

El Niño Rising

360° Commodities Expertise – Key Insights

Quarterly Report

Q3 2026

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Welcome

Dear Investors,

Commodity markets showed in the first half of 2026 that volatility cuts both ways. Despite the disruption of the US-Iran war and its associated energy shock, the global economy held firmer than many feared, with 2026 GDP growth tracking slightly ahead of expectations even as the conflict continued to act as a drag. Since the Memorandum of Understanding collapsed in July, geopolitical risk in the Gulf has re-escalated, and continued disruption to energy transit there could still weigh on global growth and ripple through commodity demand well beyond oil and gas.

If our second-quarter letter was framed around the Chokepoint of the Strait of Hormuz, this quarter's defining theme is a different kind of disruption, one written into the ocean itself. El Niño is now firmly underway and, by several measures, is shaping up to be the strongest event in a generation — what climate scientist Christopher Callahan of Indiana University told the Wall Street Journal has the makings of a "generationally strong event" with correspondingly severe economic consequences.

El Niño, the recurring irregular warming of surface waters in the central and eastern equatorial Pacific (ENSO), recurs every two to seven years. It works by weakening or reversing the Pacific trade winds that normally push warm water toward Asia and Australia, so it sloshes back east instead, redistributing heat and rainfall globally. That is what makes it a commodity story rather than merely a weather story: Southeast Asia, India and Australia typically become more drought-prone, while parts of North and South America see heavier rainfall — regions that host many of the world's largest agricultural producers. Climate change does not cause

El Niño, but amplifies it: this event is layering onto an ocean already warmed by decades of greenhouse-gas emissions.

«El Niño could rival or even surpass the extreme event of 1877/78.»

This year's event has developed unusually fast and strong. Conditions first emerged in April 2026 and had crossed the threshold for a 'strong' event by June; July ECMWF forecasts pointed to a mean Niño3.4 peak of around 3.9°C above the 1991–2020 average late this year — well beyond the modern record. NOAA now puts the probability of a very strong El Niño at over 90%, while some forecasts suggest 2026/27 could rival or even surpass the extreme El Niño of 1877/78. We'd treat the most extreme scenarios with caution, but the evidence points to an exceptionally strong, unusually "sticky" event, likely to persist longer than usual — one that, per Moby's Michael Ferrari and BMO, could make 2027 the hottest year ever recorded once its lagged warming effects fully play out.



Research cited by Morgan Stanley estimates that stronger El Niño variability could cause as much as USD 84 trillion in cumulative global economic losses over the 21st century; a 2023 ECB study found a strong event can lift global food commodity prices by up to 9% at its peak, with the impact building over roughly sixteen months and lingering for up to two years.

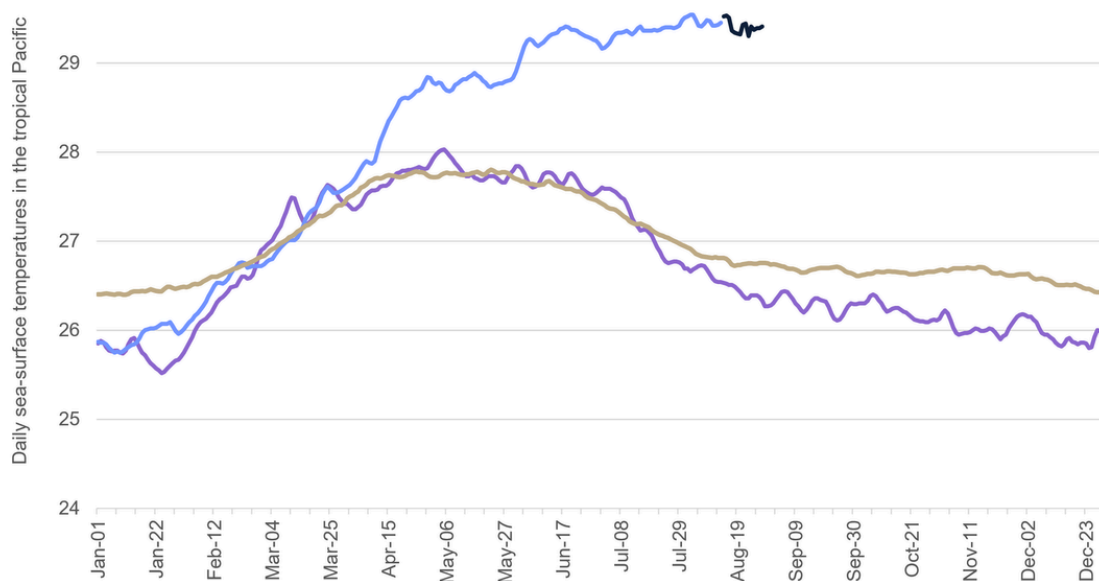
Separately, Citi sees sugar and cocoa as among the most exposed agricultural commodities, with risk also building in corn and wheat as dryness deepens across France, Hungary and the US Midwest — compounded by drone attacks on Black Sea shipping that add further uncertainty to Ukrainian and Russian grain exports. On energy, Citi notes that Europe, Japan and South Korea have historically tended to run warmer during strong El Niño events, as in 2015 and 2023, while China has typically run cooler.

The clearest illustration of how El Niño compounds an already-strained global logistics system is unfolding in Panama. Rainfall between May and August ran 34% below the historical average, prompting the Panama Canal Authority to reduce daily transit slots from 36 to 32 by mid-September; the average auction price for the largest lock slots has surged to around USD 2.5 million, from typical levels near USD 800,000, as shippers already rerouting around the Strait of Hormuz race to beat the drought. Markets can usually absorb an isolated disruption to one waterway; the greater risk is when several stress points emerge at once.



2026 Breaks Away From Every Prior El Niño Year

Daily Sea-Surface Temperatures in the Tropical Pacific — Source: NOAA





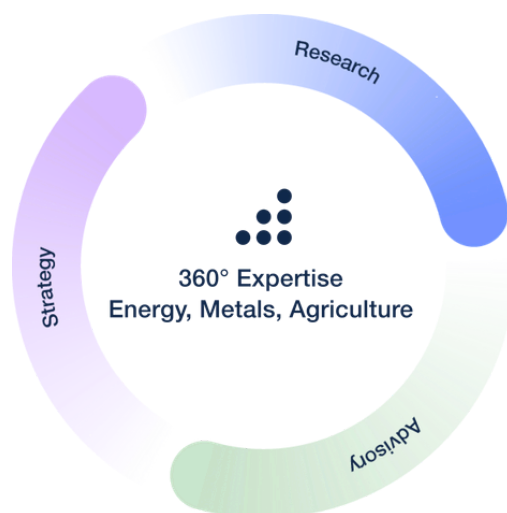
That is what makes El Niño particularly relevant today: a major climate event layered onto a global commodity system already operating with limited spare capacity, constrained infrastructure and heightened geopolitical risk.

Away from El Niño, the AI-driven buildout continues to reshape metals demand — Wood Mackenzie puts associated grid infrastructure at three to four times the metal intensity of the data centres themselves, with copper, aluminium, steel and rare earths the main beneficiaries. China's own signals stayed mixed: EV exports held up, but the Q1 manufacturing-investment recovery didn't carry into Q2, pushing critical minerals further up the security agenda alongside the usual supply-adequacy concerns.

The following pages trace the influence of El Nino across the commodity complex, alongside our usual review of market performance and key sector developments, covering developments through end of August 2026 (editorial deadline: **31 August 2026**). We hope you enjoy this third quarterly letter and invite your feedback, questions or requests for further discussion.

With best wishes — and with the view that in a world running short of flexibility, real assets have rarely mattered more.

Pablo Gonzalez
David Michael Lincke



Sources: BMO, Christopher Callahan (Indiana University)/WSJ, Citi, ECB, Michael Ferrari (Moby), Morgan Stanley, NOAA, Panama Canal Authority, Wood Mackenzie



Commodity Markets Overview

Commodity Indices

Commodity Futures Indices TR		Return	QTD	YTD	3Y p.a.	5Y p.a.
Picard Angst Commodity	PACITR	TR	20.6%	42.0%	19.9%	16.6%
Bloomberg Commodity	BCOMTR	TR	15.5%	35.0%	15.1%	12.2%
S&P GSCI	SPGCCITR	TR	19.4%	52.1%	17.2%	17.6%
FTSE/CoreCommodity CRB	CRYTR	TR	16.9%	42.9%	18.6%	17.9%

Commodity Equity Indices TR		Return	QTD	YTD	3Y p.a.	5Y p.a.
S&P Global Natural Resources	SPGNRUN	TR	16.0%	28.5%	15.3%	12.3%
MSCI World Energy	NDWUENR	TR	17.8%	40.9%	17.0%	22.7%
Stoxx Europe 600 Oil&Gas	SXER	TR	11.1%	36.6%	22.9%	20.0%
S&P Oil Gas E&P	SPSIOPTR	TR	22.6%	52.8%	11.2%	21.2%
MSCI World Metals & Mining	NDUWM...	TR	19.0%	30.5%	27.4%	17.0%
Stoxx Europe 600 Basic Resources	SXOPV	TR	15.9%	33.2%	24.9%	12.3%
S&P Global NR Metals & Mining	SPGNEUT	TR	19.0%	40.1%	15.9%	20.4%
NYSE Arca Exch Gold BUGS	HUINTR	TR	28.6%	19.3%	55.4%	28.1%
NYSE Arca Gold Miners	GDMNTR	TR	31.6%	17.8%	53.2%	27.5%
FTSE Gold Mines	TFTMIGMI	TR	31.5%	16.9%	56.8%	28.2%

Commodity Futures

Energy Futures		Closing Price	Unit	Return	QTD	YTD	3Y p.a.	5Y p.a.
CO	Crude Oil - Brent (ICE)	103.54	USD/bbl.	TR	28.6%	86.3%	21.2%	24.0%
CL	Crude Oil - WTI (Nymex)	96.6	USD/bbl.	TR	25.9%	83.1%	20.2%	21.4%
XB	Gasoline - RBOB (Nymex)	345.39	USD/gal.	TR	23.7%	108.5%	23.2%	30.4%
QS	Gas Oil - Low Sulphur (ICE)	1'135.2	USD/MT	TR	54.4%	201.5%	47.6%	51.0%
HO	Heating Oil (Nymex)	388.78	USD/gal.	TR	44.9%	177.3%	39.5%	47.2%
NG	Natural Gas - Henry Hub (Nym...	2.907	USD/MMB...	TR	-10.2%	-13.9%	-23.2%	-25.5%
FN	Natural Gas - UK (ICE)	118.47	GBP/therm	TR	52.6%	156.3%	7.8%	1.3%
TZT	Natural Gas - TTF Dutch (ICE)	48.68	EUR/MWh	PR	63.5%	145.4%	28.8%	6.4%
JKL	LNG - Japan/Korea (Platts)	18.81	USD/MMB...	PR	41.5%	136.4%	19.8%	4.5%
XA	Thermal Coal - API2 Rotterdam...	112.7	USD/MT	PR	12.3%	38.1%	4.1%	-2.7%
XO	Thermal Coal - API4 Richards B...	118.75	USD/MT	PR	12.5%	40.3%	2.2%	-3.8%
UXA	Uranium - UxC U3O8 Swap (C...	84.9	USD/lb.	PR	2.9%	7.5%	20.3%	20.5%

Metals Futures		Closing Price	Unit	Return	QTD	YTD	3Y p.a.	5Y p.a.
LP	Copper (LME)	13'655	USD/MT	TR	8.3%	17.6%	21.8%	11.3%
HG	Copper (CMX)	634.2	Usd/lb.	TR	6.0%	15.4%	20.0%	9.3%
LA	Aluminum (LME)	3'692.4	USD/MT	TR	5.8%	12.6%	15.7%	4.2%
LN	Nickel (LME)	18'780	USD/MT	TR	3.4%	0.4%	-6.8%	-3.0%
LX	Zinc (LME)	3'544.2	USD/MT	TR	10.4%	27.9%	19.7%	8.8%
LL	Lead (LME)	2'012.7	USD/MT	TR	1.3%	-7.8%	-6.2%	-2.6%
LT	Tin (LME)	54'119	USD/MT	TR	7.2%	37.4%	33.2%	14.6%
CVT	Cobalt (Comex)	26.25	USD/lb.	TR	-14.4%	-15.6%	-2.3%	-9.8%
LJC	Lithium Carbonate - CIF CJK (C...	23.85	USD/kg	TR	-1.7%	15.2%	-32.3%	-11.5%
SCO	Iron Ore - Singapore (SGX)	109	USD/MT	TR	1.1%	-0.6%	8.2%	4.5%
KEE	Coking Coal - China (DCE)	1'590.0	CNY/MT	PR	13.3%	45.7%	1.2%	-11.5%
JBO	Steel Scrap - CFR Turkey (Platts)	412	USD/MT	PR	-5.5%	1.9%	1.0%	-3.8%
RBT	Steel - Rebar China (SHF)	3'146.0	CNY/MT	PR	-0.6%	3.4%	-2.7%	-10.7%
GC	Gold (CMX)	4'523.2	USD/t oz.	TR	10.1%	2.0%	30.6%	18.7%
SI	Silver (CMX)	75.89	USD/t oz.	TR	11.2%	-6.0%	38.1%	21.9%
PL	Platinum (Nymex)	1'939.7	USD/t oz.	TR	15.3%	-12.1%	22.9%	13.1%
PA	Palladium (Nymex)	1'360.3	USD/t oz.	TR	13.1%	-17.9%	4.2%	-11.0%

Agricultural Futures		Closing Price	Unit	Return	QTD	YTD	3Y p.a.	5Y p.a.
C	Corn (CBT)	463.25	Usd/bu.	TR	23.3%	11.5%	-4.5%	-0.2%
W	Wheat - SRW (CBT)	646.25	Usd/bu.	TR	28.7%	44.4%	-0.4%	-6.1%
KW	Wheat - HRW (KCBT)	682	Usd/bu.	TR	31.9%	53.2%	-0.6%	1.1%
S	Soybean (CBT)	1'196.5	Usd/bu.	TR	13.3%	20.9%	-1.4%	6.5%
KC	Coffee - Arabica (ICE)	272.35	Usd/lb.	TR	12.4%	1.8%	45.6%	22.2%
DF	Coffee - Robusta (ICE)	3'622.0	USD/MT	TR	-9.2%	-15.0%	8.7%	11.5%
CC	Cocoa (ICE)	3'796.0	USD/MT	TR	31.8%	5.0%	46.7%	34.4%
SB	Sugar - No. 11 (ICE)	14.7	Usd/lb.	TR	21.0%	18.8%	-6.0%	4.3%
JO	Orange Juice - FC (ICE)	171.45	USD/lb.	TR	-17.9%	-31.1%	-15.8%	14.9%
SM	Soybean Meal (CBT)	331.9	USD/T.	TR	13.9%	13.1%	-5.2%	5.3%
BO	Soybean Oil (CBT)	73.98	USD/lb.	TR	9.5%	57.7%	8.4%	10.7%
KO	Palm Oil - Malaysia (BMD)	4'430.0	MYR/MT	TR	7.1%	18.8%	19.7%	16.7%
JN	Rubber - Japan (OSE)	397	JPY/kg	TR	9.1%	21.6%	20.7%	4.3%
LC	Live Cattle (CME)	249.3	Usd/lb.	TR	-10.2%	-1.6%	12.8%	12.8%
FC	Feeder Cattle (CME)	349.85	Usd/lb.	TR	-9.2%	-0.6%	12.7%	10.0%
LH	Lean Hogs (CME)	95.75	Usd/lb.	TR	-0.4%	-8.4%	3.0%	0.9%

Commodity Equities

Major Oil & Gas Companies		Market Cap	Industry Group	QTD	YTD	3Y p.a.	5Y p.a.
ARAMCO ...	Saudi Aramco	1'672'876	Integrated Oil	1.1%	13.4%	-3.6%	2.8%
XOM US	Exxon Mobil	660'916	Integrated Oil & Gas	18.5%	36.4%	16.9%	28.6%
CVX US	Chevron	412'146	Integrated Oil & Gas	25.4%	39.0%	13.2%	21.1%
857 HK	PetroChina	298'587	Integrated Oil & Gas	20.0%	24.3%	30.7%	34.5%
SHEL LN	Shell	271'282	Integrated Oil & Gas	17.5%	26.2%	18.6%	22.8%
TTE FP	TotalEnergies	205'050	Integrated Oil & Gas	13.0%	37.6%	17.7%	21.5%
883 HK	CNOOC	161'713	E&P - Oil	24.6%	20.6%	32.5%	38.9%
COP US	ConocoPhillips	161'292	E&P - Oil & Gas	28.3%	44.6%	6.9%	23.2%
PETRA BZ	Petrobras	125'581	Integrated Oil	22.6%	64.6%	26.6%	42.3%
BP/ LN	BP	116'203	Integrated Oil & Gas	13.9%	24.1%	9.9%	16.9%
CNQ CN	Canadian Natural Reso...	104'346	E&P - Oil Sands	26.9%	50.9%	21.4%	31.2%
EQNR NO	Equinor	102'714	Integrated Oil & Gas	36.5%	87.1%	21.3%	24.4%
386 HK	Sinopec	95'031	Integrated Oil & Gas	19.7%	4.9%	8.4%	14.2%
ENI IM	ENI	81'707	Integrated Oil & Gas	15.0%	46.0%	28.4%	25.1%
SU CN	Suncor Energy	79'738	Integrated Oil Sands	24.3%	52.5%	30.2%	34.6%
EOG US	EOG Resources	76'156	E&P - Oil & Gas	12.6%	41.5%	7.8%	22.1%
IMO CN	Imperial Oil	62'149	Integrated Oil Sands	17.2%	53.6%	35.4%	41.3%
OXY US	Occidental Petroleum	60'018	Integrated Oil & Gas	23.9%	47.7%	0.3%	20.2%
CVE CN	Cenovus Energy	59'885	Integrated Oil Sands	29.7%	92.1%	20.9%	34.4%
FANG US	Diamondback Energy	55'786	E&P - Oil	14.7%	35.6%	13.8%	26.3%
DVN US	Devon Energy	52'866	E&P - Oil & Gas	17.4%	34.1%	1.6%	16.1%
WDS AU	Woodside Energy	44'304	E&P - Oil & Gas	19.2%	53.5%	7.0%	22.0%
ECOPETL ...	Ecopetrol	35'994	Integrated Oil	17.2%	75.7%	31.5%	18.9%
REP SM	Repsol	35'685	Integrated Oil & Gas	29.2%	79.0%	35.8%	30.1%
EQT US	EQT	34'510	E&P - Natural Gas	2.2%	2.0%	9.3%	26.0%
1605 JP	Inpex	31'392	E&P - Oil & Gas	23.4%	26.0%	25.8%	34.7%

