

Focus

Commodities: between geopolitics and climate

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Crude oil: tell me when

The key question remains: when will exports from the Middle East return to pre-conflict levels on a sustained basis? This could happen as early as the beginning of 2027, due to the efforts of the US Navy and the increased use of regional oil pipelines. At the same time, growth in non-OPEC supply and weak global demand could also contribute to build a market surplus and favour a partial decline in prices.

Energy markets: on the cusp of a new winter

The war in Iran has exacerbated some structural issues weighing on European markets, slowing the rebuilding of gas inventories and fuelling fears of fuel shortages in the coming cold season.

Precious metals: is gold still a safe-haven asset?

Although geopolitical tensions remain significant, fears of higher-than-expected inflation and, consequently, more restrictive monetary policies could delay the recovery in gold prices.

Industrial metals: the war is boosting demand

Constraints on the production and international trade of non-ferrous metals are compounded by expectations of robust growth in global consumption. Geopolitical tensions and protectionist pressures are helping to drive up prices.

Agri: weather anomalies and volatility

So far, the development of the El Niño ocean-atmospheric phenomenon has fuelled volatility and upward pressure on the prices of various agricultural commodities. Unfortunately, the negative impacts on yields could persist for a few more months.

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Commodities: between geopolitics and climate

Commodity markets are still distorted by protracted and complex conflicts that are difficult to resolve, but price reactions are also influenced by underlying fundamentals. The process of rebalancing the physical crude oil market is now well underway and is containing price rises. In Europe, meanwhile, natural gas and electricity prices are rising, driven by several structural issues, currently exacerbated by supply disruption and seasonality in consumption patterns.

The war in Iran continues to capture the markets' attention. The 14-point Memorandum of Understanding (MoU) announced on June 14th was quickly shelved, due to the excessive distance between the parties involved. As early as July 8th, Trump declared that the MoU was "over" after the Tehran regime and its Houthi allies had resumed attacking vessels transiting through the Straits of Hormuz and Bab el-Mandeb. Since then, **Iran and the United States have been engaged in a low-intensity conflict, punctuated by periodic phases of extreme tension**, placing a heavy strain on both the forces involved and the region's economies.

The most recent escalation occurred **in early September**, when **Saudi Arabia experienced its most serious bombing since 2019**. Attacks were launched from pro-Iranian bases in Iraq and Yemen against various Saudi energy infrastructure sites, including the Jizan and Abha refineries (which temporarily suspended operations), the Yanbu port and the East-West pipeline. This is the country's most important oil pipeline, transporting around 7 million barrels per day (mb/d) from the Persian Gulf to the Red Sea and bypassing the Strait of Hormuz. Currently, these flows are interrupted, and it is estimated that it will take 'a few weeks' to repair the damage to the compressor stations. Furthermore, the Houthis have extended their control along the Bab el-Mandeb Strait, threatening to block shipping in the southern Red Sea.

We regard these latest developments as particularly serious for two main reasons: **1) logistics and energy infrastructure are once again being regarded as legitimate military targets**, and this could lead to further spikes in energy prices and inflation; **2) Iran is more actively seeking to exploit militias outside its own territory** to achieve strategic objectives and gain greater leverage in future negotiations with the United States and Israel. Using these actors makes attacks much more difficult to predict and prevent, fuelling uncertainty and increasing the risk of price increases.

Ironically, this change in approach by Iran is partly driven by the success of the new US strategy, which aims to diplomatically isolate the regime and gradually strangle its economy, rather than replicate the costly and intense direct military involvement that characterised the first phase of the conflict.

In fact, as early as mid-July, Washington reinstated the **naval blockade** to and from Iran, aimed at preventing both oil exports and imports of essential goods. At the same time, it tightened **economic sanctions** on Tehran, with the aim of eroding the regime's political and financial resilience; it also worked to deepen **its international isolation** by reviving trade negotiations with China; and it stepped up efforts to **establish a safe shipping corridor** along the coast of Oman to escort non-Iranian oil tankers out of the Persian Gulf, in order to limit rises in energy prices and provide relief to its Gulf allies (and the global economy).

Before the latest wave of attacks on Saudi infrastructure orchestrated by Tehran, it appeared that the massive US efforts were yielding positive results. Indeed, according to statements by US Energy Secretary C. Wright, on August 31st over 17 mb/g had been transported out of Hormuz, volumes not far off the average levels for 2025 (around 20 mb/g). Furthermore, taking into account the regional pipelines exploited by Saudi Arabia, the United Arab Emirates and Iraq, total exports from the Gulf are estimated to have reached 21 mb/g, exceeding pre-war averages.

The US government emphasises that its Department of Energy's data is the most reliable because it is based on direct observations by the US navy, whilst estimates from independent vessel-tracking companies may underestimate the number of passages, given that many oil tankers travel at night with their transponders disabled. In August, these data providers reported an average of around 6 mb/g of volumes leaving the Strait of Hormuz. Adding the additional 4 mb/g

In September, the escalation led to a further supply drop due to the temporary halt of Saudi Arabia's main pipeline and to serious logistical difficulties in the Red Sea

Yet the US strategy is working, and flows through the Strait of Hormuz have increased

flowing via pipeline would result in an average of at least 10 mb/g of exports from the Gulf: roughly half the levels of a year ago.

Given the complexity of the situation and the sensitive nature of this type of information, estimates of trade flows are subject to significant margins of error. However, it is clear that the **blockade of the Strait of Hormuz is only partial, not total**: US naval control is preventing pro-Iranian oil tankers from sailing through, whilst it has helped to keep export volumes from allied countries well above expectations. Furthermore, all producers in the region have been very quick and resourceful in finding alternatives to traditional routes. These **increased export flows are reflected in a market deficit that is far smaller than had been feared in the first weeks of the conflict**, when transit volumes had effectively fallen to almost zero.

Let us now turn to examine price movements, which reflect the perceptions of market participants. By mid-September, the front-month **Brent crude** futures contract had risen to close to USD 110 (+80% year-to-date), its highest level since May. Prices were consistent with the **negative surprise of a temporary suspension of the East-West pipeline** and with **flows from the Strait of Hormuz roughly halved compared with 2025 levels**. Apparently, the market now places greater confidence in estimates from independent data providers than in those released by the US government.

The forward curve maintains a steep downward slope, known as **backwardation**. This structure occurs when prices for near-term deliveries are much higher than those for longer-term deliveries and reflects **an immediate supply shock**, consistent with the ongoing conflicts in Ukraine, Russia and the Middle East. Yet, backwardation also suggests **cautious optimism linked to the expectation that restrictions on transit through Middle Eastern straits may be a temporary, albeit very serious, concern**. Indeed, scarcity of crude oil and high prices have stimulated investment in new production capacity, which could lead to a substantial surplus within a few quarters.

At present, we believe that the narrative priced in by markets is consistent with what is being observed in the physical market for short-term deliveries: prices for the front-month futures contract are being driven by uncertainty surrounding the course of the conflict and the actual availability of crude and oil products.

Conversely, **we are more bearish than the market on subsequent expiries**: in our view, the likely restart of Saudi oil pipelines within a few weeks could lead to prices reverting to late-August levels. By 4Q27, we expect prices to have fully returned to 2025 levels, favoured by a gradual rebalancing of demand (falling) and supply (rising).

In our view, **this war will have lasting consequences for physical markets** as it could represent a structural break for energy trade in the Middle East. Indeed, even if full navigability of the Hormuz Strait were to be restored, **part of export flows will be permanently diverted via regional pipelines, and a significant proportion of Iran's oil production capacity and Qatar's liquefied natural gas (LNG) capacity will remain off the global market for several more years**.

On a global scale, **the region will suffer a structural contraction in its production share** because the high prices recorded in recent years have fuelled heavy investment in extraction capacity in the Americas and Africa.

The US strategy aimed at achieving energy dominance has already helped to shrink the influence of OPEC and OPEC+, amid the United Arab Emirates' exit (effective from 1 May 2026) and rumours suggesting that Venezuela and Iraq may also be set to leave. Not only has the **United States** long since overtaken Saudi Arabia as the **world's leading oil producer**, but we are also witnessing a handover of the role of **"market mover"**: in the past, statements, threats or promises from Riyadh fuelled rapid adjustments in oil prices, whereas today announcements issued by the White House are perceived as more significant.

Finally, although it is difficult to imagine how and when the conflict in Iran will end, it is likely that the United States will not be keen to relinquish **control over export flows from the region** any time soon, as suggested by the massive US naval presence around the Arabian Peninsula and the

Despite the variability in estimates, the shortfall on the world market is less than initially feared

The backwardation is explained by a shock perceived as temporary...

...because the rebalancing of physical markets has already begun

The war in the Middle East will have lasting impacts on the structure of the global energy market

Energy dominance and currency dominance

agreements signed between the United States and the United Arab Emirates. The latter are also of interest because they suggest **a parallel between energy and currency dominance**.

