2026 COMMODITIES OUTLOOK

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RALLY OR RETREAT?

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Introduction

The commodities market has moved to the forefront amid a period of global volatility. Shifts in demand and supply, geopolitical tensions, tariff uncertainty under the Trump administration, and heightened investor risk aversion have driven mixed outturns in commodity prices over the past five years. Looking ahead to 2026, performance will be shaped by six major forces: geopolitics, interest rate policy, de-dollarisation, sector-specific growth trends, evolving supply dynamics, and the accelerating green-energy transition.

PRECIOUS METALS

Precious metal prices rallied to exceptional levels in 2024 and even greater in 2025. Geopolitical tensions and diminishing confidence in US treasuries have driven robust safe-haven demand particularly for gold, silver, platinum and palladium. Gold took the lead in the rally, returning 27% in 2024 and 53.6% in 10M2025. Silver, platinum and palladium followed suit with impressive 10M2025 gains of 68.0%, 73.8% and 59.1%, respectively.

Year-to-date returns on precious metals

The key question for 2026 is whether these rallies can be sustained — and how much upside remains before momentum begins to fade.

The geopolitical storm

One of the major drivers behind the rally in precious metals, particularly gold, is significant geopolitical risk. The ongoing Russia-Ukraine and Israel-Hamas conflicts continue to elevate global uncertainty, sustaining demand for safe-haven assets. Previous unsuccessful peace negotiations and recent US sanctions on two top Russian oil giants, Lukoil and Rosneft, suggest that tensions are unlikely to ease in the near term. Similarly, questions concerning the durability of the Israel-Hamas ceasefire add another layer of uncertainty. Together, these geopolitical tensions will keep safe-haven demand, and prices, elevated across the precious metals category.

In God we trust – In the US we don't

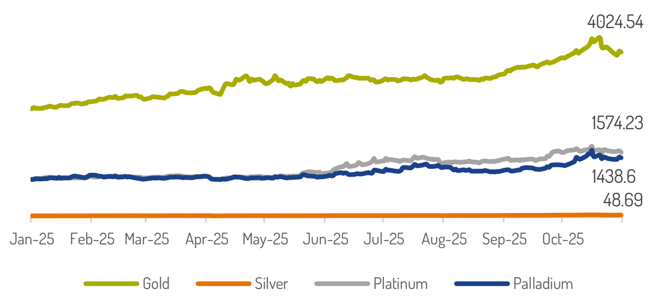
Trust in the US Dollar is waning, with central banks across the world seeking gold reserves to substitute the once-trusted reserve asset, namely US treasuries. According to the 2025 Central Bank Gold Reserves Survey from the World Gold Council, 73% of 71 respondent banks expect their USD reserves to fall five years from now, whilst 76% of them expect their gold reserves to increase within the same period. Even for the next 12 months, the story is the same: 95% of 73 respondents believe official gold reserves will continue to increase in the next year. These shifts underscore the preference for gold as a strategic reserve asset over US treasuries.

Macro-economic uncertainty and trade frictions are also likely to reinforce safe-haven demand into 2026. Trump tariffs, trade wars and their implications on US foreign relations could further motivate reserve diversification by central banks, worsening de-dollarization trends in 2026 and strengthening investor appetite for precious metals.

However, one likely stumbling block to the rally is the probable rise of US interest rates (in the worst case) or an earlier-than-expected end in the Fed's rate cutting cycle. With companies yet to adjust to tariff rates, we expect prices for US consumers to rise in the next year to reflect the higher tariffs. Should inflation accelerate, the Federal Reserve will be compelled to either pull the brake on its dovishness or raise interest rates to cool it down, creating a more favourable interest rate environment. Higher real rates would likely dampen demand for non-yielding assets such as gold and silver, triggering potential outflows from the sector.

The green energy transition

Precious metals spot prices (USD/oz)



While the other precious metals, namely silver, platinum and palladium, have risen on the gold's coattails, this is not the full story behind their remarkable performance this year. The rallies have also been backed by strong structural support from significant industrial demand and supply constraints.