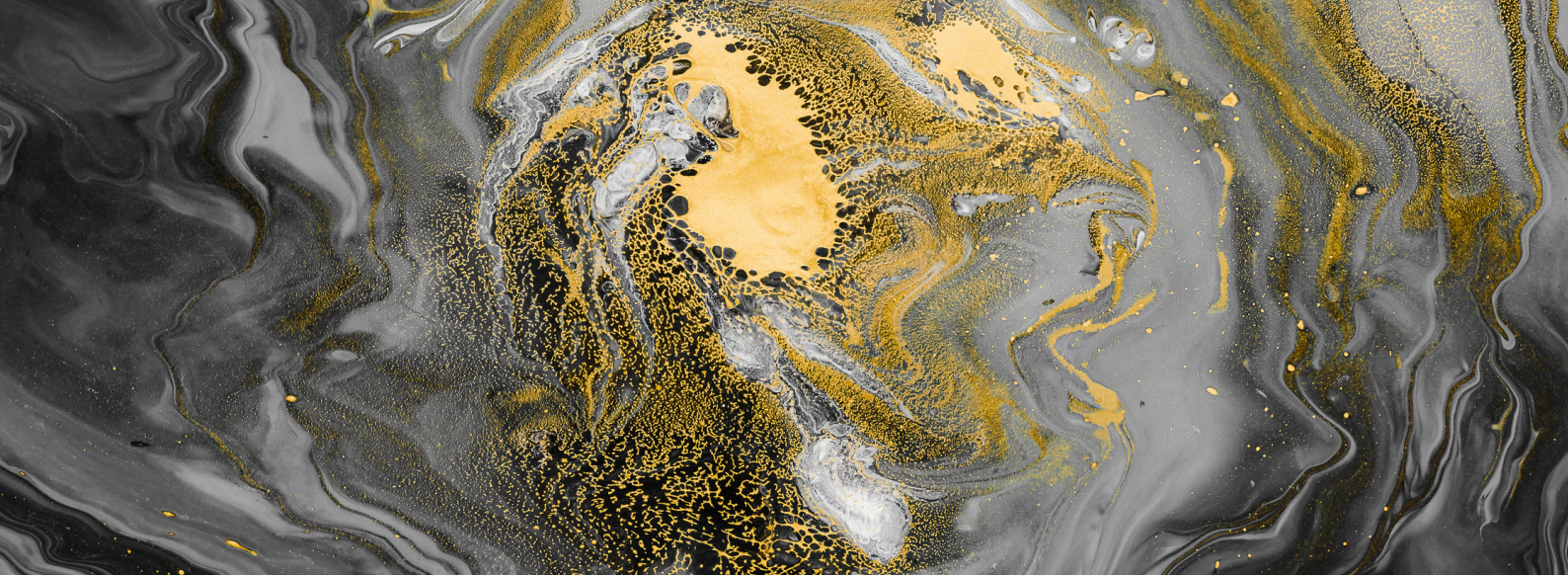
Major Industrial Metals Companies		Market Cap	Main Exposure	QTD	YTD	3Y p.a.	5Y p.a.
BHP AU	BHP	229'448	Iron Ore, Copper, Metallu...	15.6%	60.7%	26.0%	18.3%
RIO LN	Rio Tinto	177'109	Iron Ore, Aluminum, Bauxi...	12.5%	35.3%	26.2%	14.7%
SCCO US	Southern Copper	167'822	Copper, Molybdenum	22.0%	52.4%	45.3%	34.7%
2899 HK	Zijin Mining	132'148	Copper, Gold	35.7%	4.9%	47.4%	29.9%
FCX US	Freeport-McMoRan	104'442	Copper, Molybdenum	20.7%	50.2%	25.4%	17.4%
GMEXICOB...	Grupo Mexico	102'211	Copper	22.2%	49.1%	47.9%	29.9%
GLEN LN	Glencore	95'977	Trading, Thermal Coal, Co...	20.9%	52.2%	17.9%	18.5%
AAL LN	Anglo American	66'844	Iron Ore, Copper, Metallu...	18.5%	40.4%	32.5%	10.5%
VALE3 BZ	Vale	65'280	Iron Ore	2.5%	17.7%	14.4%	5.6%
MT NA	ArcelorMittal	60'855	Steel	24.0%	63.4%	43.4%	19.0%
NUE US	Nucor	59'230	Steel	12.1%	53.9%	14.8%	18.0%
3993 HK	CMOC	58'125	Trading, Copper, Cobalt, ...	11.1%	-11.4%	57.3%	25.5%
ANTO LN	Antofagasta	52'040	Copper	8.0%	25.1%	45.8%	25.9%
CCO CN	Cameco	44'033	Uranium	-3.0%	7.8%	39.0%	40.2%
FMG AU	Fortescue	38'942	Iron Ore	-4.1%	-9.9%	8.4%	10.6%
STLD US	Steel Dynamics	34'694	Steel	1.4%	38.0%	31.5%	30.0%
TECK/B CN	Teck Resources	34'001	Copper, Zinc	14.8%	42.8%	19.6%	26.6%
JSTL IN	JSW Steel	33'779	Steel	6.5%	6.7%	14.0%	9.0%
1378 HK	China Hongqiao	29'581	Aluminum, Alumina	13.8%	-26.7%	54.9%	24.8%
TEN IM	Tenaris	28'676	Steel	0.6%	46.0%	25.0%	27.0%
FM CN	First Quantum Minerals	26'964	Copper	22.0%	24.0%	7.5%	10.1%
HZ IN	Hindustan Zinc	26'691	Zinc, Lead, Silver	11.0%	-6.4%	22.0%	16.9%
TATA IN	Tata Steel	24'451	Steel	-2.6%	-1.3%	11.5%	2.4%

Major Precious Metals Companies		Market Cap	Main Exposure	QTD	YTD	3Y p.a.	5Y p.a.
NEM US	Newmont	134'967	Gold	35.0%	26.8%	50.5%	20.2%
AEM CN	Agnico Eagle	104'093	Gold	33.7%	22.8%	64.9%	32.2%
ABX CN	Barrick Mining	73'893	Gold, Copper	23.0%	4.9%	43.7%	20.7%
WPM CN	Wheaton Precious Met...	70'607	Gold, Silver	34.4%	28.7%	52.6%	28.7%
ANG SJ	AngloGold Ashanti	55'988	Gold	39.0%	33.9%	93.4%	50.1%
2259 HK	Zijin Gold International	54'956	Gold, Silver	73.5%	5.6%		
FNV CN	Franco-Nevada	51'459	Gold, Silver, Oil & Gas	26.3%	27.3%	23.5%	13.6%
GFI SJ	Gold Fields	43'509	Gold	36.8%	8.0%	58.0%	42.1%
K CN	Kinross	36'665	Gold	29.7%	9.1%	84.0%	40.9%
FRES LN	Fresnillo	30'725	Silver, Gold	19.5%	-1.0%	87.0%	33.6%
NST AU	Northern Star	23'973	Gold	28.3%	-4.7%	33.5%	22.3%
VAL SJ	Valterra Platinum	23'224	Palladium, Platinum, Rhodi...	31.7%	7.8%	43.5%	1.5%
1787 HK	Shandong Gold	22'617	Gold	64.0%	-20.5%	21.5%	17.7%
RGLD US	Royal Gold	22'208	Gold, Silver, Zinc	31.3%	18.4%	34.1%	20.0%
MNG MC	Managem	21'960	Gold, Copper, Silver	30.0%	166.3%	121.0%	63.1%
CDE US	Coeur Mining	21'833	Gold, Silver	27.3%	16.7%	105.0%	24.1%

Major Agriculture Companies		Market Cap	Main Exposure	QTD	YTD	3Y p.a.	5Y p.a.
MAADEN ...	Saudi Arabian Mining	68'499	Phosphate, Aluminum, G...	11.4%	8.3%	17.7%	22.2%
ADM US	Archer-Daniels-Midland	40'779	Agribusiness, Oilseeds, N...	7.1%	44.3%	4.3%	9.3%
NTR US	Nutrien	37'924	Potash, Phosphates, Nitr...	20.0%	24.3%	10.2%	8.0%

Notes: All performance figures are expressed in USD. Returns are generally based on total return (TR) calculations. Return indicated by "PR" on the commodity futures side is based only on Price Returns and no total return calculation is available through an Index from S&P GSCI or Bloomberg. Indices classified as "Fut." for Commodity Futures and "Eq." for Commodity Equities. Companies are ranked by Market Capitalization in USD millions. Industry group and main exposure classifications are based on the PA database and company data. For Oil & Gas companies, a fossil fuel is considered the main exposure if it accounts for more than 75% of the company's energy mix. For Industrial and Precious Metals companies, only main exposures contributing at least 10% to revenues are shown, listed from largest to smallest exposure. More information on each company upon request. Company financial figures based on trailing figures.

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Energy Overview

Market Commentary

Key Takeaways

- Products, not crude, remain this crisis's epicenter, though crude buffers are eroding too.
- El Niño is now a genuine cross-commodity theme, cutting both ways across energy demand.
- Energy equities are having a rare moment of both political scrutiny and standout earnings.

The third quarter reinforced a theme that first emerged with the Strait of Hormuz crisis: the world's energy system has very little spare capacity left to absorb further shocks. The most pressing strain has moved downstream, with refined products — diesel in particular — absorbing the bulk of the disruption and pushing US refining margins to record levels (more below). But crude buffers are eroding too: according to Energy Aspects, global crude inventories excluding China have fallen by roughly 400 million barrels since the disruption began, with draws accelerating in August as SPR releases slowed, meaning inventories, refinery flexibility and product supply — which normally absorb shocks at different points in the system — are now thinning out simultaneously. Compounding the squeeze, the Rhine's Kaub gauge hit a record low of just 6cm on August 14, breaking the previous 2018 record and cutting barge capacity carrying diesel and gasoil from the ARA hub into Germany and Switzerland to as little as 10–20% of normal, according to Bloomberg — yet another chokepoint layered onto an already fragile European supply chain. Natural gas and power markets told a simi-

lar story of thin buffers meeting fresh demand pressure, with European storage climbing through the quarter but remaining well behind seasonal norms even as prices broke to their highest level since January 2023 (details below). El Niño adds a genuinely two-sided dynamic here: milder winters historically ease heating-driven gas demand, but higher temperatures elsewhere tend to lift electricity and cooling demand instead, and when air-conditioning demand rises across multiple regions at once, gas markets can tighten faster than a seemingly well-supplied system would suggest. BMO sees a structural tailwind building here too: with global temperatures on current trajectories rising by around 2.6°C by the end of the century and air-conditioner sales — currently running at 130–140 million units a year — expected to roughly double by 2050, the bank argues the extreme heat that could accompany the lagged effects of this El Niño into 2027 should support both AC sales and broader heat-pump penetration. The same drought dynamic already shows up in power generation, with hydropower shortfalls forcing coal- and gas-fired backup higher across Colombia and a broad swath of Asia this year.

Nuclear and uranium markets remained tight further out the curve, with EU and US utility coverage ratios both falling sharply beyond 2030 even as spot and long-term uranium prices continued grinding higher. Energy equities, meanwhile, had one of their strongest quarters in years — even drawing public criticism from President Trump over the sector's profits from the very conflict boosting them, a moment of political theatre that did little to change the sector's underlying earnings power, still



under-represented relative to its growing share of S&P 500 profits.

More than 40% of the world's **CRUDE OIL** supply now comes from countries affected by conflict, geopolitical disruption or sanctions: Reuters calculations using IEA data show that the US-Iran war, the Russia-Ukraine conflict (and associated cuts in nearby Kazakhstan), fighting in Libya, and US restrictions on Venezuelan exports together accounted for roughly 45 million barrels per day in 2025 — more than 43% of global supply — underscoring the extraordinary geopolitical exposure of today's oil market.

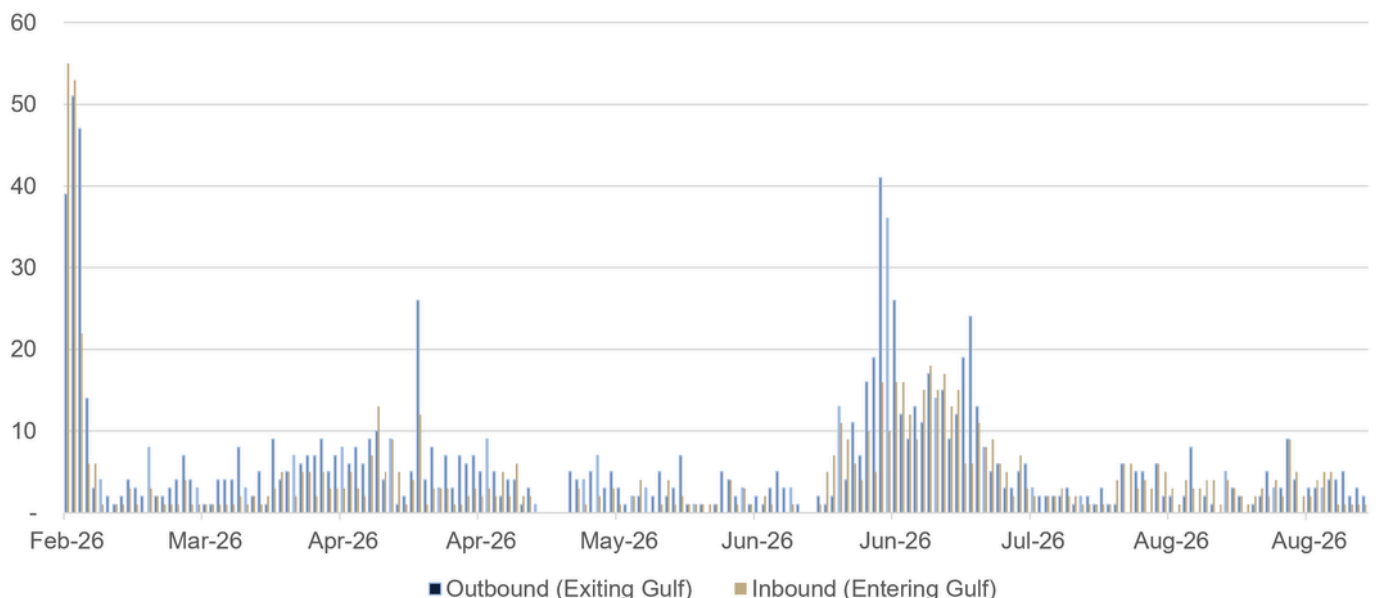
Nearly six months into the US-Iran war, oil markets are increasingly treating Middle East supply disruption as a lasting reality rather than a temporary shock: the 17.06.26 ceasefire has collapsed, neither side shows signs of compromise over the Strait of Hormuz, and crude prices traded in an exceptionally wide range of almost \$40/barrel in July.

Most Gulf crude has no route to market other than through Hormuz, so its closure has hit Iran, Iraq and Qatar hardest, while Oman, Saudi Arabia and the UAE have leaned more on alternative routes. Saudi Aramco's results illustrate the trade-off: Q2 2026 sales rose 19% year-on-year to SAR 450.7 billion even as total hydrocarbon output fell roughly 25% to 9.46 million boe/d, as higher realized prices (\$108.10/bbl versus \$66.70/bbl a year earlier) more than offset the volume loss — with the company crediting its East-West pipeline to the Red Sea port of Yanbu for keeping exports flowing at all.

Measuring how much oil is actually still moving has become difficult. The IEA's own numbers show the scale of the disruption even as flows partially recover: Gulf production rose 2.5 mb/d in July to 23.9 mb/d, still 8.3 mb/d below pre-war levels, while regional exports — including bypass routes — fell 2.1 mb/d to 15 mb/d after Hormuz effectively closed again in early July, having peaked at 20 mb/d early in the month before dropping to around 12 mb/d later on.

