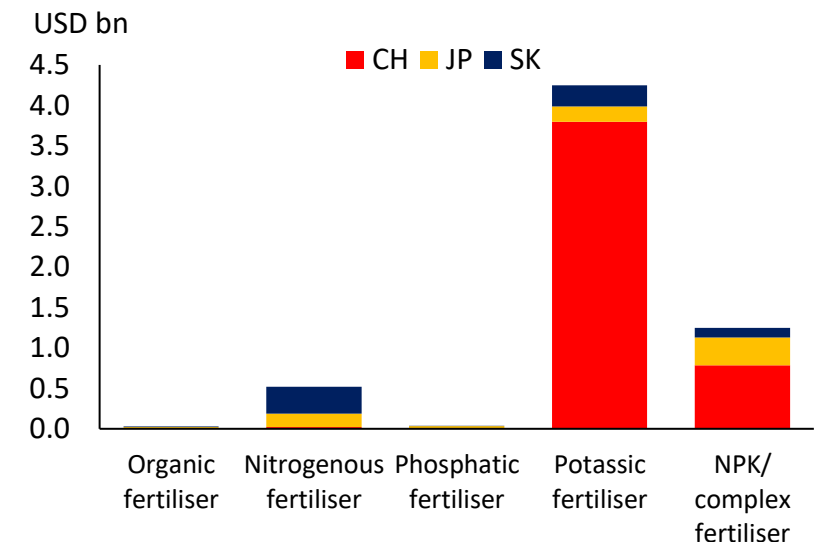
Source: UN Comtrade, OCBC Group Research.

North Asia: Fertiliser imports by source region



Note: Fertiliser refers to HS31. Based on the latest available data.
Source: UN Comtrade, OCBC Group Research.

North Asia: Total fertiliser imports

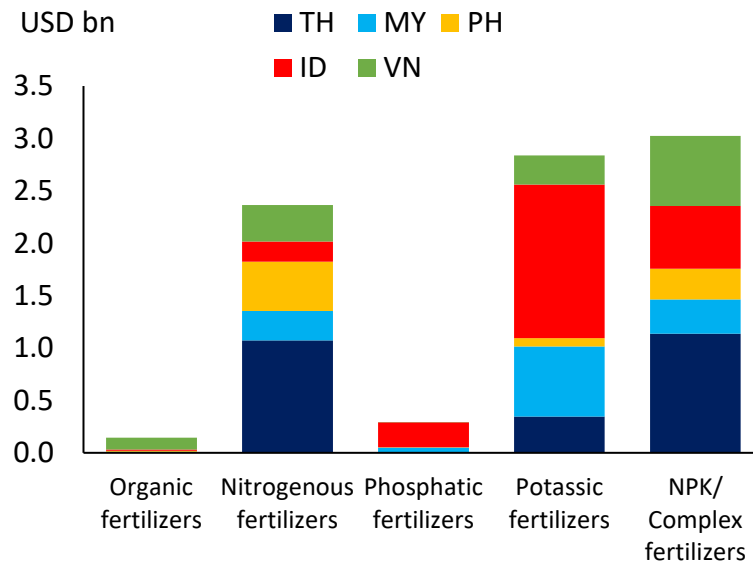


Note: HS 3101–3105. Based on the latest available data. Source: UN Comtrade, OCBC Group Research.

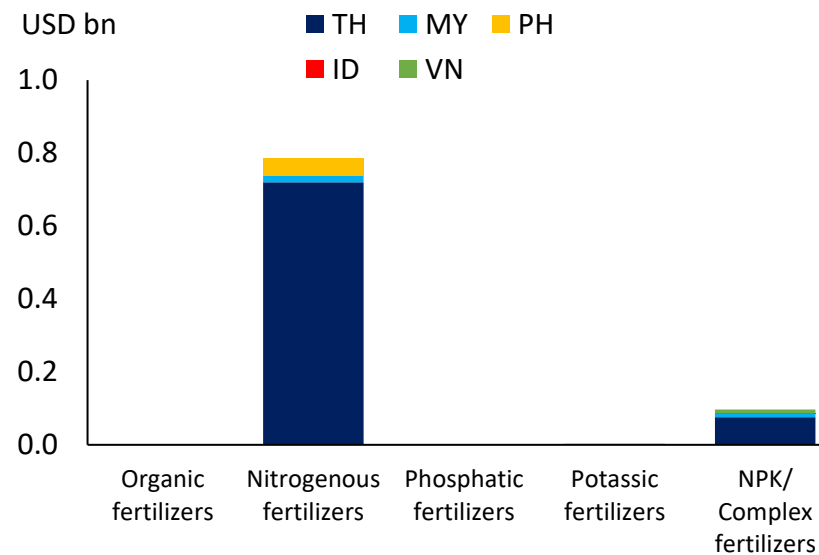
Uneven exposure: Thailand stands out within ASEAN-5

- The regional totals hide a much more uneven exposure map. Based on the latest available HS31 import data, GCC plus Iran supplied around 10–13% of ASEAN-5 fertiliser imports by value, but the direct exposure was heavily concentrated in Thailand. Around 31% of Thailand's fertiliser imports came from GCC plus Iran, compared with around 6% for the Philippines, 3% for Malaysia, and near zero for Indonesia and Vietnam.
- In value terms, Thailand imported close to USD796mn worth of fertilisers from GCC plus Iran, far above the Philippines at USD48mn and Malaysia at USD30mn. That exposure is concentrated in nitrogenous fertilisers, at around USD719mn, with a further USD76mn in NPK and complex fertilisers. North Asia shows a broadly similar profile to ASEAN, with Japan and South Korea's direct reliance on GCC plus Iran comparable to most ASEAN-5 markets — the notable exception being Thailand's outsized exposure. This means the fertiliser shock is not a uniform regional story; it is a concentrated one, where a single country's exposure shapes the overall narrative for direct Gulf-linked risk.

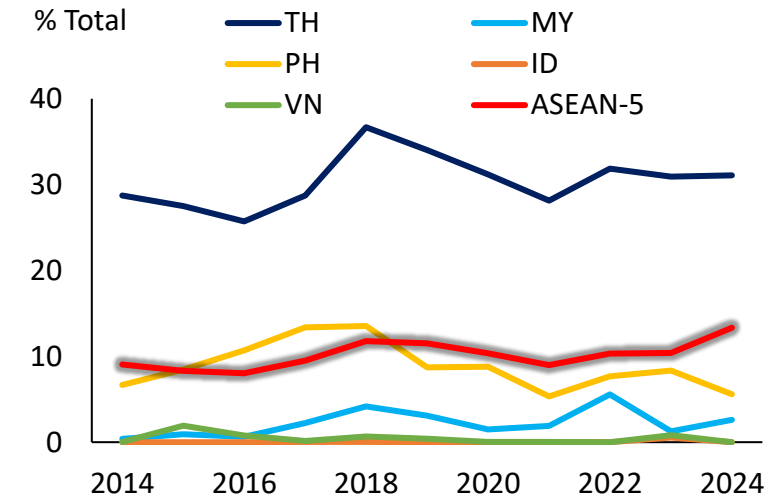
ASEAN-5: Total fertilisers imports



ASEAN-5: Fertiliser imports from GCC & Iran



ASEAN-5: Fertiliser imports from GCC & Iran

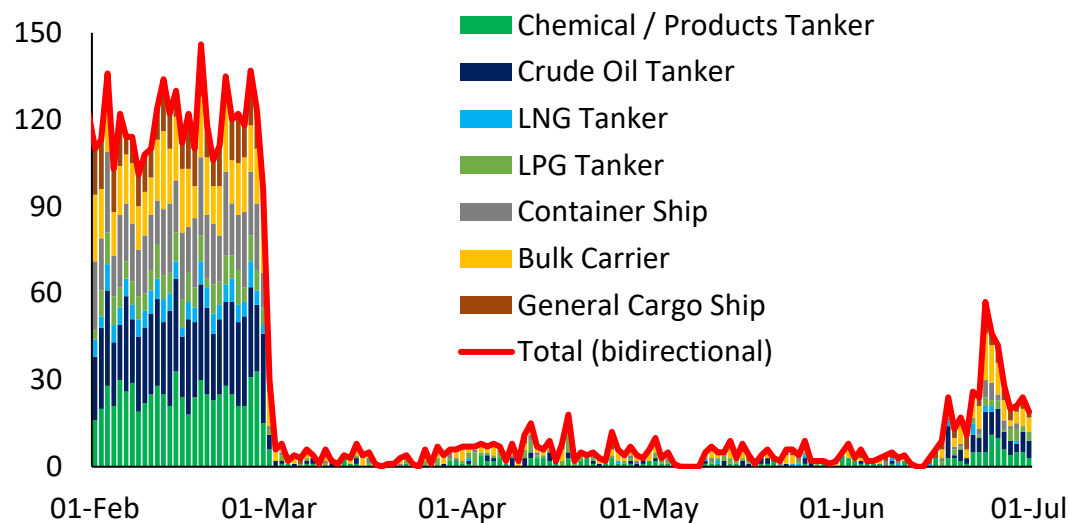


Note: HS 3101–3105. Based on the latest available data (2025 for Indonesia and Malaysia; 2024 for the Philippines, Singapore, and Thailand; and 2023 for Vietnam).

