Metals - Market update

As of 18 November 2026

Marketing communication

Ofi Invest Energy Strategic Metals

The Ofi Invest Energy Strategic Metals fund has declined significantly in 2026. The fund was down 14.62% from 30 December 2025 to 16 November 2026. Most of this correction occurred recently: from 1 September to 16 November 2026, the fund fell by 13.02%[1].

The fund initially held well during the sharp rise in US interest rates observed from March onwards, which was linked to the closure of the Strait of Hormuz. This rise in rates significantly affected precious metals, including silver, platinum and palladium, which are represented in the portfolio. By contrast, industrial metals such as copper, aluminum and zinc continued to advance despite the less supportive macroeconomic backdrop. This can be explained by the particularly acute tightness observed in the physical markets for these metals: declining inventories, a sharp fall in copper production, and persistently strong demand are creating deficits that support prices.

However, since September, industrial metals have become more sensitive to external factors.

First, as the US midterm elections approached, equity markets showed signs of nervousness. The artificial intelligence sector and technology companies more broadly experienced profit-taking after a prolonged period of rising valuations. Market expectations of a decisive Democratic victory fueled concerns about tighter regulation of artificial intelligence and the deployment of the related physical infrastructure, particularly data centers. This weighed markets such as copper and affected investor sentiment despite a more nuanced physical reality: data centers currently account for only around 2.5% of annual refined copper supply. A slowdown in their deployment would therefore have a negligible impact on physical demand for metals[2].

The Democratic Party's victory further fueled the equity market correction, which was subsequently amplified by doubts about the profitability of the vast investments made in the sector and by the emergence of company-specific risks affecting firms such as Nvidia, which is at the heart of the AI financing ecosystem. The need to raise liquidity to participate in Anthropic's IPO on 19 November may also have accelerated the decline, as was seen with the SpaceX IPO in June[3].

The acceleration of the correction also triggered liquidation across other asset classes, particularly the most liquid markets, to meet margin calls. Metals, especially precious metals, were affected by this phenomenon.

In addition, investors had to revise upwards their expectations for US monetary policy. Rising bond yields and the prospect of policy rates remaining high for longer in the United States are strengthening the dollar and temporarily weighing on commodities as a whole, including metals. Recent comments by members of the Federal Reserve Board, some of whom have referred to the need to raise rates by 100 basis points by next spring, are contributing to the recent downward pressure on commodity markets.

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[1] Past performance is not a reliable indicator of future performance.

[2] Source: BMO, July 2026

[3] The companies mentioned are cited for information purposes only. This does not constitute an offer to sell or a solicitation to purchase securities.

Beyond these short-term headwinds, the structural drivers supporting metal prices remain unchanged. The energy transition, electrification, and the development of artificial intelligence infrastructure and industrial sovereignty concerns continue to support demand for metals across industrial sectors.

Against this backdrop, supply remains highly constrained. Years of underinvestment in mining, the very long lead times required to develop new projects, and the ageing of existing mines severely limit the sector's ability to meet growing consumption.

Geopolitical tensions are also reinforcing these imbalances. Supply-security policies implemented by the United States, China and other major powers are leading to the accumulation of strategic inventories, export restrictions and regional distortions that are increasing tightness in certain physical markets.

In our view, the current correction is the result of a combination of adverse external factors (US interest rates, the dollar, the correction in artificial intelligence-related assets and the liquidity needs of financial market participants), but it does not undermine the long-term investment thesis, which has been clearly evident this year. The tightness observed in physical markets is proof of this and should once again be reflected in price formation once the excess liquidation has stabilized. We therefore remain positive on the asset class and view periods of volatility as potential investment opportunities. Precious metals account for most of the decline, and their weakness is linked to a cyclical issue - the resurgence in inflation caused by higher oil prices and the war in the Middle East - which could gradually fade during 2027 as the base effects from oil prices disappear. The market should then refocus on structural issues, particularly the massive debt burden of developed economies, which could lead to a rebound in precious-metal prices.

