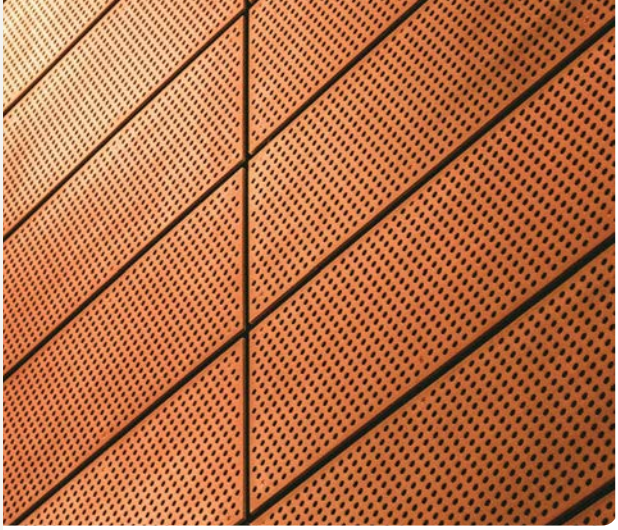
Ofi invest
Asset Management



JAN 26

Commodities

2025 review and 2026 outlook

Completed on 20/01/2026





Contents

2025: ***not just gold that glitters***

Metals shined again in 2025, particularly gold, silver, copper and platinum, which set record high after record high.

On the global political and geopolitical fronts, industrial metals grabbed the spotlight. With Donald Trump's back in the White House, the US completely reshuffled the cards of international trade. From the very start of his second term, Trump issued several executive orders on metals, making them a strategic energy resource for the United States. He then ordered tariffs on steel and aluminium, and then, copper. However, the administration got ahead of itself and ultimately had to narrow the scope of the tariffs, including a temporary exclusion of refined copper from taxable goods. Under Section 232 of the Trade Expansion Act[1], the government also launched surveys into all metals on the list of minerals deemed critical by the United States Geological Survey (USGS). The list now has 60 metals, all of which could be subject to tariffs. One of these is silver, which was added to the list in November 2025.

These decisions were one cause of disruption in the metals markets. A large portion of inventories, of copper and silver in particular, were moved from London to the US to get ahead of the new US tariffs, thereby causing bottlenecks on European and Asian markets.

These decisions, and Trump's lack of consistency, also stoked **volatility**[2]. For example, potential tariffs on copper were announced in April and confirmed in July, sending copper prices soaring in the US. But prices then plummeted by almost 20% on 31 July after the US government ultimately exempted refined copper from the tariffs.

Metals also landed in the middle of geopolitical and trade tensions between China and the United States, serving notice of their strategic character in the ongoing transformations of the global economy. Already in 2024, China had enacted restrictions on gallium and germanium, among others. In early 2025, it also restricted exports of all technologies used in rare earths mining and refining. But it was, above all, Trump's tariff announcements on "Liberation Day"[3] that focused minds on metals. China responded by suspending exports of several rare earths in which it enjoys a quasi-monopoly of production. Rare earths are essential to military technologies, to numerous low-carbon technologies (offshore wind, electric cars, etc.), and to the manufacture of chips needed to roll out artificial intelligence. The suspensions forced the US administration to back down. In cornering the US – and the rest of the world – in this way, China served notice to the world of its total domination in this sector and the existential threat that domination constitutes.
The International Energy Agency (IEA) nailed home this point in its annual World Energy Outlook, released in late 2025, pointing out that China dominates supplies of 19 of the 20 metals that are crucial for defence, aerospace, renewable energies and artificial intelligence technologies.
With market share of more than 70% in these 19 raw materials, China is now in a position of strength that will be hard to challenge in the near future.

Instability everywhere ***has put a shine on precious metals***

Political instability. Investor interest in safe havens has been revived by unresolved conflicts, the rise of extremism in many countries, the undermining of traditional alliances, including the announced end of the US's security guarantee for its allies and Trump's whims of taking over a number of territories (Greenland, Canada, Panama, Venezuela, etc.).

Geopolitical instability. Tensions are heightening between China and the United States – with the US no longer hesitating to label China an enemy – but also between India and Pakistan, Cambodia and Vietnam, and many others. The world is less and less at peace, and that worries investors. The war in Ukraine has also shifted alliances. China has moved closer to Russia, and the Russian, Chinese and Indian presidents had never been so close as at the last Chinese security summit in September.

Economic, trade and financial instability. The trade war triggered by Trump and his administration has shuffled the cards of international trade, including a shift of Chinese trade towards the rest of the world. Meanwhile, the huge debt of the world's main economies raises the issue of the creditworthiness of a number of governments, even as potential growth appears to be limited. And, lastly, a crisis of confidence has arisen in institutions, particularly in the US, with Trump's apparent desire to dictate monetary policy by taking control of the Board of Governors of the US Federal Reserve.

The Russian-Ukrainian conflict has also given rise to economic and financial instability. Western countries' decision to freeze Russian assets held abroad has undermined confidence in the dollar as a reserve currency, pushing investors from countries not aligned with US policy to steer clear of the that currency and invest more in precious metals. Central banks on the whole have also lowered the weighting of the US dollar in their reserves and raised their gold allocation. Other, more traditional investors, have also joined this movement.

And, lastly, metals – both precious and industrial ones – were key to discussions over energy and digital transitions, which picked up the pace in 2025. The IEA's World Energy Outlook announced recently that the world has switched to the all-electric era. The IEA and most observers are concerned about the heightened demand for metals that this transformation will stoke. What's more, massive investments in the infrastructures are needed to roll out the AI boom. The needs for copper, aluminium, silver and energy appear to be insatiable.

All this is causing deep disruptions in our societies that we will have to weather for decades to come, until the new trajectory is in place. The imbalances that they are causing are structural in nature and hard to readjust to rapidly. **As a result, the 2025 deficits of silver (for the fifth consecutive year) and platinum (for the fourth consecutive year), and those expected in 2026 in copper and possibly in aluminium are mere precursors of a future scarcity-bound world. The increase of prices of metals – which are the foundation of the economic and industrial model that the world is trying to build – may be just beginning**.

Industrial metals' critical nature is becoming a key theme

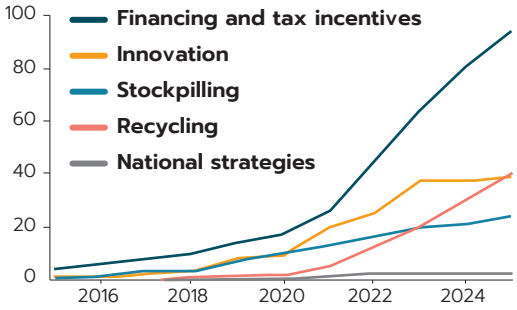
Despite a challenging environment, strategic industrial metals had a very good year on the whole. Donald Trump's second inauguration, in January 2025, marked the beginning of a second term in which he has been in overdrive. His impacts on the international scene showed up immediately. In his very first months, his aggressive statements, radical measures, and imposition of tariffs against most of the US's trade partners plunged the markets into uncertainty. Most of these measures have been especially good news to gold, but they were at first bad news for industrial metals. This phase didn't last long, however, as the Trump administration quickly realised how crucial supplies of strategic minerals were. For, China has dominated this sector for several decades, and possesses production and refining capacities covering most metals and rare earths. **The critical nature of metals became a key theme in 2025, as well as a new source of tension between China and the United States.** In response, governments will ratchet up restrictions or incentives in order to limit exports or to build up strategic inventories.