Number of commercial ships passing through the Strait of Hormuz

Source: Bloomberg



Real-time tracker data look even more dramatic — Kpler estimated Hormuz-specific flows of roughly 2.3 million b/d so far in August, down from 4.9 million b/d in July — but Goldman Sachs argues these figures materially understate actual flows, since a rising share of tankers switch off their AIS transponders before crossing the strait ("dark crossings") and ship-to-ship transfers are increasingly common; Goldman estimates the resulting upward revisions have trended to around 4 million b/d since June. Using two independent methods, the bank puts total Gulf exports at roughly 15–16 million b/d currently — in line with the IEA's July estimate, still 7–8 million b/d below pre-war levels but 5–6 million b/d above the March trough. The EIA, for its part, puts Hormuz-specific crude and liquids transit at just 4.9 million b/d for the second quarter as a whole, down from 21.6 million b/d in the fourth quarter of 2025, before the conflict began.

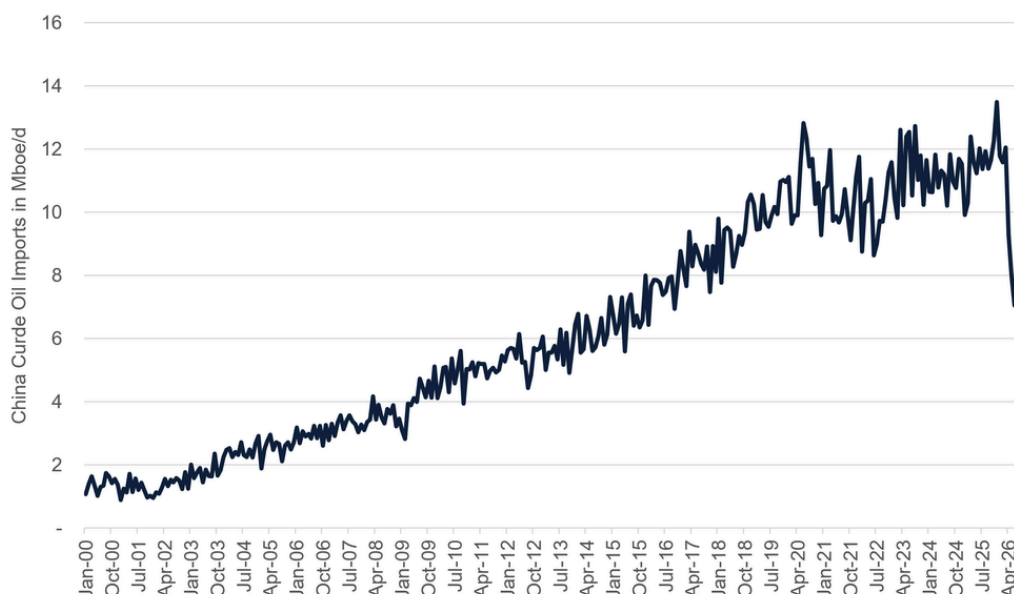
«China's weaker demand is increasingly acting as a ceiling on oil prices — a role once reserved for OPEC+.»

China's crude demand has been the other major swing factor this year. Chinese crude imports fell to roughly 7.8 million b/d in May 2026 — down nearly 40% from the 2025 average and, remarkably, below Covid-19 pandemic levels — before recovering modestly by late July. Citi attributes the roughly 3 million b/d shortfall (equivalent to the combined consumption of Italy and France) to three forces: sharply reduced run rates at China's independent "teapot" refiners as margins deteriorated, the collapse of Iranian crude flows to China from 1.8 million b/d in February to just 160,000 b/d in May as the US naval presence cut off the route, and a quiet drawdown of strategic reserves. Kpler estimates Chinese crude stocks have fallen by only around 60 million barrels since April, to roughly 1,172 million barrels — replacing only a small portion of the reduced imports — which Citi argues strengthens, though does not prove, the case that the import collapse reflects genuine demand destruction rather than simply inventory substitution, though Chinese data remain opaque.

The WSJ frames this shift in structural terms: with China buying roughly 400 million fewer barrels since the war began than over the same period last year, its weaker demand is increasingly acting as a ceiling on prices — a role once associated almost exclusively with OPEC+ as the market's swing producer. OPEC+ meets on 6 September against a backdrop of sharply diverging demand views. The IEA sees global oil demand contracting 1.6 mb/d in 2026 — a further 510 kb/d downgrade from last month — as the Hormuz closure and elevated fuel prices weigh on consumption, with the annual contraction easing from 4.9 mb/d in 2Q26 to 2.8 mb/d in 3Q26 before returning to growth in Q4 and expanding 2.4 mb/d in 2027.

China - The World's Biggest Oil Buyer - Steps Back

Source: Bloomberg



On supply, the IEA estimates global output rose 2.4 mb/d to 101.5 mb/d in July but remained 6.3 mb/d below year-ago levels, and now projects supply declining 4.3 mb/d on average in 2026 before rebounding 8.3 mb/d in 2027 to 110.3 mb/d. Global observed oil inventories plunged 69 million barrels in July alone — pushing total stocks below 7.9 billion barrels for the first time since April 2025, with cumulative draws of 410 million barrels since the end of February — and the IEA now projects a 1.8 mb/d deficit in 3Q26, more than double last month's estimate.

Geopolitical realignment has extended beyond the Gulf: Bloomberg reports Venezuela is weighing whether to quit OPEC altogether, underlining the scale of Caracas's political realignment since President Trump ousted Nicolás Maduro and took control of the country's oil sales. Separately, the Trump administration struck what the WSJ called an unprecedented deal giving the US a direct financial stake in Venezuela's oil wealth — the Pentagon's Office of Strategic Capital taking 55% of the output of North American Blue Energy Partners under a century-long concession over 17 oil fields holding an estimated 65 billion barrels, making it the world's second-largest corporate reserve holder after Saudi Aramco; Caracas expects over \$100 billion in investment and roughly \$209 billion in tax revenue, though with the country pumping just 1.1 million barrels a day today, meaningful new production is likely years away.

DOWNSTREAM REFINING and REFINED PRODUCTS, not crude, are where consumers feel this crisis most acutely. As IEA Executive Director Fatih Birol has put it, refinery activity and product supplies haven't recovered as much as crude deliveries, leaving diesel and gasoline markets considerably tighter than crude itself — even though IEA member countries hold more than one billion barrels of emergency stocks.

Goldman Sachs frames this dynamic starkly: diesel, not crude, is the market bearing the brunt of the Hormuz shock, and the bank views deferred diesel timespreads as a cleaner geopolitical hedge than crude itself heading into winter. The numbers bear this out: global diesel exports are down 26% year-on-year, roughly twice the 13% decline in crude exports, and Persian Gulf diesel flows specifically are down around 80% versus 48% for crude, according to Kpler data cited by the bank. Goldman puts combined refinery outages across the Middle East and Russia at 6–7 million b/d, with its own tracker showing global throughput down 5–9 million b/d year-on-year in recent weeks — near the steepest decline on record outside the pandemic.



It attributes diesel's greater vulnerability to several structural factors: refineries are large, above-ground targets easier to damage than dispersed oil fields; regional pipeline capacity is built overwhelmingly for crude, not refined products; Gulf state oil companies have prioritized long-term crude contracts with Asian buyers over product exports; and Middle Eastern crude tends to be medium or heavy, yielding more diesel than the lighter grades driving recent non-OPEC+ supply growth. Refining capacity growth had also lagged for years before the war, as OECD closures and demand uncertainty discouraged investment — unlike crude, where several years of strong non-OPEC+ supply growth, particularly from the US, Brazil and Guyana, had helped build a larger supply cushion.

«Refining capacity, not crude availability, is now the tighter constraint»



Goldman expects the gap to widen further into Q4, as diesel demand typically strengthens seasonally — the Northern Hemisphere harvest, winter heating-oil restocking, pre-holiday trade — just as refinery runs typically ease for planned maintenance; this year's unusually light Q3 maintenance schedule raises the risk of further unplanned outages, compounded by Atlantic hurricane-season risk to US Gulf Coast refining. The bank is also skeptical China can play the same stabilizing role for diesel that it has for crude: Chinese net crude imports fell 5.5 million b/d (over 50% year-on-year) in early July, helping cap crude prices, but China's diesel-import swings are structurally much smaller, its 2026 product export quota looks broadly in line with last year, and Beijing appears to be prioritizing domestic energy security (reportedly requiring refiners to hold inventories above end-February levels) over expanding product exports.

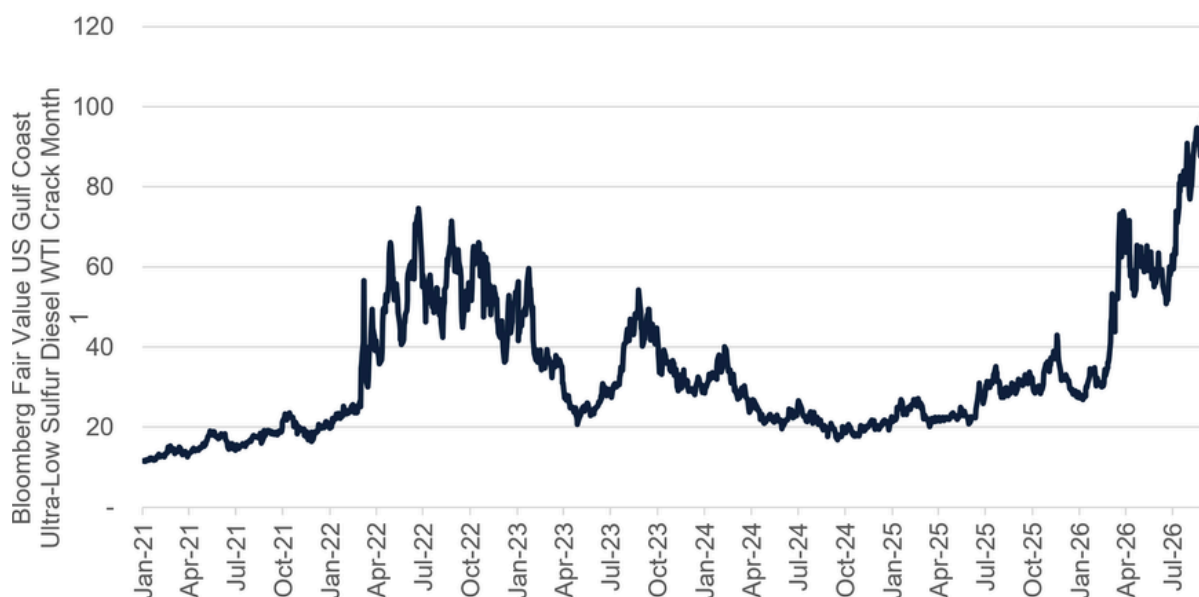
Russia's ban on diesel exports through July 31 — imposed amid a deepening domestic fuel crisis, per Bloomberg — sent diesel futures up 11% in New York and European gasoil up 13% the day it was announced. Russia, until recently the world's second-largest diesel exporter and supplier of around 11% of global seaborne volumes, had already halved exports in June to 428,000 barrels a day. The ban caps months of Ukrainian long-range drone strikes — nearly 200 refinery hits in H1 2026 — that have knocked roughly a third of Russia's refining capacity offline, and Moscow is weighing extending it through year-end.

Tellingly, Brent rose only about 5% over the same period despite renewed Persian Gulf hostilities, underscoring that the more acute constraint is now refining capacity and product supply rather than crude availability; European diesel cracks hit records above \$60/bbl, with knock-on effects into freight, agriculture and broader industrial inflation.

Bloomberg data show just how extreme the resulting dislocation has become in the US: the Gulf Coast ULSD-WTI crack spread surged to \$93.9/bbl — a record, roughly three times the \$25–30/bbl pre-crisis norm seen through early 2026 — reflecting a structural capacity squeeze amplified by the current supply disruptions. US distillate inventories stood at just 107.1 million barrels as of August 7, their lowest seasonal level since 1996, while global refinery throughput ran nearly 5 million b/d below year-ago levels in July, according to the IEA, which now expects throughput to decline 2.5 mb/d on average in 2026 before rebounding 3.5 mb/d in 2027. Refining capacity, not crude availability, is currently the tighter constraint: US refiners are running at 96–97% utilization, near practical limits, even as crude itself remains available. With diesel demand structurally inelastic, the crack spread looks likely to stay elevated until Hormuz reopens or capacity expands, with knock-on effects reaching freight and food prices.

China - The Diesel Squeeze: A Refining, Not a Crude, Problem

Source: Bloomberg



European **NATURAL GAS** markets spent the quarter racing against the clock. EU storage stood at 64.7% full as of August 31, according to GIE — still lagging prior-year and seasonal norms — and that shortfall wasn't enough to stop prices breaking out: the Dutch TTF benchmark surged above €70/MWh on the same day, its highest level since January 2023, after US strikes on Iranian rocket launchers near the Strait of Hormuz triggered Iranian retaliation against US forces in Jordan — reviving fears of a prolonged Gulf LNG disruption just as Europe enters its final stretch of pre-winter injections.

«Qatar remains the central bottleneck behind both Europe's and Asia's gas squeeze.»

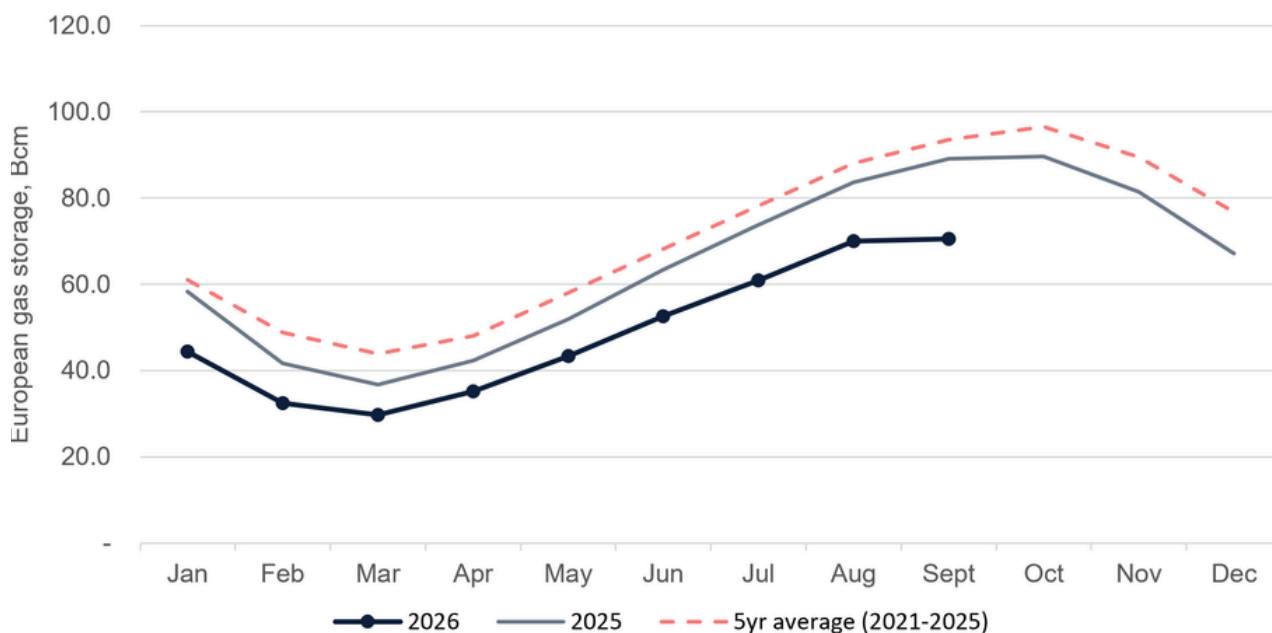
Qatar remains the central bottleneck behind Europe's — and Asia's — supply squeeze. Bloomberg reports QatarEnergy has told Pakistani buyers cargo cancellations will continue into October, while force majeure on deliveries to Bangladesh has been extended beyond September; Italian utility Edison separately confirmed its own force majeure now runs to early November, covering 29 cancelled cargoes since April — roughly 3.8 billion cubic metres of gas. The resulting scramble has hit Asian spot LNG prices even harder than European ones: Bloomberg reported Asian spot LNG reaching \$23.4/MMBtu on August 28, a four-year high, as buyers in both basins compete for the same shrinking pool of supply.

Citi notes US Henry Hub prices, by contrast, spent most of the quarter below \$3, supported by mild summer weather that kept demand close to trend. Hurricane risk has also stayed muted: NOAA's updated outlook calls for a below-normal season of just 7–13 named storms, of which only 2–6 are expected to become hurricanes. The strong El Niño under way is itself a contributing factor: it typically increases vertical wind shear across the tropical Atlantic, suppressing hurricane formation even as it raises weather risks elsewhere.

El Niño's effect on gas demand runs in both directions. Strong El Niño events have historically tended to tilt winter temperatures warmer across several major Northern Hemisphere gas-consuming regions, including parts of North America and East Asia, potentially reducing heating demand — though the regional effects vary considerably from one event to another. The strong El Niño winters of 2015/16 and 2023/24 both coincided with periods of weak heating demand and multi-year lows in Henry Hub prices, although substantial supply-side gluts also contributed in both cases. A repeat of that dynamic this winter would in theory ease pressure on US and European gas balances alike, but against a starting point of unusually low European storage and a Gulf LNG system still running well below capacity, any relief this time would land on a far more fragile backdrop than in either prior episode.