Logistics, not just pricing

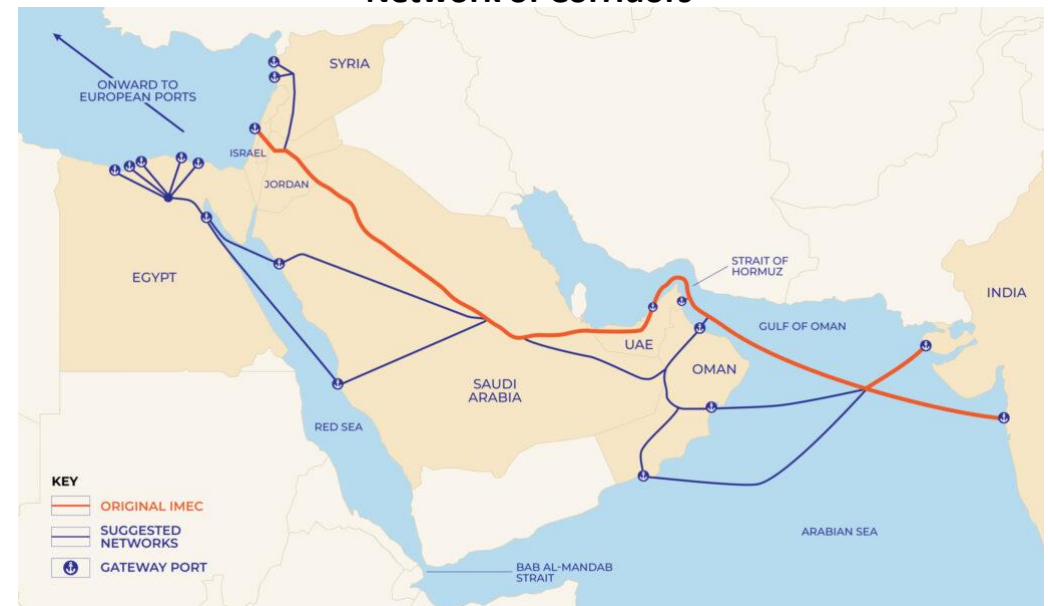
- The Gulf channel has become a logistics issue, not only a pricing one. Some Gulf fertiliser producers have already shifted cargoes by land to ports outside the Strait of Hormuz, while eastern UAE ports have taken on a larger role as trade routes inside the Gulf became more difficult. These workarounds help keep product moving, but they also add handling, freight and storage costs at every stage of the journey.
- Nitrogen production is particularly exposed because it is energy-intensive and closely tied to natural gas. A prolonged Strait of Hormuz disruption tightens Asia's access to Gulf nitrogen supply by delaying cargoes, raising freight and replacement costs, and narrowing delivery windows during the planting season. The issue, therefore, is not only whether supply can eventually be replaced, but whether replacement cargoes can arrive at the right cost and within the planting window. For smallholders who cannot hedge prices or buy in bulk, a sharp increase in import costs can change planting economics almost overnight, often leading to delayed purchases or reduced application rates.

Strait of Hormuz commercial vessel crossings



Source: Bloomberg, OCBC Group Research.

Network of Corridors



Note: IMEC refers to India-Middle East-Europe Economic Corridor.

Source: Bloomberg, Atlantic Council, OCBC Group Research.

Crop exposure across ASEAN-5

- The crop map makes ASEAN-5's fertiliser exposure more consequential. At the regional level, ASEAN is broadly self-sufficient in rice, sugar and cassava, with self-sufficiency ratios (SSR) estimated at 123.6%, 103.6% and 155.3% respectively. The main structural shortfall is maize, where the SSR stands at just 71.1%. Since maize is a key feed input, production or import cost pressure here can pass through indirectly to livestock, poultry and egg prices.
- Thailand's fertiliser exposure should be read as broader than rice alone. It is not ASEAN's largest rice producer by volume, but it remains a major contributor at 16.9% of regional production, and is highly self-sufficient in rice. Its regional role is more prominent in sugar and cassava, where it accounts for 59.6% and 32.9% of ASEAN output respectively, meaning higher input costs or supply disruption could extend beyond staples into sugar, starch, feed and agro-industrial supply chains. Malaysia and the Philippines present a different profile, with weaker rice self-sufficiency than the regional average (47.0% and 73.2%), leaving them more exposed to import needs if regional rice conditions tighten.

Crops	Country	2024	2025	2026			
		(Production mn tons)			% share ASEAN	vs 2025 % YoY	SSR
Rice	ASEAN	128.8	134.7	136.1	100.0	1.0	123.6
	Indonesia	34.0	38.7	39.3	28.8	1.6	126.2
	Malaysia	1.3	1.3	1.4	1.0	1.0	47.0
	Philippines	13.2	12.7	12.8	9.4	0.4	73.2
	Thailand	21.8	23.1	23.0	16.9	-0.5	207.9
	Vietnam	28.2	28.4	29.3	21.5	3.2	136.3
Maize	ASEAN	36.9	38.6	39.2	100.0	1.5	71.1
	Indonesia	15.1	16.5	16.7	42.7	1.6	102.2
	Malaysia	0.0	0.0	0.0	0.0	31.7	0.2
	Philippines	8.2	8.2	8.3	21.1	0.6	83.3
	Thailand	4.9	5.3	5.5	14.1	4.2	58.6
	Vietnam	4.4	4.5	4.5	11.5	0.0	28.6
Sugar	ASEAN	15.8	17.5	17.5	100.0	0.1	103.6
	Indonesia	2.5	2.7	2.7	15.5	2.0	38.4
	Malaysia	0.0	0.0	0.0	0.0	-	0.0
	Philippines	1.6	1.6	1.6	9.3	-1.0	81.4
	Thailand	9.1	10.5	10.5	59.6	-0.3	425.3
	Vietnam	1.3	1.3	1.3	7.5	2.0	65.2
Cassava	ASEAN	81.7	79.0	77.7	100.0	-1.6	155.3
	Indonesia	16.7	15.7	17.0	21.9	8.5	97.1
	Malaysia	0.0	0.0	0.0	0.1	1.2	89.9
	Philippines	2.5	2.4	2.5	3.2	6.2	94.1
	Thailand	28.6	27.0	25.6	32.9	-5.2	269.7
	Vietnam	10.5	10.7	11.0	14.1	2.0	140.9

Note: 2026 AFSIS estimate, SSR = Self-sufficiency ratio. Source: AFSIS, OCBC Group Research.