As we have already mentioned, some of these measures, such as the so-called "Section 232" surveys, have caused fragmentation in both the precious and basic metals markets. They have also exacerbated the tightness already present on physical markets.

In the second half of the year, some metals began a more sustained upward climb. This was driven by the start of a Fed easing cycle, the dollar's weakness and also rising physical tension on certain markets and distortions tied to critical minerals. Precious metals having industrial uses, such as silver, platinum and palladium performed remarkably well, driven up by tight physical markets, the upping of geopolitical stakes surrounding mineral supplies, and precious metals' strong attraction for all market actors.

All this could spill over into 2026, given that many factors that drove 2025 are still of major importance, including market uncertainties, challenging geopolitics, metals' key position in international political issues, but above all the physical reality of insufficient metal production vs. growing demand.

NUMBER OF POLICY MEASURES INVOLVING CRITICAL MINERALS, 2015-2025

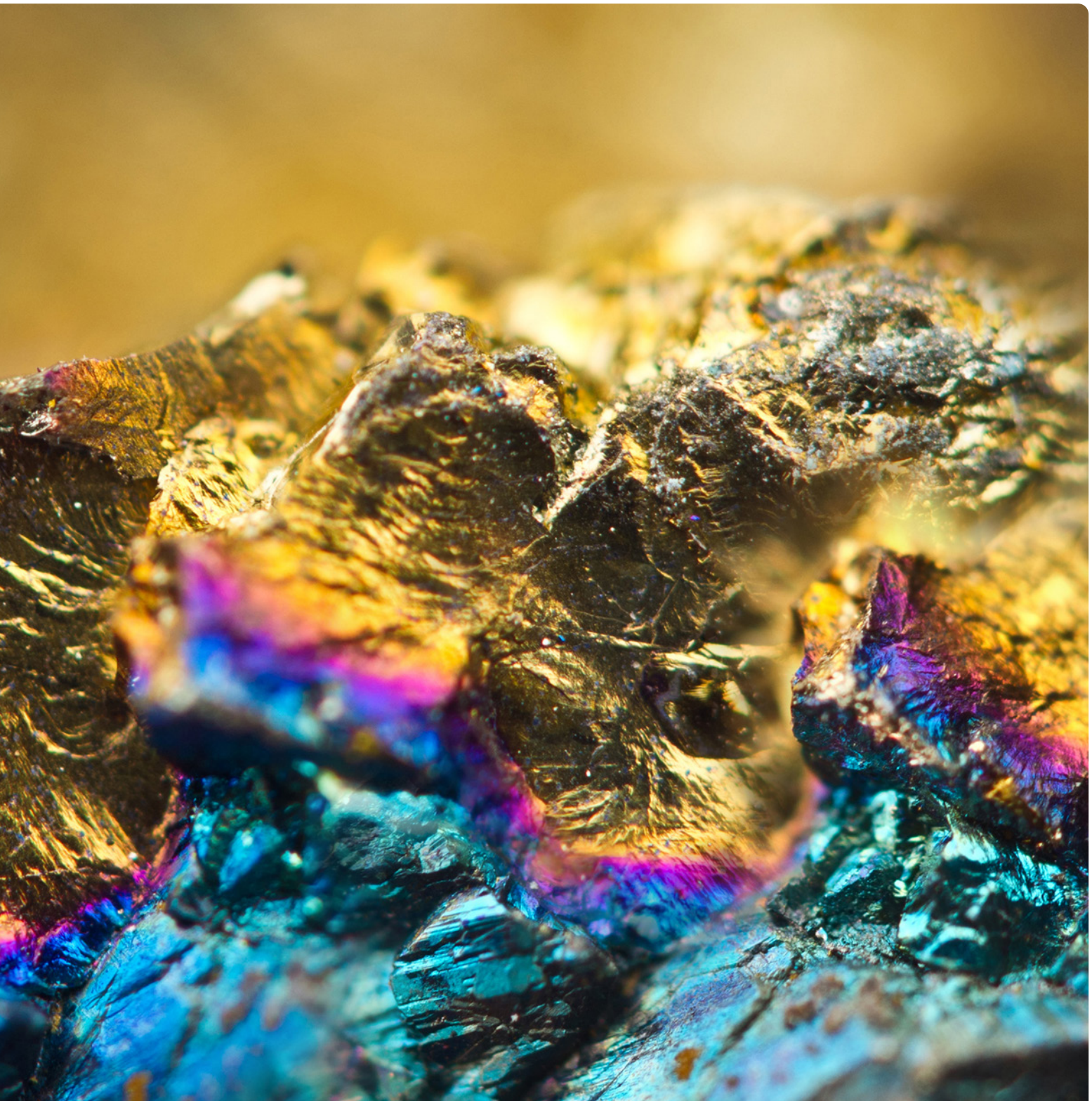


Source: IEA – International Energy Agency, 11/2025

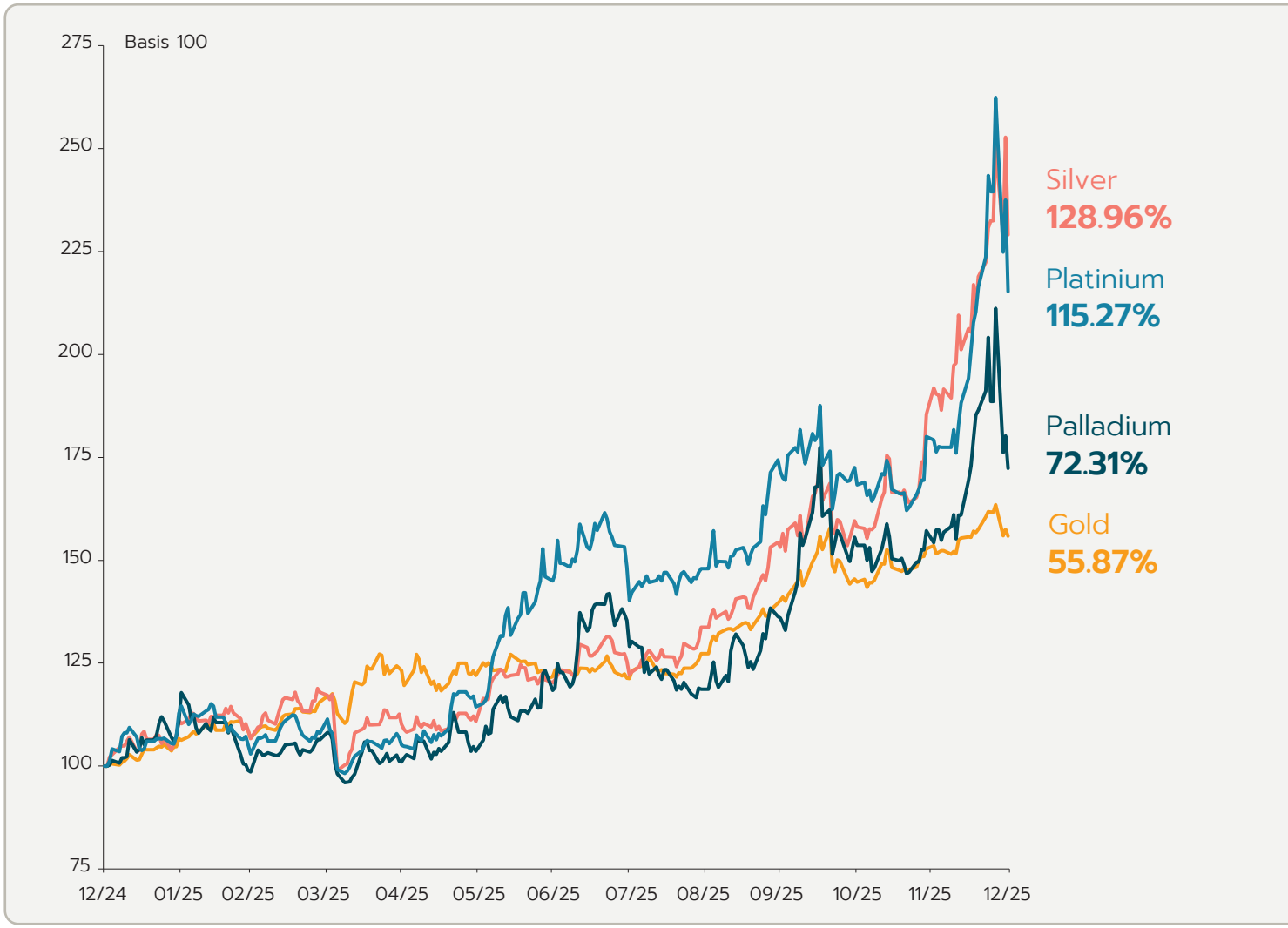
PART 1

Precious metals

Gold, silver, platinum, palladium



Performance of precious metals



GOLD

Precious metals performed remarkably well in 2025. Gold recently hit USD 4,500 per ounce, more than double its price of 2023. This was due to a combination of structural and cyclical factors.

First of all, amidst heightening geopolitical tensions, **central banks accumulated their gold inventories massively in order to diversify their reserves and reduce their dollar-dependence.** In 2022, 2023 and 2024 they bought more than 1,000 tonnes of gold per year. In 2025, they continued to buy massively, despite the spike in gold prices, and this year purchases could hit 850 tonnes, according to the Managing Director of Metal Focus*.

DRIVEN BY A COMBINATION OF STRUCTURAL AND CYCLICAL FACTORS

Purchases by the world's central banks accelerated late in the year, with spikes in September (39 tonnes) and even more in October (53 tonnes). Despite higher prices, many central banks have flagged that they want to expand their gold exposure. One of these is the National Bank of Poland, which announced plans to raise the share of gold in its reserves from 20% to 30%, the Bank of Serbia, which says it wants to almost double its gold reserves (from 52 tonnes to 100 tonnes), and Madagascar and South Korea, which for the moment have not announced precise targets.

PAST PERFORMANCES ARE NOT A RELIABLE INDICATOR OF FUTURE PERFORMANCES
Sources: Ofi Invest AM and Bloomberg, from 31/12/2024 to 31/12/2025.
**These companies are cited for information purposes only. This is neither an offer to sell nor a solicitation to buy securities.*

Demand from the world's central banks thereby accounts for a little more than 20% of the market. In recent years, global annual supply has oscillated between 4,500 and 4,700 tonnes (including both production and recycling).