European gas storage has widened its gap to the 5 years average

Source: GIE AGSI



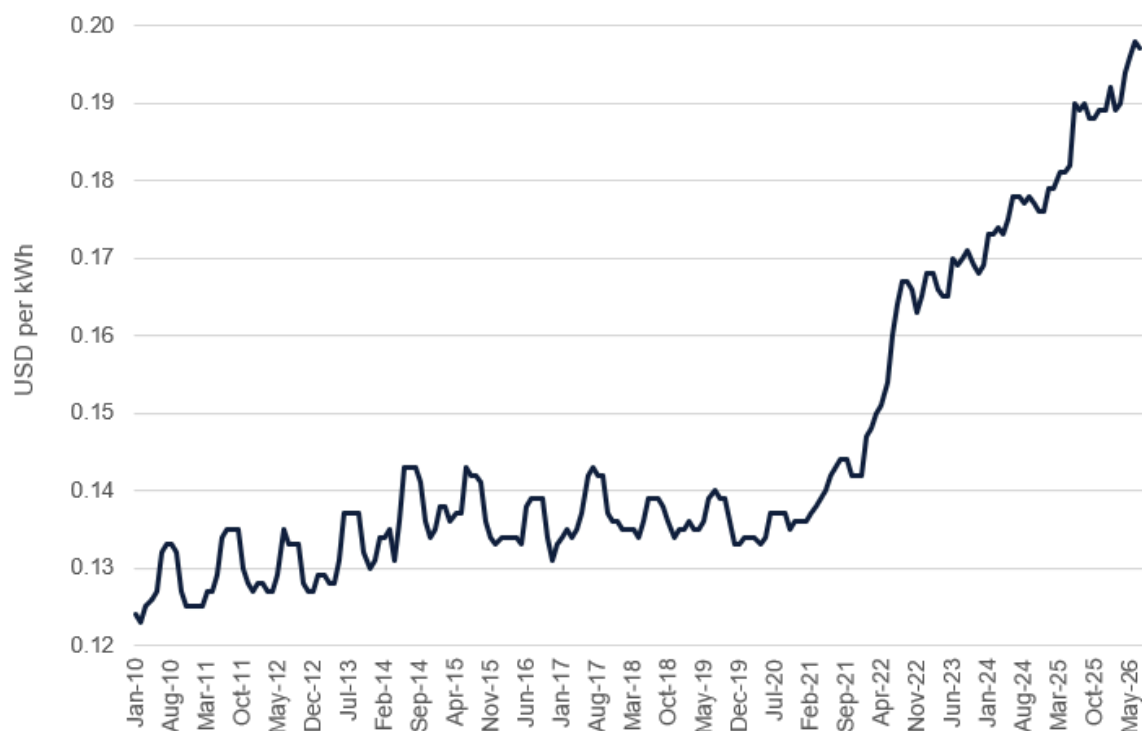
Global **ELECTRICITY** demand is entering a new growth regime. The IEA's Electricity 2026 report forecasts global power demand rising at an average annual rate of 3.6% through 2030 — roughly 50% faster than the past decade's pace. 2024 was the first year in three decades outside crisis periods that electricity demand outpaced overall economic growth, a trend the IEA expects to persist, with consumption projected to grow at least 2.5 times faster than total energy demand through decade-end. Advanced economies are increasingly part of this story too, accounting for almost 20% of global demand growth in 2025, up from 17% in 2024. In the US, electricity demand rose 2.1% in 2025 and is expected to grow nearly 2% annually through 2030, with roughly half of that increase driven by data centre expansion.

«2024 was the first year in three decades that electricity demand outpaced economic growth.»

This demand surge is already colliding with elevated consumer electricity costs: based on the national price series used in the chart below, household electricity prices have risen sharply since 2020 across the US, EU and UK.

U.S. Electricity Prices Break Higher as Demand Accelerates

Source: U.S. Bureau of Labor Statistics, Eurostat, UK Department for Energy, GMO, IEA



Decades of underinvestment in generation and grid infrastructure are increasingly colliding with accelerating consumption from AI, data centres, EVs and electrification more broadly.

El Niño is straining power systems already stretched by this demand growth, particularly in regions dependent on hydropower. Colombia, which draws roughly 75–77% of its generation from hydropower, is the clearest recurring example: a World Energy Council case study found the 2015/16 El Niño brought a 1-in-50-year drought that cut rainfall by 40% and dam levels by 60–70%, forcing the country to lean heavily on thermal backup. A similar pattern is emerging this year: Colombia's weather agency, Ideam, puts the odds of El Niño consolidating by September at 90%, with reservoirs reportedly already below 60% as of April. The mechanism extends well beyond Colombia — an S&P Global analysis found hydropower generation declining this year across India, Japan, South Korea, Bangladesh, the Philippines and Malaysia too, with India's shortfall alone offset by more than 20 average gigawatts (aGW) of extra coal-fired generation.



NUCLEAR's demand outlook keeps strengthening. The IEA's Global Energy Review 2026 puts 78 GW of nuclear capacity under construction across 15 countries — one of the highest levels in 30 years — with global installed capacity holding at 420 GW at the end of 2025. China is driving much of this growth, accounting for roughly half of the capacity currently under construction and on track to challenge the US as the world's largest nuclear operator in the early 2030s. The US fleet, meanwhile, is expected to grow from roughly 100 GW today to about 140 GW by 2040 through life extensions and new builds.

The supply side is where the real story lies. Utility coverage ratios — the share of future uranium requirements already secured under contract — look comfortable through decade-end but fall sharply thereafter: EU utilities' maximum coverage slides from near 100% in 2030 to just 38% by 2033, while the US picture is steeper still, dropping from about 98% in 2026 to roughly 60% by 2030 and just 9% by 2033, according to EIA survey data. The mechanism is structural: as flexible volume options in legacy long-term contracts run down and expire through the early 2030s, multi-year lead times across mining, conversion and enrichment mean recontracting has to happen years ahead of actual need.

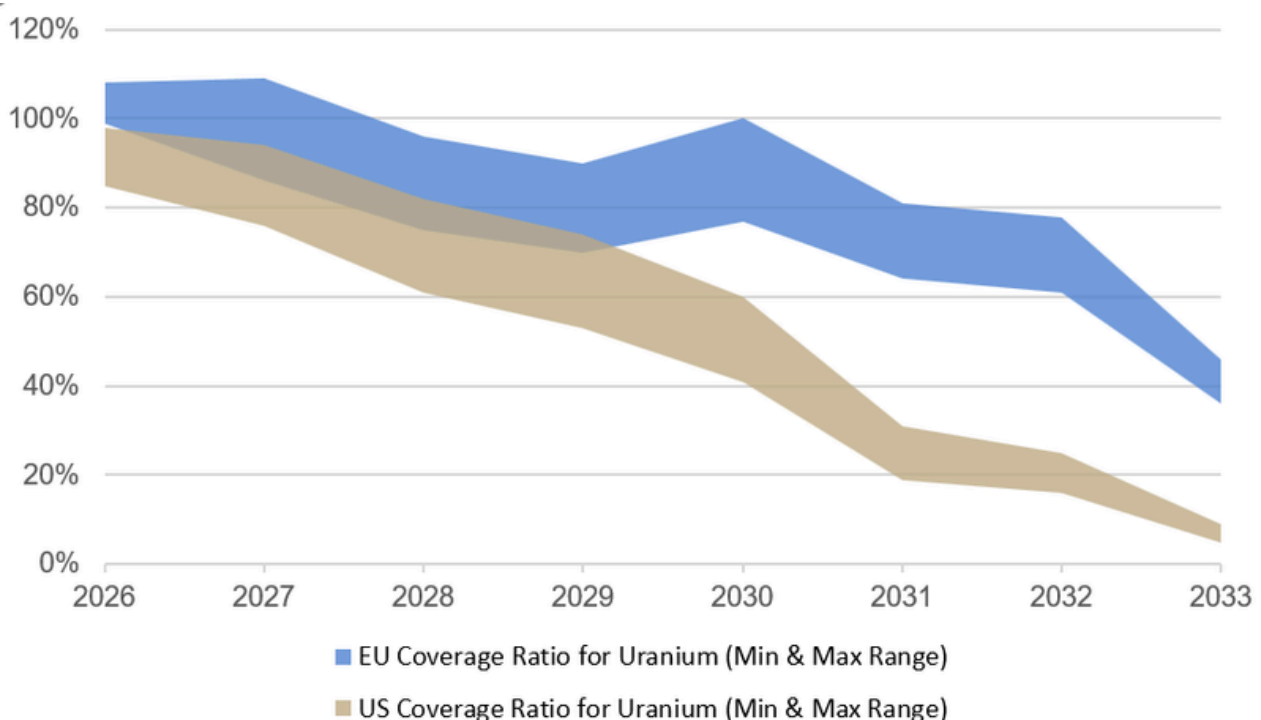
«US utility uranium coverage falls from 98% today to just 9% by 2033.»

Europe's task is complicated by continued Russian dependence: despite the diversification push since 2022, Russian deliveries to EU utilities rose across every major fuel-cycle category in 2025 — natural uranium by about 7%, conversion by 9% and enrichment by roughly 12% — leaving Russia with around 16% of EU uranium deliveries, 24% of conversion services and 23% of enrichment. Kazakhstan — around 39% of global uranium production and roughly 20% of EU utility deliveries in 2025 — will be central to closing this gap, but a growing share of its output is already committed to China, Russia and increasingly India, potentially limiting what remains available to Western utilities just as demand for uncommitted pounds intensifies.

Pricing reflects this tightening backdrop. Uranium spot prices ground higher through Q3, ending July at about \$86.4/lb and August near \$89.7/lb, while the long-term price rose to around \$96.5/lb by end-August, its highest level in many years.

EU and US Utilities' Uranium Coverage Falls Sharply After 2030

Source: EIA, 2025 Uranium Marketing Annual Report; Euratom Supply Agency, Annual Report 2025



Cameco has described mid-\$90s/lb long-term pricing this early in what it considers a still-immature contracting cycle as unusual, with improving realized prices reflecting legacy market-linked contracts resetting higher rather than newly signed deals. UxC estimates that utilities still face roughly 3.1 billion pounds of cumulative uncovered uranium requirements through 2045, underlining the scale of future recontracting needs.

One fuel-cycle development stood out this quarter. Urenco announced a major expansion of its Eunice, New Mexico enrichment plant — America's only commercial uranium enrichment facility — adding 2.1 million SWU of capacity, or nearly 50%, across up to 24 new cascades; initial production is expected in 2032, with additional capacity phasing in through 2036.

ENERGY EQUITIES. It made for an awkward moment in Washington: on August 3, President Trump accused ExxonMobil and Chevron of "making too much money based on a shortage" from the very war his administration had launched against Iran, urging the companies to cut retail fuel prices. The timing was pointed — the two companies had just reported combined second-quarter profits of \$26.5 billion, with Chevron's earnings up roughly fivefold year-on-year to \$12 billion and ExxonMobil's more than doubling to \$14.5 billion, among their strongest quarterly results since Russia's 2022 invasion of Ukraine.²

«Energy's share of S&P 500 earnings keeps climbing even as its market weighting lags.»

According to Jefferies, energy's share of S&P 500 earnings keeps climbing even as its market-cap weighting lags: 2027 energy earnings are projected at roughly 4.2% of the index total, versus a current market-cap weighting still near 3% — a gap Jefferies sees as a valuation opportunity. That earnings power showed clearly in Q2 2026: TotalEnergies reported adjusted net income up 68% year-on-year to \$6 billion, with its European Refining Margin Marker rising to \$12.4/bbl — nearly three times its H1 2025 level — while Shell, ExxonMobil and Chevron posted similarly strong downstream results.

M&A remains a central theme. Goldman Sachs views further consolidation as broadly positive for the industry — supporting strategic asset alignment, lower cost structures and stronger through-cycle free cash flow — with particular runway among E&Ps, where US majors may extend reserve life given premium valuations, while refining and midstream activity is more likely to stay bolt-on given antitrust sensitivities. Deal volumes in oil and gas are up just 6% year-on-year, well behind the roughly 44% growth across the broader market, as geopolitical uncertainty and price volatility weigh on activity; sponsored transactions remain muted at around 25% of the sector's year-to-date deals, versus a five-to-ten-year average closer to 30%. Goldman expects strategic buyers — less sensitive to near-term volatility — to keep driving activity, flagging newly fragmented shale basins like the Midland and Delaware, plus offshore assets, as the clearest consolidation candidates; it sees less M&A urgency among gas-focused E&Ps, which already hold deeper inventory runways than their oil-focused peers.

Beneath the headline numbers, this quarter's strength has a clear composition. Upstream producers raised output guidance while crediting efficiency gains rather than higher spending; refiners captured exceptionally strong margins, aided by robust diesel and jet-fuel demand, lower Chinese product exports, and refinery outages in both Russia and the Middle East. Gas-weighted E&Ps, notably, have materially underperformed their oil-focused peers this year. How long the disruptions persist remains an open valuation question, but for now energy companies are enjoying a strong moment, generating healthy cash margins and continuing to return cash to investors.

Sources: Aramco, BMO, Bloomberg, Cameco, Citi, EIA, Edison, Energy Aspects, Eurostat, GIE, Goldman Sachs, IEA (incl. Fatih Birol), Ideam, Jefferies, JP Morgan, Kazatomprom, Kpler, NOAA, OPEC, QatarEnergy, Reuters, S&P Global, UK Department for Energy, Uniper, Urenco, US Bureau of Labor Statistics, World Energy Council, WSJ





Industrial Metals

Market Commentary

Key Takeaways

- US tariff uncertainty, not scarcity, is reshaping copper and aluminium trade flows.
- Critical minerals policy is now as important a price driver as supply and demand.
- Chinese steel weakness weighed on iron ore, even as metals equities re-rate higher.

The industrial metals complex spent the third quarter increasingly driven by policy rather than the traditional industrial cycle. Copper set fresh all-time highs even as the global refined market stayed broadly well supplied, with the rally driven largely by US tariff uncertainty pulling metal into American warehouses at an unprecedented pace and squeezing availability elsewhere — a tug-of-war for units that JP Morgan sees as a bigger price driver right now than underlying scarcity. Aluminium showed a similar dynamic in miniature: Middle East production losses from the Iran war created a genuine supply gap, but China's own export-tax structure and capacity cap determined how much of that gap got filled, and by whom. Zinc delivered the quarter's cleanest old-fashioned supply squeeze — a genuine mine-production shortfall pushing Western inventories to multi-year lows — before Chinese exports began providing relief late in the period.

«Policy, not scarcity, is now the biggest driver of copper and aluminium prices.»

Critical minerals policy risk deepened across several fronts. The Democratic Republic of Congo tightened its grip on cobalt exports further, reinforcing a supply gap the IEA now sees widening rather than narrowing through 2035 — a notable outlier against copper and lithium, where projected gaps have improved. China's rare-earth export controls remain one of the largest identified risks in the entire critical-minerals complex: the IEA estimates that, if the expanded controls announced in October 2025 were implemented in full, some \$6.5 trillion per year of downstream production outside China could be exposed, while Indonesia kept tightening nickel policy on multiple fronts even as that market is expected to stay in surplus over the next few years. Mass drone warfare has also emerged as a fast-growing new source of demand for gallium, germanium and magnet rare earths — a dynamic that barely registered a year ago.

Ferrous markets told a more familiar story of Chinese demand weakness. Steel and iron ore both stayed weighed down by the prolonged property downturn, while May's deadly Shanxi mine disaster tightened metallurgical coal so sharply that Chinese coking coal futures posted their largest monthly gain on record. Yet industrial metals equities have looked past much of this: large-cap diversified miners hit all-time highs during the quarter, increasingly re-rated on copper's earnings leverage rather than their traditional iron ore or bulk-commodity exposure — a shift we believe still has room to be reflected more fully in generalist investor positioning.



COPPER spent the quarter setting records for reasons that increasingly have little to do with the traditional industrial cycle. COMEX copper for September delivery hit fresh all-time highs in three of five sessions in late August, touching \$6.87/lb intraday on August 26, before retreating modestly as softer Chinese data brought demand back into focus. JP Morgan thinks a material part of the rally reflects tariff uncertainty rather than underlying scarcity: the refined copper market is globally well supplied but China is structurally short and needs to import, so the flow of copper into the US ahead of possible further tariff action has effectively raised China's own buying floor, creating a tug-of-war between the two countries for available units.

