DRY BULK MARKET INSIGHTS

June 2026

Latest commodity and trade developments

Contents

TRADE WAR NEWS

EARLY MAY

The European Commission and the South American bloc Mercosur implemented their free trade deal on May 1 despite the European Parliament having voted to challenge the agreement in the EU's top court. The EU has also rushed to conclude trade deals with India, Indonesia, Australia and Mexico since the start of President Trump's trade wars.

President Trump announced on May 1 that the US will raise tariffs on EU cars and trucks from 15% to 25% saying that the bloc was not complying with their earlier trade deal. This prompted the chair of the EU's trade committee to say the US is an unreliable trade partner and that Trump's behaviour is unacceptable, something that other US trading partners may well agree with. However, Trump said later that he would give the EU until July 4 to keep its side of the trade deal.

On May 7, a US trade court ruled that President Trump's 10% temporary global tariffs were unjustified under a 1970s trade law but blocked the duties only for two private importers and the State of Washington. The duties are expected to expire in July. The Trump administration subsequently filed an appeal to the ruling.

MID-MAY

Market attention switched to possible tariff cuts on non-sensitive goods in trade talks included in the agenda for the summit between Presidents Trump and Xi in Beijing on May 14-15. US officials said they had agreed deals to sell "double-digit billions" worth of farm goods and made progress on setting up mechanisms to manage future trade. Both China and the US are expected to identify $30 billion of non-sensitive goods to trade. However, details of the deals remained scant with China's commerce ministry calling them "preliminary".

LATE MAY

The EU reached a provisional agreement on May 20 to remove import duties on US goods, a key part of last year's trade deal with the US, in a move to avert the US imposing higher tariffs on EU products (see above).

Mexico and the EU signed a long-delayed free trade deal on May 22 as both parties sought to lessen dependence on the US and partially insulate themselves from US tariffs.

On May 27, the Trump administration trade agency said it will start the first of three rounds of negotiation with Mexico to revamp the North American trade agreement but made no mention of any talks with Canada. The first round was concluded on May 29.

ECONOMIC NEWS

OECD

Despite the Middle East crisis, the OECD found that G20 merchandise trade in 1Q26 expanded strongly by 5.3% quarter-on-quarter compared with 4Q25, driven partly by trade in semiconductors and other high-tech products in East Asia.

GDP growth in the OECD increased slightly to 0.4% in 1Q26, up from 0.2% in the previous quarter according to provisional estimates. 20 member countries recorded growth at varying rates, two countries saw no change while six countries experienced a contraction.

Year-on-year inflation in the OECD as measured by the Consumer Price Index rose to 4.0% in March compared with 3.4% in February. OECD energy inflation jumped to 8.1 % in March, its highest level since February 2023. However, OECD food inflation declined, with decreases recorded in two-thirds of OECD countries. Core inflation (excluding food and energy) remained broadly stable.

UNCTAD

UNCTAD expects global growth to slow from 2.9% in 2025 to 2.6% in 2026 as high energy prices, transport disruption, market volatility and the search for financial safe assets weigh on investment and demand. It also expects global merchandise trade growth to slow from 4.7% in 2025 to between 1.5% and 2.5% in 2026 as uncertainty and geopolitical tensions affect supply chains, shipping and investment decisions. The report also highlights increasing pressure on global food systems. UNCTAD warns that food security is no longer just about availability and prices. It is increasingly also a financial stability concern, especially for governments already facing higher debt-servicing costs.

UNCTAD latest global trade update noted that tariffs increased sharply in 2025, rising by 10% for developed countries, 16% for developing countries and 18% for least developed countries. However, tariffs are not the main cost for most countries. Non-tariff measures (NTMs) impose higher export costs than tariffs for 88% of countries. These include technical regulations, health and safety requirements and administrative procedures. NTMs are also a central part of recent trade agreements which focus more on aligning rules, recognising standards and simplifying procedures rather than cutting tariffs.

WORLD BANK

The World Bank's latest Commodities Price Data report shows that its energy cost index hit 146.4 in May compared to an average of 90.0 in 2025. On the same comparison, the fertiliser cost index rose to 208.7 from 138.7 while the grains cost index rose to 107.6 from 101.3. The price of aluminium reached $3,600/tonne in May compared to an average of $2,632/tonne in 2025. On the same measure, the Australian thermal coal price rose to $130.9/tonne from $108.4/tonne while the iron ore price remained relatively stable rising to $106.1/tonne from $100.2/tonne.

CHINA

The Chinese economy lost steam going into the second quarter. Factory output in April grew by 4.1% year-on-year, notably below market expectations and the slowest growth since July 2023. In addition, retail sales grew by just 0.2%, the weakest gain since December 2022.

EU

The Middle East war has knocked off 0.3 percentage points from the EU's GDP growth in 2026, according to the European Commission's Spring 2026 Economic Forecast. After reaching 1.5% in 2025, EU GDR growth is now projected to slow to 1.1% in 2026.

LOGISTICS NEWS

MIDDLE EAST WAR

At the start of May, the Middle East war was at an impasse with the Strait of Hormuz blocked, a continuing war of words, an absence of trust on both sides and President Trump facing a congressional deadline to end the war.

President Trump said on May 3 that, starting the following day, the US military will guide stranded ships through the restricted Strait of Hormuz to get on with their business in what he termed Project Freedom. On May 4 Iran warned US forces not to enter the waterway and told commercial ships to refrain from making a transit that was not coordinated with Iran's military. Iran's state media then said it had hit a US warship with two missiles which was denied by the US military, which added that two US guided-missile destroyers had passed into the Gulf. Several commercial vessels were then reported to have transited the strait, but one ship was reportedly hit by a missile on May 5. Later that day, President Trump announced he had paused Project Freedom amid more talk of nearing a deal to end the war.

The US State Department said on May 12 that senior US and Chinese officials agreed that no country can be allowed to charge shipping tolls in the Strait of Hormuz, ahead of the summit between Presidents Trump and Xi in Beijing. This was reaffirmed by the US Trade Representative following the Trump-Xi summit.

In mid-May, Iran announced it has a plan to manage traffic through the Strait of Hormuz and aims to collect fees for permitting transits. The programme called "Hormuz Safe" is a Bitcoin-based state-sponsored insurance mechanism for shipping companies and cargo owners with shups transiting the Strait. Iran also launched on May 18 the Persian Gulf Strait Authority. There were reports that the Iranian government expects the moves could generate more than $10 billion in revenues.