We are well aware that one of the key arguments in favour of the process of **de-dollarisation** centres precisely on the possibility of paying for oil and gas in yuan or currencies other than the US dollar. At present, **the energy agreements the US has signed with Venezuela and the United Arab Emirates stipulate payment in dollars**. It is highly unlikely that a future peace agreement with Iran would not include a similar requirement for energy exports from the Gulf.

The commodities market remains at the mercy of a conflict with no easy way out

Unfortunately, **commodity markets are closely tied to developments in the geopolitical landscape**. The deadlock in negotiations between Iran and the United States, the ongoing difficulties with navigation through the Straits of Hormuz and Bab el-Mandeb, and the resumption of attacks on logistics and energy infrastructure are compounded by uncertainty over the outcomes of the autumn elections in Israel (October 27th) and the United States (November 4th).

We consider it unlikely that there will be any significant easing of tensions in the Middle East whilst the attention of Western governments is focused on election campaigns, and the negotiating power of the United States and Israel is undermined by uncertainty over the outcome of the vote. Consequently, **the low-intensity conflict could drag on for a few more months, likely causing further damage to energy infrastructure in the region**.

Compared with the assumptions made in the previous quarterly outlook published in June, the recent attacks on the energy sector have contributed to slowing down the global market's rebalancing. It is therefore likely that the recovery in Middle Eastern exports will not be complete before mid-2027. **During this period, shipments from the Strait of Hormuz could stand at between 50% and 75% of pre-crisis levels, and the shortfall will be only partially offset by intensive use of pipelines**.

In line with the significant deterioration in the geopolitical landscape, we have revised our price forecasts for the energy sector upwards through to the middle of next year, but we confirm our expectation that Brent will return to an average of USD 65 by late 2027 driven by strong production growth outside the Gulf and a concurrent slowdown in global demand.

Given the complexity of the geopolitical framework, we continue to outline an **adverse scenario**: if tensions do not ease after the mid-term elections and, as a result, the recovery in transit volumes is slowed by more serious damage to extraction and export facilities, the coming quarters could prove decidedly critical for global markets due to an unprecedented shortage of oil, refined products and LNG.

Price forecasts for BRENT crude oil (USD/barrel) and TTF natural gas (EUR/MWh) under various scenarios

As at 18 September 2026	4Q26	1Q27	2Q27	3Q27	4Q27	2026	2027	2028	2029	2030
BRENT – BASELINE SCENARIO	82.0	80.0	75.0	70.0	65.0	86.2	72.5	66.0	67.0	68.0
BRENT – ADVERSE SCENARIO	110.0	105.0	100.0	95.0	90.0	94.2	97.5	85.0	80.0	75.0
TTF – BASELINE SCENARIO	70.0	63.0	43.0	50.0	42.0	54.7	47.0	36.0	32.0	30.0
TTF – ADVERSE SCENARIO	140.0	126.0	86.0	80.0	82.0	73.9	93.5	70.0	60.0	50.0

Source: Intesa Sanpaolo estimates

We would emphasise that **refined product** prices will continue to trade **at a substantial premium to crude oil**, fuelling high refining margins, **driven by Europe's structural dependence on imports and export restrictions imposed by Russia and China**.

The wider increases in European natural gas prices (TTF benchmark) relative to Brent crude are expected to continue, amid extremely low gas inventory levels and EU structural dependence on LNG imports. From January 2027, the ban on imports from Russia will be extended from spot purchases to long-term contracts, reducing the flexibility of European supplies, and complicating the difficult task of balancing supply and demand during the seasonal peak in heating needs.

The autumn elections could hinder the easing of tensions and slow down the rebalancing process...

...delaying the full recovery of oil prices

Structural issues are widening the premium of products over crude...

...and are driving up natural gas prices in Europe

These challenges weighing on Europe's energy markets **are not linked to developments in the conflicts in the Middle East or Ukraine but are now a structural issue**: the more investment increases in regasification capacity to manage the growing dependence on LNG, the less incentive operators have to adequately fill gas storage facilities in anticipation of winter. This is creating a vicious circle of low inventories, high volatility and high prices, which we fear may become the "new normal" for the European market.

Geopolitics and high energy prices are also having significant repercussions on precious and industrial metals markets.

Gold and silver prices are heavily influenced by monetary policy expectations. High oil and gas prices have fuelled upside risks to inflation forecasts and justified interest rate hikes by central banks, including the European Central Bank (ECB), which raised interest rates in both June and September, and the Federal Reserve, which announced in September its first rate rise since July 2023 following three cuts in the second half of 2025. Furthermore, in recent months we have seen a significant rise in government bond yields, particularly for maturities exceeding five years, reflecting the expansion of public debt and competition from corporate bond issues, especially in the technology sector. Higher interest rates at both the short and long ends of the yield curve have a negative impact on gold and silver prices because they increase the opportunity cost of holding assets that pay neither coupons nor dividends, thereby discouraging purchases.

In our baseline scenario, we expect precious metals to lack clear direction, although volatility is likely to remain high. Gold could continue to trade for a couple of quarters near an average of USD 4,200 per ounce, driven by a sharp contraction in global jewellery demand.

We are, however, **more positive on industrial metals**, which could see further price rises in both 4Q26 and in 2027 **driven by rising production costs and continued growth in global demand**. Protectionist pressures, logistical issues and negative supply surprises could continue to justify copper outperforming the rest of the complex for some more time.

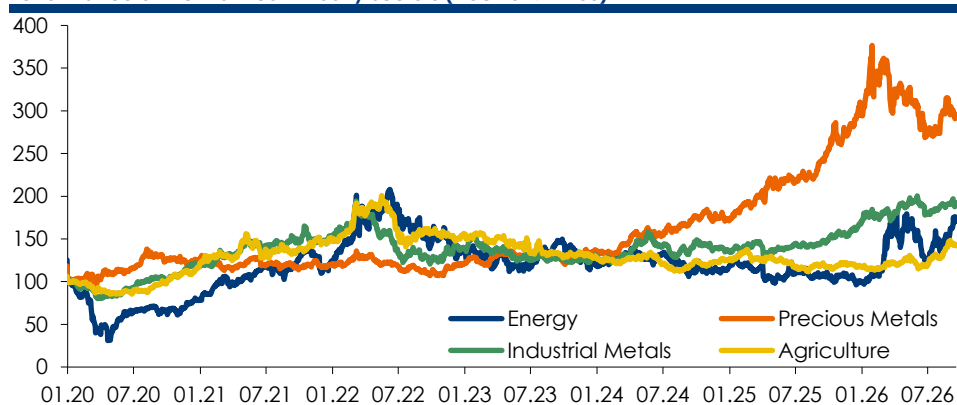
For agricultural commodities too, the price increases seen in 3Q26 could extend into the final months of the year, as **persistent logistical risks and weather anomalies linked to El Niño are amplifying fears of lower-than-expected yields** for both cereals and many soft commodity crops. However, it is likely that some of these concerns will ease in the early months of 2027, leading to a consolidation of prices at levels that remain nonetheless high.

Inflationary risks are driving up interest rates but dampening gold and silver prices

Industrial metal prices remain subject to upside risks

Logistical and climatic risks have so far amplified the rises in agricultural goods

Performance of the main commodity sectors (Dec 2019 = 100)



Source: Intesa Sanpaolo analysis based on Bloomberg data

Price forecasts for key commodity futures in the currency of quotation, baseline scenario, year-to-date (YTD) performance and expected returns in 2026 and 2027 as a percentage