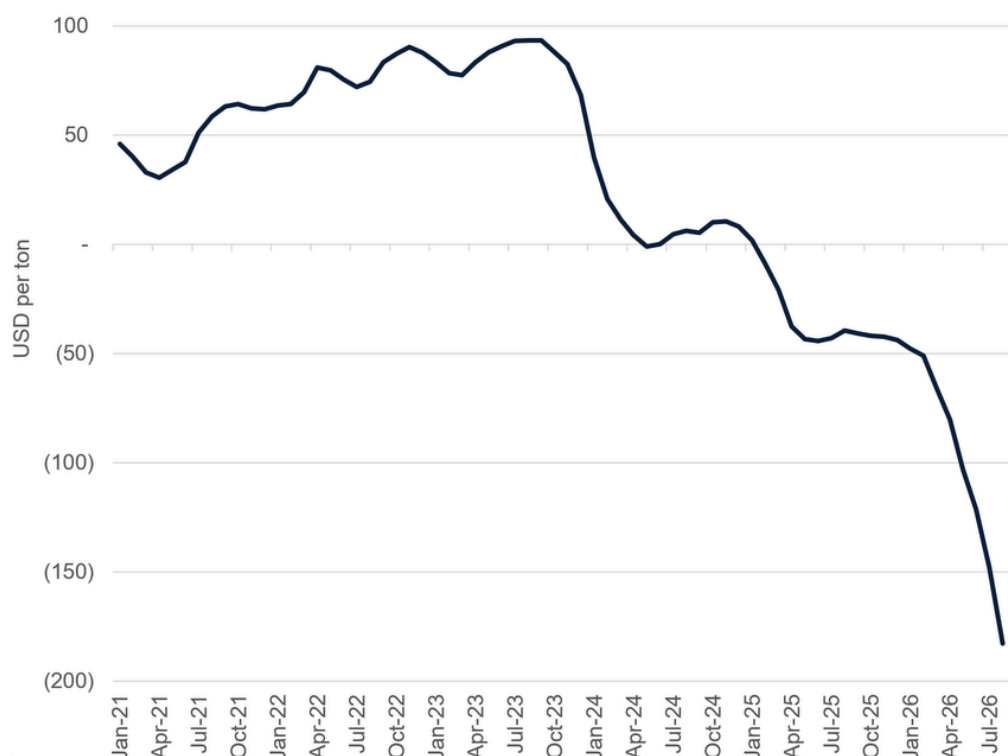
That tariff uncertainty has reshaped global trade flows outright. The original Section 232 review recommended a phased tariff on refined copper of 15% from January 2027 and 30% from 2028, while copper products are already subject to substantial Section 232 duties. Uncertainty over the ultimate treatment of refined copper has nevertheless preserved a strong incentive to move cathode into the US ahead of any further action. That incentive has produced an extraordinary inventory shift: more than 200,000 tonnes of refined copper arrived at US ports in July alone, the largest monthly inflow since data began in 2014, while COMEX stockpiles have climbed to record levels even as LME and SHFE inventories continue to draw down.

CRU estimates the resulting diversion toward the US has effectively erased the global surplus it had previously forecast for 2026, with the market now behaving, in practice, like a deficit market as copper diverted to the US pushes nearby LME contracts further into backwardation.



Record Low Treatment Charges

Source: Bloomberg



Upstream, the concentrate market tells an even starker story. Spot treatment charges — the fees miners pay smelters to process concentrate into refined metal — have swung from above \$90/tonne in late 2023 to below -\$150/tonne today, according to Bloomberg, a reversal of more than \$240/tonne reflecting a decisive shift in bargaining power toward miners. Antofagasta, long the benchmark-setter in TC/RC negotiations, has shifted its mid-year copper sales from fixed terms toward spot-index-linked pricing — a move analysts see as more significant than an isolated contract given the company's historical influence on industry-wide terms — and BHP has already priced substantial volumes the same way. Smelters keep competing for scarce concentrate despite deeply negative treatment charges by leaning on other revenue streams, chiefly sulphuric acid, which has become unusually valuable after the Iran war disrupted Middle Eastern acid trade and China suspended its own sulphuric-acid exports.

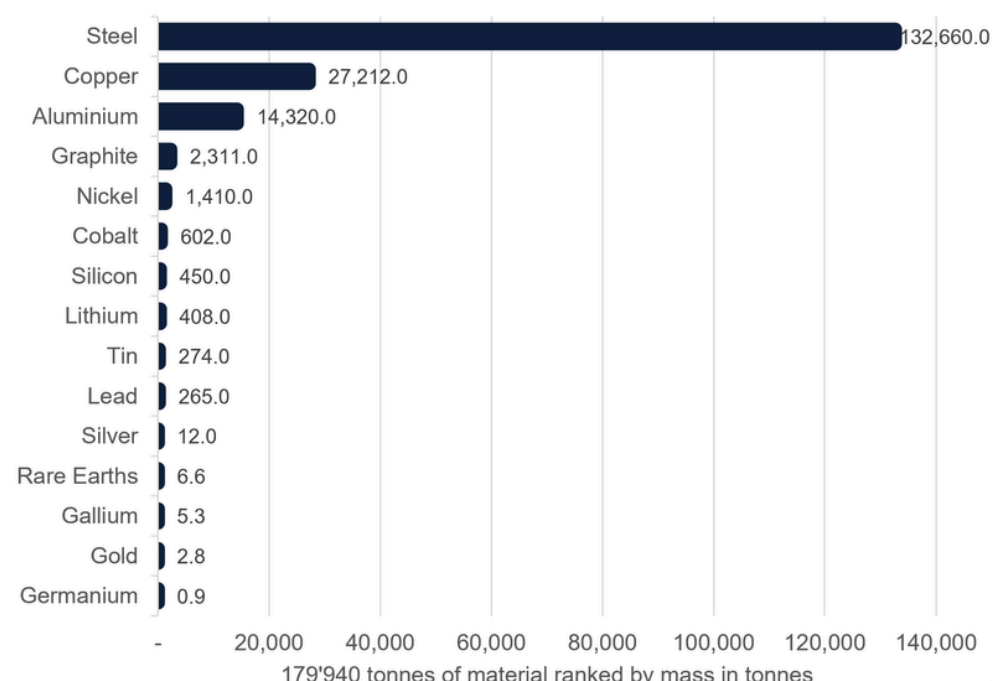
Mine supply itself continues to disappoint. Chile, the world's largest copper producer, saw first-half output fall to its lowest level since 2018, prompting the government to cut its 2026 forecast, with a recovery not expected until next year; national output remains below its 2018 peak even under the revised path, weighed down by declining ore grades, aging infrastructure and water constraints at operations developed decades ago. Weather added a further, quarter-specific disruption: a severe mid-July precipitation event, occurring against

the backdrop of the strengthening El Niño, forced Antofagasta temporarily to shut mining and processing operations at Los Pelambres before operations resumed. Antofagasta said on July 24 that its full-year production guidance remained unchanged. The risk isn't confined to Chile: Morgan Stanley flags that drought in Zambia could curb hydropower-dependent output as it did in 2023–24 — part of a broader pattern, since unusually wet conditions in Chile and Peru during some El Niño events can also threaten mine infrastructure, from flooded pits to damaged roads and ports.

AI infrastructure is turning copper's structural demand story concrete. One illustrative estimate drawing on World Economic Forum/Kearney and USGS data puts the total material footprint of a 1-gigawatt AI data centre — costing \$50–100 billion to build — at nearly 180,000 tonnes across 25 minerals and metals. Steel dominates by mass (132,660t, 74% of the total), but copper is what makes the facility function: the estimate puts copper requirements at 27,212 tonnes across servers, racks, transformers, cables and supporting infrastructure, with cooling systems accounting for a substantial share of metal equipment on site.

The Metals Inside a 1GW AI Data Center

Source: World Economic Forum / Kearney, "From Minerals to Megawatts"; USGS Mineral Commodity Summaries 2026; via Saleh Almenawer



Beyond this quarter's disruptions, the IEA frames copper's challenge as structural. Its Global Critical Minerals Outlook 2026 projects expected mine supply from existing and announced projects falling around 25% short of primary copper requirements by 2035 under its Stated Policies Scenario, even after the projected gap narrowed from roughly 30% in last year's outlook as new projects advanced. The average grade of copper mines worldwide has declined sharply over time, while rising project costs, limited new discoveries and long development lead times continue to make bringing sufficient new supply online unusually difficult.

ALUMINIUM has experienced slower demand in the short term, particularly in China, but Citi analysts remain constructive given ongoing supply disruptions in the Middle East. When conflict broke out earlier this year, two of the world's largest smelters — Emirates Global Aluminium's Al Taweelah and Aluminium Bahrain — were forced offline, together accounting for more than 6% of global supply, according to JP Morgan; both have reportedly since restarted, but exports through the Strait of Hormuz continue to face intermittent disruption as the conflict flares and eases without a lasting settlement.

Prices have pulled back somewhat over the summer, but JP Morgan believes the deficit is serious enough that either direction the conflict takes from here could push prices higher: renewed escalation risks further smelter damage and alumina-driven closures, while even a lasting de-escalation would still leave the market facing a significant supply hit for the rest of the year. JP Morgan also flags a possible 1.7 million tonne primary aluminium deficit for 2026 — an “invisible” shortfall working its way slowly through the system, driven largely by China's self-imposed 45 million tonne capacity cap — and thinks the ex-China market needs Chinese product exports to keep backfilling lost Middle Eastern tonnage.

Some Chinese smelters may push output above the cap through efficiency gains, but the bank expects ongoing inspections and scrutiny of industrial energy use to act as a brake; should this view play out, JP Morgan expects Chinese inventories to begin drawing down as exports to the rest of the world increase further, adding fuel to the bullish case.

China has become a crucial swing supplier to Western markets hit by Gulf production losses. Reporting from AL Circle and the China-Global South Project shows Chinese exports of aluminium alloy and semi-manufactured products surging, with China's export regime continuing to favour higher-value alloy and semi-finished products over primary metal — well-timed for a domestic market where demand is flatlining (Citi's tracker shows Chinese consumption down 0.4% year-on-year in H1 2026) even as primary production keeps climbing (up 2.2% over the same period). The catch: these product exports can't directly replace lost primary metal and alloy; instead they suppress demand for unwrought metal further down the value chain, effectively relocating fabricating activity from the rest of the world into China itself. While this Chinese supply response has helped calm LME prices, which sit only slightly above pre-war levels, prolonged Western reliance on Chinese semi-finished products carries a growing long-term cost for Western manufacturers of finished goods.

The longer-term picture nevertheless remains structurally tight. China's primary production is already approaching its roughly 45 million tonne capacity ceiling, while ex-China supply growth remains constrained by high power costs, long project lead times and the concentration of export-oriented production in the Middle East. Demand growth from grid investment, electrification, data centres, transport and defence therefore leaves the market increasingly dependent on recycling, new capacity outside China and continued Chinese exports of fabricated aluminium products.



The global **NICKEL** market has become increasingly concentrated in Indonesia, which now accounts for almost two-thirds of mined supply and around 45% of refined output, according to the IEA's Global Critical Minerals Outlook 2026. This dominance reflects structural advantages — a large laterite resource base, an integrated processing ecosystem, Chinese capital and technology, and low-cost coal-based power — meaning Indonesian policy decisions increasingly set the tone for the global market.

«Indonesia now controls almost two-thirds of the world's mined nickel supply.»

Two policy moves stood out this year. Indonesia shifted the RKAB system back from three-year approvals to annual production quotas in late 2025, increasing Jakarta's ability to adjust mine supply from year to year. In April 2026, Jakarta then revised its mineral ore benchmark price (HPM) — the official floor price for nickel ore — narrowing the gap between higher-grade saprolite and lower-grade limonite by lifting the limonite floor relative to its nickel content. The move supports domestic miners and boosts royalty revenue, but also raises feedstock costs for HPAL processors, many of which are Chinese-owned.

Despite this tightening at the margin, the IEA still expects the nickel market to remain in surplus over the next few years, with excess supply persisting before 2030 even as demand keeps growing. Indonesia is doing more than its share of the heavy lifting on that supply growth: based on announced projects, it accounts for over 100% of net global mine-supply growth and 80% of refining growth through 2030 in the IEA's base case, with its share rising further still — to almost 75% of mining and around half of refining by 2035, up from almost two-thirds and 45% today. On the demand side, batteries are expected to represent 30% of total nickel consumption by 2035 and almost two-thirds of demand growth between now and then, with China, Indonesia, Japan and South Korea accounting for the bulk of that incremental demand.

El Niño adds a geography-specific risk to this unusually concentrated supply chain. Indonesia dominates global nickel mining and processing, while the Philippines remains another important source of mined ore; prolonged drought in either country could tighten water availability for mining and processing operations, including water-intensive HPAL facilities. Given the concentration of supply, even localized weather disruptions could have an outsized impact on the global market.

ZINC has been the standout performer among the base metals this quarter. LME three-month zinc reached a fresh four-year high in late August, touching \$3,949.50/t on August 26, as acute tightness in immediately available metal pushed nearby spreads sharply into backwardation. LME inventories fell below 100,000 tonnes during the month, after declining by roughly two-thirds from their late-2024 levels, even as Shanghai Futures Exchange inventories built over the same period — a regional split that echoes the dynamic already seen in copper this quarter, where deliverable metal in the “right” location matters more than the headline global balance.



«Zinc inventories have fallen by two-thirds since late 2024»

The mine-supply picture has deteriorated quickly. ILZSG's preliminary August data show world zinc mine production fell 2.6% in H1 2026 — a sharp reversal from the 1.1% growth its own monthly series had shown through May — with the largest reductions at Antamina in Peru, compounded by the closure of Australia's Lady Loretta at the end of 2025. Despite that, ILZSG's full-year 2026 forecast points to only a modest 19,000-tonne refined deficit, with demand seen rising 1.3% to 14.00 million tonnes against output up 1.4% to 13.99 million tonnes — an effectively balanced global refined market that nevertheless masks acute regional tightness in Western inventories. Treatment charges tell a starker story from the smelter side: spot TCs for imported concentrate in China fell to around -\$117.50/t in August, reflecting intense competition for scarce concentrate.

Relief has started arriving from an unexpected direction: China became a net exporter of refined zinc in July, exporting around 9,200 tonnes against imports of roughly 5,100 tonnes, for net exports of approximately 4,100 tonnes. Some Chinese cargoes have begun moving into overseas markets and LME warehouses as the widening London premium opens the export arbitrage. Market participants expect Chinese exports to rise further as long as that window remains open, potentially providing relief to a Western market short of immediately deliverable metal. For now, however, those flows are relieving the physical squeeze rather than resolving the underlying concentrate shortage.

COBALT. The Democratic Republic of Congo — source of roughly two-thirds of global mined cobalt — suspended cobalt exports in early 2025 after years of oversupply, before replacing the ban with a quota-based system from October. For 2026, ARECOMS set total export quotas at 96,600 tonnes, comprising an 87,000-tonne base allocation and a further 9,600 tonnes held at the regulator's discretion for projects deemed strategically important. The restrictions drove a sharp repricing: the IEA says cobalt prices rose by around 130%, while cobalt hydroxide converged toward metal prices and battery-grade cobalt sulphate and tetroxide traded at widening premia.



More importantly, the policy shift has materially changed the medium-term balance. The IEA's Global Critical Minerals Outlook 2026 now projects the cobalt supply gap widening from just over 15% to more than 25% by 2035, a notable exception to copper and lithium, where projected gaps have narrowed as more projects advance.

Indonesia, where cobalt is produced largely as a by-product of nickel processing, has been the main beneficiary of this tightening. The IEA puts its share of global cobalt supply at roughly 15% today, up sharply from around 1.5% in 2020. At the same time, the DRC is increasingly using policy to exert more direct control over the market: ARECOMS' quota framework includes a strategic allocation that can be deployed at the regulator's discretion, adding another layer of state intervention to an already concentrated supply chain.

Geopolitically, the DRC is also seeking to diversify investment and control across its mineral sector. Under its strategic partnership with the US, Kinshasa has put forward state-linked mining assets, including the Mutoshi copper-cobalt project, for potential investment. On the demand side, the IEA still expects cobalt use in EV batteries to grow materially through 2040, despite the continued shift toward cobalt-free LFP chemistries.



RARE EARTHS have moved to the center of the critical-minerals conversation this quarter. The IEA warned in July that full implementation of China's rare earth export restrictions could put \$6.5 trillion of downstream production outside China at risk annually — spanning automotive, high-tech, defense and energy — with the US and Europe accounting for nearly half of that exposure. "Vast amounts of economic value depend on relatively small volumes of critical minerals, whose supply chains remain highly concentrated and are therefore vulnerable," said IEA Executive Director Fatih Birol. China expanded the controls substantially in October 2025, but suspended implementation of those broader measures for one year, until November 2026.

«China's rare earth controls could put \$6.5 trillion of downstream output at risk.»

Diversification is progressing slowly. Public financing for critical mineral projects more than quadrupled between 2023 and 2025 to \$65 billion, nudging China's share of the rare earth market from 90% to 85%, with a further decline to 70% projected by 2035 if planned projects stay on schedule — though structurally China still controls roughly 60% of global mine production and 90% of refining. The EU's exposure is most acute downstream, sourcing all its heavy rare earths, 85% of light rare earths and 98% of its rare earth magnets from China, per a European Parliament briefing.

Within rare earths, the four "magnet" elements — neodymium, praseodymium, dysprosium and terbium — deserve particular attention given their role in EV motors, wind turbines and industrial automation. Demand for these elements has doubled since 2015 and is set to grow a further 25% by 2030 and over 80% by 2050, per the IEA's Rare Earth Elements special report — though that trajectory has been revised down from the IEA's own outlook two years ago as automation and robotics increasingly drive demand growth beyond 2030, rather than EVs alone.

Diversification here looks more promising than for rare earths broadly: in the IEA's high-production case, mining and refining capacity outside China roughly triples by 2035, led by Australia and the US, potentially pushing China's share of mined magnet-REE supply below 50% for the first time in decades — though governance challenges in Myanmar, a significant mined-supply source, remain a near-term risk to that path.