Iran's ambassador to France was then reported to have said that Iran is in discussions with Oman to establish a permanent toll system for maritime traffic passing through the Strait of Hormuz. There were also reports that a Qatari team arrived in Tehran on May 22 in coordination with the US to try a secure a deal to end the war. However, by May 25 both the US and Iran were playing down hopes for an imminent deal. Later that night the US said it had attacked missile launch sites in southern Iran and Iranian boats attempting to emplace mines.

Iranian state television reported on May27 that the draft Memorandum of Understanding with the US includes a framework which would see Iran restoring commercial shipping in the Strait of Hormuz to pre-war levels within a month, while the US would withdraw military forces and lift its blockade. However, on May 28, the US and Iran traded strikes after President Trump dismissed the report of a Hormuz deal. Later in the day it emerged that US and Iranian negotiators had reached a deal to extend the ceasefire for 60 days and allow vessel traffic to flow through the Strait, and that it was sitting on President Trump's desk awaiting approval. At the end of May there was still no announcement of a deal being done, only news of another exchange of strikes between the US and Iran.

PANAMA CANAL

Congestion is building at the Panama Canal ahead of planned maintenance on the east lane of the Gatun Locks between June 9 and 17. In addition, the US National Oceanic and Atmospheric Administration now estimates a 82% probability of a El Nino weather pattern returning between May and July, with a 37% chance of a severe event by year end. El Nino acts to reduce rainfall in Central America, lowering water levels in the Gatun Lake. However, the canal authority said there are currently no plans to restrict vessel traffic during the remainder of 2026.

STEEL SECTOR DEVELOPMENTS

WSA

The latest April 2026 crude steel production data from the World Steel Association had global output across 69 reporting countries at 153.4 million tonnes, a decrease of 1.9% year-on-year. Chinese output for the month was estimated at 83.6 million tonnes, down 2.8% compared to a year earlier. Outside China, other major producers that recorded year-on-year decreases in April included Russia (-12.4%) and the EU (-1.8%). There were year-on-year production gains in the US (+9.4%), Turkey (+9.4%), South Korea (+4.8%), Viet Nam (+4.0%), India (+3.9%), Brazil (+2.8%) and Japan (+0.3%). The WSA reported Chinese crude steel output in the first four months of 2026 at 331.1 million tonnes, down 4.1% year-on-year. India's output over the same period totalled 58.7 million tonnes, up 9.4% year-on-year, while EU production totalled 42.8 million tonnes, down 2.2% year-on-year.

AUSTRALIA

The Australian government has imposed punitive tariffs of up to 82% on Chinese hot-rolled coil steel exports to shield domestic manufacturers from low-cost competition. This followed an investigation by the country's Anti-Dumping Commission.

BELGIUM

ArcelorMittal Belgium announced that it has officially restarted its hot-dip galvanising line at its Flemalle works after a four-year shutdown. The facility is integrated into the company's broader European coated steel network and processes hot-rolled coils supplied from ArcelorMittal Ghent.

CHINA

China's crude steel production in April was reported as 86.63 million tonnes, down 2.8% year-on-year and the weakest April total since 2018. Meanwhile, iron ore imports in April totalled 103.9 million tonnes, down from 104.74 million tonnes in March, but up 2.5% month-on-month when measured on an average tonnes per day basis. Steel exports in April were down 9% year-on-year at 9.5 million tonnes.

An explosion at a coking coal mine owned by Shanxi Tongzhou Coal Coking Group on May 22 has raised the prospects of widespread safety checks, reduced output and higher imports (see commentary under Power Coal Sector Developments). Chinese domestic coking coal prices jumped by around 8% when markets opened on the following Monday.

China has issued a tougher steel capacity swap plan to reduce existing capacity and address new challenges facing the sector. The new policy mandates that the replacement ratio shall not be less than 1.51 according to an industry ministry statement. This means that at least 1.5 tonnes of existing steel capacity must be removed to build every tonne of new capacity. Differentiated replacement rules for EAF steelmaking, speciality steel and hydrogen-based metallurgy indicates that the government wants to channel new steel investment towards lower-carbon technologies.

There may well be further downward pressure on Chinese steel production in the short term amid a nationwide inspection of key industries' energy use and emissions. The Ministry of Industry and Information issued a statement on May 13, saying that the steel and oil refining sectors will also be targeted on their energy practices.

EU

The European steel association Eurofer has welcomed the approval by the European Parliament of the new EU steel trade measure that will come into force on July 1. The measure will limit tariff-free steel imports to 18.3 million tonnes/year, a 47% cut compared to 2024, and double out-of-quota duties to 50%.

GERMANY

ThyssenKrupp and India's Jindal Steel called off steel sale talks in early May after months of negotiations.

Salzgitter's chief financial officer said she expects EU safeguard measures against steel imports will not boost domestic demand much before the third quarter, noting that there have been some increases in inventory amid higher imports frontloaded before the introduction of CBAM and new trade measures from July 1.

INDIA

JSW has commenced construction of its mega integrated steel complex at Dhinkia in Odisha which will have a production capacity of 13.2 million tonnes/year. The capacity is planned to eventually reach 25 million tonnes/year, making it one of the largest steel complexes in the world.

India's Ministry of Steel reported that the country's crude steel production in April rose 5.8% year-on-year to 14.09 million tonnes. Finished steel consumption in April totalled 12.99 million tonnes, up 8.1% year-on-year, reflecting buoyancy in construction, infrastructure and manufacturing end-use sectors.

INDONESIA

The Indonesia Iron and Steel Industry Association said that around 55% of Indonesian steel demand continues to rely on imported products with the domestic steel sector facing difficult conditions due to rising production costs and weakening demand. Pressure on the sector has intensified amid a surge in low-cost imports of steel products. The IISIA is urging government to tighten import controls and seek trade remedies such as anti-dumping measures.

KAZAKHSTAN

The government of Kazakhstan has approved the construction of a 1 million tonnes/year metallurgical coke plant with operations scheduled to begin in 2029 with an initial capacity of 0.5 million tonnes and reach full capacity by the end of 2031. Thie facility is expected to significantly reduce the country's dependence on imported coke.