As at 18 September 2026	4Q26	1Q27	2Q27	2026	2027	% YTD	% 2026	% 2027
ICE BRENT (USD/barrel)	82.0	80.0	75.0	86.2	72.5	71	26	-16
NYMEX WTI (USD/barrel)	78.0	76.0	71.0	81.2	68.5	78	25	-16
NYMEX NATURAL GAS (USD/MMBtu)	3.5	3.6	3.4	3.2	3.5	-21	-12	9
JKM LNG (USD/MMBtu)	24.0	21.6	14.9	19.1	16.2	179	56	-15
TTF NATURAL GAS (EUR/MWh)	70.0	63.0	43.0	54.7	47.0	182	51	-14
PSV NATURAL GAS (EUR/MWh)	71.0	64.0	44.0	56.1	48.0	165	47	-14
PUN ELECTRICITY (EUR/MWh)	200.0	175.0	130.0	157.2	140.0	81	36	-11
ELECTRICITY GER (EUR/MWh)	160.0	140.0	100.0	118.0	110.0	78	33	-7
EUA (EUR/metric tonne)	85.0	82.0	80.0	80.3	80.0	-1	5	0
LME GOLD (USD/oz)	4,200	4,200	4,250	4,444	4,275	0	29	24
LME SILVER (USD/oz)	59.0	55.0	53.0	69.5	53.0	-7	73	-24
LME PLATINUM (USD/oz)	1,900	1,900	1,950	1,930	1,956	-19	50	1
LME PALLADIUM (USD/oz)	1,450	1,475	1,400	1,466	1,431	-21	27	-2
LME COPPER 3M (USD/tonne)	14,700	14,500	14,000	13,710	14,075	17	37	3
LME ALUMINIUM 3M (USD/tonne)	3,450	3,300	3,375	3,366	3,375	10	28	0
LME NICKEL 3M (USD/tonne)	16,600	16,610	16,000	17,351	16,340	-2	13	-6
LME ZINC 3M (USD/tonne)	4,250	4,000	3,900	3,695	3,850	25	30	4
LME LEAD 3M (USD/tonne)	1,935	1,920	1,940	1,944	1,950	-5	-2	0
LME TIN 3M (USD/tonne)	58,000	57,000	55,000	53,351	55,500	31	56	4
SGX IRON (USD/tonne)	101	102	102	102	102	-9	0	0
LME HRC North America (USD/tonne)	1,030	960	900	1,069	895	35	26	-16
CME HRC NWE (EUR/metric tonne)	650	600	600	680	600	18	14	-12
LME HRC FOB China (USD/tonne)	480	475	470	481	470	12	5	-2
LME REBAR (USD/tonne)	590	600	600	581	600	6	5	3
LME SCRAP (USD/tonne)	390	400	400	388	400	7	10	3
COMEX LITHIUM (USD/kg)	18.0	16.0	15.0	19.0	14.8	55	107	-22
COMEX COBALT (USD/lb)	24.0	23.0	22.5	25.3	22.6	3	53	-10
CBOT MAIS (USc/bu)	500	500	490	468	485	20	7	4
CBOT WHEAT (USc/bu)	750	750	730	651	715	41	22	10
CBOT SOYABEANS (USc/bu)	1,300	1,250	1,250	1,194	1,250	26	15	5
NYB-ICE COTTON (USc/lb)	90	87	85	79	84	20	21	6
ICE SUGAR (USD/tonne)	550	540	520	479	520	19	0	8
NYB-ICE SUGAR (USc/lb)	19.0	18.0	17.5	16.2	17.5	16	-4	8
MDE-PALM OIL (MYR/mt)	4,650	4,600	4,550	4,482	4,550	18	5	2
NYB-ICE ARABICA COFFEE (USc/lb)	350	340	330	323	330	-17	-12	2
LIFFE ROBUSTA COFFEE (USD/tonne)	3,800	3,700	3,600	3,731	3,600	-18	-20	-4
NYB-ICE COCOA (USD/tonne)	6,500	6,000	5,500	5,073	5,500	-11	-38	8
LND-ICE COCOA (GBP/tonne)	5,000	4,400	4,200	3,793	4,200	-9	-36	11
CBOT-RICE (USD/mt)	16.0	15.5	15.0	13.3	15.0	64	8	13
CBOT SOYABEAN MEAL (USD/tonne)	330	325	330	319	330	20	9	3
CBOT SOYABEAN OIL (USc/lb)	70	70	70	67.8	70.0	42	38	3

Source: Intesa Sanpaolo estimates, historical data from Bloomberg

Crude oil: tell me when

The key question remains: when will exports from the Middle East return to pre-conflict levels on a sustained basis? This could happen as early as the beginning of 2027, due to the efforts of the US Navy and the increased use of regional oil pipelines. At the same time, growth in non-OPEC supply and weak global demand could also contribute to build a market surplus and favour a partial decline in prices.

Since March, crude oil and refined products prices have been primarily driven by expectations as to **when the volumes lost due to the conflict in Iran will return to the world market on a sustained basis** and, consequently, **when** exports will have consistently reached levels sufficient to **replenish inventories, which have been significantly depleted in recent months**.

It is important to consider export flows from the wider Middle East, and not just transits through the Strait of Hormuz, because, in our view, part of the shift in shipments towards regional pipelines will be permanent. For this reason, we do not consider it a cause for concern that flows through the Strait may remain below the 2025 average for several quarters, provided that shipments via alternative routes continue to grow and damage to energy and logistics infrastructure in the region does not worsen significantly.

The backwardation in the curves also **suggests cautious optimism**: whilst there is a severe shortage in the short term, supply is expected to increase more than demand in the coming quarters, thereby helping prices return to pre-war levels.

In the latest Short-Term Energy Outlook (STEO) published in September, **the US Energy Information Administration (EIA) estimates that** some restrictions on oil exports from the Middle East will persist until the end of the year and that, as a result, oil production in the region will remain below pre-conflict averages until mid-2027. **Global crude inventories are likely to extend declines until late 2026, but will start to rise again during the following year thanks to a robust increase in global production**. Consequently, EIA forecasts that Brent will trade at an average of around USD 90 per barrel in 2H26 and gradually fall to an average of around USD 74 in 2027.

The assumptions underpinning our baseline scenario are broadly in line with those outlined by EIA: we believe that tensions may continue to hamper the recovery of exports from the Strait of Hormuz for some time to come, with exports likely to average between 50% and 75% of pre-crisis levels until mid-2027. This shortfall will only be partially offset by an intensive use of oil pipelines. Like EIA, we assume that total exports from the Middle East will revert to their 2025 levels by around mid-2027. Consequently, our price estimates are also broadly in line with those published by EIA: **we expect Brent to trade at an average of around USD 85 per barrel in the 2H26 and to fall gradually to an average of around USD 72.5 in 2027**.

Indeed, high oil prices recorded in recent months have triggered an immediate contraction in global demand (-1.7 mb/d y/y in 2026, according to EIA estimates) and led to a further acceleration in the strong growth of non-OPEC supply, particularly in the Americas and Africa. Naturally, the rise in supply will be more pronounced in 2027: it takes time for investment in extraction to translate into additional volumes on the market, and next year the growth in non-OPEC supply will hopefully be accompanied by an increase in OPEC supply, particularly from the Persian Gulf and Venezuela. EIA estimates that in 2027, production from non-OPEC countries could rise by +3.5 mb/d y-o-y, compared with an increase of just +0.1 mb/d y-o-y in 2026, partly due to the recent reclassification of the United Arab Emirates. According to EIA, in 2027 OPEC supply could grow by as much as +4.5 mb/d y/y, almost fully recouping the -4.7 mb/d y/y lost in 2026. According to these forecasts, the gradual rebalancing of the market could therefore lead to the formation of a decidedly large surplus within a few quarters: exceeding 5 mb/d in the 2Q27 and 3Q27, and as high as 6.2 mb/d in 4Q27.

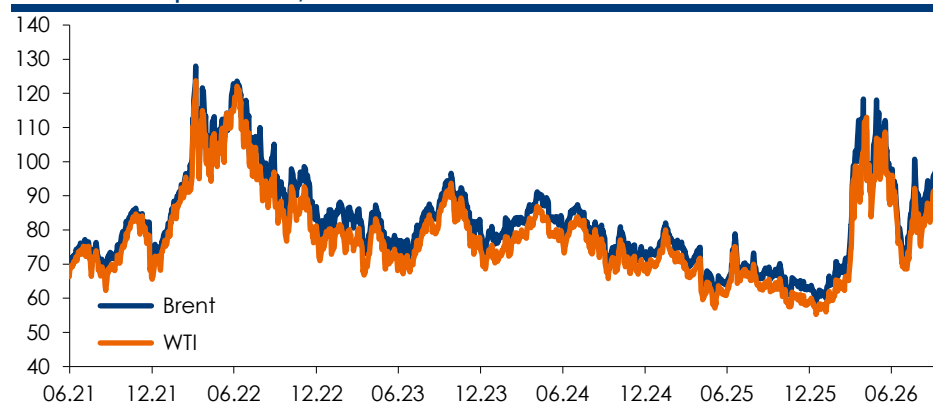
When will the recovery in exports allow inventories to be rebuilt?

This supply shock is perceived as temporary

The market could return to a surplus as early as the start of 2027

It is precisely on this point that we see the greatest divergence between our baseline scenario and EIA's forecasts: in our view, the increase in production will be slower and the growth in global consumption will be faster, thanks to the gradual fall in prices and the rebuilding of inventories. We therefore expect the oversupply to be more modest than EIA's estimates. **In 2027, the surplus is likely to be closer to 2.5 mb/g than to 5 mb/g.**

Brent and WTI oil prices in USD/barrel



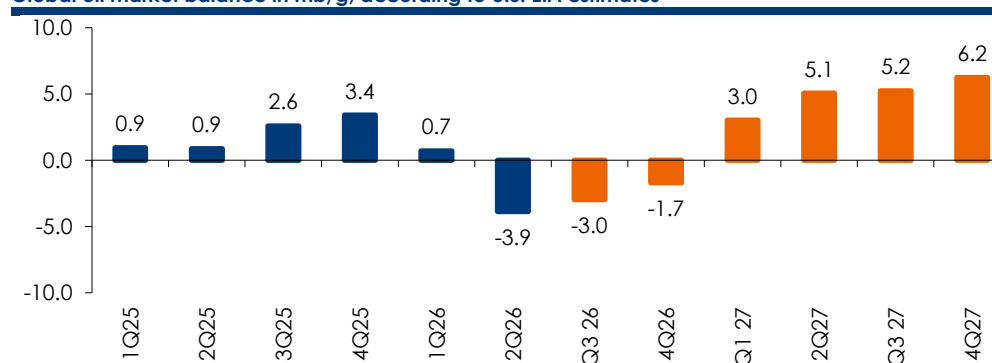
Source: Intesa Sanpaolo analysis based on Bloomberg data

