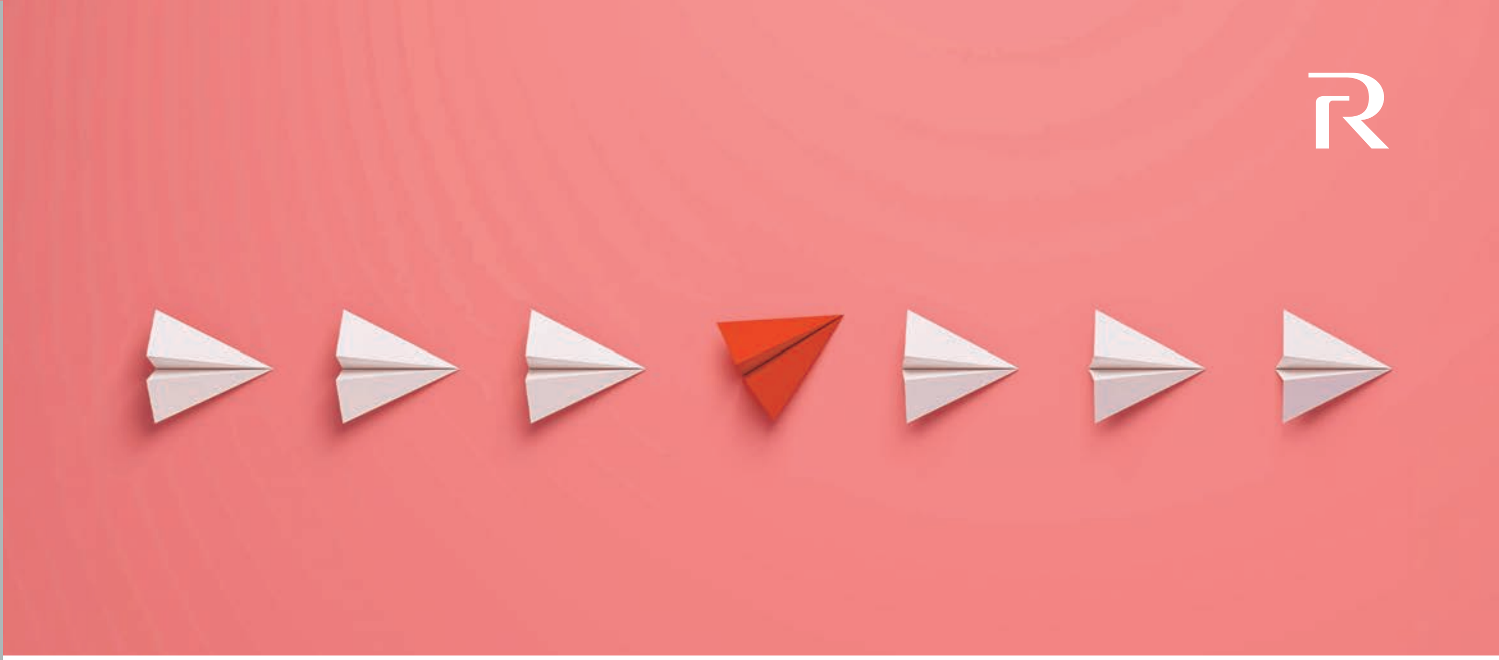
Investment Roundup

28 April 2026

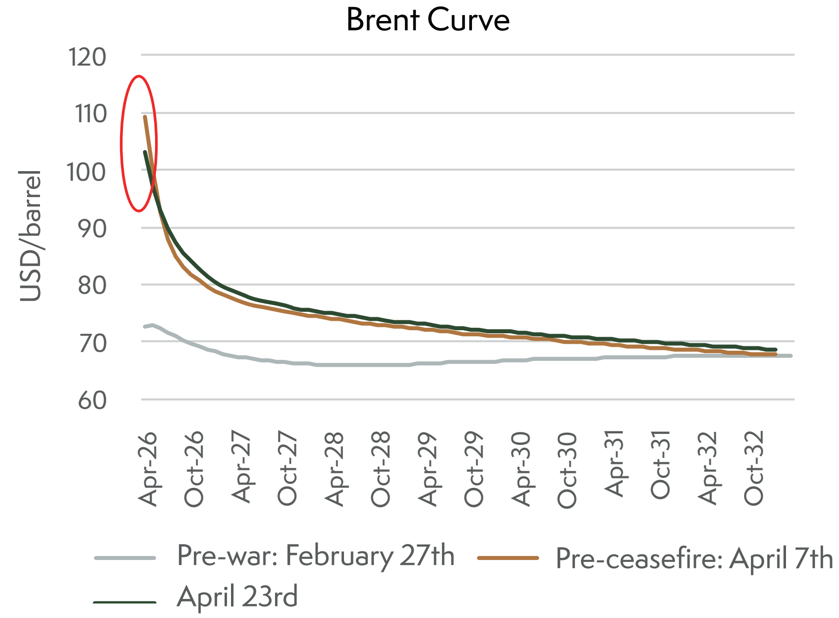
RAFFLES FAMILY OFFICE



Since the US-Iran ceasefire announcement in April, the S&P 500 has undergone a relief rally of about 6%.

Today, we are going to look past the equity markets and examine the commodities and logistics data. Specifically, we are monitoring if the acute geopolitical shock of the US-Iran War would materialise into a sustained, supply-driven inflationary cycle.

“Blockade” Premium in effect

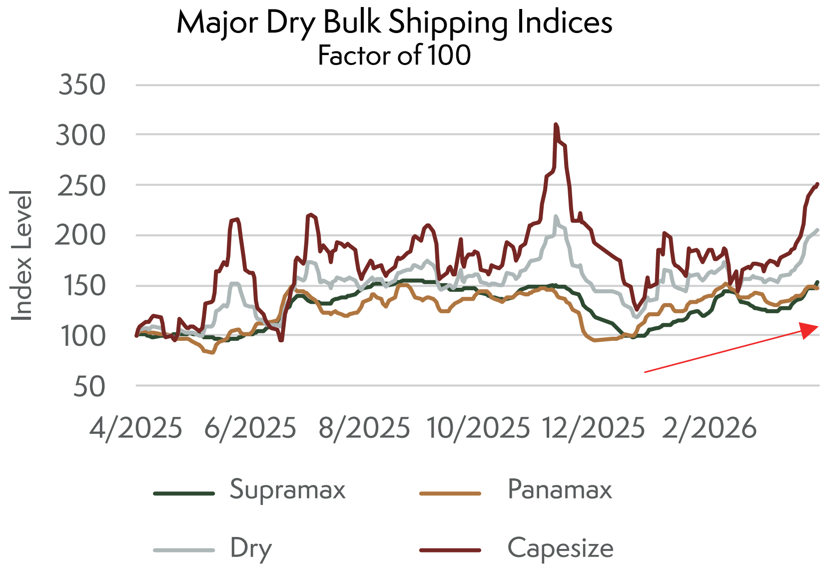


Source: Bloomberg L.P., as of 23 April 2026

In the last outlook, we saw a moderate relief in the near-term crude futures prices. The Brent Curve is simply a line graph connecting all future prices. It shows you what the market is willing to pay for a barrel of oil today, next month, next year, and so on. When the curve slopes down aggressively (backwardation), it signals a supply disruption. Despite the formal ceasefire, the curve has actually shifted higher than peak-conflict levels across the board. This is primarily because the US naval blockade is effectively restricting "ghost fleet" vessels that previously bypassed sanctions.

The commodities market is signalling that a strict blockade removes more physical oil from the market than the active conflict did. This suggests energy costs will remain elevated for a longer duration than currently anticipated by broader risk assets.