Japan illustrates how exposed even a well-prepared economy can be: despite 15 years of effort that cut its overall China reliance to 60%, it still sources virtually all its dysprosium and terbium from China, and Japanese Ministry of Finance data show imports of two critical elements plunged roughly 80% in H1 2026 — export licenses having faced successive blockages since Prime Minister Sanae Takaichi's remarks about a potential Taiwan contingency.

A newer source of demand is emerging from mass drone warfare. BMO estimates governments and alliances have pledged roughly \$150 billion for drone and counter-drone capabilities since 2025, with some 15 million drones expected in the Russia-Ukraine war this year alone. A typical battlefield drone contains around 46 grams of NdFeB magnet, 1 gram of germanium and 0.1 grams of gallium, per BMO; on the bank's estimates, the war alone could account for roughly 4% of global germanium demand, which BMO believes has contributed to a sharp rise in germanium prices from a historical average of around \$2,000/kg — though estimates vary widely by benchmark and grade, from \$3,000-6,000/kg on some trackers to above \$11,000/kg on BMO's own figure.



LITHIUM remains the fastest-growing critical mineral by a wide margin. The IEA sees demand more than tripling by 2040 under its Stated Policies Scenario — 3.5 times 2025 levels and around 14 times 2020 levels — requiring mined output to expand roughly 2.5-fold over the same period. EVs remain the dominant driver, though energy storage is an increasingly important second engine: lithium use in storage applications is projected to rise to around 70kt by 2040 and 90kt by 2050, around three times today's level.

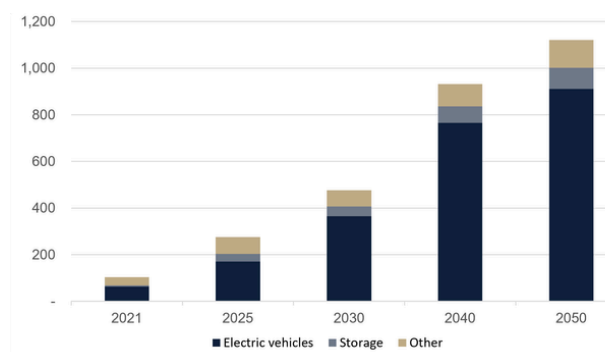
Even accounting for a growing contribution from recycling, primary lithium supply requirements are projected to reach around 850kt by 2040 under the IEA's base case. The current project pipeline points to only around 500kt of mining output by 2035 in the base case (550kt in the high-production case), with roughly 40% of that additional output expected from China and 22% from Argentina. That still leaves a supply gap of around 25%, which the IEA estimates would require roughly 10 additional median-sized projects to close — achievable rather than a stretch goal, in the agency's view, given mining output has already grown nearly fourfold over the past five years, with technological progress such as Eramet's direct lithium extraction ramp-up in Argentina pointing to further upside.

«The IEA sees lithium demand more than tripling by 2040.»

Near-term, the market looks considerably more balanced than that long-term structural story suggests. BMI expects global lithium demand growth to slow sharply to 5.8% this year, down from 18.5% in 2025, with sodium-ion battery chemistry flagged as a longer-term downside risk to prices. One key near-term supply swing factor has been CATL's Jianxiawo mine, which resumed operations at the end of June after securing its final safety-production permit. In a material post-cutoff development on September 1, however, the mine's environmental approval was revoked, reintroducing uncertainty over the durability of that restart and the amount of supply likely to reach the market. Weather disruption has added another source of uncertainty, with a severe late-July snowstorm temporarily affecting Rio Tinto's Fénix operation in Argentina.

Lithium is the fastest-growing critical mineral, with demand quadrupling between today and 2040

Source: IEA - Demand in the STEPS (Stated Policies Scenario)



As with copper and aluminium, geopolitical conflict is shaping **STEEL** prices — though steel trades differently, as a manufactured product rather than a raw commodity. Alongside the closure of the Strait of Hormuz, the Houthi blockade of the Red Sea has added freight volatility for the raw materials that go into steelmaking, including iron ore. Working the other way, US steelmakers successfully lobbied to exempt steelmaking materials from the new forced-labour-related Section 301 tariffs, which JP Morgan says should help keep input costs more stable and avoid further price spikes.

Trade protection is broadly supportive of steel prices on both sides of the Atlantic. In the EU, a new tariff-rate quota system took effect on July 1, replacing safeguard measures in place since 2018: it sets annual duty-free tariff quotas totalling 18.3 million tonnes — a 47% cut from 2024 import volumes — with a 50% tariff applying above the relevant quotas. JP Morgan views the TRQ as supportive of elevated prices, since it's explicitly designed to prevent a flood of cheap imports from driving the market down.

China's demand picture remains weak, driven by the prolonged property downturn: steel mill margins turned negative in June and July, weighed down by softer prices and higher coking coal costs following May's deadly Shanxi mine disaster (covered under Metallurgical Coal). China's crude steel output fell about 3% in H1 2026 to 499.95 million tonnes, with July output down 3.6% year-on-year to 76.93 million tonnes — the weakest July since 2017 — even as iron ore imports rose 6% over the first seven months to 736.84 million tonnes, widening the gap between ore arriving in the country and the steel actually produced from it.

IRON ORE spent much of the quarter under pressure, punctuated by a brief supply-driven squeeze. Prices held below CNY 740-750/tonne through early July, weighed down by narrowing steel-mill margins and seasonal demand weakness. A contracting dispute then temporarily reversed that weakness: China Mineral Resources Group — the state-backed entity that coordinates iron ore purchasing for Chinese mills — instructed some domestic mills that from July 15 they should not take delivery of portside cargoes of Fortescue's Super Special Fines and Fortune Fines, escalating a long-running standoff over supply-contract terms with the Australian miner. The restrictions tightened concerns around available low-grade supply and helped push prices back above CNY 740/tonne, recovering from one-year lows — underscoring how much leverage Beijing's centralized buying structure can exert even against otherwise ample global supply.

«Beijing's buying power moved iron ore prices more than global supply did.»

That relief proved temporary: futures declined toward CNY 700/tonne in August, close to a 14-month low, as persistently weak steel demand reasserted itself against abundant global supply (see Steel, above), and the ore price struggled to break higher without restocking translating into actual mill demand. That began to change toward quarter-end: futures climbed back to around CNY 720/tonne on hopes for stronger demand ahead of China's September peak construction season, as Beijing signaled fresh policy support, with Vice Finance Minister Liao Min pointing to a new package of measures to expand domestic demand. Blast furnace operating rates rose over the same week, a tentative signal of firmer underlying demand heading into the seasonal restocking period.



METALLURGICAL COAL has been dominated this quarter by the fallout from May's Shanxi mine disaster. The disaster triggered a sweeping round of safety inspections and mine suspensions: according to CRU Group, 109 mines representing roughly 122 million tonnes of annual capacity were initially idled, with the suspended total subsequently rising above 130 million tonnes before easing. CRU estimated that 50–60 million tonnes of capacity remained offline as of August, creating a domestic shortage equivalent to roughly 10% of supply.

The result has been a historic price spike: Chinese coking coal futures on the Dalian exchange rose around 46% in August — the largest monthly rise since the contract launched in 2013, surpassing the previous record of nearly 38% set in July 2025. Domestic Chinese metallurgical coal prices now hold around a \$50/tonne premium to seaborne material. India has felt the spillover directly: the country imports as much as 95% of its coking coal needs, and BHP's own commodity outlook attributes recent seaborne strength to “strong Indian import demand and supply disruptions,” with Indian buyers expected to add further pressure with post-monsoon restocking.

INDUSTRIAL METAL EQUITIES

The sector looks to be entering a new phase. Supply issues — some worsened by the Iran war — have driven much of the recent strength in copper, aluminium and other industrial metals prices, but Jefferies expects demand acceleration increasingly to take over as the primary driver: the recent recovery in the US ISM (above 50 for five consecutive months after three years of weakness) and the start of a substantial US capex cycle for data centres and power infrastructure should combine with already-constrained supply to push prices higher still. Jefferies argues base metals have low price elasticity relative to oil: even a 25% rise in metals prices would add only a trivial 2-3% to the cost of building a data centre, meaning prices may need to rise further than currently modeled before demand destruction meaningfully rebalances the market. The bank's base case rests on a historical pattern: copper mining equities tend to peak roughly a year before the physical market's tightest point, and around two years before capex peaks in response to higher prices. With real copper prices near record highs, Jefferies believes equities have priced in next year's shortfall but not the extended, multi-year run of deficits it expects through 2030 — leaving room for a further spending wave and an above-consensus copper price forecast.

That earnings-leverage story is increasingly what investors appear to be positioning around, rather than near-term copper price volatility itself. The combination of near-record refined copper prices and increasingly favourable concentrate-market terms for miners has pushed miners' all-in sustaining cost margins to levels unseen in decades, leaving pure-play copper miners positioned to capture disproportionate operating leverage should current conditions persist.

Company results this quarter reinforced the earnings-leverage thesis directly. Despite the Los Pelambres disruption already discussed under Copper, Antofagasta's first-half pretax profit still surged 72% year-on-year to \$2 billion, as copper and gold price gains of 36% and 46% respectively more than offset the lost volume. BHP told a similar story at group level: copper generated \$18.2 billion of underlying EBITDA in FY26, up 48% year-on-year, to reach 54% of group underlying EBITDA for the first time in the company's 160-plus-year history — supported primarily by a 35% rise in realised copper prices even as copper output fell 3%. BHP and Rio Tinto shares also performed strongly despite iron ore itself having a difficult quarter — consistent with a market increasingly pricing diversified miners on their copper exposure rather than their traditional iron ore base.

Steel equities with exposure to the US and Europe also outperformed markedly this quarter, tying directly back to the trade-protection measures discussed under Steel: the forced-labour-related Section 301 exemption and the EU's new tariff-rate quota system have both kept regional prices elevated and shielded from cheaper imports, a favourable earnings backdrop for domestically exposed producers.

«Generalist investors remain underallocated to a sector more profitable than the market reflects.»

Goldman Sachs data show how much valuations have already moved this cycle. Large-cap diversified miners hit all-time highs during the June quarter, well above their historical average, on record copper and near-record aluminium prices alongside continued resilience in iron ore, with the earnings-upgrade cycle across Australian bulks, base metals, rare earths and steel names all remaining strong.

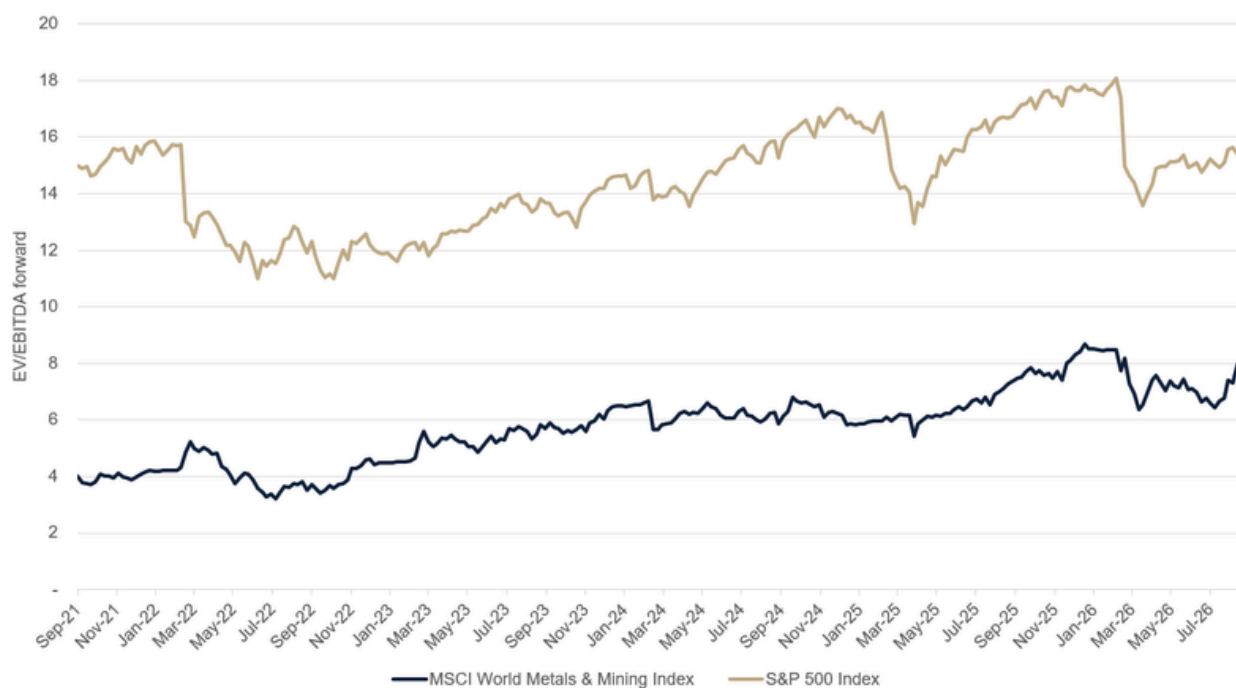


Cost inflation is a growing offset: GS estimates underlying inflation of 5-10% across the sector, with unfavourable FX potentially pushing reported unit costs up 10-15% for some operations; bulks (iron ore costs +\$2-3/t, coal costs +\$8-12/t from inflation alone) are generally more exposed than base metals, where copper miners are better positioned to absorb rising costs through stronger prices and concentrate-market terms that currently favour miners. Valuations have already partly adjusted, with the Australian mining sector now trading slightly below NAV, diversified miners back near their 25-year average on EV/forward EBITDA, and some pure-play base metals names already at a premium, per GS. Even so, most generalist investors remain underallocated to a sector that is more profitable — and more central to the world's electrification — than the market currently reflects.



Miners Are Back to Historical Valuations — But Fundamentals Are Above-Average

Source: Bloomberg



Sources: AL Circle, Antofagasta, BHP, BMO, BMO Capital Markets, CRU (Group), Citi, European Parliament, Fastmarkets, Goldman Sachs, IEA (incl. Fatih Birol), ILZSG, JP Morgan, Jefferies, Liao Min (Vice Finance Minister), Morgan Stanley, Reuters, S&P Global, Sprott, The China-Global South Project, USGS (via Saleh Almenawer), World Economic Forum/Kearney





Precious Metals

Market Commentary

Key Takeaways

- Gold's rally has decoupled from real rates, driven instead by central bank buying and fiscal-debasement fears.
- Silver's physical deficit is widening even as solar demand falls, as mine supply contracts faster still.
- Precious metals equities are re-rating on record margins, though generalist positioning remains fragile.

The precious metals complex delivered one of its strongest quarters of the cycle, though the drivers looked structurally different across metals. Gold rebounded sharply from July lows as falling rate-hike odds and a weaker dollar took over from real yields as the dominant short-term driver, while an exceptionally strong central bank buying quarter reinforced the case that this is a structural shift in reserve management, not a cyclical trade (more below). China extended that trend into the current quarter, adding roughly 20 tonnes in July alone — its 21st consecutive month of accumulation and the largest single-month addition since October 2023 — while the Bank of Korea announced a new framework to buy domestically refined gold for the first time since 1967, a small but symbolically notable sign of how broadly the official-sector buying trend is spreading. That said, the rally remains genuinely fragile to the rate narrative, as a swift pullback following hawkish Fed remarks later in the quarter would go on to show.

Silver told a more counterintuitive story. Solar-driven in-

dustrial demand is falling sharply as thrifting and substitution accelerate now that silver represents roughly a fifth of module production costs. Yet the physical deficit is widening, not narrowing, because mine supply is contracting enough to outweigh the decline in industrial demand, while investment buying has provided an additional source of demand. PGMs stayed structurally tight on persistent South African and Russian supply constraints, with palladium seeing a sharp, short-lived spike late in the quarter before partially unwinding alongside gold.

«Gold keeps rallying even against elevated real rates — a break from its usual playbook.»

Precious metals equities have been the clearest beneficiary of this backdrop. Despite record all-in sustaining costs — amid resource nationalism, higher input costs and Iran-war-related inflationary pressure — miners delivered record margins and cash flow, translating into substantial shareholder returns even as the sector continues trading below historical valuation norms. Generalist investor positioning remains conspicuously light relative to the scale of the rally, leaving genuine room for further re-rating should broader capital finally rotate in.

GOLD has had one of its strongest runs of the cycle, rebounding from July lows near \$4,000 to nearly \$4,600-4,650/oz — a gain of roughly 15% — as the interest-rate narrative flipped sharply in the metal's favor.



A run of softer US jobs, CPI and PPI data helped push the probability of a September rate hike down from around 50% to roughly 31%, and the July FOMC hold reinforced the shift; falling hike odds and a weakening dollar proved a more powerful short-term driver than real yields themselves, which stayed elevated throughout at around 2.4% on the 10-year TIPS. That's notable: gold has kept rallying even against elevated real rates, a breakdown from its traditional rate sensitivity that analysts read as reflecting deeper concerns around fiscal sustainability, currency debasement and sovereign balance sheets rather than a short-term anomaly — concerns reinforced directly by renewed attention on US Treasury debt, including a surprise ramp-up in buybacks of long-dated government bonds. Speculative positioning has moved with the price: over \$20 billion flowed into gold futures over a three-week stretch in late July and August, the largest such nominal accumulation in more than a decade — a sign that investment demand is genuinely returning rather than merely chasing the tape. That said, the rally remains vulnerable to reversal: hawkish remarks from Fed Chair Kevin Warsh at Jackson Hole later reignited hike expectations and drove a sharp weekly pullback of nearly 5%, a reminder that the rate narrative can turn quickly.