Supply and demand estimates, Short-Term Energy Outlook, US Energy Information Administration

September 2026 in mb/g	Global demand	Non-OPEC supply	US production	OPEC LNG supply	OPEC crude oil supply	Call on OPEC crude*	Market balance**
2025	104.3	76.9	13.7	4.7	24.6	22.7	2.0
2026	102.6	77.0	13.8	3.7	19.9	21.9	-2.0
Year-on-year change	-1.7	0.1	0.2	-1.0	-4.7	-0.8	
2027	105.0	80.5	14.3	5.0	24.4	19.5	4.9
Year-on-year change	2.4	3.5	0.4	1.3	4.5	-2.4	

Note: (*) Call on OPEC crude = Global consumption – Non-OPEC supply – OPEC LNG supply; (**) Market balance = OPEC crude oil supply – Call on OPEC crude. Source: Intesa Sanpaolo calculations based on EIA data

Global oil market balance in mb/g, according to U.S. EIA estimates



Source: Intesa Sanpaolo calculations based on EIA data

Energy markets: on the cusp of a new winter

The war in Iran has exacerbated some structural issues weighing on European markets, slowing the rebuilding of gas inventories and fuelling fears of fuel shortages in the coming cold season.

Given the proportion of global demand met by flows moving through the Strait of Hormuz a year ago, it would have been natural to assume that logistical issues in the Middle East would have had a more significant negative impact on physical oil markets than on those for natural gas: exports from the Persian Gulf accounted for 14% and 5% of total consumption respectively. However, when comparing the price movements of futures on the TTF, the European benchmark for natural gas, and on Brent, the main benchmark for crude oil, we see that, from June onwards, the former fell less than the latter when geopolitical tensions eased but rose much more rapidly during periods of escalation.

This significant difference is mainly explained by the **structural challenges** characterising European energy markets. Since Russia's invasion of Ukraine in 2022, **Europe has relied on LNG imports to meet 40% of its needs**, and this proportion is set to rise thanks to investments in regasification capacity made in recent years to compensate for the sudden shortfall in Russian gas supplied via pipeline.

Europe is increasingly dependent on imports of liquefied natural gas...

However, **this new market structure fuels a vicious circle: the more reliance there is on LNG deliveries, the less incentive operators have to adequately fill gas storage facilities in anticipation of winter; yet the lower the inventories, the more necessary it becomes to secure spot cargos of LNG**. This has direct consequences for price **volatility** and increases the likelihood of having to pay **high prices** to secure supplies.

...and is investing less and less in inventories

The war in Iran has, of course, further exacerbated the situation this year. The **collapse in LNG exports from Qatar** and fierce **competition from Asia** have complicated Europe's supply efforts, as evidenced by the decline in LNG import volumes recorded during the summer months. Consequently, **the restocking process has been particularly disappointing** and uneven across countries.

Furthermore, Europe's supply problems are set to worsen from January 2027, when the **ban on purchasing natural gas from Russia** will be extended from spot purchases to long-term contracts, reducing the flexibility of imports and complicating the difficult task of balancing supply and demand during the seasonal peak in consumption.

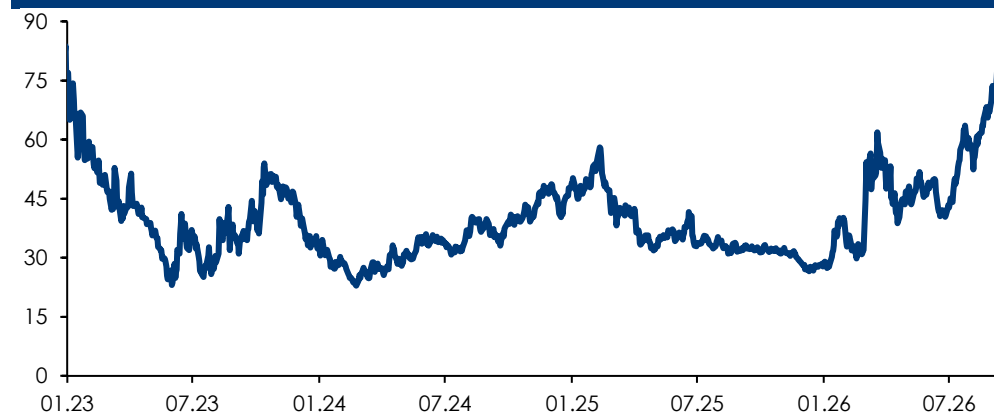
Fears of a possible fuel shortage are justified: winter months are characterised by **higher demand for heating and electricity generation**, but also by lower solar power generation due to the seasonal decline in solar radiation. In addition, increasingly frequent **climatic anomalies** heighten the risks of price volatility, creating wide fluctuations in demand for gas and energy, whilst simultaneously fuelling the risk of reduced generation from renewable sources. For example, in recent years, weeks of intense cold have been accompanied by a simultaneous and unusual lack of wind, which has significantly reduced wind power generation in Germany. According to meteorologists, in the coming months a particularly intense El Niño could trigger an unusual weakening of the Arctic polar vortex, which would allow repeated waves of freezing temperatures to reach even low latitudes, causing rapid increases in energy consumption.

In light of these considerations, we have revised our price estimates upwards for TTF futures, the European benchmark for natural gas. **We forecast an average of around EUR 70 per MWh in 4Q26 and EUR 63 in 1Q27**. Subsequently, easing tensions in the Middle East and an improvement in global supply could push average prices down **from around EUR 55 in 2026 to EUR 47 in 2027**. We emphasise that European prices will remain persistently above their pre-2020 average due to dependence on LNG imports, which are more flexible than pipeline shipments but much more expensive.

Geopolitical issues and seasonal consumption patterns will keep prices high

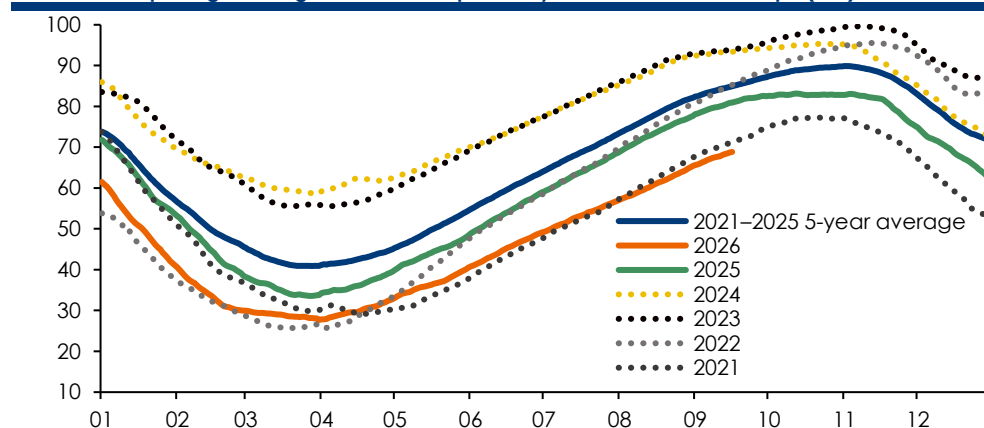
Over time, the shift towards renewable sources of electricity generation at the expense of fossil fuels could improve the resilience of the European energy system and help bring costs down. However, achieving this desirable outcome **requires significant investment in infrastructure** (generation, transmission and storage), **and greater cooperation between Member States is essential.**

TTF natural gas price, front-month futures contract, in EUR/MWh



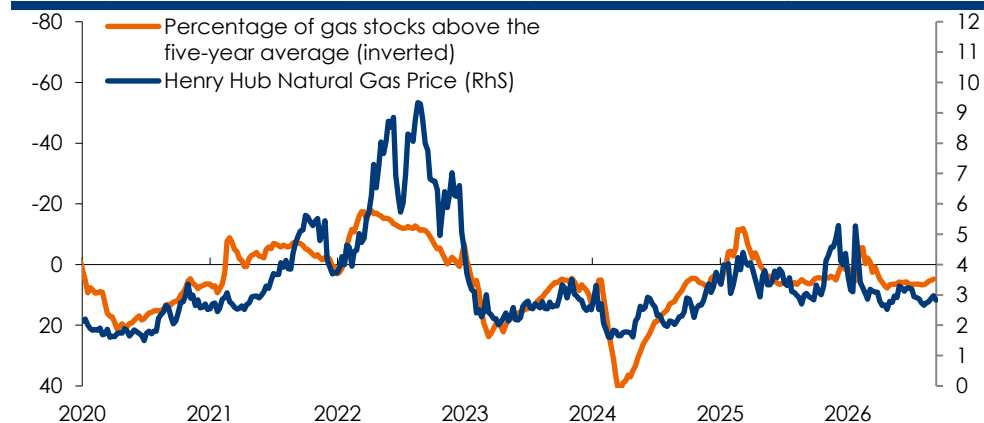
Source: Intesa Sanpaolo calculations based on Bloomberg data

Fill rate of European gas storage facilities as reported by Gas Infrastructure Europe (GIE)



Source: Intesa Sanpaolo calculations based on Bloomberg data

Percentage of stocks above average and Henry Hub gas price in USD/MMBtu (right-hand scale)



Source: Intesa Sanpaolo calculations based on Bloomberg data

Precious metals: is gold still a safe-haven asset?