El Niño, the second stress point

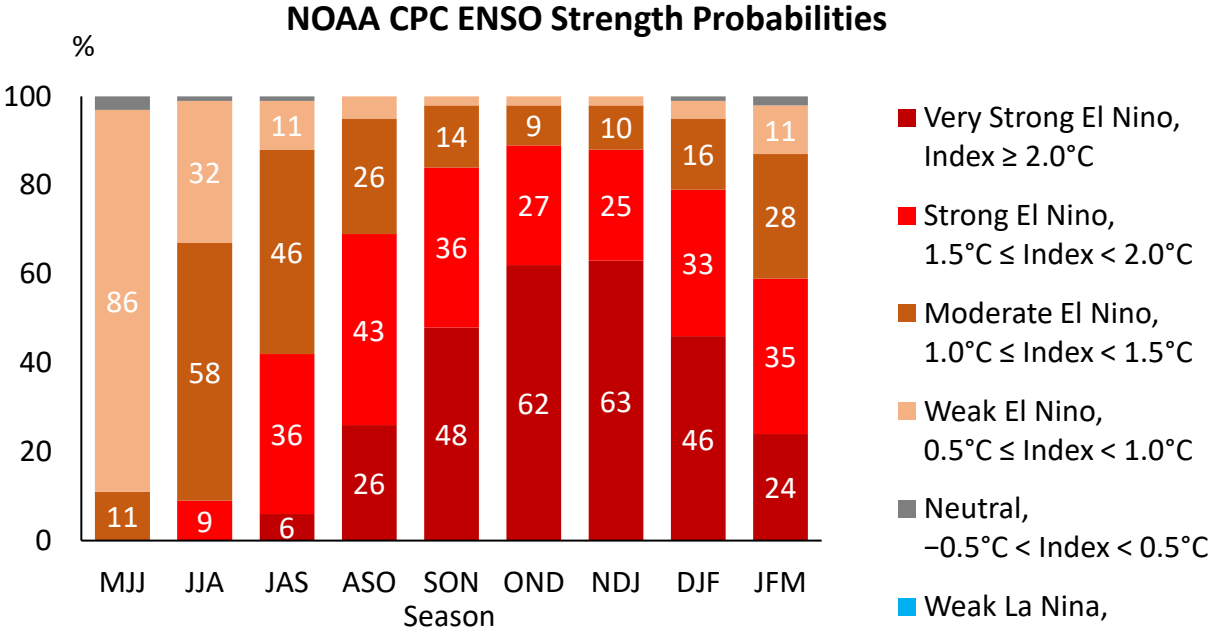
- El Niño adds a physical production risk on top of the fertiliser shock. Fertiliser affects the cost and timing of production, while El Niño affects growing conditions directly. In its latest update, NOAA indicated that El Niño conditions are already present and expected to strengthen into the Northern Hemisphere winter of 2026 to 2027. The main concern is a higher probability of hotter and drier conditions, lower rainfall and water stress, although the impact will differ by country, irrigation coverage, crop type and planting calendar.
- ASEAN remains the more direct focus for this weather risk channel, as El Niño has a clearer historical association with dry conditions and crop stress across parts of Southeast Asia, while the impact in North Asia is less uniform due to interactions with the East Asian monsoon. Rice is the first crop to watch because it is politically sensitive, water-intensive and central to the region's food basket. The region enters this period with a stronger rice buffer than in recent years, with the beginning stock-to-utilisation ratio forecast to rise from 27.4% in 2024 to 49.2% in 2026, alongside a self-sufficiency ratio of 123.6%.

Crop	El Niño significance
Rice	Water-intensive and politically sensitive
Maize	Feed input, with ASEAN structurally short
Sugarcane	Dryness can affect cane yield and sugar production
Cassava	Relatively resilient, but exposed to prolonged dryness
CPO	Weather impact often appears with a lag

Source: FOA, AFSIS, MPOB OCBC Group Research.



Source: FAO, AFSIS, MPOB, NOAA CPC, OCBC Group Research.



Lessons from 2015–16

- Historical production data show how quickly risks can emerge during severe El Niño episodes. During the 2015–16 episode, ASEAN-5 rice production fell 3.2% YoY in 2015 and a further 6.9% in 2016, leaving output 9.8% below its 2014 level. IFPRI research also notes that rice yields fell 4–11% below trend during previous El Niño episodes since 2000 due to low rainfall, with Indonesia and Vietnam among the most affected countries.
- Sugarcane also weakened significantly during the same period, with ASEAN-5 output down 7.5% YoY in 2015 and 8.4% lower in 2016 than in 2014. Maize and cassava were more mixed at the aggregate level, although country-level stress was still visible in parts of the region, underscoring that production impact is unlikely to be uniform, with severity shaped by rainfall timing, irrigation coverage, crop type and planting calendar.
- CPO also deserves attention, given Indonesia and Malaysia dominate global palm oil production. Unlike staple crops, the palm oil impact often appears with a lag, as drought stress can reduce fresh fruit bunch yields months after the weather shock. Research found that very strong El Niño events caused oil palm yield losses of around 3.5 t/ha in Malaysia during 2015/16, with losses lasting several months depending on event severity.

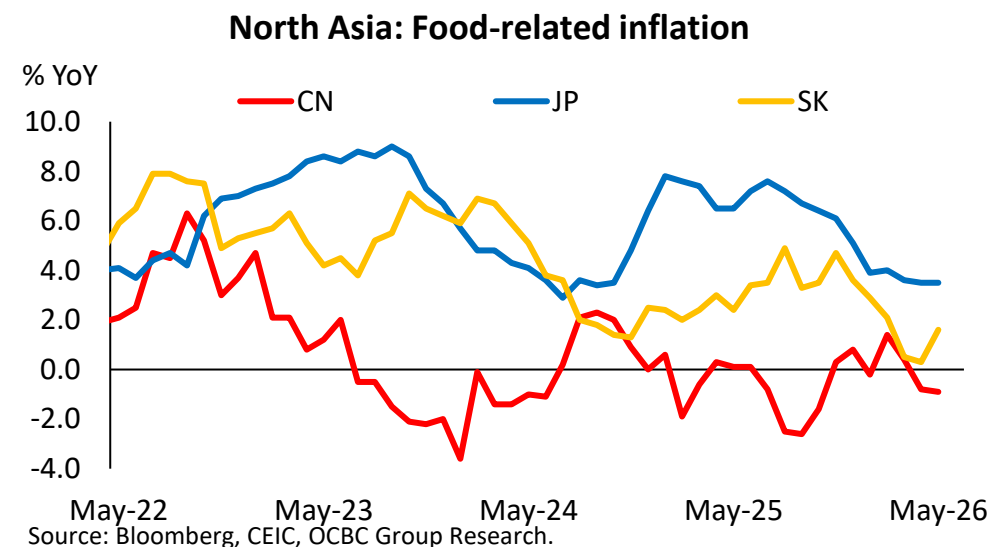
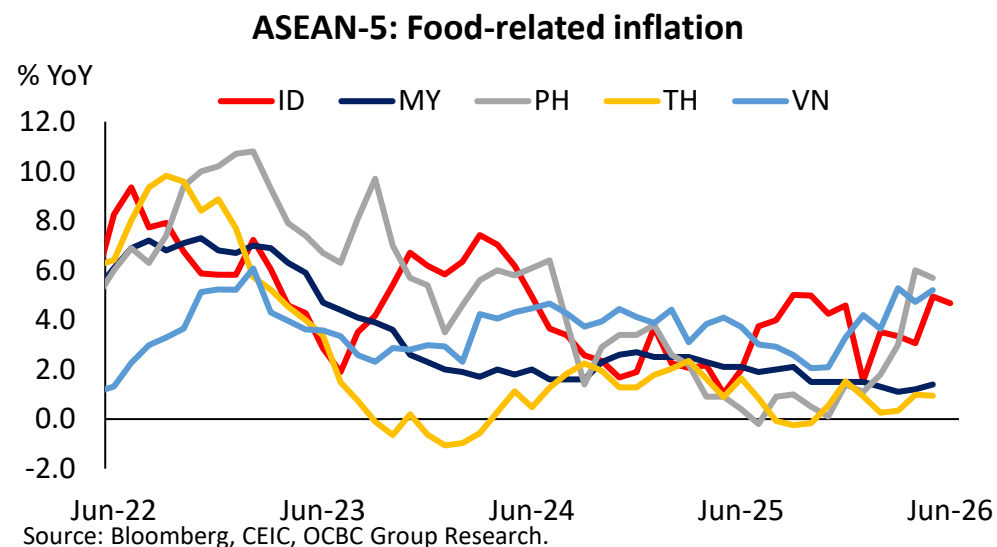


Source: FAO, OCBC Group Research.