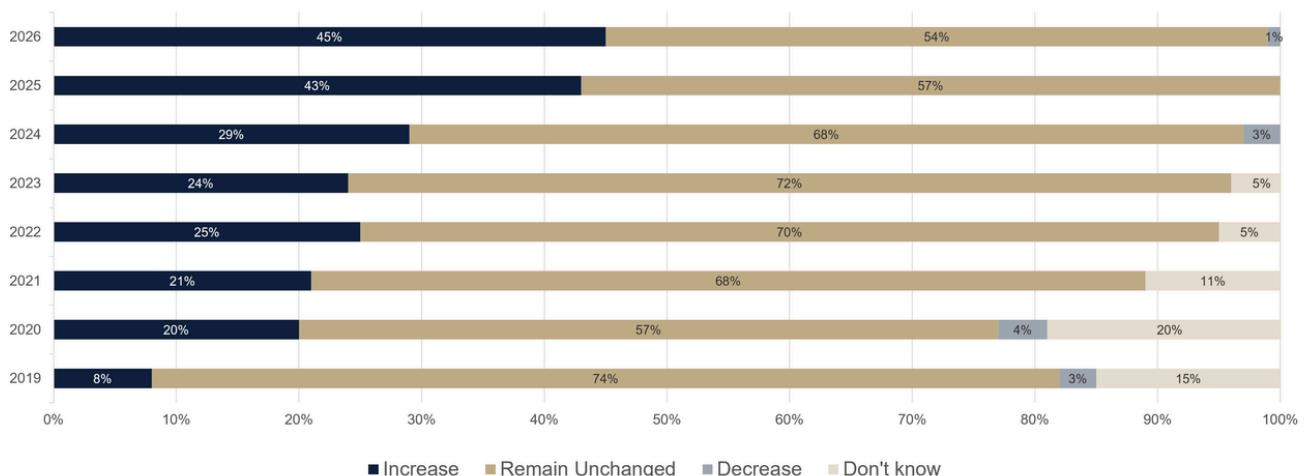
Behind the day-to-day price action, the more structural story is central bank buying. According to the World Gold Council, central banks purchased 288.9 tonnes of gold in the second quarter — a record for a second quarter, up 62% year-on-year and more than five times the revised 57-tonne total from a weak first quarter — notably buying even as the average LBMA gold price fell roughly 8% quarter-on-quarter.

Poland led the way, adding 51 tonnes to bring its first-half total to 82 tonnes as it continues working toward a declared 700-tonne target; China's central bank bought 33 tonnes, its largest quarterly addition since late 2023, lifting official holdings to 2,346 tonnes as part of a 20-month consecutive buying streak, per Bloomberg. Buying was broad beyond the two largest players, with Uzbekistan and Kazakhstan among other notable purchasers, while Russia was actually the largest seller, offloading 22 tonnes to help plug its federal budget deficit. Despite the strong second-quarter rebound, first-half 2026 purchases totalled 345 tonnes — the lowest first-half total since 2022 and still below the 415 tonnes recorded in the same period of 2024; for full-year 2025, central banks added 863.3 tonnes in total, representing 17.3% of global gold demand.

The World Gold Council's 2026 Central Bank Gold Reserves Survey — its largest ever, at 76 respondents — points to a genuine structural shift in reserve-management thinking rather than a cyclical buying spree. The share of central banks planning to increase their own gold holdings has risen to a record 45% in 2026, up from just 8% in 2019, while the "don't know" cohort has all but disappeared; roughly 74% expect their US dollar holdings to decline over the next five years, and 84% expect gold's share of total reserves to rise. The room to continue looks substantial: gold still accounts for only around 10% of China's reserves, versus roughly 70-80% for the US and several major European central banks, even after years of steady accumulation — and with central banks now averaging close to 1,000 tonnes of annual purchases over the past four years, double the prior decade's pace, official-sector demand looks set to remain a powerful structural tailwind regardless of where the near-term rate debate lands.

Survey of Central Banks: Expected Changes in Gold Reserves Over the Next 12 Months

Source: World Gold Council, 2026 Central Bank Gold Reserves Survey



After posting record highs earlier in the year, **SILVER** pulled back into the middle of 2026, driven largely by softening industrial demand from solar panel manufacturing, where silver paste captures and carries the electrical current generated by photovoltaic cells. JP Morgan attributes part of the weakness to a timing effect: unusually strong Chinese silver imports in March likely reflected buyers front-loading demand ahead of the removal of an export VAT rebate on photovoltaic products from April 1, with a destocking phase and broader industrial softness persisting since. Demand from India, another major silver-importing market, has also weakened amid higher import duties and tightened import rules aimed at easing pressure on the country's foreign exchange reserves. JP Morgan also points to accelerating silver-thrifting in solar manufacturing, seeing potential for solar silver demand to fall by as much as 30% this year — a reduction of roughly 60 million ounces. The Silver Institute's World Silver Survey 2026 takes a less dramatic view, forecasting PV silver demand down 19% this year to around 151 million ounces, following a 6% decline in 2025 — still the largest single-year reduction on record, even if smaller than JP Morgan's estimate.

«Silver's deficit is widening even as solar demand for the metal falls»

Bloomberg and BNEF estimate that silver now accounts for roughly a fifth of a solar module's total production cost, up sharply from just 3-5% before 2024 — a powerful commercial incentive for thrifting and substitution even as the underlying technology shift takes time to scale.

Despite that industrial-demand retreat, the physical market has tightened rather than loosened: weaker mine supply and stronger investment demand have more than offset the decline in industrial consumption, widening rather than narrowing the deficit. The Silver Institute now expects the 2026 supply deficit to widen to over 46 million ounces — the sixth consecutive annual shortfall, reversing the prior year's trend, when the deficit had actually narrowed to 40.3 million ounces in 2025. Investment demand has been the key offsetting force: coin and bar demand is expected to rise 18%, per Bloomberg, even as broader industrial silver use falls roughly 3% on solar thrifting. Since 2021, the market has drawn down 762 million ounces from above-ground stocks to cover the accumulated deficit — equivalent to roughly eight to nine months of global mine production.

Longer-term demand drivers look more resilient than the solar-specific story suggests: expanding investment in AI, data centres, EVs and power grid upgrades should support silver demand given its conductivity and durability across electronics and energy infrastructure. Supply constraints look likely to persist, keeping the physical market tight even as the solar-demand outlook remains the key swing factor and downside risk to watch.



PALLADIUM saw a strong short-term move at the end of August, rising sharply over a matter of days, supported by stronger demand expectations around the hybrid vehicle transition and tightening emissions standards, alongside continued supply-risk concerns, before partly unwinding toward month-end amid broader precious-metals weakness tied to hawkish Fed signals. Russia's outsized role in global supply — home to the world's dominant producer, Norilsk Nickel — remains a live source of upside price risk as well: the continuing risk of tighter US trade restrictions or sanctions affecting Russian palladium continues to weigh on buyer confidence in the metal's supply security.

PGM supply overall remains highly concentrated: South Africa accounts for roughly 70% of mined platinum and Russia around 45% of mined palladium, with output declining across key producing regions in 2025 on structural cost pressures and, in South Africa's case, including electricity constraints.



PRECIOUS METALS EQUITIES

Sentiment toward gold equities has improved markedly. Jefferies notes gold miners have begun reporting genuine Q2 earnings and free-cash-flow beats even with the metal itself stuck near \$4,000/oz for much of the period, as cost pressures proved less severe than feared and management teams sounded cautiously optimistic on H2; more recently, a broader “return of the debasement trade” has lifted gold, silver and platinum together, extending miner gains further.

That optimism hasn't yet translated into stretched valuations. BMO puts the sector at around 0.8x P/NAV against a long-term average near 1.0x — a disconnect it attributes to lingering investor skepticism, leaving scope for multiple expansion even before gold's renewed momentum, which BMO expects to drive sector free cash flow per share above prior-cycle peaks.

Fund flows tell a more nuanced story than the price action alone suggests. BMO uses GDX/GDXJ flows as a rough proxy for generalist investor appetite: 2016's rally was flow-driven, with a \$5.9 billion net inflow marking the last time generalist money moved decisively into the sector, while 2025 saw a net outflow of \$4.3 billion even as gold equities rose materially — evidence, BMO argues, that last year's rally was primarily an earnings and valuation re-rating rather than passive flow-chasing. Recent weeks look like a hybrid, with a sizeable August inflow giving way to renewed outflows around Fed Chair Warsh's Jackson Hole remarks; year-to-date flows remain a net outflow overall, as a strong start to the year has been fully reversed — suggesting generalist conviction remains fragile even as the underlying equity story strengthens.

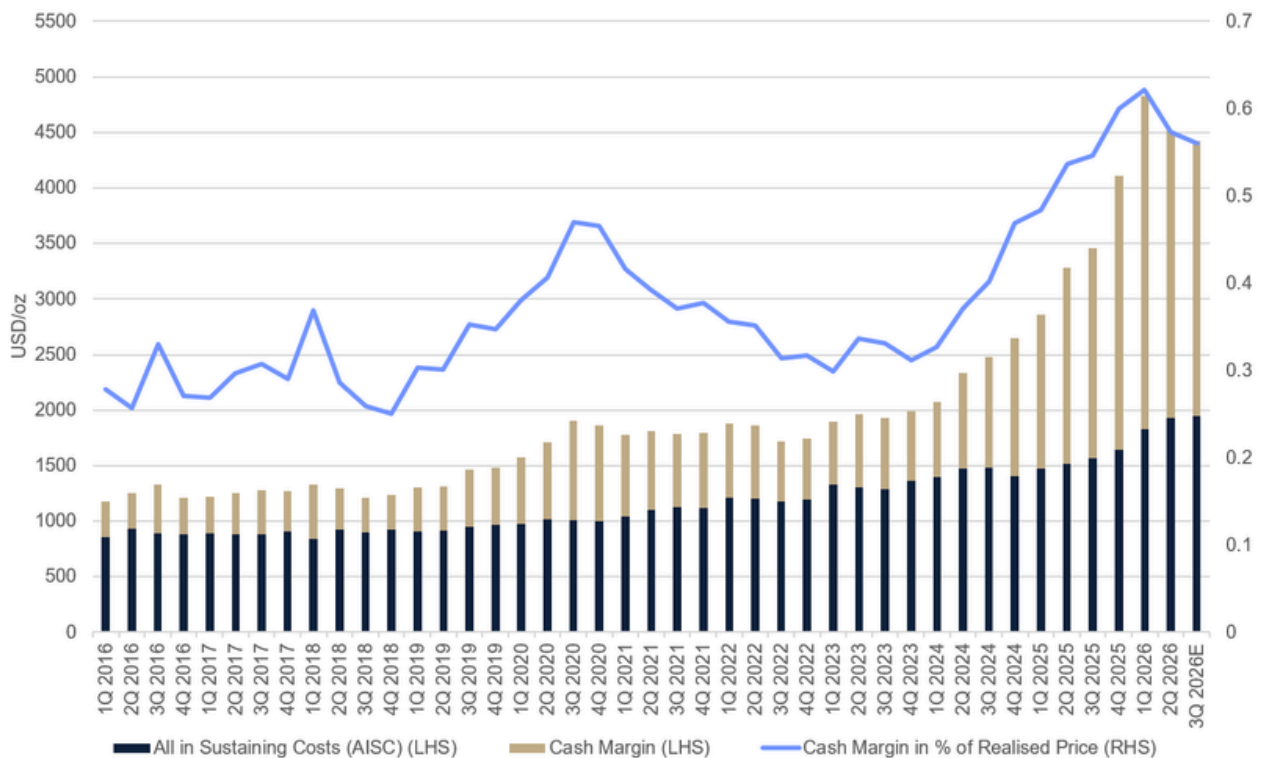
«Gold miner margins hit a record of over \$3,000/oz even as costs kept climbing.»

The operating backdrop explains why miners have been able to deliver even as costs kept climbing. According to the World Gold Council, global average all-in sustaining costs rose 5% quarter-on-quarter and 16% year-on-year to \$1,785/oz in Q1 2026 — the 28th consecutive year-on-year AISC increase — with royalties a major contributor, climbing 24% q/q and 85% y/y as gold prices hit record highs and a wave of resource nationalism, including new sliding-scale royalty regimes in Ghana, Burkina Faso and Mali, pushed some operations' royalty costs sharply higher; royalties now account for roughly 12% of AISC industry-wide, double their 6% share five years ago. The Iran war added a further, more transient cost layer: US diesel prices rose 54% q/q and Australian wholesale diesel in Perth jumped 96%, forcing some smaller Western Australian operations to suspend activity, even as larger producers — Newmont and Evolution Mining among them — were largely insulated through fuel hedging and long-term supply contracts. Freight and consumables costs rose in parallel across the industry, with bunker fuel costs doubling in early March and war-risk insurance premiums climbing.



AISC costs for Miners increased but margins continue to be record high

Source: PA Database, Company Reports



The longer-term supply-side picture reinforces the investment case. Goldman Sachs estimates the capital intensity of building new Australian gold projects has roughly doubled over the past three to five years — greenfield projects from around A\$1,500 to A\$3,000 per ounce of annual capacity, and brownfield projects from A\$2,000 to A\$4,000 — an increase the bank attributes largely to rising mill costs. Even so, rising gold prices have kept the economics attractive enough that Goldman counts more than 30 mill projects across Western Australia either proposed or under construction, over 20 of them gold-focused, with the number actively in construction set to more than triple versus 2025 levels. That pipeline carries real execution risk: roughly 40% of projects slated to start in FY27 have yet to appoint a construction contractor, exposing labour, equipment and permitting bottlenecks — a risk Goldman sees as most acute for smaller, single-asset developers. On Goldman's estimates, current economics therefore continue to favour building over buying, since gold price gains continue to outpace cost inflation through the cycle.

«The capital intensity of building new Australian gold projects has roughly doubled over the past three to five years.»

Sources: BMO, Bloomberg, BNEF, Goldman Sachs, JP Morgan, Jefferies, Mining.com, Silver Institute, World Gold Council





Agricultural Overview

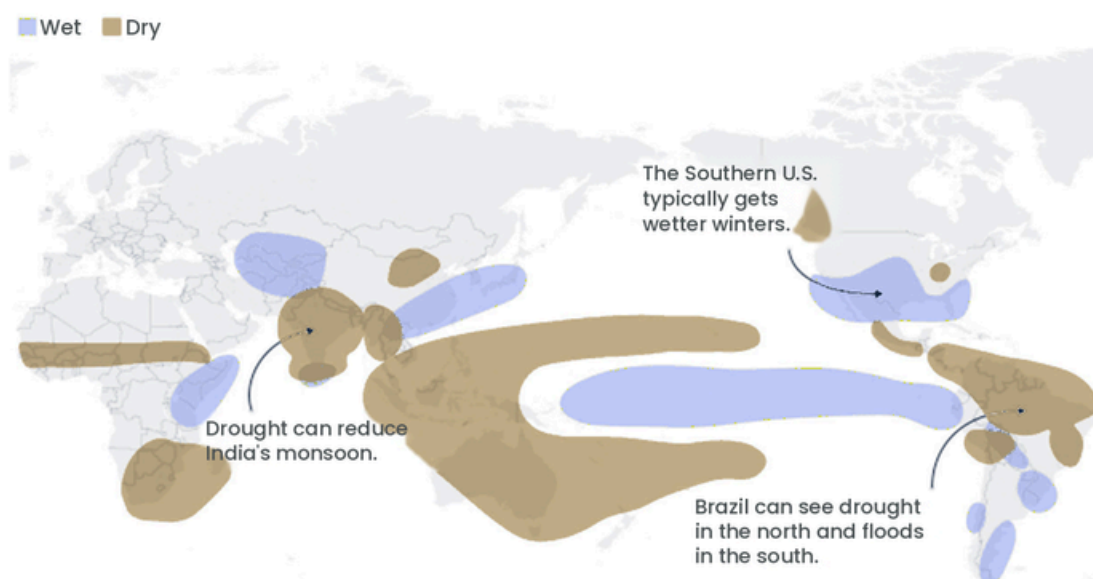
Market Commentary

- El Niño's agricultural impact is genuinely two-sided — supportive in some regions, damaging in others, with softs most exposed.
- Black Sea grain-export disruption has added a second, independent price driver on top of weather risk.
- US grain farmers face a difficult combination of El Niño uncertainty and Iran-war-driven input cost inflation.

Agricultural commodities are where El Niño's effects are most directly felt this quarter, and the picture is mixed rather than uniformly bearish or bullish. Citi sees soybeans as the most exposed CBOT crop, with corn and wheat affected to a lesser degree, while softs — cocoa, sugar and coffee — face the most direct weather risk. Historically, El Niño has been associated with more supportive US yields but greater downside risk across Australia, Russia, Ukraine and Kazakhstan. Morgan Stanley notes that NOAA models point to the event peaking between December and February, overlapping South America's main planting and crop-development window: wetter conditions could benefit Argentina and southern Brazil even as other parts of Brazil face irregular rainfall and delayed soybean planting.