Trump's second term, which began in January 2025, has only accelerated this gold rush, as **heightening uncertainty and trade tensions feed the need for safe havens.** Investors' taste for gold has also been stimulated by recent efforts that threaten the Fed's independence. More broadly, investors appear to be trying to diversify beyond traditional assets amidst deglobalisation and geopolitical tensions. The structural allocation in government bonds, which are generally regarded as low-risk, has been cast into doubt, as G10 countries' public debt has reached worrisome proportions. **And, lastly, the start of a US monetary easing cycle and the dollar's slide also drove gold upward.**

The market experienced a normal correction in October after several months of uninterrupted gains. The accumulation of investors' long positions are making bouts of profit-taking and price corrections more likely in the coming months, but without undermining the long-term bull scenario. For, gold continues to be driven by several structural factors.

The first of these is that central banks still have lots of leeway, as the average gold allocation of emerging market central banks is slightly above 10%, vs. a global average of 30%. The gold allocation of the People's Bank of China – by far the biggest central bank buyer – amounts to just 12% of its reserves. At its current purchasing pace, it would take China about 30 months to reach a 20% allocation. The World Gold Council's June 2025 survey found that 43% of central banks plan to raise their gold allocation within the next 12 months; none plan to sell. This is the survey's highest figure since it began in 2018. The previous record was just 29%... in 2024!

There is also potential support from the rest of the market. To counteract the prevailing uncertainty, investors are seeking out safe havens and are tempted to opt for gold, which does not depend on any state government, carries no counterparty risk, and is physical tangible. The huge amount of debt run up by large economies and their inability to reduce their deficits to keep the problem from getting out of hand is making an issue of the creditworthiness of countries like the United States. That, in our opinion, is **the most powerful support factor in favour of gold: the fear of seeing governments fall back on inflation, negative real interest rates, or debt restructuring. This is driving investors into real assets.** Interestingly, gold allocations are still very low, still accounting for less than 2.5% of financial investments[4]. This leaves a considerable amount of upside potential.

And, in fact, some prominent asset managers recommend larger allocations. One of these is Ray Dalio, founder of the Bridgewater investment fund, who currently urges a 15% allocation in gold. Mike Wilson, chief investment officer at Morgan Stanley, goes as high as 20%. Some institutional investors are beginning to consider investing in gold. India, for example, has just authorised pension funds in the country to invest up to 1% of their assets in gold and silver.

With this in mind, gold could easily reach new all-time highs, especially as the size of the physical market, far smaller than traditional asset classes, limits its capacity to absorb large flows of capital in a short amount of time. In a research note released in December 2025, the investment bank Goldman Sachs mentioned the impact that such a shift of capital from traditional sectors into gold could have on gold prices. Goldman calculates that a shift of 1 basis point (0.01%) of the total amounts invested in traditional assets (equities and bonds) into the gold market would cause gold prices to rise by 1.40%. In other words, if 1% of traditional assets were to switch to gold, gold prices could rise by 140%[5]!