Although geopolitical tensions remain significant, fears of higher-than-expected inflation and, consequently, more restrictive monetary policies could delay the recovery in gold prices.

Although the geopolitical scenario remains critical and inflationary risks are significant, gold has not reverted near its January highs. It is therefore legitimate to ask whether this precious metal can still be considered an effective safe-haven asset.

In our view, **gold is an essential asset in financial portfolios, and in the medium to long term it remains a valid protection against greater global uncertainty**, i.e. against less predictable macroeconomic and market scenarios.

However, **the very recent success of gold may have temporarily undermined its role as a safe-haven asset and its diversification potential**: in recent years, a veritable gold rush driven by central banks and financial investors has triggered an upward trend in prices, during which the traditional correlations with other financial instruments have no longer held true. A case in point is the traditional negative correlation between gold and equities, which instead remained positive on average in 2024 and 2025.

Furthermore, **as is often the case, high prices have led to a deterioration in fundamentals** because they have eroded demand, particularly in the jewellery and technology sectors, and stimulated supply, both primary (i.e. from mining) and secondary (from recycled metal).

The **central banks** themselves are now scaling back their purchases: after many quarters of accumulation, the gold reserves of many countries are approaching the targets set at the start of this process. This is the case with the Polish central bank, which has been one of the most active players in the market and may soon decide to pause its operations in this asset class. Other monetary authorities, such as those in Turkey, sold or lent out gold during the early months of the war to protect their domestic currencies, thereby reducing their gold reserves.

Demand for gold as an investment channelled through **ETFs** has also suffered a sharp setback, even turning negative in 2Q26, driven by the risks of rising interest rates fuelled by the surge in energy prices.

We believe that, **in the short term, gold will continue to suffer from weak global demand** in the jewellery sector and a lack of appetite from financial investors, who are concerned about the risk of tighter monetary policies and a possible strengthening of the US dollar. In our baseline scenario, gold could therefore consolidate around an average of approximately USD 4,200 in 4Q26 and 1Q27. **Thereafter**, prices are expected to rise again, and **the long-term uptrend could regain momentum**, driven by persistent geopolitical risks, quest for protection and diversification by investors and central banks, and rising public debt in the major economies.

In the medium to long term, we maintain a **preference for gold over silver**, which is considered more volatile and less closely tied to demand from central banks. In our scenario, this metal could average around USD 59 towards the end of 2026, before falling to an average of around USD 53 in 2027. Following in gold's footsteps, silver could also see a fresh series of rises in the years that follow.

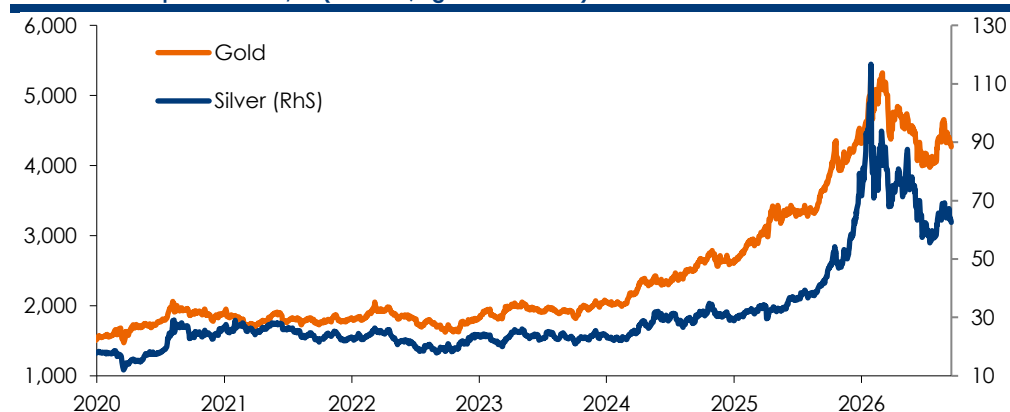
The outlook is more straightforward for **platinum and palladium**, whose prices could benefit from greater support in the short term, thanks to the resilience of industrial demand and lower exposure to speculative flows; conversely, in the long term they are likely to exhibit significantly lower upside potential than gold and silver.

In the long term, gold provides an important protection to financial portfolios

In the short term, gold prices are likely to consolidate

In the long term, platinum and palladium have less upside potential

Gold and silver prices in USD/oz (for silver, right-hand scale)



Source: Intesa Sanpaolo analysis based on Bloomberg data

World Gold Council estimates, in tonnes

	2Q25	% of total	2Q26	% of total	y/y growth %
Total demand for gold, in tonnes	1,097		942		-14
Jewellery fabrication	335	31	278	30	-17
Jewellery inventories	19	2	32	3	70
Bar and coins	316	29	307	33	-3
ETF	171	16	-45	-5	-126
Central banks	178	16	289	31	62
Technology	79	7	80	9	2
Total gold supply, in tonnes	1,269		1,269		0
Mining production	948	75	966	76	2
Net hedging by producers	-26	-2	-23	-2	-12
Recycling	347	27	326	26	-6

Source: Intesa Sanpaolo analysis based on World Gold Council (WGC) data

Platinum and palladium prices in USD/oz



Source: Intesa Sanpaolo analysis based on Bloomberg data

Industrial metals: the war is boosting demand

Constraints on the production and international trade of non-ferrous metals are compounded by expectations of robust growth in global consumption. Geopolitical tensions and protectionist pressures are helping to drive up prices.

The war in the Middle East is helping to prop up industrial metal prices: production and transport costs are rising, as are **interest rates**. This makes it more expensive to hold inventories and invest in new mining or refining projects, a major concern for a capital-intensive sector that has long been characterised by structural underinvestment, which already reduces the elasticity of supply in response to price changes.

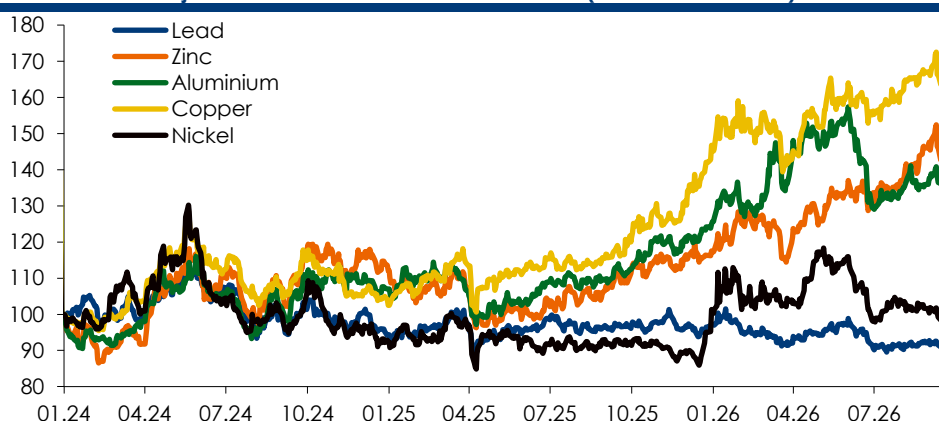
At the same time, in order to mitigate the negative impacts of conflicts that have broken out near major production centres, it is necessary to diversify energy supplies. These efforts are driving up **demand for industrial metals used** in the construction or upgrading of **infrastructure** for energy generation, import and transmission, and come on top of the already strong existing demand for metals used in the construction of **data centres** and the development **of artificial intelligence** (which, once again, require adequate and constant volumes of energy to function properly).

As economic theory teaches us, supply constraints and strong demand have driven up metal prices and reawakened **protectionist tendencies** among governments in major producing countries. Resource nationalism, alongside geopolitical and trade tensions, has provided various countries with a pretext to introduce restrictions on metal or fuel exports and to raise customs barriers.

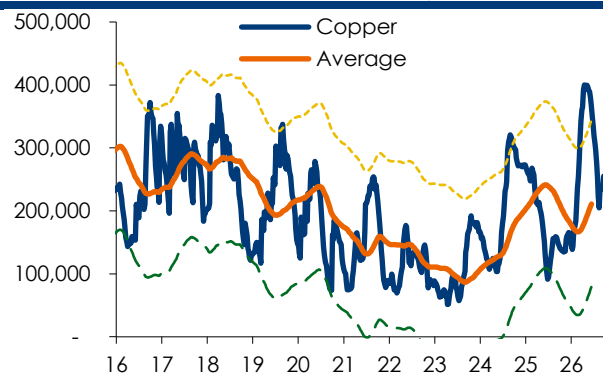
In the United States, the Trump administration has not yet announced whether it will introduce the much-feared **tariffs on imports of refined copper**, and this uncertainty has so far inflated inventories on the Comex. In fact, the credible threat of tariffs has significantly bolstered supply flows of this metal, which is essential for technological development and the energy transition.