How El Niño Can Affect Rainfall

Source: Columbia Climate School International Research Institute for Climate and Society



The macroeconomic exposure is greatest in import-dependent Asian economies. Bloomberg Economics estimates that El Niño-driven drought can add nearly two percentage points to inflation in Indonesia and the Philippines. India's monsoon offers an early warning, with rainfall recently running 13% below the seasonal average and dryness emerging across parts of Asia's rice-growing regions. Layered on top of this weather risk, escalating Russian and Ukrainian attacks on Black Sea export infrastructure have severely curtailed grain shipments, while US farmers face higher Iran-war-driven fertilizer and diesel costs.

«Softs — cocoa, sugar and coffee — face the most direct El Niño weather risk»

WHEAT has been one of the quarter's clearest geopolitical stories. Prices pushed above \$7.90 per bushel, up 12.1%, as disruption across the Black Sea collided with weaker European production. Russian August wheat shipments are estimated at just 1.8–1.9 million tonnes, versus 4.5 million tonnes a year earlier and the lowest August volume since 2010. Analysts at Argus see this as a potentially more durable reallocation of trade flows rather than a one-off disruption: Sudan has bought French wheat instead of Russian, while Indonesia and other Southeast Asian importers have booked Australian wheat. An estimated 8–10 million tonne hit to European wheat output from the heatwave has added further pressure.

«Russian August wheat shipments fell to their lowest level since 2010»

The disruption to physical export capacity has been severe. Reuters calculations based on official data and analyst estimates indicate that attacks on shipping have shut down more than 97% of Russia and Ukraine's combined grain export capacity in the Azov and Black Sea basin, compared with last season's average of 7.2 million tonnes a month. Ukraine currently has no Black Sea shipments at all, while Russia's only grain terminal not officially shut is a small facility at Tuapse handling around 160,000 tonnes monthly, after Ukrainian drone strikes shut major terminals at Novorossiysk. Both sides are attempting workarounds: Ukraine via rail and Danube river ports, with alternative routes potentially restoring roughly half its normal export potential, and Russia via Baltic, Caspian and Far Eastern ports, albeit at higher cost.

In a material post-cutoff development in early September, Russia's Deputy Foreign Minister said the country sees no grounds for a Black Sea grain-export moratorium to resume, as Russia and Ukraine continue striking each other's grain infrastructure — Russia reportedly hit Ukrainian port infrastructure and a border crossing with Romania in the Odesa region overnight. Wheat pulled back modestly after the news, down 1.8% to around \$7.68/bushel, but the rejection of any de-escalation keeps the underlying disruption firmly in place into September.



US 2026 **CORN** production looks set to fall well below government forecasts. Pro Farmer, a division of Farm Journal Media, put the national yield at 173.2 bushels per acre following its annual Crop Tour — a four-day survey involving more than 100 scouts across seven Midwestern states — versus the USDA's August projection of 180.7 bushels per acre. Pro Farmer's total production estimate of 15.344 billion bushels comes in 669 million bushels below the USDA's own August figure of 16.013 billion — a striking divergence between the two forecasts. Pro Farmer pointed to lower ear populations, shorter grain length and inconsistent field performance, with saturated conditions affecting parts of the eastern Corn Belt while hot and dry weather weighed on crops farther west.

SOYBEANS are telling the opposite story. Pro Farmer found “pockets of strong potential,” projecting a national yield of 53.3 bushels per acre and production of 4.572 billion bushels — slightly above USDA's August estimates of 52.7 bushels per acre and 4.519 billion bushels and, if realized, a new national record. Pod counts remain below last year's exceptionally strong levels, but soil moisture should help support the crop through harvest.

The global picture is similarly constructive. In a material September 1 update, StoneX raised its forecast for Brazil's 2026/27 soybean crop from 183.1 million tonnes to a record 183.5 million tonnes, partly reflecting improved yield expectations in Rio Grande do Sul as El Niño increases the prospect of higher rainfall.

The impact remains highly regional, however: while greater moisture could support southern Brazil, StoneX sees greater dryness risk across the Northeast, North and parts of Mato Grosso.

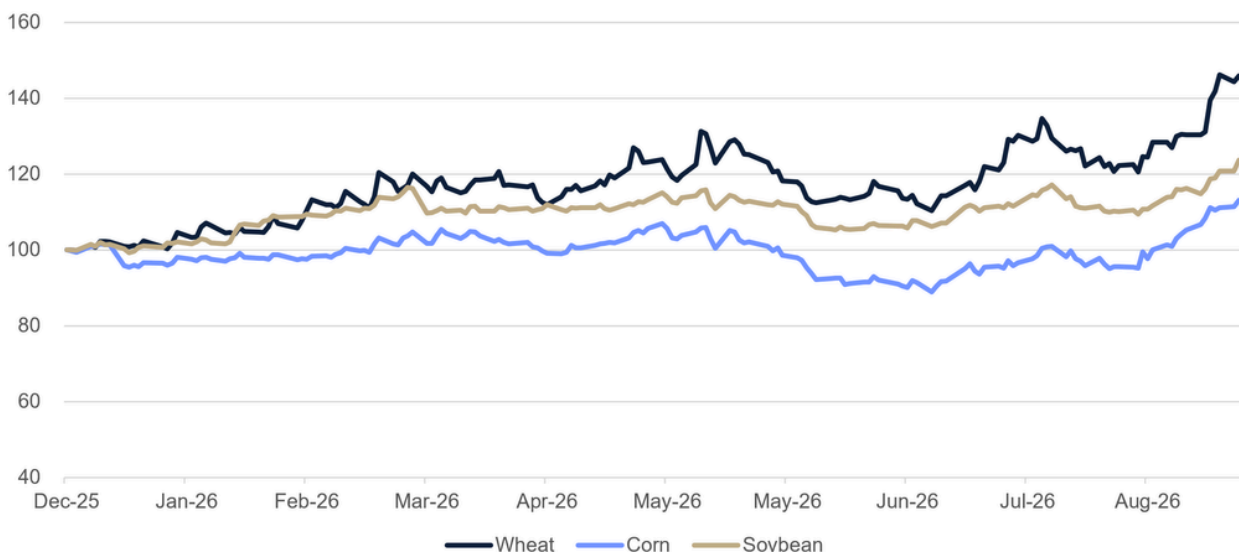
SUGAR is the agricultural commodity Morgan Stanley sees as most likely to receive a price boost from El Niño this cycle: weaker monsoon rainfall could cut cane production across India, Thailand and Southeast Asia, while heavier-than-normal rainfall could separately reduce yields in Brazil — creating distinct weather risks across several of the world's largest producing regions. The Indian Sugar Mills Association has pushed back on shortage concerns, saying the country's supply situation remains “fundamentally strong” despite the monsoon risk.

In Brazil, rains have recently ebbed, allowing the harvest to accelerate again after a wetter stretch earlier in the season, though the market continues to price in concerns over crop losses associated with excess June rainfall.

«European sugar output is heading for a 38-year low»

Wheat Breaks Away as Black Sea Disruption Bites

Source: Bloomberg



Europe's crop has already been hit hard. French sugar maker Tereos expects this summer's extreme heat and drought to cut its growers' beet yields by more than 20% versus last year, with French yields running about 15% below the five-year average, contributing to an anticipated 38-year low for EU sugar output. The company is shortening its processing campaign at eight French factories to 100 days on average, down from 130 last year, and delaying the campaign's start to give crops more time to recover yield. Citi sees these compounding weather risks potentially pushing global sugar prices into the mid-20-cent-per-pound range as El Niño conditions strengthen.

The physical market has already begun responding. Raw sugar posted its sharpest rally since September 2024, and while the initial move was driven by short covering, the underlying tightening looks real: Brazil's July exports fell roughly 600,000 tonnes year-on-year, while Center-South production dropped 26% in June. Reduced visibility around the latest production data has also left traders with less clarity than usual over conditions in the world's largest exporter. Meanwhile, heat-battered European beet crops are pushing EU and UK output toward around 15 million tonnes, the lowest since 2015, raising the possibility that Europe becomes a net importer and keeping global deficit concerns elevated well into 2027.

West Africa's 2026/27 **COCOA** outlook has deteriorated. Ghana's Cocoa Board estimates production at 650,000 tonnes, down 13% from 750,000 tonnes last year. Morgan Stanley sees a two-stage weather risk: wet-season disease between June and October followed by the dry Harmattan winds later in the season. Hershey is less alarmed, arguing that inventories and global supply are healthier and more diversified than during the 2023/24 cocoa shock.

El Niño nevertheless adds important tail risk. A return of severe Harmattan conditions could damage West African output, while strong El Niño episodes have historically brought above-normal rainfall and flood risk to Ecuador. Cocoa prices have already rallied close to their highest levels since January as bearish positioning unwound and weaker pod-setting shifted attention toward tighter 2026/27 supply.

Forecast uncertainty is unusually high: Citi has cut its Côte d'Ivoire, Ghana and Ecuador supply estimates and now expects a 56,000-tonne global deficit, while Rabobank projects a 403,000-tonne surplus. That extraordinary divergence makes weather developments — particularly Harmattan conditions and El Niño rainfall patterns — disproportionately important for prices.

COFFEE is currently pricing in a near-term supply improvement even as El Niño risk builds for the season ahead. Vietnam's robusta crop, the world's largest, is developing relatively well so far, with USDA forecasting 2026/27 production at around 32 million 60-kilogram bags and industry officials expecting a slight increase as replanted areas move into more stable yields. Indonesia, meanwhile — the world's second-largest robusta exporter — is already feeling the effects of El Niño-related dryness, while Vietnamese industry officials warn that the weather threat should not be underestimated as the crop enters critical development stages.

«Certified arabica stocks have fallen to their lowest level since 1999.»



The structural supply picture looks considerably more comfortable than in recent years. A Reuters poll of market contributors points to arabica prices falling toward roughly \$3/lb by year-end, as the 2026/27 surplus is seen widening sharply to 8.2 million bags from a modest 1.7 million bags in 2025/26, driven largely by an expected 17.2% jump in Brazilian output. Even so, physical tightness has persisted near-term: ICE-certified arabica stocks fell to just under 224,000 bags by late August, their lowest level since 1999. Low exchange-certified inventories leave little immediate buffer, meaning a significant weather shock — particularly from the emerging El Niño — could quickly challenge the market's expected move toward a larger global surplus.



El Niño's regional footprint on coffee is historically one of the more volatile weather trades in the agricultural complex. Brazil faces risks from excessive heat and irregular rainfall around critical crop-development periods, while Vietnam and Indonesia are generally more exposed to reduced rainfall and higher temperatures. Colombia and parts of Central America can face more erratic rainfall patterns that disrupt flowering and crop development. The result is a highly regional weather setup in which a strong El Niño could disrupt production even against a considerably more comfortable underlying global supply outlook.

RICE is where El Niño's Asian risk is most concentrated, and 2023 offers the clearest precedent for how quickly that risk can spill into global markets. "Rice in southern and southeast Asia is the big one," says Andrew Watkins, a climate scientist at Monash University.

In 2023, El Niño-related crop concerns prompted India to impose major rice-export restrictions, contributing to a sharp rise in global prices — a reminder that government policy, not just weather, can become the more immediate price driver.

Governments' resilience is facing a real test again this cycle. Indonesia's meteorological agency, BMKG, reported in late July that dry-season conditions had spread across 54.5% of the country's seasonal-zone area, with the dry season expected to peak across large parts of the country in August and September and El Niño forecast to persist into early 2027. Indonesia does have a substantial buffer to draw on: government rice reserves managed by Bulog stood at 5.24 million tonnes as of July 22, alongside an estimated 10–11 million tonnes of potential production from standing crops. Notably, the government's 2026 Commodity Balance, agreed in December 2025 before the current El Niño-driven drought had developed, allocated no general rice-import quota.

Soft Commodities Show Wide Dispersion Under El Niño Risk

Source: Bloomberg



Sources: Andrew Watkins (Monash University), Argus, Bloomberg Economics, Citi, ICE, Indian Sugar Mills Association, Morgan Stanley, Pro Farmer (Farm Journal Media), Reuters, S&P Global Ratings, StoneX, USDA, Unica





Conclusion & Outlook

Of every hard asset, energy sits at the very foundation — everything else runs on it, the entire AI boom included. Nearly six months into the Iran war, that dependency has never been more visible: the more acute story hasn't been crude but diesel, which has run tighter than at any point since the crisis began, leaving global spare capacity across the energy complex thinner than in recent memory.

«The commodity complex looks structurally under-supplied almost everywhere we look.»

Commodities have always been vulnerable to supply chain risks, and recent years have seen renewed frequency in threats to major supply sources and transportation routes. A small number of regions continue to dominate crucial supplies of energy, critical minerals, fertilizers and agricultural exports, with China's rare earth concentration the starkest example (see Rare Earths). Geopolitics and domestic politics have returned as important drivers of commodity markets since the 2010s, and the channels keep evolving: conflicts, supply disruptions and embargoes have expanded to include sanctions, export controls, trade wars, strategic stockpiling and industrial policy — a fragmentation that has fed a broader shift toward economic nationalism.

Critical minerals have rapidly risen to the top of the economic and national security agenda, extending well beyond energy security. The emphasis has shifted from whether supply can keep pace with demand toward the vulnerabilities created by concentrated processing and refining.

The underlying deficits remain real and, in cobalt's case, are widening rather than narrowing — yet markets don't appear to be pricing this fully: most commodity equities still trade below historical valuation norms even after a quarter of record earnings, leaving room for re-rating as generalist capital catches up.

Climate and weather volatility have become an additional source of uncertainty, even as the US pushes back on climate policy. This quarter offered no shortage of live examples: a freak snowstorm shut down a major Chilean copper mine, while sugar, coffee and rice all saw real, quantifiable price moves tied to El Niño, not theoretical exposure.

The AI boom and ongoing decarbonization have become sources of volatility in their own right, driving long-term demand for copper, uranium, natural gas and precious metals while straining power grids (see Copper and Nuclear). These are multi-decade demand structures being built against supply chains that take years if not decades to expand.

Higher fuel prices have become a key driver of inflation, pushing up borrowing costs and helping push US debt to a record \$40 trillion.

Historically, El Niño has had little bearing on global asset prices, with some exceptions in commodity markets — but a "super" event, depending on its timing and duration, could break that pattern. One of the easiest mistakes is analysing a commodity market in isolation: weather affects production, production affects inventories, inventories affect freight, energy demand and trade flows.



That's why El Niño is ultimately a cross-commodity story, as this quarter's coverage has shown — from LNG and power demand in Energy, through copper and nickel in Industrial Metals, to soft commodities in Agriculture.

BMO's empirical work offers a useful, appropriately hedged anchor: across the 22 El Niño events recorded by NOAA since the 1960s, the Bloomberg Commodity Index has risen in 17, averaging an 8% gain from start to finish — though three of the last four episodes coincided with negative performance, each alongside broader macro downturns unrelated to the weather itself. This year's event is still building toward its projected December-February peak, meaning much of its potential impact may lie ahead of us rather than behind.

We enter the final stretch of 2026 with a commodity complex that looks structurally under-supplied almost everywhere we look — from copper and cobalt to uranium and diesel — even before this year's El Niño has fully played out. History suggests that combination rarely resolves quietly.

For investors positioned in real assets, we believe the setup has rarely looked more compelling.



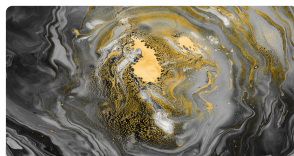
Sources: BMO, IEA



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Thematic



Age of Electricity AMC

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Performance Overview

Commodity Solutions	Aug	YTD	1Y	2Y	3Y	4Y	5Y
Direct Commodity Investments							
All Commodity Plus Fund	10.4%	35.7%	53.2%	67.3%	61.1%	64.9%	86.7%
Metals AMC	5.9%	5.9%	39.3%				
Commodity Equities							
Energy Champions Fund	5.5%	35.9%	34.7%	31.0%	20.2%	25.5%	100.1%
Scoring to Peers	82%	65%	65%	41%	41%	47%	60%
Industrial Metals Champions Fund	13.9%	25.6%	78.3%	141.1%	119.2%	132.5%	94.9%
Scoring to Peers	50%	86%	91%	81%	72%	71%	65%
Precious Metals Champions Fund	30.9%	16.6%	69.2%	221.5%	311.7%	395.9%	267.3%
Scoring to Peers	55%	59%	85%	85%	82%	79%	84%
Crucial Minerals AMC	19.2%	15.4%	51.7%	104.6%	96.7%	106.4%	
Thematic Equities							
Age of Electricity AMC	4.8%	-1.6%*					

Notes: Performance figures in USD per 31.08.2026 and based on Energy Champions Fund – Class I2, Industrial Metals Champions Fund – Class C & A (5 years), Precious Metals Champions Fund – Class A, All Commodity Tracker Plus Fund – Class P. Scoring to Peers: Percentile scoring relative to peers reflects the Investment Strategy's performance in comparison to its sector peers. A higher percentile indicates better Investment Strategy's relative performance to its sector peers. Full list of peers available upon request.



**Pablo Gonzalez**

Senior Portfolio Manager Commodities

+41 55 290 51 25

pablo.gonzalez@picardangst.com**David-Michael Lincke**

Head of Asset & Portfolio Management

+41 55 290 26

david-michael.lincke@picardangst.com**Legal Disclaimer**

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