NETHERLANDS

Tata Steel Netherlands (TSN) announced it is assessing early closure of its coke and gas plants at its Ijmuiden steel works after being served a notice of intention to revoke relevant permits by the country's environmental authorities. The plants have been under heightened supervision by authorities since 2023 and TSN has been fined over 20 million euros. TSN added that closure of the plants threatens the profitability of its operations and its investment in its Green Steel plan.

SLOVAKIA

Nippon Steel will transition US Steel Kosice to direct ownership and rename the works to Nippon Steel Slovakia effective October 1. The plant has a crude steel production capacity of 4.5 million tonnes/year, and Nippon Steel will establish the company as a core hub for its European operations in its global strategy.

SOUTH AFRICA

South Africa has set higher import duties on certain steel products, ranging from 10% to 30%, to help protect the country's struggling domestic steel sector. The South African Iron and Steel Institute said imports make up about 36% of the country's total steel consumption, with China supplying 73% of imports.

SPAIN

ArcelorMittal said it will restart blast furnace B ay its Gijon works in mid-May. The furnace has been offline for repairs since late last year. Meanwhile, blast furnace A has continued to operate. Each furnace has a production capacity of 2.35 million tonnes/year.

SWEDEN

Sweden's SSAB announced that its planned conversion of its Oxelosund mill to electric arc furnace production will be delayed due to appeals connected to species protection regulations affecting the permitting process for a new power line connecting to the electricity grid. However, the company added that construction of the EAF continues according to schedule and remains within budget. Startup was previously set for early 2027.

UNITED KINGDOM

The UK government announced a plan to fully nationalise British Steel, having taken over operational control of the company from its Chinese owners, Jingye, in April 2025. The Prime Minister said legislation will be introduced to allow it to take over ownership of the Scunthorpe-based steelworks, so the country does not lose its last remaining primary steel producer. However, the Chinese government has warned the UK of the consequences of nationalising British Steel and promised to take decisive measures to protect the rights of Chinese companies.

USA

Hyundai Steel announced a $5.8 billion investment in a direct reduced iron plant near Donaldsonville, Louisiana, using technology jointly developed by

Tenova and Danieli. The DRI facility will have an annual capacity of 2.5 million tonnes/year and be equipped with carbon capture technology and will be able to use hydrogen as a reducing gas.

POWER COAL SECTOR DEVELOPMENTS

IEA

The conflict in the Middle East is changing risk perceptions and bolstering moves towards diversification as countries and companies rethink their energy investment strategies, according to the IEA's latest annual World Energy Investment report. Coal investment is set to rise to $180 billion in 2026, the highest level since 2012, with China accounting for almost 70% of global coal supply spending. The report also notes that some Asian countries impacted by the current crisis may seek to keep existing coal-fired power plants operating for longer to boost energy security.

CHINA

A gas explosion at a Chinese coking coal mine late on May 22 was reported to has killed at least 82 with two workers unaccounted for and a further 128 hospitalised. President Xi called for authorities to spare no effort in treating the injured and conducting search and rescue operations. Past mining disasters have typically led to a widespread round of safety inspections which, in turn, constrain domestic coal output. This can result in a surge of coal imports. More so in this case, as the country enters the hot summer season with electricity demand set to peak.

China's coal imports in April fell 14% year-on-year to 33.1 million tonnes, according to customs data. This included imports of 11.13 million tonnes of coal across the land border from Mongolia, narrowly ahead of imports of 11.12 million tonnes from Indonesia Over the first four months of 2026, Indonesian shipments were down 8% at 61.43 million tonnes, while Mongolian coal exports leapt 61% to 39.37 million tonnes.

China's thermal power generation, primarily from coal, rose 3.1% year-on-year in April as wind and nuclear power declined. Thermal power generation in the first four months of 2026 was up 3.6% year-on-year.

China's coal production in April slipped by 1% to 385.63 million tonnes. However, coal production in the first four months of 2026 was down just 0.1%

year-on-year at 1.58 billion tonnes. Meanwhile, coal imports in April were down 14% at 33.1 million tonnes while coal imports over the first four months of 2026 where down 2.1% year-on-year at 149.4 million tonnes.

COLOMBIA

The Colombian government said it will ask Glencore to meet with local authorities and community representatives to discuss the closure of the Cerrejón open pit coal mine. The country's president has already banned the signing of new exploration contracts for hydrocarbons and minerals such as coal and is seeking new ventures cantered on clean energy. Glencore's Cerrejón license expires in 2034, but the mining minister said we don't need to wait for the concession to run out. Cerrejón produced 16.8 million tonnes of coal in 2025, down 12.5% year-on-year.

INDIA

The Indian cabinet has approved a $3.92 billion scheme to boost coal gasification projects to reduce reliance on imported fuels. The project aims to produce gas from around 75 million tonnes of coal annually.

INDONESIA

The government of Indonesia unveiled on May 20 a major plan to centralise exports of key commodities starting with coal, nickel and palm oil, aimed at boosting state revenues through tighter control of the sale and pricing of its natural resources. The country's sovereign wealth fund Danantara will oversee a trading company designated to channel exports after a three-month transition. Danantara clarified that it will honour existing export contracts but will review them to make sure prices are not below market levels. The government may add more commodities to the scheme at three-month intervals. Another new measure requires exporters of natural resources to keep their entire export revenues in state-owned banks from June 1, a move aimed at stabilising the rupiah.

Indonesia had earlier delayed plans to impose higher royalties on some mining companies, as well as an export tax on shipments of certain minerals, including coal. The Energy and Mineral Resources Minister said the ministry is collecting feedback from miners to make sure the government arrives at a policy that will not burden the sector.

According to Indonesia's statistics bureau, the country exported 85.87 million tonnes of coal in the first three months of 2026, down 6.6% year-on-year.

JAPAN

Japan's coal-fired power supply surged 11.1% in April, the fastest pace in at least a year, while gas-fired power dropped 12.9%, according to data from the Japanese Electricity Market Data Hub.

KAZAKHSTAN

China's East Hope Group is considering building a 1 GW coal-fired power plant to support a future aluminium production complex in Kazakhstan, according to the Kazakh Ministry of Energy.

NIGERIA

The Enugu State Government in Nigeria said it is to start construction of 660 MW coal-fired power plant in July to run off locally produced low-sulphur coal. The plant is expected to take 24 months to build.

NORWAY

Norway has ended coal production in Svalbard in the Arctic. The country's last coal mine, Stroe Norske's Mine 7, was officially closed in early May.