That said, volatility[6] can be steep on markets whose performances are steered by flows. One result of sharp accelerations is an increase in mandatory deposits at clearinghouses, requiring investors to use leverage to reduce their positions. Flows are also very sensitive to macroeconomic newsflow.

Nor can we count on increased mining output to balance out the market. With no major discoveries over the past several decades, production may have peaked in 2025, according to the consultancy CRU Group, and could shrink by almost 17% by 2030[7].

We therefore expect gold prices to continue rising in 2026 but with increased volatility[6] that will be part of the game. We have not set target prices for precious metals since April 2025, as reallocation-based gains no longer respond solely to fundamentals but also to FOMO, the Fear of Missing Out. With this in mind, a macroeconomic release favourable to other asset classes could trigger sudden exits from the gold market, and vice versa.

PAST PERFORMANCES ARE NOT A RELIABLE INDICATOR OF FUTURE PERFORMANCES • *[4] Source: Global Fund Manager Survey, Bank of America, September 2025 • [5] Source: Goldman Sachs, December 2025, Lina Thomas, Daan Struyven, "Upside to gold allocations in private US financial portfolios" • [6] Volatility: corresponds to the calculation of the amplitudes of variations in the price of a financial asset. The higher the volatility, the riskier the investment will be considered • [7] Source: mining.com, December 2024 : https://www.mining.com/video-gold-mining-faces-a-cliff-after-2025-cru-analyst-predicts/*

SILVER

Silver was the best-performing listed commodity in 2025. With a gross performance of almost 130%, it had its best year since 1979 (as did gold) and hit a new all-time high.

Silver prices are being driven by a dual dynamic. **Regarded first as a precious metal, it also enjoys reserve value**. Regarded by some as "poor man's gold", like gold it serves as a "safe haven" when economic conditions are expected to worsen. This was particularly the case in India this year. In reaction to the steep run-up in gold prices, there was a run on silver, particularly during the festivals, when Indians offer small quantities of precious metals to temples. During this period (October and November), silver traded at premiums of up to 8 dollars per ounce (about 15% to 20%) to international prices.

BOTH SAFE HAVEN AND TRANSITION INDUSTRIAL METAL

This was exacerbated by a shortage on the physical market. For several months now, in response to Trump's decision to impose tariffs on US imports, fears of seeing other markets fall victim to the same measures have led to large quantities of metals being sent to the US to build up cautionary inventories. Taxation of aluminium and steel in March, and then some copper in late July, made this a credible assumption for other metals. One of these was silver, after the US Geological Survey (USGS) added it late in the year to its list of metals regarded as critical by the US. This choked off supplies to the rest of the world. Europe was also hit. Sellers of silver ETCs[8], who must back each sale to a client with a market purchase of physical silver, were at pains to find metal to buy. The market was so tight that silver's lease rate rose in October as high as 35% annualised! By yearend, it was still higher than 8.5%.

The other driver of silver prices is its growing industrial role. Silver's physical properties, particularly the fact that it is the best conductor of electricity, have made it increasingly used manufacturing, particularly in fast-developing technologies such as photovoltaics and electrical mobility. These two sectors, still nascent 15 years ago, now already account for 30% of silver demand and could reach 40% in the coming years, according to the Silver Institute, with the acceleration in the energy transition.

Financial demand could also be robust and ride the bullish trend expected in gold. Interest from institutional investors has shifted recently. In addition to Indian pension funds, which may now invest in metals (see above), some central banks, such as the National Bank of Poland, have purchased marginal amounts of silver, as have some sovereign-wealth funds. One of these is the Saudi fund, which announced it had taken out a position in ETCs that replicates silver's performance.

Unfortunately, this gradual rise in demand has not come with a similar expansion in mining output. With no major discoveries over the past several decades, silver content in fields has tended to diminish, thus raising mining costs and shrinking global output. Since peaking in 2016, mining output has been hardly able to stay on a plateau 8% to 10% lower. Recycling has offset this in part, but even that has plateaued over the past few years. So, it is through inventories that the market has more or less managed to stay in balance. But after five consecutive years in deficit and with demand expected to outstrip supply in 2026, inventories are shrinking little by little.

The only way to reestablish the essential balance between market supply and demand (for, we cannot consume what we don't have) is for prices to adjust upward. So, either prices get too high and demand shrinks, or rising prices get producers to invest to expand their mining capacities. In the specific case of silver, the problem is that demand, like supply, is rather price-inelastic in the current environment. The energy transition, which is causing most growth in demand, is an essential priority and is rather disconnected from traditional economic cycles. So, even if the economy were to slow for reasons of sovereignty and climate risk, installation of photovoltaic panels and sales of electric cars are likely to continue rising. Moreover, silver accounts for only a rather marginal portion of total production costs of manufactured goods, which limits the impact of rising silver prices.

One last option would be to diminish demand by substituting another metal for silver. But few candidates have sufficient conductivity to serve as good substitutes. The two most obvious ones are gold, which is too expensive, and copper. But copper is also suffering a growing imbalance between supply and demand, causing its price to rise. Moreover, substitution in certain sectors would require costly modifications in manufacturing chains and would take

[8] *A silver ETC (exchange-traded commodity) is used to invest specifically in silver without the need to buy or store ingots or coins.*

at least several months. Substitution technologies exist in solar panels, for example, but for the moment have remained underdeveloped.

Boosting output would also be difficult, in any case over a shortened timeframe. According to the IEA, it takes a worldwide average of 17 years to open a copper mine and a similar amount of time to open a silver mine. Moreover, silver production is very often a secondary objective in a mine that produces another metal. In 2023, for example, only 28% of silver mined worldwide was extracted from a silver-dedicated mine. So, higher silver prices are often not a sufficient case to restart production. Such a decision will depend, rather, on the price of the mine's main metal.

In addition to the mining industry's ability to boost production, 2026 is looking like a challenging year on the supply side. China, the world's second largest producer of silver, behind Mexico, has announced silver-export restrictions, effective 1 January 2026. This could make supplying international markets even more challenging or even create problems in some industrial sectors. In any case, it's an additional factor of tension.

We therefore expect silver prices to most likely continue rising. There again, volatility[9] is likely to be steep, driven also by flows from investors who see silver as a store of value. Volatility[9] could also be boosted in the short term by market rules requiring higher initial margins when a position is taken. This explains the two steep drops that the market experienced in the last days of the year. Some speculators were forced to reduce their positions after two consecutive increases in collateral calls announced by the silver clearinghouse. But, in our view, **such a supply-demand imbalance could be resolved by prices rising higher than they are currently.**

PLATINUM

With a gain of more than 115% on the year, platinum turned in the metals sector's top performance after silver. There were many reasons for this.

On the supply-side, platinum production is extremely constrained. South Africa, the world's top producer with 80% market share, is struggling to maintain its output after several years of underinvestment. Palladium is heavily used in the manufacture of catalytic converters, mainly in Diesel-motor vehicles. Demand for this use collapsed in the wake of the "Dieselgate" scandal at Volkswagen in 2015. Prices plummeted, eliminating any incentive for investing in production capacities.