ASEAN-5 crops production during 2015-16 El Niño episodes								
mn tons	ID	MY	PH	TH	VN	ASEAN-5*	2014=100	ASEAN-5
Rice								
2014	59.1	2.8	19.0	35.9	45.0	161.8		0.0
2015	61.0	2.7	18.1	29.7	45.1	156.7		-3.2
2016	54.0	2.7	17.6	28.3	43.1	145.9		-9.8
2017	55.3	2.6	19.3	31.6	42.8	151.4		-6.4
Maize								
2014	19.0	0.0	7.8	4.8	5.2	36.8		0.0
2015	19.6	0.0	7.5	4.7	5.3	37.1		1.0
2016	23.6	0.0	7.2	4.4	5.2	40.4		9.9
2017	25.2	0.0	7.9	4.8	5.1	43.0		16.9
Cassava								
2014	23.4	0.1	2.5	30.0	10.2	66.3		0.0
2015	21.8	0.1	2.7	32.4	10.7	67.7		2.1
2016	20.3	0.1	2.8	31.2	10.9	65.1		-1.7
2017	19.1	0.0	2.8	30.5	10.3	62.7		-5.4
Sugarcane								
2014	27.1	0.0	25.0	103.7	19.8	175.7		0.0
2015	27.0	0.0	22.9	94.1	18.3	162.4		-7.5
2016	28.0	0.0	22.4	94.1	16.3	160.9		-8.4
2017	28.0	0.0	29.3	93.1	18.4	168.8		-3.9
Note: *ASEAN-5 maize production excludes Malaysia (MY) due to data unavailability. Source: FAO, OCBC Group Research.								

From input costs to food prices

- The pass-through from higher fertiliser and fuel costs, alongside weather risk, to food-related inflation is unlikely to be immediate, but early pressure points are beginning to appear in parts of the region. Food-related inflation remains uneven across ASEAN-5. In May 2026, the Philippines, Vietnam and Indonesia recorded the highest readings at 5.7%, 5.0% and 4.9% YoY respectively, while Malaysia and Thailand stayed contained at 1.2% and 1.0%. North Asia presents a more divergent picture: Japan recorded the firmest reading among the three at 3.5% YoY, though down from around 6.5% a year earlier, while South Korea was more contained at 1.6% and China remained in mild food-related deflation at minus 0.9%.
- Policy responses also differ by country. In the Philippines, authorities have relied on imports, tariff adjustments and buffer stock releases to manage domestic rice prices. Thailand's policy focus is more preventive, with the Agriculture Ministry rolling out a five-point water management plan to prepare for possible El Niño-linked droughts. Indonesia shows another part of the transmission, as fertiliser subsidies can shield many farmers from the full rise in international prices, but shift the cost to the fiscal account, procurement system and distribution capacity.



Note: Series refer to the closest available food and beverage-related CPI sub-index for each economy. Definitions differ by country and may include alcohol or tobacco for some economies. The comparison should be read directionally. Source: Bloomberg, CEIC, OCBC Group Research.

Source: Bloomberg, CEIC, OCBC Group Research.

Building input resilience

- The region's policy agenda is already moving toward stronger agricultural input resilience. Recent discussions suggest ASEAN policymakers are giving food security due importance — at the 48th ASEAN Summit in May 2026, leaders discussed a regional fuel stockpile and a standby arrangement for food security, while proposals remain preliminary, they signal a broader policy response where resilience depends not only on domestic production capacity but also on coordinated access to critical inputs.
- The near-term task is to keep fertiliser and fuel available during planting windows, supported by timely procurement, effective distribution and targeted support for farmers facing higher working capital needs. For North Asia, the policy challenge is somewhat different. Japan and South Korea need to manage imported food, feed and fertiliser costs, while China's fertiliser export stance remains important for regional replacement supply.
- Over time, more diversified fertiliser sourcing, stronger local nitrogen capacity where feasible, and better fertiliser-use efficiency can reduce vulnerability across the region. The broader takeaway is that food security cannot be measured by harvest volumes alone, but it also depends on whether farmers can access critical inputs at the right cost and at the right time.

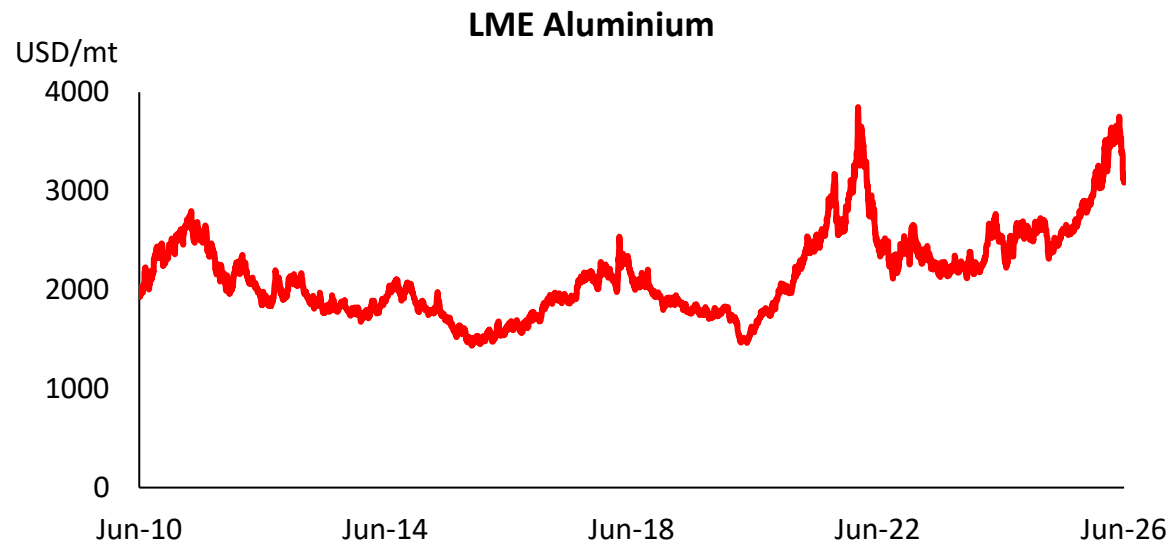
Metals

Jonathan Ng
ASEAN Economist
(Metals)



Aluminium & Copper: Where we are now?

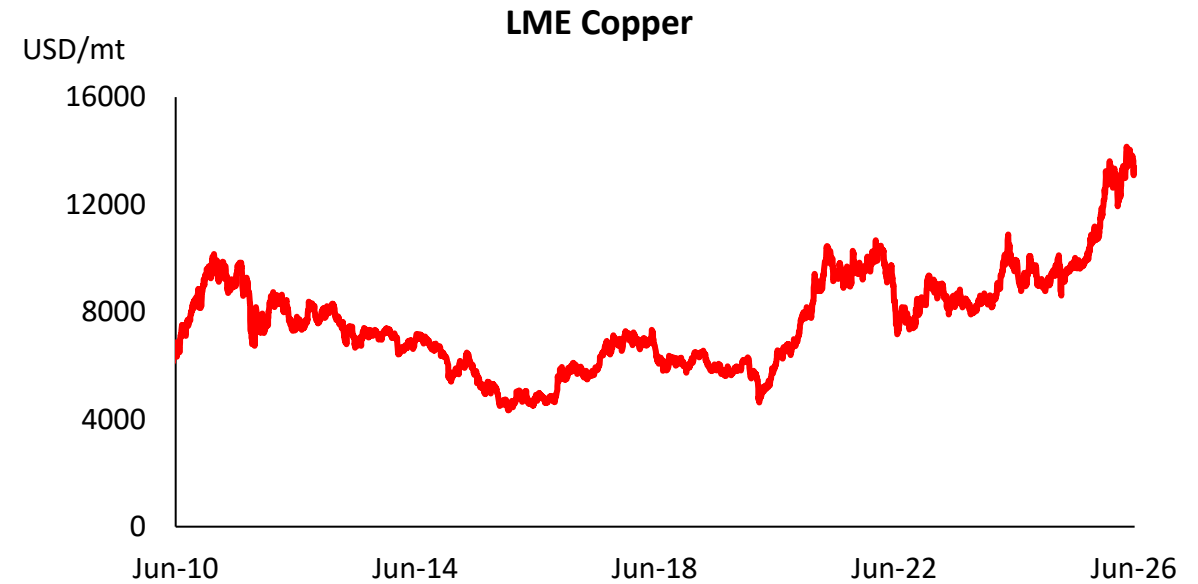
- **Aluminium:** Year-to-date, as of the close on 30 June, LME aluminium is up 3.0% to USD3,086/mt. Prices traded near record highs earlier in the period, driven by supply disruptions linked to the war in the Middle East.
- Production facilities operated by regional producers were damaged during the conflict, curbing output, while the closure of the Strait of Hormuz further exacerbated the supply squeeze. However, these gains have since been fully reversed, reflecting the unwinding of the wartime risk premium following the US-Iran (MoU).