Ofi Invest Precious Metals

Precious metals are experiencing a difficult year in 2026 and are facing several headwinds, which have resulted in an acceleration of the decline in recent weeks.

Following an exceptional 2025, metal prices rose sharply again in January 2026 as the upward move attracted speculative flows, notably amid fears that the independence of the US Federal Reserve could be weakened by the appointment, as Jerome Powell's successor, of a governor close to President Trump and willing to comply with his demands for interest-rate cuts. By 29 January, gold was up more than 21% year to date and silver more than 45% over the same period. This excessive move came to an abrupt halt on 30 January: Kevin Warsh's appointment as Fed Chair eased market concerns about a loss of independence and triggered an unwinding of speculative positions in precious metals[4].

The market then faced a major event: the outbreak of a conflict between Iran and the United States, which quickly led to the closure of the Strait of Hormuz and a surge in energy prices. The market completely reassessed its outlook for US monetary policy. Instead of a rate-cutting cycle, it suddenly began to price in significant monetary tightening, driving a major rise in long-term yields. Inflation expectations remained relatively subdued, meaning that real yields rose almost as much as nominal yields. This is important for the gold market: as a non-yielding asset, gold's opportunity cost increases when yields adjusted for expected inflation rise.

This sharp rise in interest rates therefore triggered a decline in gold prices and, through contagion, in other precious metals. In a move so closely linked to the macroeconomic environment, correlations between markets increased: the correlation of platinum-group metals with gold now stands above 70%, while silver correlation is close to 85% (figures at end-October)[5].

[4] *Source: Bloomberg, S&P GSCI*

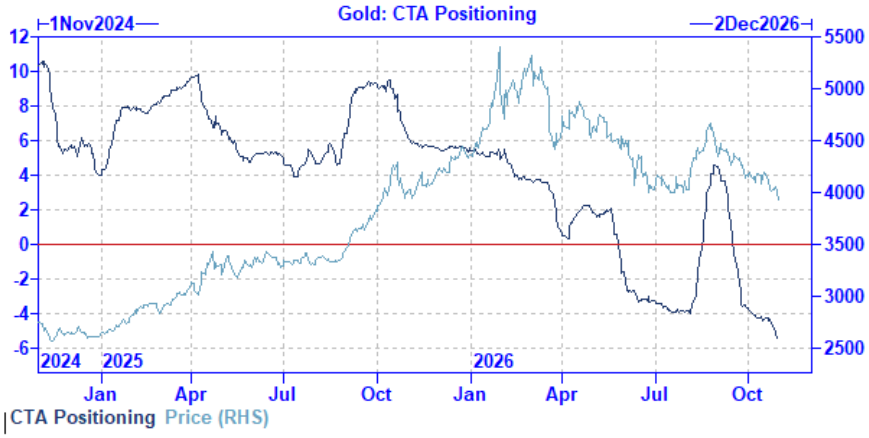
[5] *52-week rolling correlations, source: Bloomberg, as at 30 October 2026*

After a period of calm during the summer, a new phase began for the markets. As the US midterm elections approached, the artificial intelligence sector experienced profit-taking, driven by market expectations of a decisive Democratic victory and fears of tighter regulation of AI. The Democratic Party's victory extended this move, which was subsequently amplified by doubts about the profitability of the vast investments made in the sector and by the emergence of company-specific risks affecting firms such as Nvidia, at the heart of the AI financing ecosystem. The need to raise liquidity to participate in Anthropic's IPO on 19 November may also have accelerated the decline, as was seen with the SpaceX IPO in June.

This correction triggered liquidation across other asset classes, particularly the most liquid markets, to meet margin calls. Metals, especially precious metals, were affected, as is generally the case during episodes of sharp market correction and increased liquidity needs.