THE PRECIOUS METAL THAT IS STILL HALF THE PRICE OF GOLD

The World Platinum Council accordingly estimates that mining output fell by 5% in 2025. This was only partly offset by a 7% rise in recycling. Production may rise marginally in 2026 with the processing of ore already mined and not yet processed. Recent gains could also help maintain a high level of recycling and expand supply by 4% compared to 2025.

On the demand side, there are several issues. Consumption by the auto sector is expected to decline, due to weaker sales of ICE vehicles. But the reversal by European authorities on halting sales of ICE vehicles by 2035 could stem the decline in ICE sales. Meanwhile, sales of hybrid vehicles have soared over the past two years, particularly in China, where they make up more than one third of sales. This matters, as a rechargeable hybrid vehicle must be equipped with a catalytic converter that consumes more platinum than a conventional ICE vehicle. Taken together, these two factors mean that the decline of platinum demand in the auto industry is likely to remain marginal. Demand could even end up rising.

The other key sector in platinum consumption is jewellery. With an annual market of only about 250 tonnes, vs. 4,500 tonnes for gold, platinum has historically been regarded as more precious than gold. And yet, one ounce of gold is now priced more than twice as much as one ounce of platinum. This is why more and more jewellers are expanding their offerings in platinum, particularly in China. Given the difference in output between these two metals, any shift from the gold market to the platinum market could very rapidly be destabilising. If just 1% of gold demand for jewellery (which accounts for about 50% of gold demand) were to switch to platinum, that would mean an immediate expansion of platinum demand by 45 tonnes, or almost 20% in additional demand! Given the wide price gap between the two metals, upward pressure on platinum prices

[9] Volatility: corresponds to the calculation of the amplitudes of variations in the price of a financial asset. The higher the volatility, the riskier the investment will be considered

is likely to remain in this sector.

One important unknown is financial demand. ETF[10] holdings of platinum rose in 2025 and are currently high but still well below their 2021 peak of almost 4 million ounces. Potential could be even greater, as China recently opened a new platinum and palladium futures market in Canton, which has drawn strong interest.

We therefore expect platinum prices to continue to be driven this year by supply that is still constrained, by industrial demand that is still solid, and by the jewellery sector's interest in this metal, which is still half as expensive as gold. Two factors could accelerate platinum prices upward. The first is the decision expected from the US on whether to impose tariffs on platinum, which is currently under the Section 232 of the Trade Expansion Act. If so, that would impact the price of the platinum listed in the US.

The other factor is potential demand from low-carbon hydrogen production, i.e. via water electrolysis. Large-scale roll-out of intermittent renewable energies, such as wind and solar, has led to more and more phases of overproduction. This has increased the number of hours when electricity prices slip into negative territory, which is highly prejudicial to producers' business models. That's why storage solutions need to be found. Hydrogen has an edge over other technologies in that it offers the possibility of long-term storage. Electrolyzers currently most able to operate with intermittent energy sources are based on a technology that requires platinum electrodes. What's more, the most compact technology for using hydrogen as a vector for generating electricity is a fuel cell that contains large quantities of platinum. The technology is expensive, and initial results are middling, but France has just guaranteed the financing of several projects. Other countries are likely to follow suit, given the stakes involved in storage, particularly inter-seasonal storage. It's hard to say when this shift could have an impact on platinum demand, but it does offer a potential source of support.

PALLADIUM

Palladium also had an exceptional year, gaining more than 70%. Similar to platinum, the palladium market has been in structural deficit for several years, due mainly to underinvestment in South Africa, **which accounts for a little less than 40% of global output**.

But unlike platinum, palladium has basically one use – in manufacturing of catalytic converters. In the short term, the possible revision of the timetable for a total switchover to EVs will cause consumption to outstrip expectations. This is likely to remain the case for another few years, thereby maintaining upward pressure on prices.

LESS POTENTIAL

But longer-term prospects are less clear on palladium, as no other industry is a serious candidate for replacing the auto sector for palladium demand. Research is ongoing but for the moment has not produced conclusive results.

Palladium accordingly offers less potential than other markets. It nonetheless is on the US list of critical metals and could be hit with tariffs.Although the US has palladium mines, their production costs are such that tariffs are unlikely. The US does have production capacity, mainly in Montana, and the risk cannot be ruled out that the Trump administration will make such a decision, despite high production costs.

The other factor that could push palladium prices far higher is the fact that the Trump administration has openly mentioned the possibility of imposing an export ban on Russia. As Russia is the world's largest producer, with market share of about 45%, such a decision could no doubt push prices far higher than they are now.

Once again, we don't see how this could make sense, as the only impact of such a measure would be to raise the price of this still-essential raw material on a market where imbalances would be such that, one way or another, the market would find workarounds, as has been the case for oil.

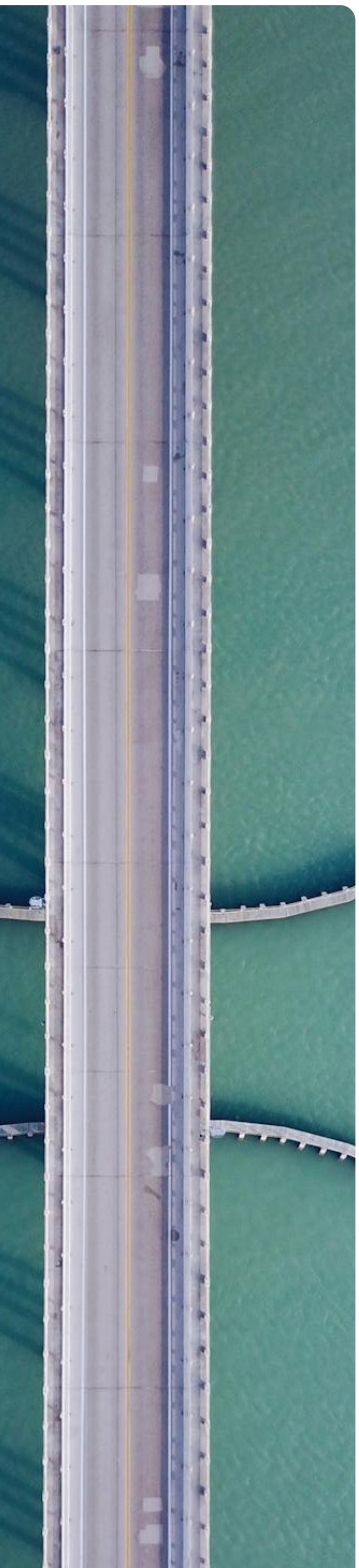
Palladium therefore seems to offer little upside potential.