SOUTH AFRICA

The Minister of Trade, Industry and Competition said that South Africa's membership of the WTO prevents it from terminating all coal exports to Israel. He added that South Africa exported 1.8 million tonnes of coal to Israel in 2025 which amounted to 2.6% of the country's total coal exports of 71.5 million tonnes.

SOUTH KOREA

South Korea's coal-fired power supply jumped 39.7% year-on-year to 10,733 GWh in April, the sharpest rise since August 2019, according to data from KPX. Meanwhile, gas-fired power fell 6.4% year-on-year in April.

ALUMINIUM SECTOR DEVELOPMENTS

IAI

The International Aluminium Institute reported that global primary aluminium production in April decreased 2.1% year-on-year to total 5.922 million tonnes, with 62.1% produced in China. The Middle East war resulted in production under the Gulf Cooperation Council falling to 330,000 tonnes, down 35% year-on-year. The IAI also said this April number is probably not the floor with further deterioration bringing Gulf output to levels not seen in a decade.

Global production in the first four months of this year totalled 24.17 million tonnes, only up 0.03% from a year earlier.

The IAI also reported that global metallurgical-grade alumina production in April totalled 11.172 million tonnes, down 2.5% year-on-year. Global metallurgical-grade alumina production in the first four months of 2026 totalled 46.601 million tonnes, down 0.4% year-on-year.

BRAZIL

Mineracao Rio do Norte has secured an installation licence for its Nova Minas bauxite project allowing an extension of its mining operations in Brazil's Para state until 2041. MRN plans to invest around $1.8 billion in the project which aims to maintain annual bauxite production of about 12.5 million tonnes shipped out from Porto Trombetas.

CANADA

Rio Tinto has started commissioning its $1.5 billion AP60 smelter expansion at its Arvida plant in Quebec. The startup began in March and is scheduled to be completed by the end of 2026 with all 96 new pots operating. This will boost aluminium capacity by around 160,000 tonnes/year raising the plant's overall capacity to around 220,000 tonnes/year. The AP60 expansion, together with the planned recycling centre at Arvida, will offset the loss of production associated with the closure of older Arvida potlines, which is expected to be completed in June.

CHINA

China's aluminium smelters have been operating beyond official nameplate capacity through technological upgrades to take advantage of a global shortage caused by the Middle East war. However, there is an expectation that Chinese producers may be forced to trim output amid a nationwide inspection of key industries' energy use and emissions. This, in turn, saw the price of aluminium on the London Metal Exchange hit a four-year high in late May.

China's bauxite imports dipped in April to 19.74 million tonnes, down 9.4% month-on-month and down 4.1% year-on-year, of which 16.42 million tonnes came from Guinea. However, imports in the first four months of 2026 were still up 15.1% year-on-year at 77.68 million tonnes

The National Bureau of Statistics reported that China's primary aluminium production in April rose 3.1% year-on-year to 3.87 million tonnes. In the first four months of 2026 output totalled 15.43 million tonnes, up 3.5% year-on-year.

EGYPT

Egyptian Aluminium Company (Egyptalum) and Metallurgical Industries Holding Company have reached an agreement with Trafigura to study a planned expansion at the Nag Hammadi smelter complex. This includes the construction of a new 300.000 tonnes/year primary aluminium smelter and a 150,000 tonnes/year anode plant. Once completed, the project will nearly double Egyptalum's current output. Trafigura will participate as a minority equity investor and a long-term offtake and feedstock supply partner.

FINLAND

Arctial is targeting its first lot metal production from its planned 610,000 tonnes/year aluminium smelter in Finland in the second half of 2029. The project is backed by Rio Tinto, and a final investment decision is expected in 2027.

FRANCE

Aluminium Bahrain has entered into a share purchase agreement with American Industrial Partners for the potential acquisition of Aluminium Dunkirk. The deal remained subject to regulatory approvals. However, on May 27 the European Commission approved the acquisition.

GUINEA

State-owned Aluminium Corp of China (Chalco) has agreed to invest $1 billion in a new 1.2 million tonnes/year alumina refinery in Guinea. Guinea's government will initially receive a 5% stake in the project with the option to increase it up to 35% at market value. This will be Chalco's first alumina refinery outside China.

Emirates Global Aluminium has reached an agreement with the Republic of Guinea over bauxite supplies. This includes a lump sum payment to GAC's subsidiary, Guinea Alumina Corporation for the government's forced closure of its mining activities in the country and the transfer of its assets to state-owned Nimba Mining Company.

As we have previously reported, Guinea is considering placing a cap on its bauxite exports. Having shipped out 178 million tonnes in 2025, the proposed limit is reportedly around 150 million tonnes. If enacted, it would put a dent in the current buoyant Cape bulk carrier market later this year.

INDONESIA

Indonesia's alumina exports surged 40.3% year-on-year in the first quarter of 2026 to 1.54 million tonnes.

IRELAND

The European Commission has decided not to impose sanctions on the Aughinish Alumina refinery in Ireland for the time being, amid concerns that restrictions could disrupt Europe's already fragile aluminium supply chain. The refinery is owned by Russia's Rusal and has faced criticism that its alumina exports to Russia was indirectly supporting the country's defence sector amid the ongoing war in Ukraine.

NEW ZEALAND

Rio Tinto plans to restart its Line 4 potline, idled since 2020, at the New Zealand Aluminium Smelter in Tiwai Point. Once fully operational, it would produce an extra 30,000 tonnes of aluminium per year. Rio Tinto has signed a letter of intent with Contact Energy for a power purchase agreement, which could see the potline restart in 2030.

NORWAY

Alcoa is to invest $65 million at its Mosjoen aluminium smelter in Norway. The investment will expand and upgrade the plant's cast house increasing annual production capacity by up to 75,000 tonnes.

VIET NAM

Viet Nam's first aluminium smelter is expected to commence operations in the second quarter 2026. The Tran Hong Quan Metallurgical Co. project is expected to initially produce 150,000 tonnes/year of aluminium. Phase 2 expansion aims to double production to 300,000 tonnes/year starting by the first quarter of 2027. Phase 3 will see production rising to 450.000 tonnes/year during the third quarter of 2027.

Viet Nam's Truong Hai Corporation (Thaco) announced more details of its planned Lam Dong 2 alumina complex. It aims to produce 2 million tonnes/year of alumina and, if approved this year, would begin operations in 2030 with an initial capacity of 1 million tonnes/year. Thaco is also proposing a large-scale bauxite mining project in the Loc Tan-Loc Quang and Bao Lam regions. This aims to extract nearly 12 million tonnes of bauxite annually. The company is also looking inro developing industrial parks, including aluminium production and processing. Thaco's plans still face regulatory hurdles including land allocation and overlap with previously approved projects.