Finally, investors have once again been forced to reassess their expectations for US monetary policy, despite the marked easing of tensions in oil markets and the decline in both crude and refined product prices in recent weeks. US inflation data have shown a trajectory above expectations and prompted forceful comments from Fed officials advocating faster rate increases. Alberto Musalem (Federal Reserve Bank of St. Louis) said that the economy might require "several rate increases" by spring 2027, with the real policy rate needing to rise by a further approximately one percentage point. John Williams (Federal Reserve Bank of New York) acknowledged that the fight against inflation was not over, while ruling out the need for an exceptionally large increase. In recent days, other governors have also argued in favor of further monetary tightening.

All of this has increased pressure on gold and other precious metals. However, it is important to note that these factors are cyclical. The underlying fundamentals of these markets remain supportive. Central-bank gold purchases have continued at a sustained pace (628 tones[6] purchased by end-October, with many institutions indicating that they intend to increase their allocation to the precious metal further). ETF[7] purchases have stabilized and assets under management have increased only slightly in 2026[8], as investors remain on the sidelines amid the less favorable macroeconomic environment. The real selling pressure has come from hedge funds and CTAs (Commodity Trading Advisors), which began in 2026 with significant long positions and gradually built sizeable net short positions in the market. CTAs, for example, have now held their largest net short positions since 2021[9]. These models, which are heavily influenced by market momentum, could adjust rapidly if markets rebound.



Source: Goldman Sachs, November 2026; price in US dollars per ounce

[6] *Source: World Gold Council, Gold Demand Trends: Q3 2026, 3 November 2026*
[7] *Exchange-Traded Fund (ETF)*
[8] *Source: Bloomberg, as at 17 November 2026*
[9] *Source: Deutsche Bank, September 2026*

In 2025, precious-metal prices rose sharply as all three major investor categories were buyers: central banks, private investors through ETFs, and professional investors (asset managers and hedge funds). The current cyclical environment has not discouraged central banks, which remain substantial for buyers. Nor has it deterred private investors, whose holdings have increased since the beginning of the year and have risen sharply since July, following a correction in the months after hostilities began in the Middle East.

Only professional investors have reduced their positions, with some even moving to short positions. The stance of asset managers is understandable given that precious metals do not generate income. A significant share of the positions they initiated this year has now been unwound. Hedge funds, meanwhile, have already built sizeable bearish positions, which should limit further selling pressure from this group[10].

Central banks have multi-year purchasing programmes. In a June survey, they confirmed their intention to continue buying, which has been reflected in recent data: they have even taken advantage of lower prices to increase their monthly purchases.

Private investors are the remaining variable. Although they have held steady so far, some weaknesses cannot be ruled out in a capitulation scenario. This could push precious metal prices into another downward wave and bring gold back towards USD 3,600 per ounce.

Beyond that, the cyclical issue should gradually fade and the market should refocus on structural themes. The situation in the Middle East appears to be stabilising, and oil and refined products are beginning to flow more normally again. In a recent statement, the International Energy Agency indicated that the oil market was returning to a surplus. In any event, by March 2027 the war in the Middle East will be entering its second year. The increase in oil prices will therefore be one year old, and its base effect on inflation calculations will gradually disappear. This should give central banks greater room to return to a more accommodative monetary policy.

The cost of servicing the debt of major economies will then become the primary concern again, while debt levels continue to rise. Debt sustainability will require central banks to return to more reasonable real interest rates. Professional investors could then resume buying, allowing gold prices to rise again. The levels seen at the beginning of the year would therefore be entirely conceivable over a 12- to 18-month horizon. Morgan Stanley shares this view and has set a gold price target of USD 5,250 per ounce for the fourth quarter of 2027, while Goldman Sachs expects gold to return to its highs in 2028. It should be noted that, because the issue is macroeconomic in nature, it affects all precious metals in the same way. The metal-specific situation currently has only a very limited influence on price formation. The individual fundamentals of each metal will become relevant again once the monetary-policy outlook has become clearer.

[10] *Short selling is an investment strategy that involves borrowing and selling a financial asset in anticipation of a decline in its price, with the aim of buying it back later at a lower price and generating a gain equal to the price difference.*

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