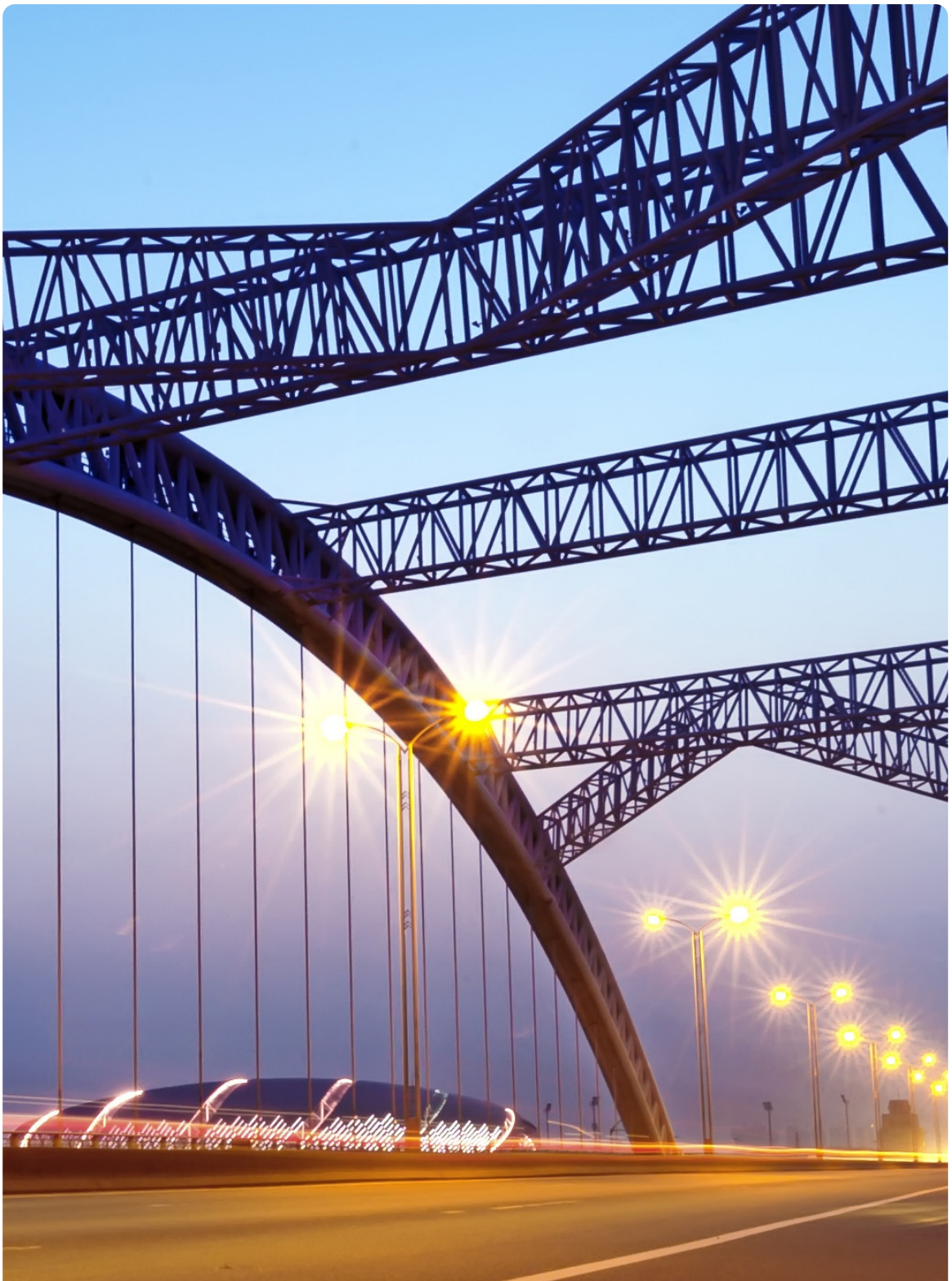
[10] *Exchange Traded Funds: index-linked funds listed on a stock exchange that track the performance of an index.*

PART 2

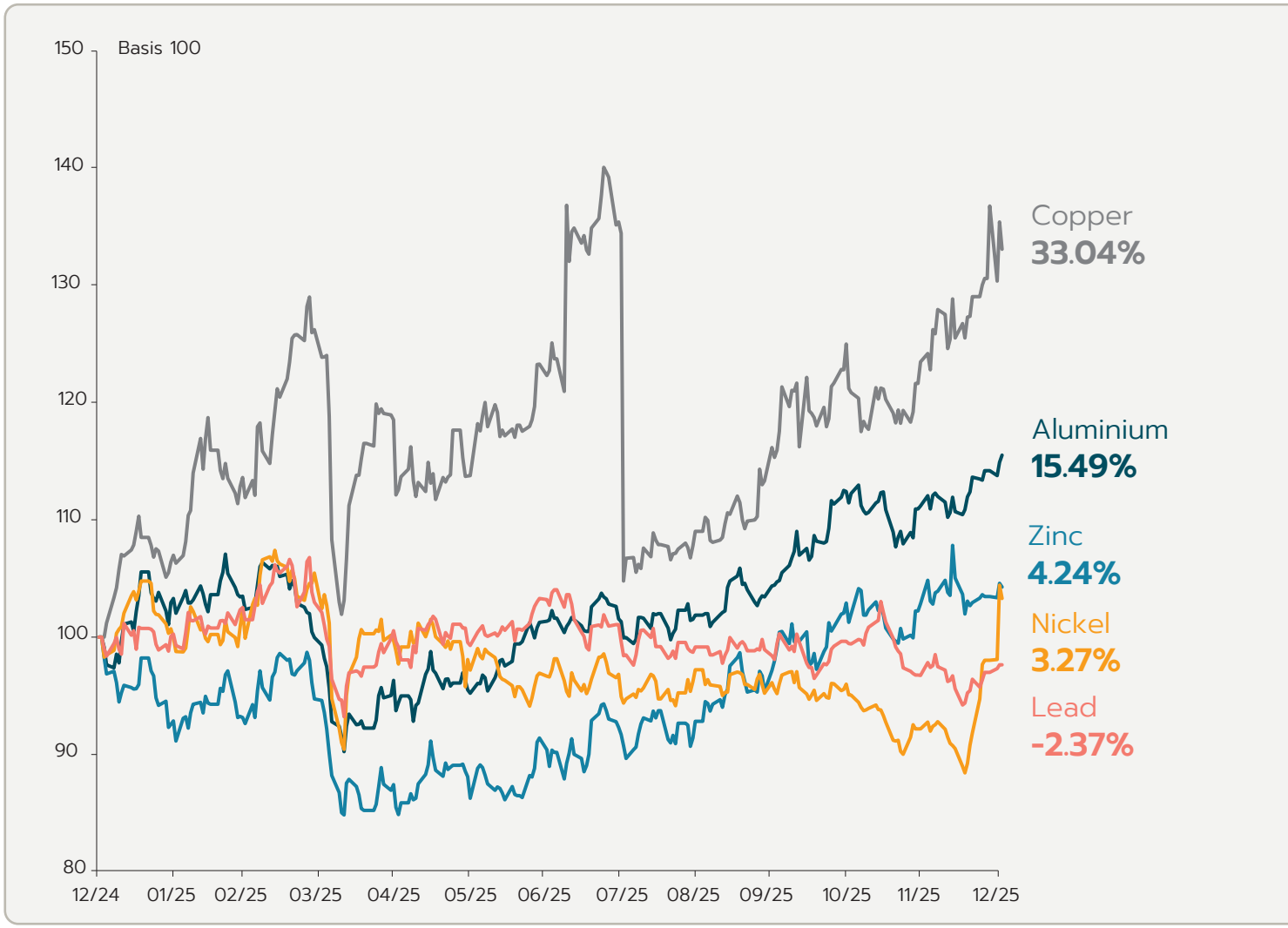
Industrials metals

Copper, aluminium, nickel, zinc, lead





Performance of industrials metals



COPPER

Although copper's gain of "just" 33% in 2025 looks muted compared to that of industrial precious metals, it was remarkable in a year marked by US tariffs and economic uncertainty.