AGRICULTURE SECTOR DEVELOPMENTS

FAO

The FAO's World Food Price Index for April averaged 130.7 points, up 1.7% from the revised March figure, the third consecutive monthly increase and the highest level in more than three years. The FAO's April Cereal Price Index increased by 0.8% from March to average 111.3 points and by 0.4% year-on-year. The monthly increase reflected higher prices across major cereals, except sorghum and barley. World wheat prices rose sharply by 0.8% from March supported by pressure from drought in parts of the US and a higher likelihood of below average rainfall in Australia. There were also expectations of reduced wheat plantings as farmers shift to less fertiliser-intensive crops. World maize prices rose by 0.7% reflecting seasonally tight supplies and weather-related concerns in Brazil and parts of the US. The FAO All Rice Price Index increased by 1.9% in April driven by higher Indica and fragrant rice prices. Meanwhile, the FAO Sugar Price Index averaged 88.5 points, down 4.7% from March and down 21.2% from a year ago. The drop was mainly due to expectations of ample global supplies in the current season, reinforced by improved production prospects, notably in China, Thailand and Brazil.

The FAO revised its 2025/26 Cereal Supply and Demand Brief in early May. It marginally raised its forecast for world cereal output to 3.040 billion tonnes, up 6.0% year-on-year. Wheat and maize production estimates were raised by approximately 2 million tonnes each, mainly reflecting upward revisions in Europe. The FAO marginally reduced its forecast for world trade in cereals in 2025/26 to 504.3 million tonnes. However, this still represents a 3.9% increase from the previous season.

The FAO warned on May 20 that the closure of the Strait of Hormuz is the beginning of a systemic agrifood shock that could trigger a severe global food price crisis within six to 12 months. The UN body also warned the crisis could deepen with the onset of the El Nino weather phenomenon which is expected to bring droughts and disrupt rainfall patterns across several regions.

IGC

The International Grains Council has raised its 2025/26 production forecast for total grains (wheat and coarse grains) by 3 million tonnes to 2,477 million tonnes on adjustments for maize in Argentina and South Africa. World total grain trade in 2025/26 was also raised by 3 million tonnes to 454 million tonnes with increases for maize and barley. 2026/27 grain output is left unchanged at 2,414 million tonnes down 3% on the previous year's crop. 2026/27 trade volumes are now forecast 2 million tonnes lower at 446 million tonnes. 2026/27 soybean production is expected to expand by 3% year-on-year amid expectations for bigger harvests in major producers. Soybean trade in 2026/27 is forecast to rise by 2% to 190 million tonnes with Brazil supplying more than 60% of all shipments. As for rice, world production in 2026/27 is trimmed slightly but world trade in 2027 is raised to 61 million tonnes boosted by firmer African buying.

USDA

The US Department of Agriculture's May forecast updates provided the first look at their 2026/27 grain export season forecasts. A comparison of the export trade of the principal commodities (wheat, coarse grains, rice, soyabeans, and soyabean meal) between 2026/27 and the latest revised 2025/26 estimates showed overall trade falling to just over 801 million tonnes, a decrease of 14.12 million tonnes or 1.76%. However, this total is also up 5.4% when compared to the average of the previous five seasons. The USDA is clearly looking at a modest reduction in grain trade in the 2026/27 season.

Looking at wheat export trade, the USDA expects overall trade to fall in 2026/27 by 11.98 million tonnes from the previous season. Trade losses in million tonnes were shown for Argentina (-4.0), Australia (-3.0), Canada (-2.0) and the US (-3.8). There were trade gains in million tonnes for the EU (+0.5), Russia (+1.0) and Ukraine (+0.5). The USDA's coarse grain export forecasts for 2026/27 were marked down by 11.8 million tonnes on 2025/26 with the main losses being Argentina (-4.8), Australia (-3.0) and the US (-4.3). 2026/27 rice trade was marked up by 2.73 million tonnes on 2025/26. Indian rice exports were boosted by 2.0 million tonnes to 25 million tonnes which represented 40% of global forecast trade.

The USDA also expects modest growth in soybean exports in 2026/27, up by 2.65 million tonnes to just over 189 million tonnes, helped by an anticipated 2 million tonnes rise in Chinese imports to 114 million tonnes. US soybean exports in 2026/27 have been marked up by 2.72 million tonnes to 44.36 million tonnes. This also reflects constrained US shipments to China in the previous season due to Chinese tariff measures. Brazilian soybean exports have also been raised, by 2.5 million tonnes to 117.5 million tonnes while Argentine exports were trimmed by 2.25 million tonnes. As for soybean meal trade, 2026/27 global exports were increased by 4.2 million tonnes to total 88.3 million tonnes, with moderate increases for all three main exporters, namely Argentina, Brazil and the US.

ALGERIA

Cevital has launched a $600 million project that will include sugar beet cultivation on 1,200 hectares and a new sugar refinery that is expected to start operations in 2028.

ARGENTINA

The Rosario Grains Exchange said farmers facing higher costs, including for fertilisers, would plant 7% less wheat and harvest around 37%, or 11 million tonnes, less than last year.

AUSTRALIA

Australian sugarcane growers are preparing to begin the 2026 sugarcane crushing campaign with around 29 million tonnes of sugarcane expected to be processed by December, according to the producers' association Canegrowers.

BANGLADESH

Bangladesh's rice crop has been damaged by heavy pre-monsoon rainfall and surging upstream flows from India which have swollen rivers in the northeast of the country, according to an early May report from the Department of Agricultural Extension. The country could now face a rice shortage of 200,000 tonnes.

BRAZIL

Brazil's Minister of Mines and Energy said that there is an absolute majority in the federal government that supports increasing the mandatory blend of ethanol in gasoline to 32%. The proposal is to be debated in the National Energy Policy Council.

The consultancy StoneX raised its forecast of Brazil's 2025/26 soybean production by around 1% to 181.6 million tonnes in early May, driven by higher soybean yield estimates and a revised soybean acreage in Rio Grande do Sul. Brazil's 2025/26 maize harvest was estimated at 137 million tonnes, also up 1% from its previous forecast.