In line with these dynamics, in our baseline scenario we remain broadly positive on the non-ferrous metals sector. **Copper, zinc and aluminium could see further price rises** in both 4Q26 and in 2027, thanks to continued growth in global demand and rising production costs, fuelled by logistical problems and negative supply surprises. Given the uncertainty surrounding the future trade regime and improved liquidity in the financial markets, **we believe that copper could reach new highs** in the coming quarters.

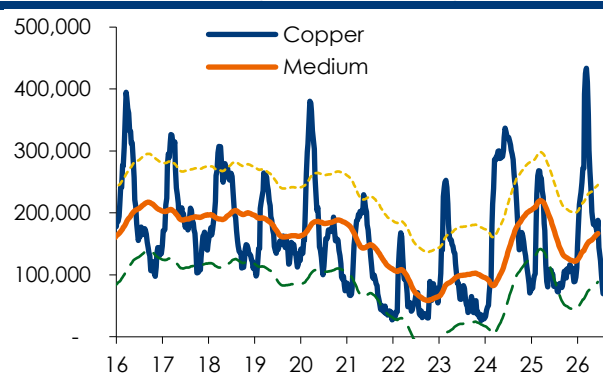
Performance of major industrial metals since the start of 2024 (3-month LME futures)



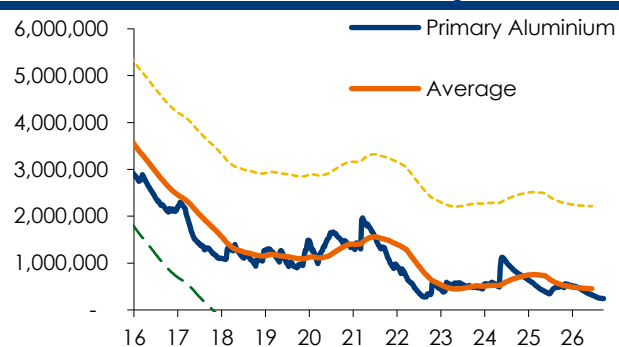
Source: Intesa Sanpaolo analysis based on Bloomberg data

Copper: stocks on the London Metal Exchange

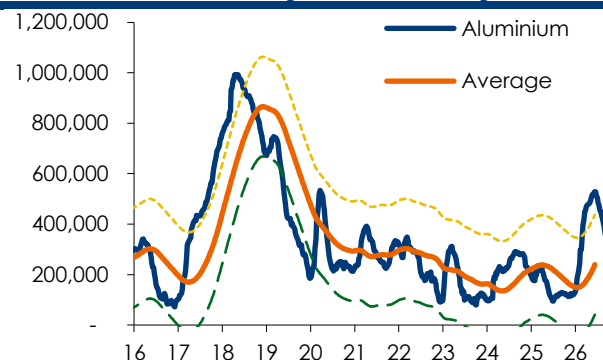
Source: Intesa Sanpaolo calculations based on Bloomberg data

Copper: stocks at the Shanghai Futures Exchange

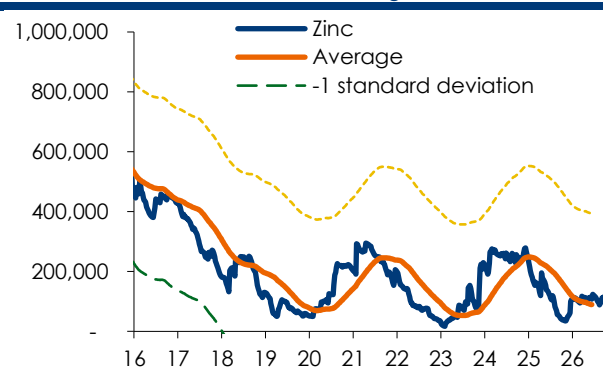
Source: Intesa Sanpaolo calculations based on Bloomberg data

Aluminium: stocks on the London Metal Exchange

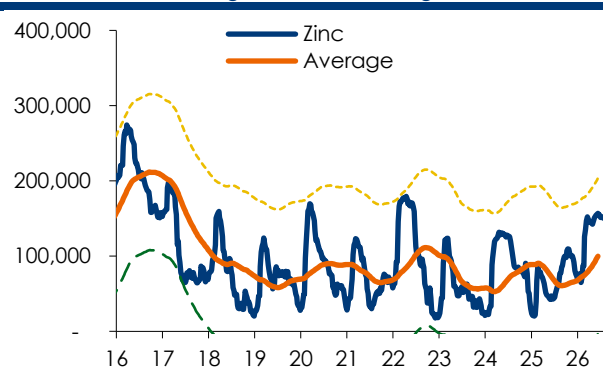
Source: Intesa Sanpaolo calculations based on Bloomberg data

Aluminium: stocks at the Shanghai Futures Exchange

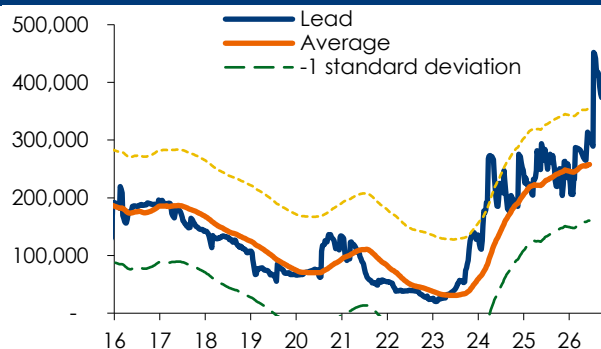
Source: Intesa Sanpaolo calculations based on Bloomberg data

Zinc: stocks on the London Metal Exchange

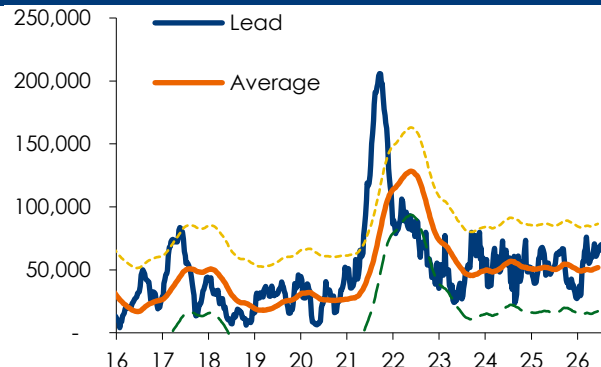
Source: Intesa Sanpaolo calculations based on Bloomberg data

Zinc: stocks on the Shanghai Futures Exchange

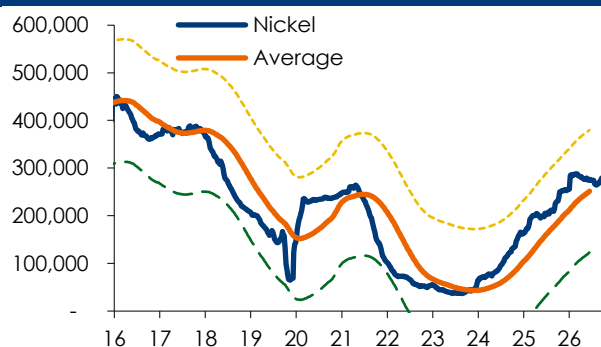
Source: Intesa Sanpaolo calculations based on Bloomberg data

Lead: stocks on the London Metal Exchange

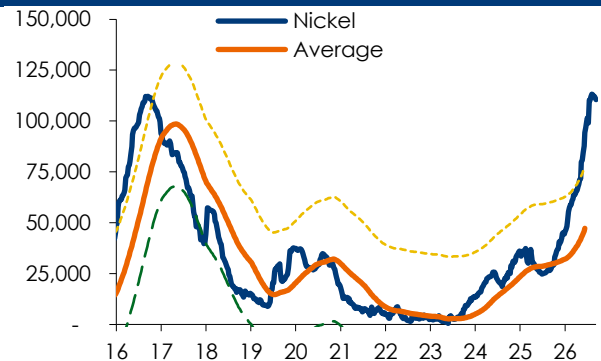
Source: Intesa Sanpaolo calculations based on Bloomberg data

Lead: stocks on the Shanghai Futures Exchange

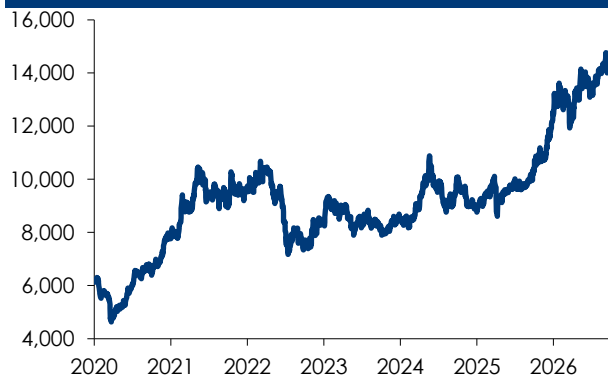
Source: Intesa Sanpaolo calculations based on Bloomberg data