These concerns had the market worried in the first half of the year and triggered a correction in metal prices during the spring. Nevertheless, 2025 was also the year in which our bullish scenario of an inevitable rise in demand and insufficient production was indeed priced in by investors. Copper is a perfect example. As it is essential for electrification, demand for will naturally increase amidst the global energy transition away from fossil fuels and into heavily copper-producing renewable sources and electrified transport.

In response, there was little prospect for a meaningful increase in mining output any time soon, due to underinvestment in the sector and the inertia inherent to mining projects (it takes an average of 17 years to open a new copper mine). This is likely to send the market into deficit. And yet, this scenario has been held back in recent years by a major factor: China, which accounts for 50% of global metals demand, has experienced a spectacular and sudden transformation of its economy, which has inevitably affected its consumption of metals. The stark slowdown of the construction and heavy industry sectors, aggravated by the Covid crisis beginning in 2020, has triggered a drop in its traditional demand for metals. China then fell back on developing foreign

PAST PERFORMANCES ARE NOT A RELIABLE INDICATOR OF FUTURE PERFORMANCES
Sources: Ofi Invest AM and Bloomberg, from 31/12/2024 to 31/12/2025.

trade and a new engine of growth: the launch of its energy transition. This offers it two advantages. First, China had for several years targeted its energy dependence on foreign countries, and this transition gave it a way out of that. In an international context ridden by rising tensions, it significantly accelerated its switch to sources of energy ensuring its independence: hydropower, geothermal, nuclear and renewable energies, with an impressive acceleration of solar and wind energies in the past five years. Thereafter, energy transition sectors became the new nouveaux champions of the Chinese economy. It has rolled out very heavy resources to prevail both technologically and in terms of economic competitiveness as the leader of many segments in this value chain.

THE ENERGY TRANSITION CONFIRMS ITS GROWING IMPORTANCE

In the first years of the switchover, the slowing of traditional demand for metals, copper in particular, blurred the advent of these new sectors and the steep rise in demand arising from their development. 2025 was the year when, freed of these obstacles and driven by an acceleration in demand arising from electrification and a series of production incidents, this trend at last emerged in greater relief.

The energy transition thereby confirmed its growing importance for the copper market, leading to heavy demand from the renewal energy, decarbonated transport and electrical grid sectors. Based on the world's energy transition goals, this phenomenon is likely to accelerate even further. **This comes on top of the major consumers of electrical and energy infrastructure, including artificial intelligence, datacentres, and even robotisation**. Thought of just recently as being in the more or less distant future, they have, in fact developed very rapidly and are already beginning to affect the copper market. Datacentres alone could consume about 400,000 tonnes of copper annually in the coming decade, with a peak of almost 600,000 tonnes in 2028, according to the Bloomberg New Energy Finance[11].

Meanwhile, there are **increasing constraints on copper production**. Underinvestment by mining companies in recent decades, in both exploration and upkeep of existing mines, combined with the sector's inherent inertia, are already pointing to the lack of significant increase in production in the coming years. Things are already getting worse. The world's three-largest mines reported major problems in 2025. The first of these, Escondida in Chile (1.3 million tonnes of copper mined in 2024, or about 5% of global annual supply) is ageing and its ore content is declining, and this is leading to a significant loss of production.

The second-largest mine (Grasberg in Indonesia) and the third-largest (Kamoa in the Democratic Republic of the Congo) have just been hit by major operating incidents likely to have a heavy impact on their copper output in 2026 and 2027. All in all, this amounts to 700,000 tonnes of copper that won't make it to the market in 2026, or almost 3% of annual supply, enough to send the market into deficit.

In addition to a tight market, measures are being considered by the US government to secure its copper supplies. Tariff threats have stoked heavy volatility[12] on the market, and the possibility that they will be imposed in 2026 has opened up a pricing gap between the US and London, thus incentivising heavier deliveries of copper to the US. This fragmentation of physical markets, if it lasts, could constitute a major change. Physical markets generally function like communicating vessels, with a lack of metal on one market being offset by the sending of inventories from another market that has enough of them. Hence, if copper were to be in short supply in London, the US or Chinese surplus could, with a proper economic incentive, be sold there and ease tightness on that physical market. Any restrictions, whether through direct policies (export restrictions, as in China on silver) or economic distortion (US copper's premium to the London price) could cause the markets to behave like silos in the coming years. Physical tensions would then no longer be eased by transfers, thereby exacerbating the possibility of sudden accelerations in the coming months.

Since mining companies reported their difficulties, the copper market has begun to price in this new paradigm, reflecting expectations of a deficit in 2026. Keep in mind, however, the very short-term outlook of commodity prices, i.e., the market balance between supply and demand at time "T", few anticipations are generally priced in. Transmission of the reduction of the supply of raw copper, known as copper concentrate, to the market for refined copper can take about half a year. Some specialists accordingly believe that the physical market should continue to tighten for a few more months. Prices could therefore rise even faster over the coming year, especially as copper is still being driven in the US by the price discrepancy between the London Metal Exchange and the New York Commodities Exchange (Comex).

[11] https://www.bloomberg.com/news/articles/2025-08-12/data-center-demand-to-exacerbate-copper-shortage-bnef-says

[12] *Volatility: corresponds to the calculation of the amplitudes of variations in the price of a financial asset. The higher the volatility, the riskier the investment will be considered*

ALUMINIUM

Aluminium prices rose by more than 15% in 2025. Market fundamentals are buoyant. Demand is being driven from several sources and is rising fast. Aluminium is used in frames, such as in construction and vehicles, that could become key to the development of robotisation but it is also an excellent conductor of heat and electricity and necessary for the making of cables, solar panels and infrastructures needed for digitalisation.

In response, supply is currently almost flat and probably close to peaking in China, which produces more than half of the world's aluminium. For, China's energy constraints and its efforts to reduce its dependence on the rest of the world in that area have caused it to limit production of its energy-intensive aluminium foundries. The state has accordingly decided to freeze its production capacity at 45 million tonnes per year, a threshold that is now being approached by current output. Anything above that, and growth in demand will have to find new sources of supply.