INDIA

The Indian government warned in late May that this year's monsoon is set to be the weakest in 11 years. It lowered its forecast from 92% to 90% of the long-term average rainfall. This has raised concerns over crops, food prices and economic growth as the country continues to battle inflationary pressures resulting from the Middle East war.

India's rice exports in the first four months of 2026 were reported to have fallen by 1.3% year-on-year to 8.39 million tonnes. The fall has been attributed to the Middle East war which has disrupted premium basmati rice shipments to Gulf markets.

India's soybean meal exports are expected to halve in the current year to a four-year low after a surge in prices. The managing director of Maharashtra Oil Extractions said exports will fall to around 800,000 tonnes in the marketing year to end September, from 2.02 million tonnes in the previous season. India's Asian customers are likely to switch to South and North America for replacement soybean meal supplies.

India on May 13 banned sugar exports with immediate effect until the end of September to try to lower domestic prices. Industry groups complained that the move will trigger a domestic price crash, inflate debts of sugar factories and impact cultivators.

Indian traders were reported in early May to have begun exporting wheat for the first time in four years with small shipments to buyers in Asia and the Middle East. A trading window has been created by ample domestic stocks, high global prices and the firm freight rates being paid by long-haul competitors.

The Indian Sugar and Bio-energy Manufacturers Association said that sugar production in the 2025/26 season through to April 30 reached 27.53 million tonnes, up 7% from the same period last season.

THAILAND

Thailand's sugar exports in the first four months of 2026 were reported to have risen 29% year-on-year to 1.6 million tonnes.

UKRAINE

The major farmers' union UAC said Ukraine could harvest 22 to23 million tonnes of wheat in 2026, in line with2025 production of 23 million tonnes.

USA

The US House has passed legislation that would allow nationwide year-round sales of gasoline containing 15% ethanol, in a major win for biofuel producers and farming groups. The bill removes seasonal restrictions linked to smog concerns. The legislation must still clear the Senate.

The White House announced on May 17 that, following the meetings between Presidents Trump and Xi, China has committed to purchase at least $17 billion in US agricultural products in 2026, 2027 and 2028. Furthermore, this does not include the soybean purchase agreements China made in October 2025. On May 20, the Ministry of Commerce said China and the US have agreed to cut tariffs on agricultural trade as part of a broader trade deal, although no details were provided.

More than 60% of the continental US is experiencing drought, up from 43% at the start of 2026 and 33% a year ago, according to the latest government US Drought Monitor report.

ZAMBIA

Zambia's Secretary to the Cabinet announced that the country is expected to produce a record 4.9 million tonnes of maize this season, up 29% from last year's output. Zambia has targeted maize production of 10 million tonnes/year by 2031. It is also targeting production of three million tonnes/year of soybeans and one million tonnes/year of wheat by the same date.

FERTILISER SECTOR DEVELOPMENTS

MIDDLE EAST WAR

The World Bank has warned that global fertilizer prices could rise by more than 30% in 2026 if the Strait of Hormuz blockade persists. The bank's scenario analysis suggests further price acceleration remains plausible if the blockade extends through the primary planting seasons of the Southern Hemisphere and South and Southeast Asia.

AUSTRALIA

Australia is the first major grain producer to plant wheat since the beginning of the Middle East war, and its farmers are expected to plant less wheat this year and spread less fertiliser due to the rise in fuel and fertiliser costs. As a result, one estimate suggests the country could harvest up to 40% less wheat.

The Australian government said it has secured 38,500 tonnes of agricultural grade urea from Brunei to support farmers and the agricultural sector. The shipment was secured through a new A$7.5 billion government fuel and fertiliser facility established to help the country's agricultural and transport industries cope with supply pressures through loan, equity, guarantees, insurance and price support. Subsequently, a further 90,000 tonnes of urea was reported to have been secured in three sperate cargoes.

BEKARUS

A report on May 20 indicated that the US was urging Ukraine to relax restrictions on imports of potash fertilisers from Belarus and to press European allies to follow suit.

BRAZIL

Brazil is reportedly shifting to using more imports of ammonium sulphate compared to urea given the former's notably lower price albeit containing a lower nitrogen content. In the first four months of 2026 Brazil imported 1.75 million tonnes of ammonium sulphate compared to 1.4 million tonnes of urea. Previously, urea imports were roughly double ammonium sulphate imports.

EGYPT

Egypt's Prime minister announced in May that the government is accelerating a strategy to shift the country from raw phosphate rock exports to high-value fertiliser and industrial chemical manufacturing. The country's phosphate production reached 5.5 million tonnes in 2025, up from 5.3 million tonnes the year before. Two anchor projects comprise a $573 million phosphoric acid plant at the Abu Tartour deposit and a $525 million DAP/MAP fertiliser complex at Ain Sokhna in the Suez Canal Economic Zone. The latter will have a production capacity of 600,000 tonnes /year of DAP and MAP using locally mined phosphate rock from Misr Phosphate's Red Sea mines. Construction is scheduled to begin in 2Q26 with first production targeted in 2028.

ETHIOPIA

Nigeria's Dangote Group has reportedly increased its planned investment in a 3 million tonnes/year urea plant in Ethiopia to more than $4 billion from $2.5 billion announces last year. The project now has an expanded scope including a 120 MW power plant and a 2 million tonnes/year NPK blending plant.

EU

The Council of the EU said on May 22 that the EU will temporarily lift customs duties on key nitrogen fertilisers such as urea and ammonia for one year to mitigate the impact of the Middle East war. The suspension will not apply to fertiliser products imported from Russia and Belarus. The decision was subsequently condemned by the suppliers' association Fertilisers Europe as sending the wrong signal.

The European Commission has set out plans to offer extra emergency funds to farmers struggling with soaring fertiliser costs due to the Middle East war, and to consider stockpiling supplies to prevent future price shocks. The Commission aims to increase the size of an emergency reserve in the EU's Common Agricultural Policy. The Commission is also considering giving more free CO2 emissions permits to fertiliser companies if they ramp up local production.

GABON

Canada's Millennial Potash has initiated a definitive feasibility study for its Banio Potash Project in Gabon. The base production scenario evaluates a solution mining operation targeting 800,000 tonnes/year of muriate of potash (MOP) with larger output rates also to be assessed.