Source: Bloomberg, OCBC Group Research.



- **Copper:** As of the close on 30 June, LME copper is up 7.7% year-to-date at USD13,375/mt, having eased from its 13 May closing high of USD14,153/mt.
- Although prices had face earlier geopolitical headwinds from the Middle East conflict, they have since rebounded, supported by factors including delays in production restarts at key mines, some front-loading of inventories into the US ahead of tariff developments, and tighter sulphuric acid supply¹.



Source: Bloomberg, OCBC Group Research.

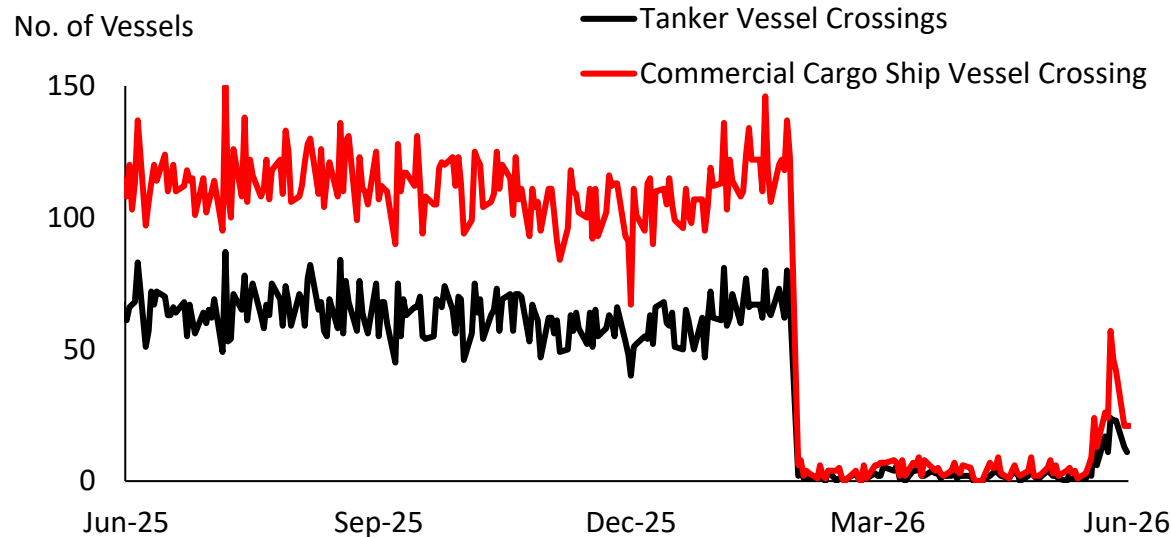
¹Sulphur is a critical feedstock for sulphuric acid production. Any disruption to Middle Eastern sulphur exports could tighten sulphuric acid availability, posing a risk to copper supply, as ~20% of global copper production relies on acid-intensive solvent extraction and electrowinning (SX-EW) processes.

Source: Bloomberg, OCBC Group Research.

Aluminium: Prices set to ease, not collapse

- Looking ahead, we revise our aluminium forecasts lower, reflecting expectations for a return of Middle Eastern supply, with LME aluminium prices expected to moderate to ~USD3050/mt by end-4Q26.
- Under the US-Iran MoU, hostilities in the Middle East will end, and maritime traffic in the Strait of Hormuz is expected to gradually normalise over 2H26. Consequently, this should reduce energy cost pressures and logistics-related disruptions across the value chain.

Maritime Traffic: Strait of Hormuz Crossings



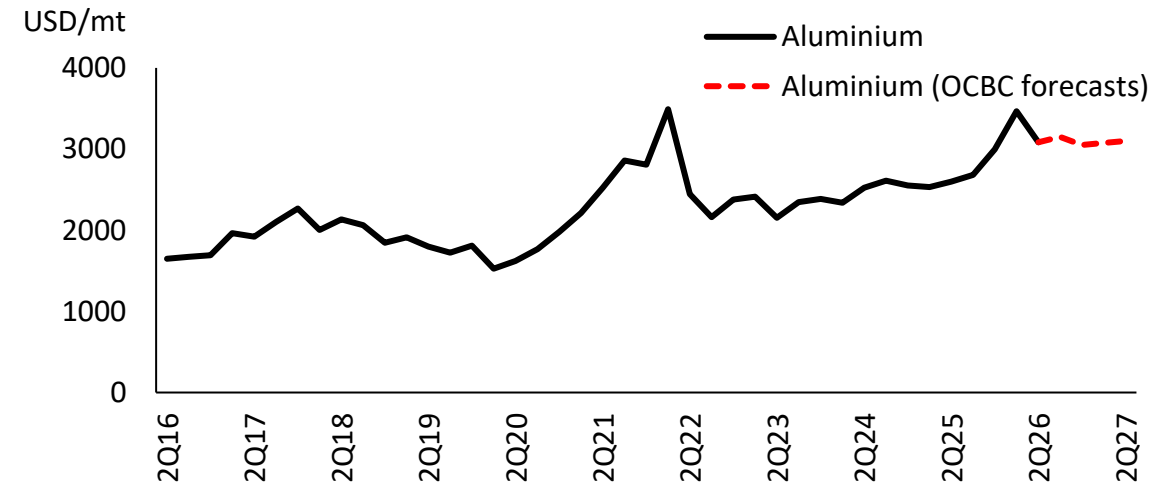
Source: Bloomberg, OCBC Group Research.



Source: Bloomberg, OCBC Group Research.

- However, we still expect prices to remain higher than end-2025 levels, as the recovery of Middle Eastern supply is likely to be gradual and asymmetric across regional producers, while medium-term demand remains intact.
- Upside risks:** Re-escalation of conflict in the Middle East; a delay in the full resumption of Gulf smelters; and curbs on bauxite exports by Guinea, the world's largest bauxite exporter.
- Downside risks:** Quicker-than-expected normalisation in the Strait of Hormuz; Chinese producers sustaining their record output; and weaker global economic growth.

LME Aluminium Prices

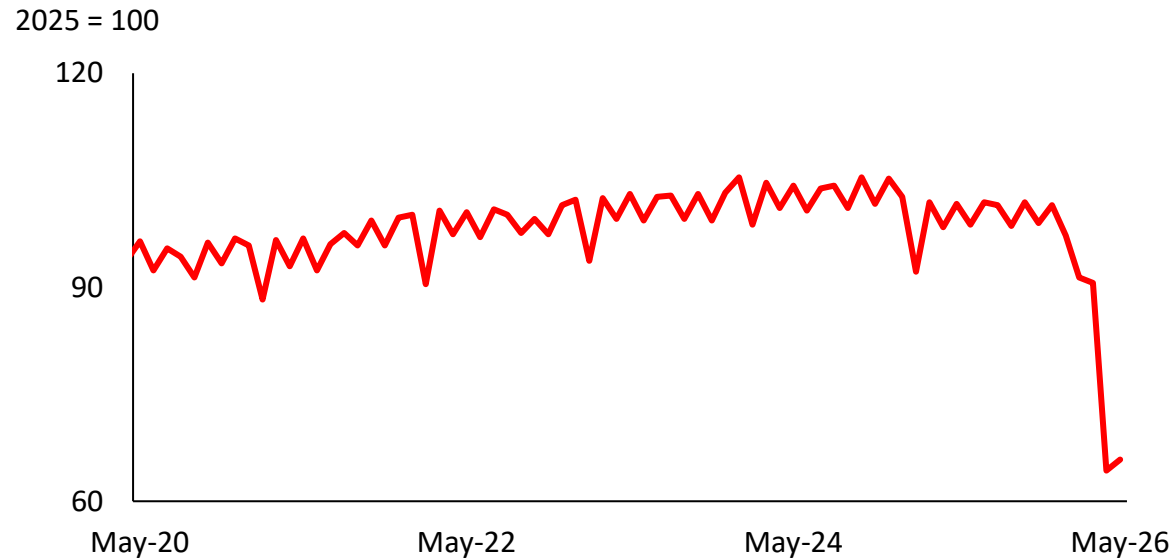


Source: Bloomberg, OCBC Group Research.