Nickel: stocks on the London Metal Exchange

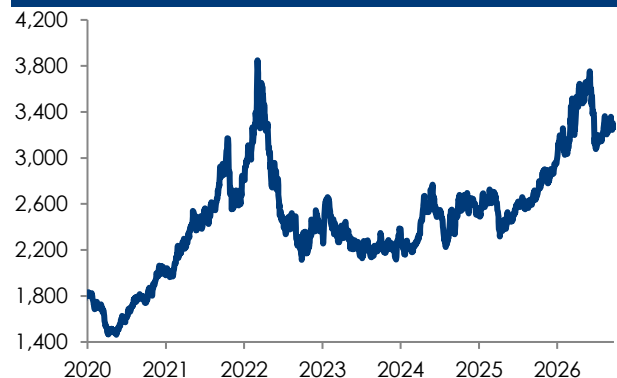
Source: Intesa Sanpaolo analysis based on Bloomberg data

Nickel: stocks on the Shanghai Futures Exchange

Source: Intesa Sanpaolo analysis based on Bloomberg data

Copper: 3-month LME futures prices in USD/metric tonne

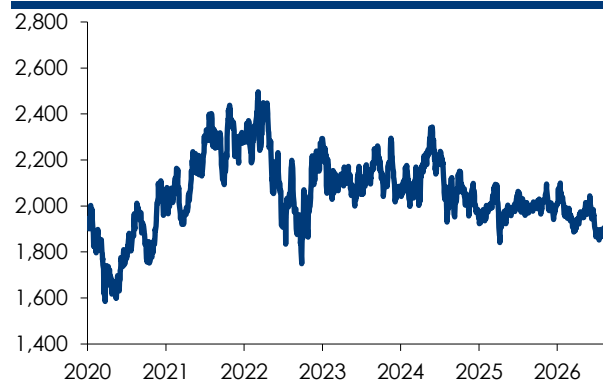
Source: Intesa Sanpaolo calculations based on Bloomberg data

Aluminium: 3-month LME futures prices in USD/metric tonne

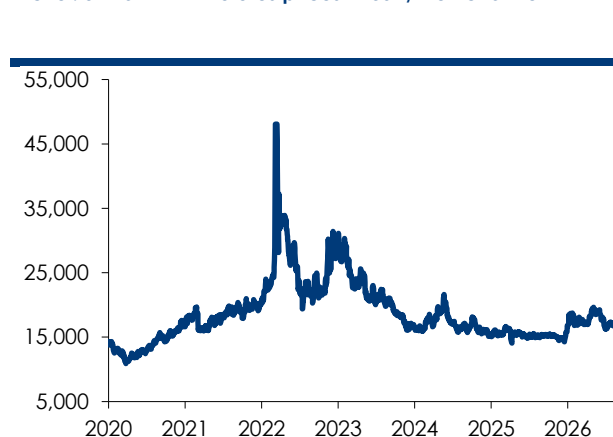
Source: Intesa Sanpaolo calculations based on Bloomberg data

Zinc: 3-month LME futures prices in USD/metric tonne

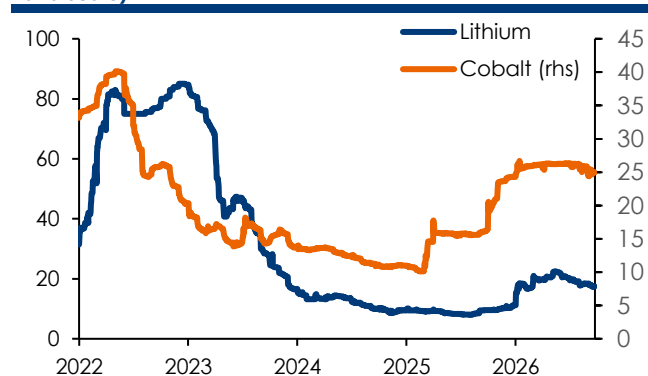
Source: Intesa Sanpaolo calculations based on Bloomberg data

Lead: 3-month LME futures prices in USD/metric tonne

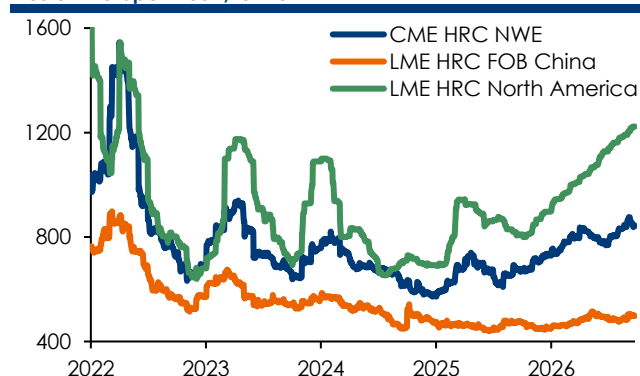
Source: Intesa Sanpaolo calculations based on Bloomberg data

Nickel: 3-month LME futures prices in USD/metric tonne

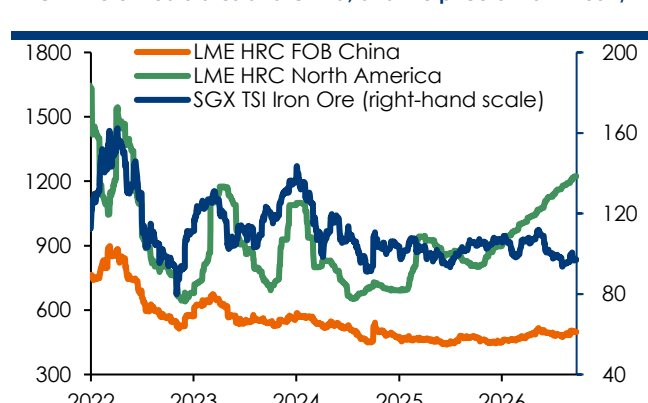
Source: Intesa Sanpaolo calculations based on Bloomberg data

COMEX futures on lithium hydroxide (LiOH) in USD/kg (Fastmarkets) and on cobalt metal in USD/lb (Fastmarkets, right-hand scale)

Source: Intesa Sanpaolo calculations based on Bloomberg data

Hot-rolled coil (HRC) prices in the United States, China and north-western Europe in USD/tonne

Source: Intesa Sanpaolo analysis based on Bloomberg data

HRC in the United States and China, and the price of iron in USD/mt

Source: Intesa Sanpaolo analysis based on Bloomberg data

Agri: weather anomalies and volatility

So far, the development of the El Niño ocean-atmospheric phenomenon has fuelled volatility and upward pressure on the prices of various agricultural commodities. Unfortunately, the negative impacts on yields could persist for a few more months.

For agricultural commodities too, the price rises recorded in 3Q26 could extend into the final months of the year, as **persistent logistical risks from the Black Sea and the Red Sea**, coupled with **weather anomalies**, are amplifying fears of lower-than-expected yields for both cereals and many soft commodities.

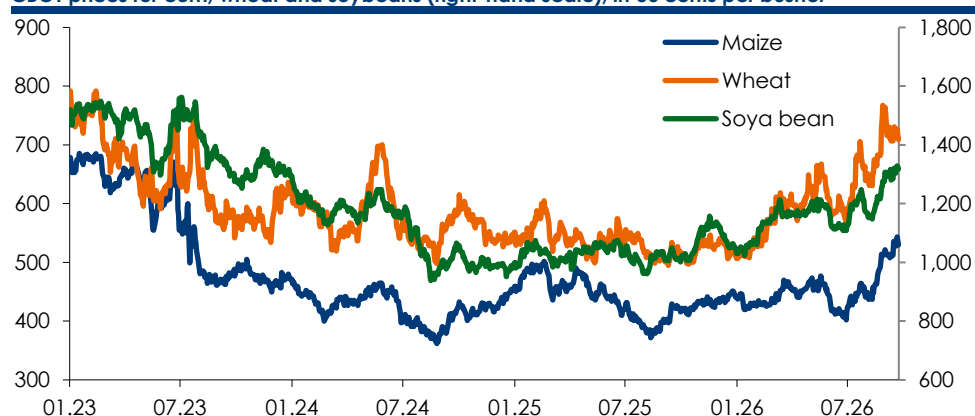
In our previous quarterly outlook, we highlighted the risk that production estimates for corn and wheat might be revised downwards during the summer months. Unfortunately, the El Niño oceanic-atmospheric phenomenon has triggered droughts and heatwaves, particularly severe in Europe, which have reduced yields and, in some cases, compromised the quality of the harvests. Consequently, the latest consensus forecasts point to a **decline in global cereal supply** for the current season and a reduction in ending inventories. These fears of inadequate supplies have so far underpinned prices.

As for soybeans, the recent rise in prices has been driven mainly by **strong Chinese demand** for feed and biofuel production and has been bolstered by trade agreements with the United States.