INDIA

Indian Potash Limited is set to import a record 1.35 million tonnes of diammonium phosphate (DAP) in a single tender as the Middle East war pushes the government to secure increased supplies. The purchases are equivalent to around a quarter of India's annual DAP imports. Under the tender, shipments must leave loading ports by August 15. The DAP is expected to be sourced mainly from Saudi Arabia, Russia, Egypt and Morocco.

India's fertiliser ministry has recommended that national fertiliser companies pool their procurement by forming a three-month consortium to aggregate demand for MAP, MOP, NPS/NPK blends, and key raw materials including ammonia, sulphur, phosphoric acid, sulphuric acid and phosphate rock.

ISRAEL

Israeli fertiliser producer ICL Group raised its earnings forecast on higher-than-expected first quarter net profit, helped by an increase in potash and phosphate sales. The company has maintained its 2026 potash sales volume forecast of 4.5 to 4.7 million tonnes.

MEXICO

Proman GPO's ammonia plant in Topolobampo on Mexico's Pacific coast has reportedly reached 88% completion and is expected to produce around 800.000 tonnes/year. The plant is connected to Mexico's natural gas infrastructure and most of the output is intended for the country's fertiliser sector to produce urea and ammonium nitrate.

PAKISTAN

Fauji Fertiliser Company has signed a front-end engineering design agreement with China's Hualu Engineering and Technology Co. for a $1.12 billion coal-to-fertiliser project, the first of its kind in Pakistan. The proposed plant is expected to produce 717.000 tonnes/year of urea from around 2.1 million tonnes/year of domestic coal with commercial operations expected in 2030-31.

SAUDI ARABIA

Saudi fertiliser producer SABIC loaded 25,000 tonnes of granular urea from the Red Sea port of Yanbu destined for Bangladesh, marking the first bulk loading of urea on the country's west coast. The urea was trucked from the production hub of Jubail. This followed a similar move by Maaden who trucked a phosphates cargo from its Ras Al-Khair site to Yanbu for export in March.

USA

The US Federal Trade Commission said in late May that it has been investigating fertiliser prices, which spiked after the start of the war in the Middle East. The FTC chairman said it had commenced a major industry-wide investigation into the precipitous rise in fertiliser prices in the US which has affected so many of our nation's farmers. Fertiliser manufacturers will no doubt point a collective finger back at the Trump administration for the decision to go to war in the first place.

The US Agriculture Secretary announced the USDA is restarting several stalled projects under the Biden-era Fertiliser Production Expansion Program. An $80 million project in Washington state, designed to produce 700,000 tonnes of hydrogen-based ammonia fertiliser annually, was cited as a project being accelerated toward completion.

FOREST PRODUCTS SECTOR DEVELOPMENTS

BRAZIL

According to the International Tropical Timber Organisation, Brazilian exports of wood-based products (excluding pulp and paper) totalled US$226.1 million in March, down 34% year-on-year. Among main products, pine sawnwood export volumes declined 11% year-on-year to 235,200 cubic metres, while pine plywood export volumes fell 40% year-on-year to 178,700 cubic metres.

CANADA

Statistics Canada reported that Canadian sawmills produced 3.430 million cubic metres of lumber in February 2026, an increase of 1.7% on January but down 7.0% year-on-year. Lumber shipments totalled 3.286 million cubic metres in February, down 3.4% from the previous month and down 4.2% from a year earlier.

CHINA

China's customs statistics showed that the country's timber imports in April totalled 4.865 million cubic metres, up 4% from March but down 6.8% year-on-year. Of this total, log imports accounted for 2.981 million cubic metres, down 17.8% year-on-year. China's total timber imports in the first four months of 2026 amounted to 17.046 million cubic metres, a decrease of 10.9% from the same period in 2025.

EU

The European Commission has released its simplification review of the EU Deforestation Regulation which it estimates has reduced compliance costs for companies by approximately 75%. This is attributed to updates to rules for micro and small operators and the classifying of more countries as low risk. However, the German Sawmill and Timber Industry Association said the new simplification package falls far short of genuine simplification and continues to create uncertainty.

GERMANY

Germany exported 831,000 cubic metres of softwood logs in the first quarter of 2026, down 26% year-on-year. Over the same period, Germany imported 152,800 tonnes of wood pellets, down 8% year-on-year.

JAPAN

Japan's housing starts fell 29.3% in March, marking a fifth straight month of contraction and highlighting persistent weakness in the property sector amid higher construction costs.

There was a report that some Japanese buyers were prompted to secure physical stocks of imported tropical hardwood plywood over concerns about future supply and higher prices arising from the Middle East war. More specifically, the closure of the Strait of Hormuz has raised concerns over adhesive raw material supplies with some manufacturers facing procurement limits.

NEW ZEALAND

The New Zealand Timber Industry Federation said the recently concluded Free Trade Agreement with India is already delivering encouraging early results with increased enquiry levels being reported for sawn product by New Zealand sawmills. The NZTIF expects the Indian market to offer a major opportunity for the timber sector driven by India's strong construction demand, urbanisation, and an increasing preference for sustainably sourced wood products.

NORWAY

According to its statistical service, Norway harvested 3.6 million cubic metres of logs in the first quarter of 2026, up 4.5% year-on-year.

RUSSIA

A press report, citing the Ukrainian Foreign Intelligence Service, said thar Russian logging output fell sharply in 2025, with timber volumes for sale declining to 176 million cubic metres, down 10% from 2024. The report stated the total was Russia's weakest since the start of the war and 30% below levels from 10 years earlier.

SWEDEN

Sweden's softwood lumber and planed timber exports in the first quarter of 2025 fell 12% year-on-year 3.18 million cubic metres.

Canfor announced that its 77%-owned subsidiary, Vida AB, will permanently close its sawmill operations in Urshult and Orrefors in southern Sweden, reducing the company's annual lumber production capacity by around 265,000 cubic metres.

UNITED KINGDOM

The Construction Products Association forecast that UK housing construction activity is expected to contract by 2.5% in 2026, with private housing output falling by 7%. The downward revision reflects economic uncertainty and the impact on energy costs caused by the Middle East conflict.

USA

US single-family housing starts in April fell 9% to a seasonally adjusted annual rate of 930,000 units according to the Commerce Department's Census Bureau. It indicated that the housing market could remain subdued for some time as the Middle East war drives up mortgage rates amid an oversupply of new houses. Meanwhile, the National Association of Home Builders/ Wells Fargo Housing Market Index reported that builder confidence for newly built single-family homes rose three points in May to 37. However, sentiment has now remained in negative territory for 25 consecutive months

The USDA Foreign Agricultural Service reported that US wood pellet exports in March totalled 1.1 million tonnes, up from just over781,000 tonnes a year earlier. The UK continued to be the top destination for March shipments, having been sent 839,864 tonnes. Total pellet exports in the first three months of 2026 reached 2.68 million tonnes, up from 2.4 million tonnes in the same period last year.