Aluminium: Orderly supply recovery caps the downside

- The Hormuz disruption is now expected to ease as transit gradually normalises, allowing stranded aluminium to reach global markets and feedstock to resume flowing to Gulf smelters.
- Crucially, the resumption of normal production operations in the region will be progressive, with full restoration taking up to ~12 months². This slow restart should keep the market tight for longer and underpins our view that the decline in prices will be measured rather than abrupt.

Primary Aluminium Production (Gulf Cooperation Council)

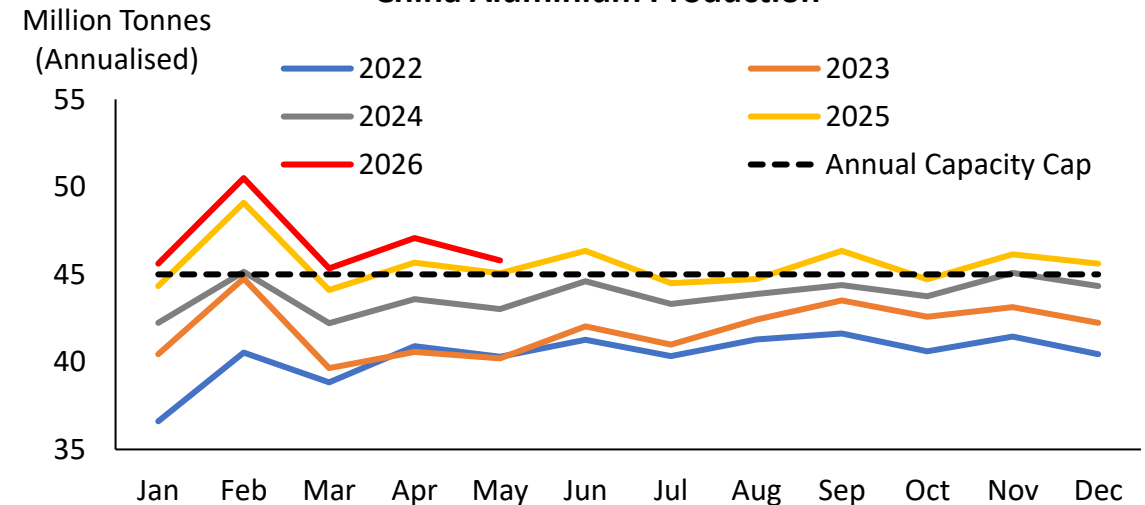


Source: International Aluminium Institute, OCBC Group Research.



- China, the world's largest aluminium producer, lifted its monthly output to a record 3.9mn tonnes in May amid healthy margins, incentivising producers to maximise production rates and helping to offset supply losses elsewhere. At an annualised run rate, Chinese production has edged above the ~45mn tonnes capacity cap, by our estimates, leaving little room for further production gains.
- This implies domestic supply growth will be restrained just as Gulf production normalises, preventing an outright oversupply and supporting our view of a measured price decline by end-4Q26.

China Aluminium Production



Source: NBS, Bloomberg, OCBC Group Research.

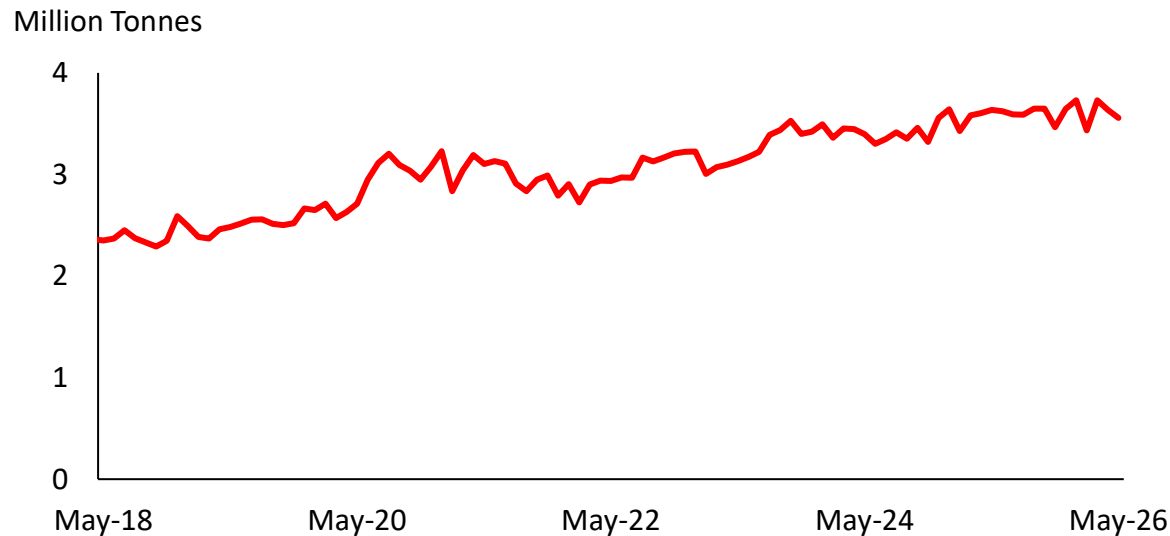
² After Iran attacks, Emirates Global Aluminium warns of 12-month recovery at KEZAD site. Gulf Business, 3 April 2026.

Source: International Aluminium Institute, NBS, Bloomberg, OCBC Group Research.

Aluminium: Resilient demand cushions the decline

- China remains a key driver of aluminium demand, accounting for ~60% of global primary aluminium consumption. Domestic demand has remained resilient, with apparent consumption³ averaging 3.6mn tonnes per month in Jan-May 2026, up 1.1% YoY from the same period last year, by our estimates.
- Robust 1Q26 GDP growth of 5.0% YoY, up from 4.5% in 4Q25, reinforces the resilience of demand. With demand from the world's largest consumer still firm, downside risks to prices should be limited.

Aluminium: China Apparent Consumption



Source: NBS, General Administration of Customs, CEIC, OCBC Group Research.

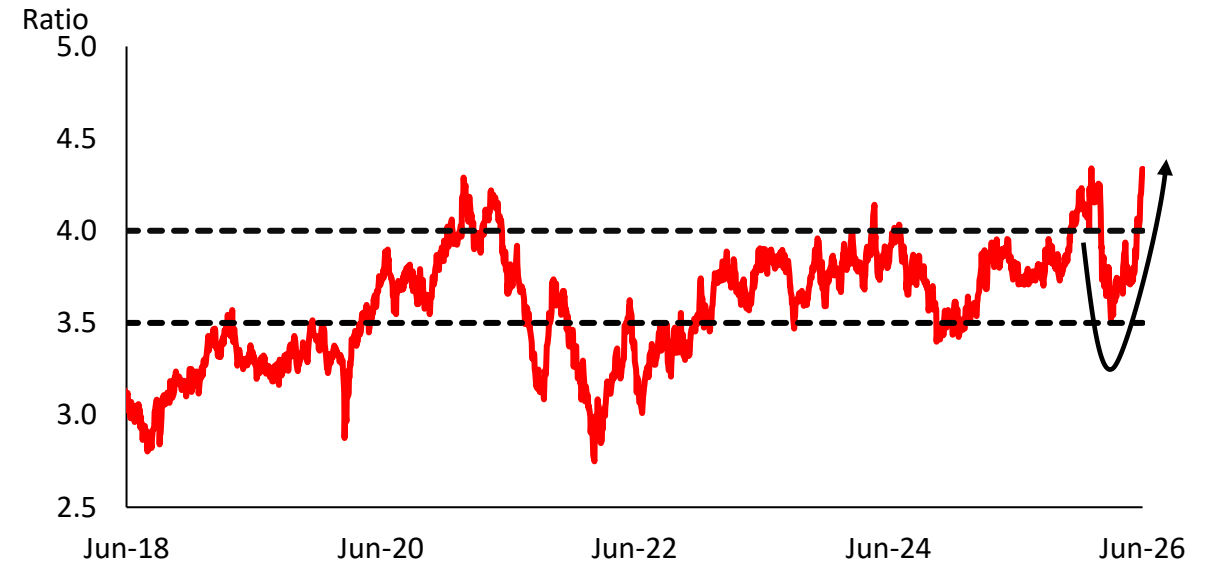


³ Monthly flow basis (excl. inventory change)

Source: NBS, General Administration of Customs, CEIC, Bloomberg, OCBC Group Research.