The outlook for the price of silver remains particularly robust. Demand for silver was bolstered by the solar power and electrical vehicle industry. The commodity is a key input in the manufacturing of photovoltaic cells for solar power and batteries

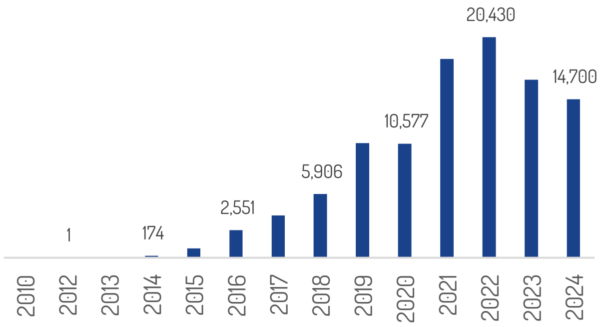
Sources: WPIC, IEA, Reuters, ICCO, Bloomberg, FAO, The Silver Institute, CME Group

for electric vehicles. We expect significant demand growth for silver in the next year as governments and global economies prepare to meet energy transition targets of tripling renewable energy capacity by 2030. We believe silver is set for a stronger performance in 2026 as governments globally continue to provide support for clean energy investment, which the International Energy Agency (IEA) estimates will amount to USD 183.61 b in 2026.

Unlike the case of silver, the green energy transition is a double-edged sword for platinum and palladium. Particularly, the transition from internal combustion engines (ICE) to electrical vehicles provides both opportunity and significant threats for these platinum group metals. The automotive industry accounts for approximately 41% of platinum demand and 80% of palladium demand and much of this demand exists because of a device called a catalytic converter.

A catalytic converter is a car component designed to turn harmful exhaust gases into less harmful ones and a main driver of platinum and palladium demand in the automotive industry. For internal combustion engines, these metals have significant value through catalytic converters. However, as the world shifts towards electric vehicles, as an environmentally safer alternative to the ICE, Platinum needs a solid role in the EV industry to sustain its good run. Currently, it is an essential material for Fuel Cell Electric Vehicles, one of the three main forms of EVs: Battery Electric Vehicles (BEVs), Plug-in Hybrid Electric Vehicles (PHEVs), and Fuel-Cell Electric Vehicles (FCEVs).

FCEV Global Sales



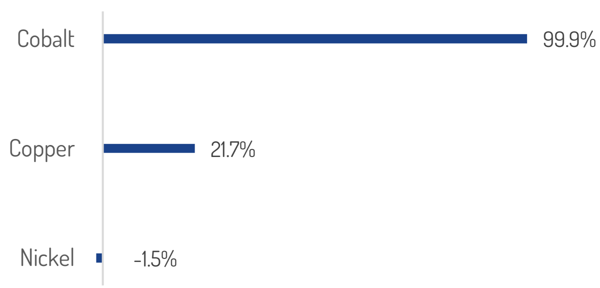
Platinum and palladium's success through the EV market largely depends on the catalytic converter (needed in hybrid vehicles) and the hydrogen fuel cell (needed in fuel cell EVs). However, FCEVs account for the smallest proportion of global EV sales and the lack of charging infrastructure has been a major hinderance to the growth of this market. With FCEV sales accounting for only 0.02% of global EV sales, much of the growth in platinum and palladium demand will still depend on the demand for catalytic converters, which are only useful to ICEs and hybrids.

As the EV transition continues, we expect demand for plug-in hybrids to provide significant growth in Platinum Group Metals (PGMs) demand in the EV industry in 2026. However, with the hydrogen economy still in its infancy and the lack of charging infrastructure stalling FCEV adoption, platinum and palladium's performance in 2026 will likely be defined by supply constraints in both South Africa (primary producer facing declining production from mines) and Russia (a major producer with significant geopolitical risks).

BASE METALS

The rally in base metals in 2025 has been backed largely by strong industrial demand, more so than a frenzy for safe-haven assets. Green energy demand, supply conditions and geopolitical tensions have defined this year's performance of critical minerals. Cobalt has gained about 100%, copper 21.7% and nickel, due to the impact of oversupply, fell behind with a loss of 1.5%.