Global shipping capacity remains tight



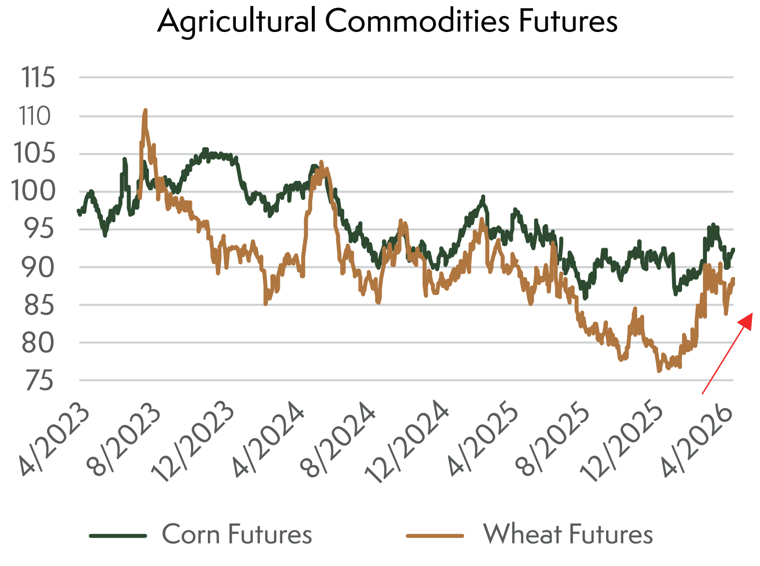
Source: Bloomberg L.P., as of 23 April 2026

This energy disruption naturally flows into global logistics. In the chart above, we track the Dry Bulk Shipping indices, which measure the cost to transport raw, unpackaged materials across the ocean. To provide some context:

- The Capesize index (red line) tracks massive vessels that primarily carry heavy industrial inputs like iron ore and coal.
- The Supramax index (green line) tracks smaller, versatile ships that act as the workhorses for 'minor bulks,' including fertilizers, grains, and steel.
- The Panamax index (yellow line) tracks mid-sized vessels originally designed to fit the Panama Canal. They are the primary global carriers for major grain and coal routes.

Specifically, the Supramax index has risen by 38% YTD. This indicates that emerging markets are facing significantly higher costs to secure and transport critical inputs like fertilizer from the Middle East.

Out of disinflationary slumber



Source: Bloomberg L.P., as of 23 April 2026

For the past three years, agricultural commodities were in a disinflationary trend, steadily grinding lower due to robust harvests. That trend ended in Q1 2026.

You can see the clear upward breakout in both Corn and Wheat futures. However, it is important to note that while agricultural futures have broken their downtrend, they have not yet spiked as aggressively as the freight rates we just looked at.

This lag is crucial. It tells us that the market is currently digesting the higher input costs, specifically the soaring cost of shipping fertilizers from the Middle East on those Supramax vessels, but it hasn't fully priced in the resulting drop in crop yields yet.

Wheat futures have also increased to a larger degree than corn. This is because Asia is structurally short on wheat production; countries like Indonesia, the Philippines, and Japan rely overwhelmingly on wheat imports to feed their populations. Conversely, Corn is predominantly used for livestock feed and is more heavily concentrated in the Americas.

Because the Middle East is a major exporter of those fertilizers, rising freight costs create massive input pressure for global farmers planting this season. The futures market is beginning to wake up to these higher input costs, suggesting that the initial energy shock is just now starting to transmit into the agricultural supply chain. We view this as a leading indicator for a more significant food-inflation shock later this year.

Conclusion

To conclude, while the political ceasefire has reduced immediate kinetic risks, the physical markets indicate that supply chain frictions remain firmly in place.

We anticipate that these elevated energy and freight costs will begin filtering into broader inflation data by Q3. This will likely complicate the interest rate outlook for central banks, making near-term rate cuts less probable.