- Beyond China, structural demand should provide a further price floor. The ongoing push for electrification in key sectors, such as transportation, energy transition applications, as well as consumer goods should continue to support global demand.
- With copper prices elevated at USD13,375/mt, as of the 30 June close, copper-to-aluminium substitution could provide additional demand support.

Copper/Aluminium Price Ratio

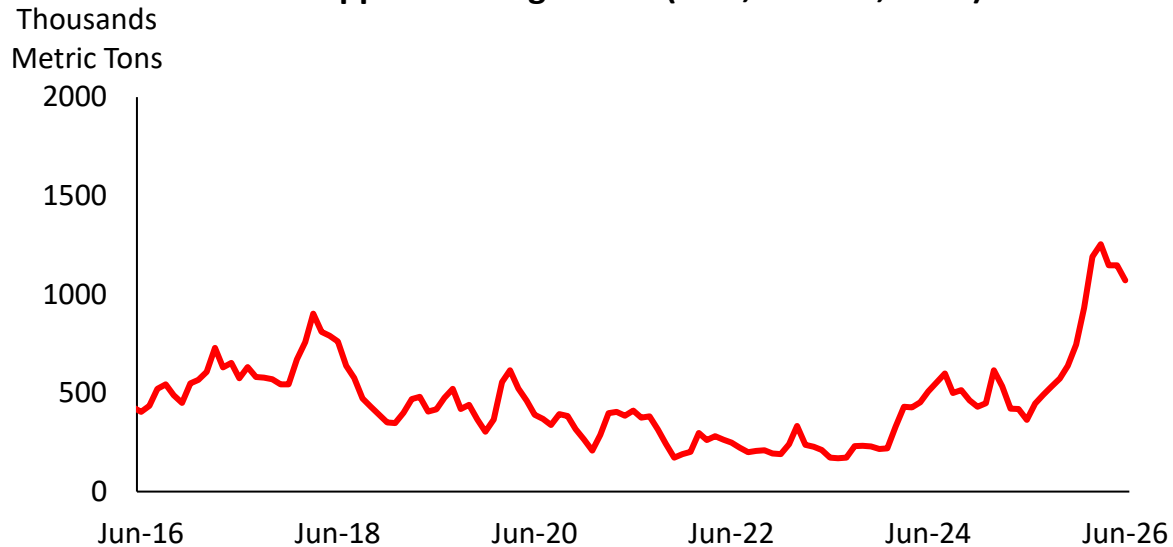


Source: Bloomberg, OCBC Group Research.

Copper: Prices set to ease but remain elevated by end-2026

- For copper, we maintain our forecast that prices will ease in 2H26, with LME copper expected to moderate to ~USD12,500/mt by end-4Q26. However, we expect prices to remain elevated relative to end-2025, supported by structural supply tightness.
- The projected decline reflects an easing of 1H26 pressures: a sustained US-Iran ceasefire and partial reopening of the Strait of Hormuz should normalise sulphur and sulphuric acid flows, while elevated exchange inventories should cap the upside.
- Nevertheless, we expect the price floor to remain elevated, as structural mine supply tightness should keep the market fundamentally tight.
- Upside risks:** Further mine-supply disruptions; Accelerating grid and energy-transition demand.
- Downside risks:** Quicker-than-expected normalisation of mine supply; Unwind of US inventory front-loading.

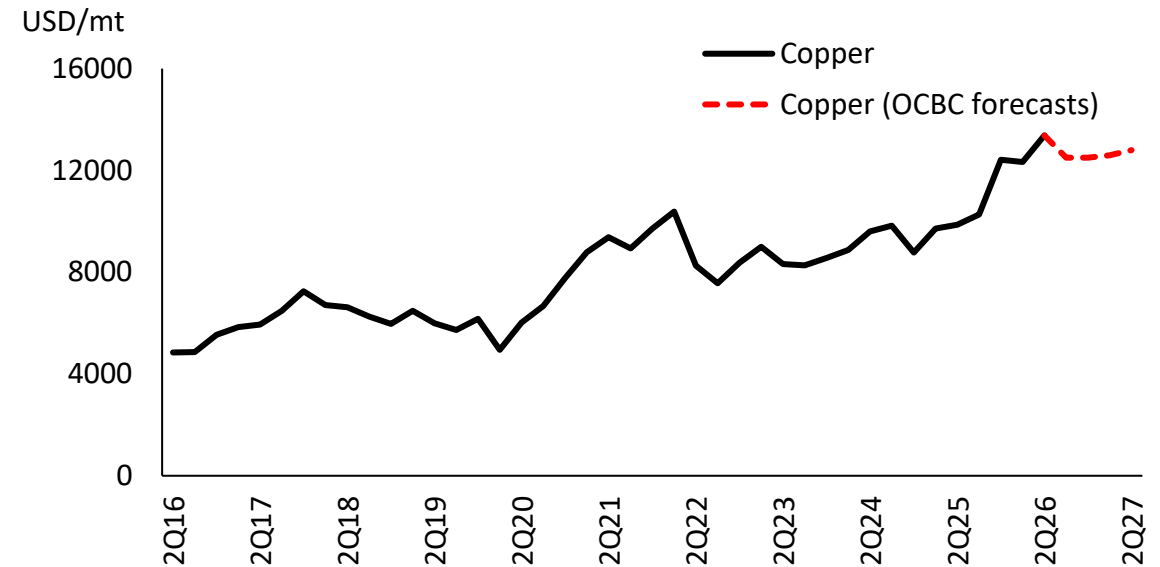
Global Copper Exchange Stock (LME, COMEX, SHFE)



Source: London Metal Exchange, The Commodity Exchange, Shanghai Futures Exchange, Bloomberg, OCBC Group Research.



LME Copper Prices



Source: Bloomberg, OCBC Group Research.

Copper: Structural supply tightness limits the downside

- Setbacks in mine supply were a key driver of higher copper prices in 1H26. Freeport McMoRan, in its 1Q26 results, now expects a 65% resumption of production at its Grasberg mine in 2H26, down from its previous estimate of 85%.
- Other structural factors, such as declining ore grades, further reinforce this supply tightness. As a result, we expect these constraints to persist through 2H26, keeping the concentrate market tight and underpinning our view that copper prices, while easing, will remain elevated through end-2026.

Top 5 Operating Copper Mines By Capacity, 2025 (Thousand Metric Tonnes)					
Rank	Mine	Country	Operator/Owner(s)	Source	Capacity
1	Escondida	Chile	BHP (57.5%), Rio Tinto Corp. (30%), Japan Escondida (12.5%)	Concs & SX-EW	1350
2	Grasberg	Indonesia	PT Freeport Indonesia (PT Inalum and the provincial/regional government 51.2% and Freeport-McMoRan Inc 48.8%)	Concentrates	800
3	Collahuasi	Chile	Anglo American (44%), Glencore plc (44%), Mitsui (8.4%), JX Holdings (3.6%)	Concentrates	600
4	Kamoa-Kakula	Congo, DR	Ivanhoe Mines (39.6%), Zijin Mining Group (39.6%), Crystal River Global Limited (0.8%), Government of the Democratic Republic of Congo (20%)	Concentrates	600
5	Morenci	United States	Freeport-McMoRan Inc 72%, 28% affiliates of Sumitomo Corporation	Concs & SX-EW	570

Source: ICSG Directory of Copper Mines, Smelters, and Refineries - April 2025 Edition.