Year-to-date returns on base metals



Green demand for blue gold

Cobalt prices are positioned to make great gains in 2026, on the back of growing green energy demand, amidst a constrained supply environment.

Clean energy tech demand for cobalt was approximately 70.6 kt in 2024. This includes demand from the EV industry (66.5 kt), demand from the grid battery storage industry (4.1 kt) and demand from the hydrogen industry (0.004 kt). Demand for these technologies is set to grow in 2026 on the back of strong global clean energy investments, the push to reach global energy transition targets and geopolitical risks surrounding crude oil supply.

Recent sanctions on Russian oil companies create concerns about global energy supply, which will likely feed the pressure to transition to clean energy sources to curb dependence on oil. Consequently, we expect demand for cobalt, a critical mineral for clean energy technologies, to strengthen in 2026.

On the supply side, cobalt exports have been severely constrained in the past year, with export bans initiated by the Democratic Republic of Congo (a major source of over 70% of global cobalt supply) in February 2025. The export ban has since been replaced by a quota system, which will limit exports from the DRC to 77.4 kt. Consequently, we believe demand is likely to outpace supply in 2026, leading to more highly elevated cobalt prices.

Sources: WPIC, IEA, Reuters, ICCO, Bloomberg, FAO, The Silver Institute, CME Group

Copper supply squeeze; nickel supply glut

The Grasberg copper mine incident in Indonesia has marked the copper market for elevated prices in 2026. The accident is expected to have created a loss of 400,000 tons of copper and the shock to supply sent prices to multi-year highs.

Further impact on copper supply will come from restrictions on cobalt production in the DRC. Cobalt is a by-product of the copper production process, so restrictions on cobalt supply will impact copper supply as well. Copper prices will continue to ride high in 2026 on the wings of its own supply squeeze as well as cobalt supply constraints.

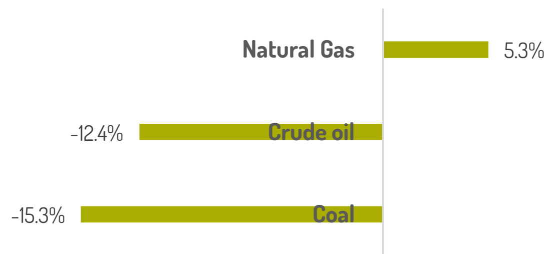
Nickel, however, faces the opposite backdrop. Due to oversupply, we expect returns on the commodity to remain unremarkable in 2026, with slight gains coming from higher demand from the EV market, China's nickel stockpiling efforts and Indonesia's nickel production quota system.

Total global demand for nickel in 2024 was 3,371 kt and total global supply came to 3,861 kt. We expect supply growth to outpace demand in 2026 given the significant foreign direct investment into nickel production capacity in Indonesia, made years prior.

ENERGY

Energy commodities have had a mixed performance, with renewables outperforming non-renewables. The green energy transition has re-shaped demand for fuel, leaving commodities like crude oil and coal with sluggish demand. Crude oil and coal futures prices have fallen year-to-date by 12.4% and 15.3%, respectively, driven by weak demand stemming from the global shift away from high-emission fuels toward cleaner energy sources, as well as disruptions in industrial and trade activity caused by ongoing trade tensions. Consequently, natural gas, considered a bridge fuel aiding the green energy transition, outperformed crude oil and coal with year-to-date returns of 5.3%, as of 31 October 2025.

Year-to-date returns on non-renewable energy sources



A crude awakening

After decades of dominance, the oil industry may be facing a rude awakening as the world's transition to green energy weakens long-term demand for fossil fuels. Government policies and incentives in the global clean energy sector are a major driver pulling demand away from fossil fuels and towards renewables. For instance, crude oil's biggest importer, China, in its New Energy Vehicle Development Plan (2021-2035), laid out plans to gain a strong grip on new energy vehicle technologies internationally by 2035.