DEMAND IS EXPANDING FAST

Indonesia, for one, is expected to expand its production capacities, but it is currently difficult to say precisely how fast it can respond to this new demand, and by how much, as that country is also under energy constraints. Projections regarding its ability to produce more are highly variable, as many projects have not yet gone on line. As a result, great uncertainty on the surplus supply is likely to emerge beginning in the second half of 2026.

In Western countries, higher energy prices since 2020 have led to the closing of many foundries, with little prospect for significant reopenings in a world increasingly aware of the limitation of its resources and where Asian countries produce at lower cost.

Barring a major surprise from Indonesia, the market could tighten in 2026, with prices adjusting upward.

NICKEL

Nickel had a lukewarm year. As a metal needed for making galvanised steel alloys, demand for it has also expanded in recent years, tracking the development of EV batteries, some of which use NMC (nickel-manganese-cobalt) cells. However, growth has been held back by the development of batteries based on other technologies (lithium-iron-phosphate or sodium-ion). In parallel, supply of high-quality nickel, of purity sufficient to be used in batteries, has expanded markedly, due to the roll-out of refining activities in Indonesia. This has sent the physical market into overcapacity, thus causing nickel prices to drop from its highs in 2022. However, a recent factor could change things. In December Indonesia announced a reduction in mining operation licences for 2026, thereby limiting its nickel production capacities. This decision is meant to streamline energy consumption and create a floor price for nickel.

KEEPING AN EYE ON GLOBAL SUPPLY

Prior to these announcements, the nickel market was expected to be in surplus by about 230,000 tonnes for 2026. It is hard just now to estimate precisely by how much, and when, capacity will be reduced. That being said, Indonesia currently accounts for no less than 65% of global nickel supply. The government's final decision and the actual amount of reduction in production will therefore be decisive for price levels this year.

In the meantime, the market reacted quickly and nickel prices adjusted immediately upward by 20%. **Nickel thereby ended the year up by 3.3% but may have significant potential to rally if restrictions turn out to be truly impactful.**

ZINC

Zinc gained about 4.2% in 2025. The market is being held back by a lack of mining output, as seen in the low use of foundry capacity and processing and refining loads, which had until recently been in steep decline. The lack of production in recent years has tightened the market on a sustained basis, causing inventories to shrink to their all-time lows.

However, this has not been enough to push up prices meaningfully, due mainly to the increase expected in zinc supply in the coming months. Several projects are on the drawing boards, particularly in the US, gradually leading to additional supply on the market.

A CHOICE METAL FOR ENERGY INFRASTRUCTURES AND DATACENTERS

Demand nonetheless remains robust. Zinc's anticorrosion properties and massive use in galvanised steel make it a choice metal for energy infrastructures and datacentres.

LEAD

The lead market's prospects are not very bright in the short term, marked by a slight surplus in supply expected in 2025-2026, according to sector watchdogs, such as the International Lead and Zinc Study Group (102,000 tonnes). Demand continues to be driven mainly by lead-acid batteries (in automobile, back-up systems, and stationary storage), a mature, slow-growing segment, although countries such as India are trying to develop new uses. Lead is also used in making subsea electrical cables. As a result, demand is expected to expand by 1.7% in the coming years, according to CRU Group, a consultancy.

Supply is being supported by a very high proportion of recycling, which limits structural tightness and reduces the need for new mining capacities.Against this backdrop, prices of lead, which is listed on the London Metal Exchange, among others, moves within a relatively narrow trading range, with heightened sensitivity to new inventories rather than to strong growth in demand.

LITTLE PROSPECT FOR GROWTH IN THE SHORT TERM

The European market could become slightly tighter, due to the sale by Ecobat, a battery recycling company, of its European assets.LME inventories may therefore decline slightly in 2026, which could have a positive impact on lead prices. **Lead nonetheless will have limited potential until offshore wind has taken off again and, with it, the need for subsea cables.**

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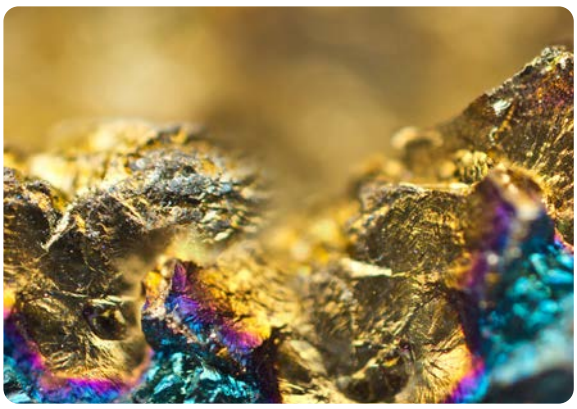

Key points

Metals turned in an extraordinary year in 2025 in more ways than one. Gold held to its upward trajectory, riding the diversification drive launched in 2022 by central banks. This drive intensified and spread to the private sector in a world disrupted by Donald Trump's return to power. **Silver, platinum and palladium also came along for the ride.** Beginning in mid-year, their prices were boosted by a multitude of factors causing increasingly apparent tightening in physical markets and by official government policies.

The world has been deeply transformed since the Covid crisis. Debt levels have exploded, and liquidity has flowed massively into markets and has seemingly become essential to keeping them stable. Correlations have risen further between traditional asset classes, undermining the efficiency of conventional diversification strategies. **Against this backdrop, the shine has been restored to real assets' intrinsic value, arising from their physical existence, their decorrelating nature, and their lack of counterparty risk.**

2025 was also the year in which demand for strategic metals – exacerbated by only very slightly higher supply and diminished inventories – caused a crunch that could send some markets into a severe deficit in the coming years. Copper is the perfect illustration. We expect the boom in electrification demand and difficulties in maintaining mining output to lead to a deficit in 2026 that could be only the first in a long series.

And 2025 was year that cast a spotlight on the challenges facing nations in the matter of supply of critical metals, making this a major political issue. This is additional proof of their scarcity and their essential character to some of the major transformations at work.

All these factors, which drove both precious and industrial metals in 2025, are still at work and are likely to remain a source of support in 2026. Beyond that, we may be seeing the start of a long-lasting diversification into metals that is likely to push prices even higher. One way that metals markets stand out from other asset classes is their reduced capacity to absorb flows, as a large portion of investments must be backed by physical inventories. This is why we prefer not to give target prices on markets steered by heavy flows.

Volatility[13] may also stay with us, due to wide market swings. What's more, some market support factors are binary in nature, such as whether or not tariffs will be imposed on platinoids and copper, or the potential loss of independence of the US Federal Reserve. That being said, **we believe that the metals markets enjoy long-term fundamental sources of support and have probably entered into a long-lasting bullish phase.**

[13] Volatility: corresponds to the calculation of the amplitudes of variations in the price of a financial asset. The higher the volatility, the riskier the investment will be considered

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