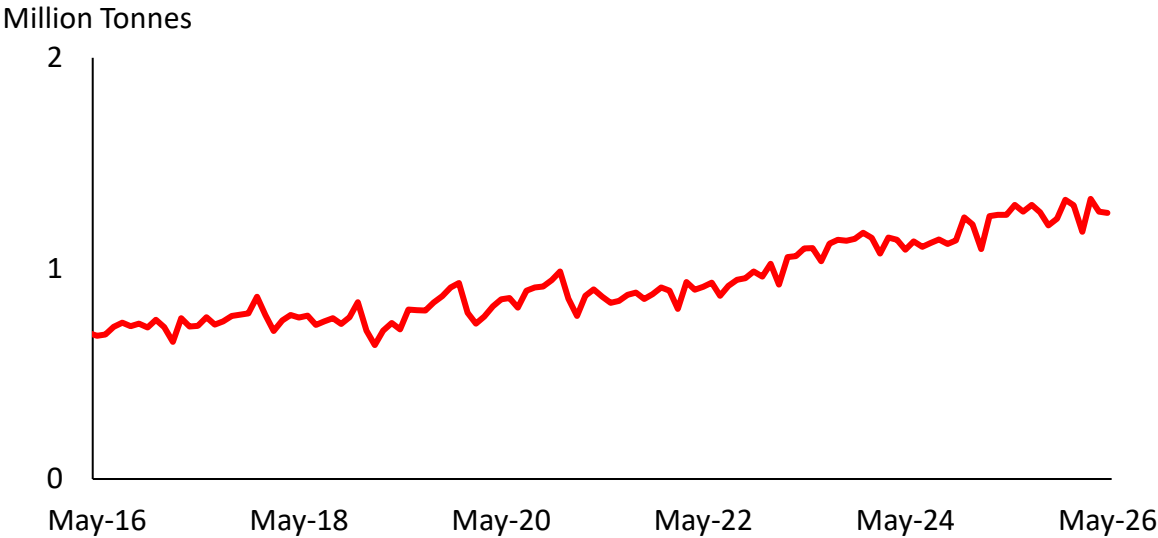


Note: Capacity data reflects production capabilities not necessarily production forecasts.

Source: ICSG Directory of Copper Mines, Smelters, and Refineries - April 2025 Edition, NBS, General Administration of Customs, Bloomberg, CEIC, OCBC Group Research.

- Offsetting this tightness, refined copper production has remained broadly stable. Notably, monthly production in China, the world’s largest refined copper producer, rose to a record high in March.
- At the same time, a key tailwind for prices is easing, with a sustained US-Iran ceasefire. As the Strait of Hormuz reopens, sulphur and sulphuric acid flows should normalise, relieving a constraint on global copper production that relies on acid-intensive solvent extraction and electrowinning (SX-EW) processes.

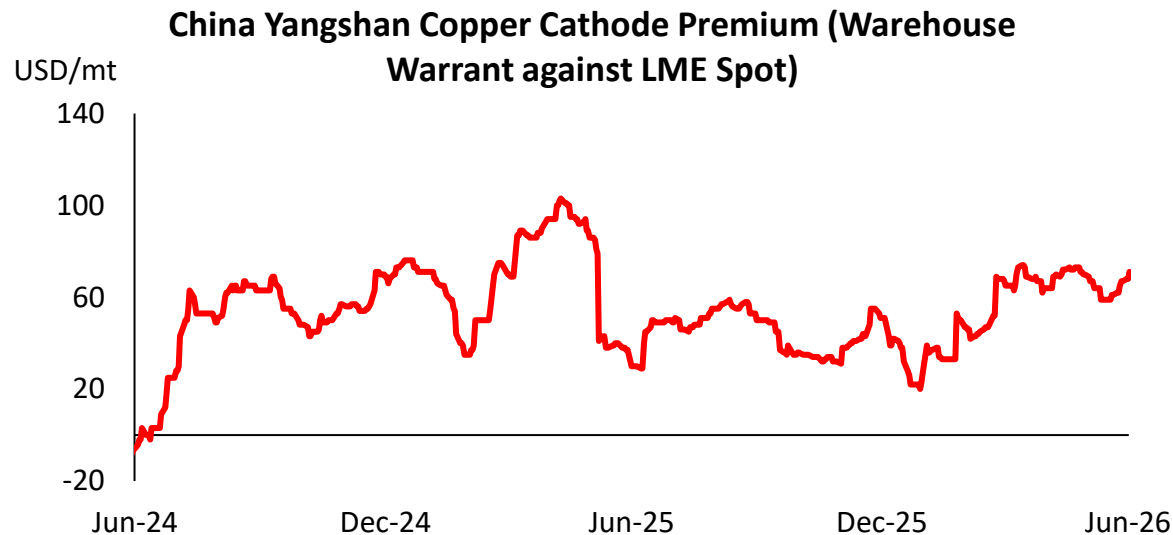
Refined Copper: China Industrial Production



Source: NBS, General Administration of Customs, Bloomberg, CEIC, OCBC Group Research.

Copper: Robust demand underpins the price floor

- China remains the dominant driver of copper demand, accounting for 58% of global copper usage in 2024. Domestic demand remains resilient, supported by robust grid investment. The Yangshan copper premium, a gauge of China's appetite for imported copper, rose to USD68/mt as of 30 June 2026, up from USD51/mt at end-2025, signalling firm demand.
- Leading economic indicators reinforce this view, with both the NBS and the RatingDog manufacturing PMIs, on a 3-month moving average basis, remaining above the 50 threshold, signalling continued manufacturing momentum.

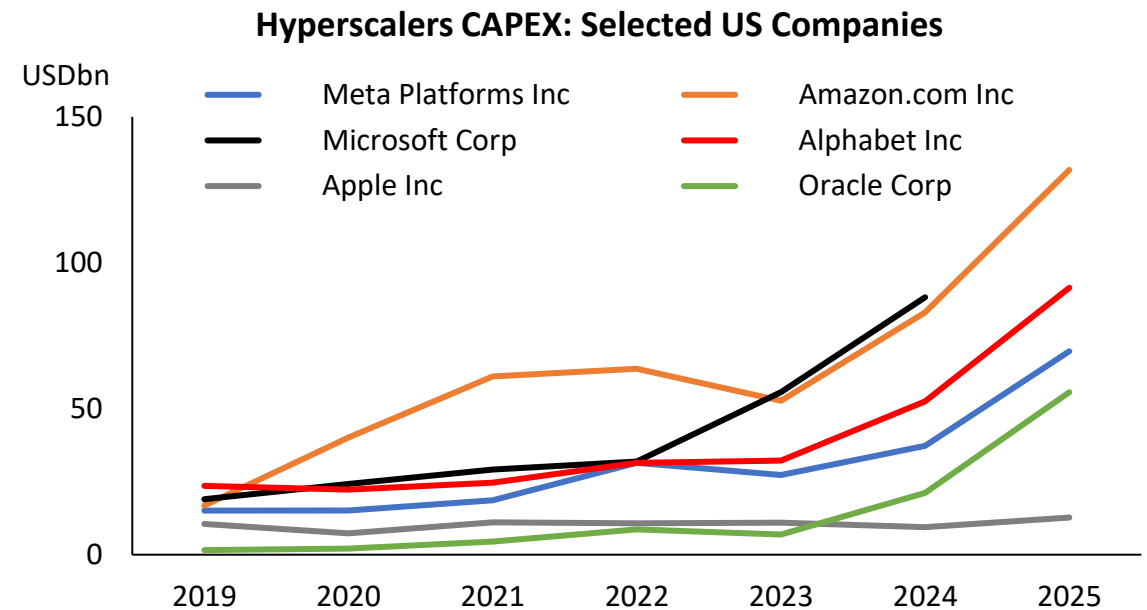


Source: SMM International, Bloomberg, OCBC Group Research.



Source: SMM International, Bloomberg, OCBC Group Research.

- Beyond China, structural demand should provide a durable floor for prices, with copper remaining critical to electrification and increasingly to data-centre and AI-related power infrastructure.
- The AI buildout is a growing, incremental demand vector, with major hyperscalers sharply raising their capital expenditures to fund expanding AI-related infrastructure investment. Notably, data-centre construction is copper-intensive, adding a demand stream that was largely absent from prior cycles.



Source: Bloomberg, OCBC Group Research.

Thank you

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