Supply-side dynamics have generally exacerbated the downward pressure on crude oil prices. Oversupply of crude oil relative to demand has left crude oil prices in a downward spiral. However, the recent sanctions on Russian oil companies, Lukoil and Rosneft, will likely create upside for the commodity in 2026. The question is: will it be enough to offset falling demand? Rosneft and Lukoil respectively account for 6% and 2% of global crude oil output, whilst China's consumption is about 16% of total crude oil consumption. We, therefore, believe that the sanctions on Russian oil will not be able to revive the falling crude oil prices from the effects of sluggish demand. In 2026, we will likely still see a slack performance from crude oil.

Bridge fuel

Liquefied Natural Gas (LNG) has a strong stake in the green energy transition, with its reputation for being bridge fuel, shifting the world towards majority renewable energy usage. It is considered a cleaner-burning fuel than coal and crude oil and has become the preferred choice for an increasingly climate-conscious world.

LNG is a bridge fuel in more ways than one. Beyond being comparably cleaner to crude oil and coal, it is also essential in electricity generation, and thus, the manufacturing of clean energy technologies, which requires significant amounts of electricity. Demand growth from the clean energy sector, likely to be initiated by steep energy transition targets and significant global investment in the cleantech, will support its returns in 2026.

However, we also foresee a risk that the LNG rally will slow down in 2026. On the supply-side, we expect significant investments in the US LNG sector, with over 90 billion cubic centimetres of additional LNG liquefaction capacity per year already approved. The significant LNG supply growth ahead by the commodity's top producing nation will likely hold prices back, slowing down its returns in 2026.

Sources: WPIC, IEA, Reuters, ICCO, Bloomberg, FAO, The Silver Institute, CME Group

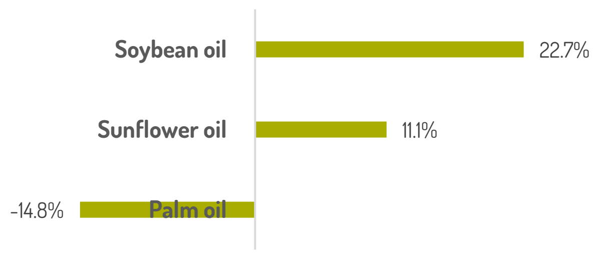
AGRICULTURE

Agricultural commodity prices are influenced by a wide range of factors, including regulatory conditions, environmental changes, shifting weather patterns, and fluctuations in industrial demand and supply. In recent years, however, certain agricultural commodities—particularly feedstock crops—have experienced a structural shift in demand. While changing weather patterns tend to have cyclical effects on these markets, the growing use of agricultural commodities for both food and fuel represents a more enduring transformation, one that will shape demand over the long term.

Feed the people or fuel the engines

Soybean oil, palm oil, and sunflower oil are common feedstock crops used to produce biofuels—an industry that competes directly with food production. As both the biofuel and food industries rely on the same limited supply of these crops, growing demand from both sectors has created increasing pressure and constraints on their availability.

Year-to-date performance of feedstock inputs



Feedstock constraints have lifted prices of vegetable oils like soybean oil and sunflower oil to new heights in 2025. As of 31 October, soybean oil futures prices increased by 22.7% year-to-date and sunflower oil futures prices by 11.1%.

Growing demand for biodiesel will continue to fuel vegetable oil price gains in 2026, adding further pressure to an already tight supply environment. Regulatory shifts such as the provision of tax credits for biodiesel producers in the US will incentivize greater biodiesel production in 2026, placing further strain on feedstock supply. Consequently, we expect the rally in soybean oil and sunflower oil futures to continue well into 2026.

Palm oil lagged behind with unremarkable YTD returns of -14.8%. Regulatory conditions have not been in favour of the deforestation-linked commodity, weakening demand for the oil amidst increasing regulatory pressure on companies to avoid sourcing such commodities. Additionally, competitive prices of other vegetable oils have made palm oil even less attractive to buyers. With the EU's deforestation law which mandates import bans on commodities linked to deforestation, we expect palm oil demand to weaken further, leading to worse returns.

