Portland Monthly Market Report

June 2026

Overview

WTI crude declined by almost 25% from $92.35/bbl to $69.61/bbl in June. Early in the month, Tehran suspended talks with Washington as Israel continued its deepest military operation in Lebanon in 25 years. However, oil prices fell after Israel and Lebanon reached a ceasefire agreement on June 4th, meeting a key Iranian demand in talks with the US. Despite Tehran vowing to "completely" block the Strait of Hormuz, by mid-month a US-Iran Memorandum of Understanding (MOU) had been signed to pause hostilities, open negotiations, and reopen the strait. According to Kpler, the reopening could release approximately 93 million barrels of stranded crude from the Persian Gulf. Overall, oil prices retreated to levels close to those seen before the Middle East conflict. Diesel prices have not declined at the same pace amid record-high diesel crack spreads (the margin between diesel and crude oil prices), with NYH Diesel closing at 124.98cpl.

NYH Diesel (CAD cpl) & WTI Crude (US $/bbl)

Exchange Rate

The Canadian dollar moved from $1.384 to $1.419 against USD in June, its weakest level since March 2025. Early in the month, strong US payrolls data reinforced expectations of tighter Federal Reserve monetary policy, helping the USD index to strengthen to a one-year high. The Fed later decided to maintain interest rates at 3.50-3.75%, although governors were split on whether to increase rates. However, inflation rose to 4.1% in May from a year earlier, trimming bets that the central bank will raise the policy rate next month, likely opting for a September rate-hike instead. Meanwhile, weak economic data reinforced expectations that the Bank of Canada (BoC) would also hold interest rates. Canada's economy contracted by 0.1% in the first quarter, following a revised 1.0% contraction in the previous quarter, confirming a technical recession. The BoC opted to maintain its policy rate at 2.25%, remaining cautious due to uncertainty around US trade policy and global risks. Finally, a sharp decline in crude oil prices across the month also weighed on the commodity-linked currency.

Supply Price Drivers

The International Energy Agency (IEA) stated that the global oil market has adjusted well to the Strait of Hormuz disruption with stock releases, rerouted trade flows, and increased output from alternative producers. Meanwhile, the Financial Times suggested that a growing oil glut is forming as global supply rises faster than demand, with OPEC+ output increases and strong non-OPEC production adding to excess inventories, noting persistent price volatility and heightened sensitivity to geopolitical shocks.

Demand Price Drivers

OPEC Secretary General Haitham Al Ghais said that global oil demand remains strong and that the group sees no reason to revise its forecasts despite geopolitical tensions and disruptions in the Strait of Hormuz. OPEC recently raised its global oil demand forecast to 113.3 million bpd by 2030, citing an increased focus on energy security and affordability as governments seek reliable suppliers following what has been labelled the most severe oil supply shock in history amid the US-Iran war.

Geopolitical Price Drivers

On June 15th, the US and Iran agreed on a framework to extend the ceasefire and reopen the Strait of Hormuz to commercial shipping, signing a preliminary MOU. The proposal is said to include de-escalation in Lebanon through monitored withdrawals and renewed diplomatic talks. However, the ceasefire has been under threat due to renewed attacks by both sides, including an Iranian strike on a cargo ship in the Strait of Hormuz and retaliatory strikes from the US.

Market News

Speaking at the Global Energy Show, Minister Tim Hodgson said Canada is well positioned as a reliable energy supplier in a volatile global environment. He stressed that energy policy is closely linked to economic growth, international trade, and national security, creating momentum for investment. Hodgson also highlighted opportunities for Canada to expand its presence in global oil, natural gas and LNG markets, as geopolitical uncertainty reshapes demand and supply chains.

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