CEMENT SECTOR DEVELOPMENTS

ARGENTINA

Argentina's cement shipments in April fell by 12.7% year-on-year to 0.73 million tonnes, according to the national cement association AFCP. Total shipments in the first four months of 2026 were 3.043 million tonnes, down 3.3% from a year earlier.

BRAZIL

The National Cement Industry Union, SNIC, reported that cement sales in Brazil in April totalled 5.354 million tonnes, up 2.2% year-on-year. Cement sales in the first four months of 2026 totalled 21.287 million tonnes, up 1.9% from a year earlier. The president of SNIC commented that, despite the positive start to the year, activity is already feeling the effects of the Middle East war, particularly on petroleum coke imports.

COLOMBIA

Colombia's cement dispatches in March rose 6% year-on-year to total 1.150 million tonnes, according to the national statistics agency DANE. Domestic cement production during the month totalled 1.237million tonnes, up 3.8% year-on-year. In the first three months of 2026, cement dispatches were up 5.7% year-on-year to 3.125 million tonnes, while domestic production grew 2.8% year-on-year to 3.319 million tonnes.

GABON

Morocco-based Ciments de l'Afrique (Cimaf) is to invest more than $45 million to expand its operations in Gabon, including installing a third production line at its Owendo cement plant near Libreville. This could raise capacity to around 1.85 million tonnes/year, significantly above domestic cement consumption.

INDIA

The cement component in India's Index of Eight Core Industries, indicated that the country's cement production in April 2026 increased by 9.4% year-on-year. The cumulative index for cement production from April 2025 to March 2026 was up by 8.7% over the corresponding period a year earlier.

MOROCCO

Morocco's cement deliveries in the first four months of 2026 totalled 4.52 million tonnes, down 0.12% year-on-year, according to the country's housing and planning ministry.

PAKISTAN

According to the All-Pakistan Cement Manufacturers Association, cement dispatches in April increased 11.1% year-on-year to total 3.89 million tonnes. Domestic dispatches rose by 20.2% year-on-year to 3.22 million tonnes while cement exports declined by 18.2% year-on-year to 0.67 million tonnes. During the first ten months of the current fiscal year, total cement dispatches reached 42.40 million tonnes, up 9.8% year-on-year.

RUSSIA

The Russian cement association Soyuzcement said that cement consumption in Russia is expected to fall by at least 20% in 2026, having declined by 24% year-on-year in the first quarter of 2026 to 8.30 million tonnes. The fall could be as much as 26% under a more pessimistic outlook.

SPAIN

Spain's cement association Oficemen reported that the country's cement consumption increased 13% year-on-year in April to reach 1.45 million tonnes. Consumption in the first four months of 2026 rose by 9% year-on-year to 5.32 million tonnes.

USA

The American Cement Association has forecast a 2.5% decline in US cement consumption in 2026 driven by an upward shift in borrowing costs following the conflict in the Middle East. However, the ACA expects a return to growth in 2027 despite the ongoing geopolitical and economic pressures.

VIET NAM

Viet Nam exported 3.4 million tonnes of cement and clinker in April according to the National Statistics Office, up 15% from a year ago. Exports in the first four months of 2026 totalled 13.4 million tonnes, up 20% year-on-year.

OTHER INDUSTRIAL MINERAL DEVELOPMENTS

ICSG

The International Copper Study Group reported that world **copper** mine production remained essentially unchanged year-on-year in the first quarter of 2026 at 53.590 million tonnes of copper content. World refined copper production, including secondary production, grew by about 4.5 % year-on-year in 1Q26 to 7.290 million tonnes. Meanwhile, world apparent refined copper usage increased by 0.75% year-on-year in 1Q26 to 6.894 million tonnes. The latest ICSG analysis of the world's refined copper balance indicates an apparent surplus of 396,000 tonnes in 1Q26.

CANADA

CertainTeed Canada's recently approved Antrim Gypsum Mine at Lake Egmont, north of Halifax in Nova Scotia is expected to produce around 1.5 million tonnes/year of **gypsum** and anhydrite over a 20-year lifespan starting in 2027. The mine is set to reduce Canada's reliance on gypsum and anhydrite imports which totalled about 1.26 million tonnes in 2025, mainly from the US, Mexico, Turkey and Spain.

INDONESIA

See commentary under Power Coal Sector Developments regarding the government's major plan to centralise exports of key commodities starting with coal, **nickel** and palm oil, aimed at boosting state revenues through tighter control of the sale and pricing of its natural resources. In an update two days later on May 22, the government said it will exempt nickel pig iron, which makes up most of the country's nickel exports, from the new plan to centralise commodity exports while ferronickel will still be included. Earlier in the month, Chinese companies operating in Indonesia's nickel sector had warned that tighter nickel ore quotas, higher taxes and a new pricing formular were driving up costs and threatening investment.

Last month we reported that Freeport-McMoRan expected a slower-than-anticipated recovery of its flagship Grasberg **copper** mine in Indonesia after a fatal flood in 2025 disrupted operations. The company said it expected only about 65% of production at the world's second largest copper mine to be restored by the second half of this year, down from a previous forecast of 85%. However, on May 11 the company said it still expects the mine to resume full production by the end of 2027, after market reports suggested that the restart could drag into 2028.

PERU

Zijin Mining Group has officially committed approximately $1.5 billion towards the development of the La Arena II project in Peru. The project aims to shift the La Arena operations from being gold focused into a primary **copper**-gold hub and help the Chinese miner become a major copper producer. The expansion project is set to extend the mine's lifespan by at least 19-20 years. Phase II aims to process 33 million tonnes of ore annually yielding approximately 100,000 tonnes of copper and 3.8 tonnes of gold per year.

ZAMBIA

Zambia's Konkola Copper Mines has resumed **copper** mining at its Chingola B Mine, 18 years after operations ceased. The mine is expected to produce more than 200,000 tonnes of ore per month. The mine had previously produced around 60,000 tonnes/month of ore at an average grade of 2.5% between 1980 and 2003.