For the high-performing vegetable oils, one recent development that might present a stumbling block to their performance in 2026 is the rise of used cooking oil (UCO) as feedstock. This will likely direct demand away from virgin vegetable oils, slowing the rally in prices in 2026. The push towards net zero emissions has made UCO a treasured feedstock, so much so that the EU has set a target for advanced biofuels derived from non-food feedstock (including UCO) to make up 5.5% of renewable energy in the transportation sector by 2030.

Cocoa: A one-hit wonder?

The 2024 cocoa price surge put the commodity ahead of all others by miles, delivering remarkable returns of approximately 168%. It was, undoubtedly, the winning commodity of the year.

However, 2025 has painted a different picture for cocoa - one of weak demand, improved supply and a consequent 45.2% YTD decline in prices (as of 31 October). High prices in 2024 led to significant demand destruction in 2025. The European Cocoa Association (ECA) posted a year-on-year decline of 4.8% in cocoa grindings (a common proxy for cocoa demand) in 3Q2025. Asia's case was worse, with the Cocoa Association of Asia reporting a year-on-year 17.1% plunge in cocoa grindings in the same period. In the US, while cocoa grindings were reported to have increased by 3.2% year-on-year, this was attributed to the two additional plants reporting their statistics rather than underlying demand strength.

Much of the supply dynamics for cocoa have been governed by several factors: weather patterns, swollen-shoot disease and illegal gold mining in Ghana. These issues affected cocoa harvests and drove prices up in 2024. However, in 3Q2025 the tide shifted, with cocoa farmers across Ghana and Ivory Coast reporting more favourable weather and healthier cocoa trees.

Looking ahead to 2026, seasonally favourable weather is likely to support improved 2025/2026 harvests, maintaining downward pressure on cocoa prices. Demand is also likely to remain weak for as long as prices stay elevated. The combined effect of softer demand and improving supply is likely to continue pushing prices towards more sustainable levels in the year ahead.

A very expensive morning brew

Coffee prices in 2026 will be defined by a mix of supply constraints and the inelastic demand for the commodity. El Niño weather patterns—a phenomenon characterized by above-average temperatures, extreme dryness, and reduced rainfall—have significantly impacted coffee harvests in Brazil and Vietnam.

Sources: WPIC, IEA, Reuters, ICCO, Bloomberg, FAO, The Silver Institute, CME Group

In Brazil, 2025/26 coffee production is estimated to be 51.81m bags, 4.4% below 2024/25 forecasts. Although the El Niño weather draws to an end, the severe impact of the drought has caused crop harvests to fall below original levels. Recovering original production capacity will require further investment in crop care and planting new crop. We therefore do not expect a quick recovery, and supply constraints are likely to persist, sustaining the rally well into 2026.

CONCLUSION

The commodities market rally has proved enduring in these uncertain and volatile times, demonstrating the strongly-held belief that commodities generally thrive in chaos. However, aside from uncertainty, other major themes will characterize the performance of commodities in 2026. From growth in specific industries to the global green energy transition, we expect these factors to be the key drivers of commodity price performance in 2026.

ABOUT THE AUTHOR

Hannah Mate is an intellectually curious analyst on the investing team with a keen focus on commodities. She holds a bachelor's degree in economics from the University of Southampton and a GISI-CISI certification, which she leverages daily to inform her analysis and recommendations.

Her passion for commodities is fuelled by curiosity that naturally deepens into conviction. Exploring this asset class opens a window on the world—its industries, geopolitics, and shifting national advantages. One moment she's examining Brazil's agricultural strength; the next, China's deep ties to Africa. That curiosity has grown into conviction: since natural resources are the boast of African nations, she believes it is essential to understand them thoroughly and thoughtfully.

Hannah applies her growing expertise to support ICAM's Commodities Team, helping the firm navigate global markets with insight and rigor.

Sources: WPIC, IEA, Reuters, ICCO, Bloomberg, FAO, The Silver Institute, CME Group

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