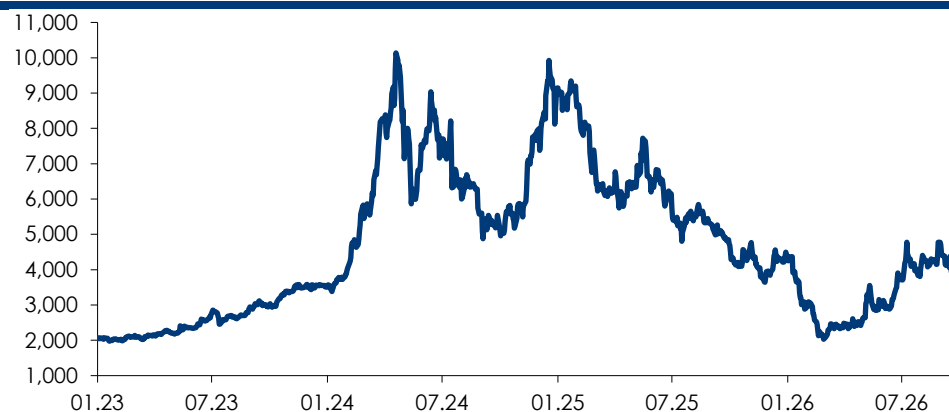
Following the significant price rises recorded in 2H26 for **cereals and pulses**, we believe **prices are likely to consolidate at levels that remain high** in the early months of 2027, in line with expectations of a moderation in energy costs and an easing of geopolitical and logistical tensions. We would, however, highlight the risk that weather anomalies in the southern hemisphere could reignite fears of shortages and fuel price volatility.

The picture is much more varied for **soft commodities**, where **the impact of adverse weather conditions has been more severe due to the greater geographical concentration of crops**. For **coffee**, the prospect of bumper harvests in South America has so far helped to drive prices down, but we would highlight the risk that negative surprises on the supply side could lead to a partial recovery in the coming months. Conversely, the risks are skewed to the upside for **cocoa**, fuelled by renewed weather risks linked to the El Niño phenomenon in West Africa, where the largest plantations are located.

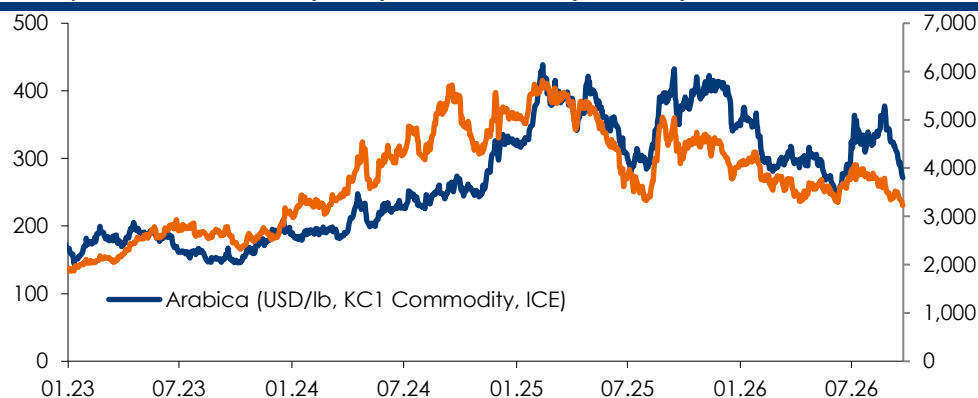
CBOT prices for corn, wheat and soybeans (right-hand scale), in US cents per bushel



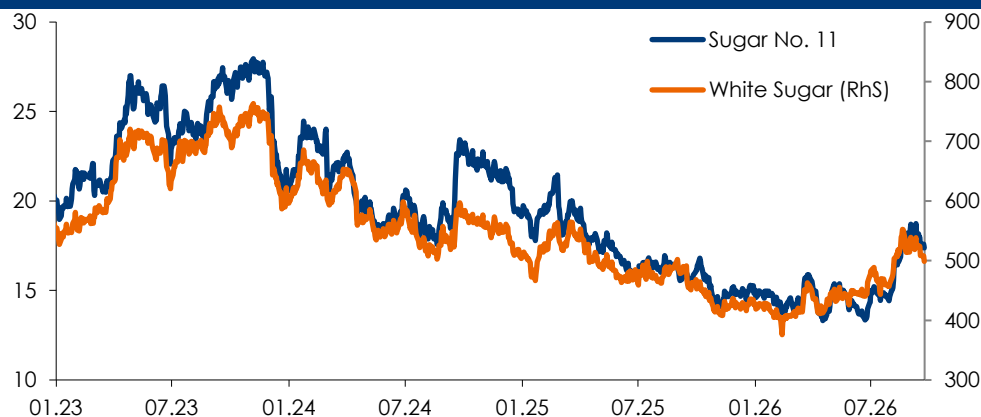
Source: Intesa Sanpaolo calculations based on Bloomberg data

Cocoa prices: LND-ICE cocoa (GBP/tonne)

Source: Intesa Sanpaolo analysis based on Bloomberg data

Coffee prices: NYB-ICE Arabica (USc/lb) and LIFFE Robusta (USD/tonne)

Source: Intesa Sanpaolo analysis based on Bloomberg data

Sugar prices: NYB-ICE sugar (USc/lb) vs. ICE sugar (USD/tonne)

Source: Intesa Sanpaolo calculations based on Bloomberg data

Appendix

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The financial analysts who prepared this report, and whose names and roles appear on the first page, certify that:

- (1) The views expressed on companies mentioned herein accurately reflect independent, fair and balanced personal views;
- (2) No direct or indirect compensation has been or will be received in exchange for any views expressed.

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Valuation Methodology

This document has been prepared in accordance with the following method.

Macroeconomic Data

Comments on macroeconomic data are prepared based on macroeconomic and market news and data available via information providers such as Bloomberg and LSEG Datastream. Macroeconomic and interest rate forecasts are prepared by the Intesa Sanpaolo SpA Research Department, using dedicated econometric models. Forecasts are obtained using analyses of historical-statistical data series made available by the leading data providers and also on the basis of consensus data, taking account of appropriate connections between them.

Forecasts in the Energy Sector

Comments on the Energy Sector are prepared based on macroeconomic and market news and data available via information providers such as Bloomberg and LSEG Datastream. Unless otherwise stated, consensus estimates come from the leading international energy Agencies, primarily the IEA (International Energy Agency – which deals with this sector on a global scale), the EIA (Energy Information Administration – an institute that deals specifically with the US energy sector) and OPEC. Forecasts are prepared by the Intesa Sanpaolo SpA Research Department, using dedicated models.

Forecasts in the Metals Sector

Comments on the Metals Sector are prepared based on macroeconomic and market news and data available via information providers such as Bloomberg and LSEG Datastream.

Unless otherwise specified consensus estimates on precious metals come mainly from GFMS, the long-established forecasting agency based in London. The forecasts cover gold, silver, platinum and palladium. Forecasts are prepared by the Intesa Sanpaolo SpA Research Department, using dedicated models.

Unless otherwise stated, consensus estimates for industrial metals come mainly from Brook Hunt, an independent forecasting agency which has prepared statistics and predictions on metals and minerals since 1975, and from the World Bureau of Metal Statistics (WBMS), an independent research body on the global market of industrial metals which publishes a series of monthly, quarterly and annual statistical analyses. Forecasts are prepared by the Intesa Sanpaolo SpA Research Department, using dedicated models.

Forecasts in the Agricultural Sector

Comments on the Agricultural Sector are prepared based on macroeconomic and market news and data available via information providers such as Bloomberg and LSEG Datastream.

There are several consensus estimates on agricultural products. Each individual country has its own internal statistics agency that estimates and forecasts crops, production capacity, the product supply quantities and, above all, the amount of land available for cultivating a particular product, in both absolute and percentage terms.

At an international level, the main agencies are: the USDA (United States Department of Agriculture) which, in addition to providing data on the US territory, also deals in general with the grain industry worldwide through the FAS (Foreign Agricultural Service); the Economist Intelligence Unit of the Economist Group which deals with all agricultural products on a global scale; and CONAB (Companhia Nacional de Abastecimento), the Brazilian Government agency that deals with agriculture (with a particular focus on coffee) and which also provides some insight into the entire South America.

Forecasts are prepared by the Intesa Sanpaolo SpA Research Department, using dedicated models.

Technical levels

Comments on technical levels are based on market news and data available via information providers such as Bloomberg and LSEG Datastream. Interest rate technical level forecasts are prepared by the Intesa Sanpaolo SpA Research Department, using dedicated technical models. Forecasts are obtained using analyses of historical-statistical data series made available by the leading data providers and also on the basis of consensus data, taking account of appropriate connections between them. There is also a further in-depth study linked to the choice of appropriate derivatives that best represent the sector or the specific commodities on which one intends to invest.

Recommendations

Negative Outlook: a Negative Outlook recommendation for a sector is a wide-ranging indication. It not only indicates deteriorating price conditions of the indices or futures that best represent the commodity in question (thus the reduction of a price performance), but it also implies the deterioration in the forecasts on production, weather and input supplies (like water or energy) that characterize these sectors more than other

financial instruments.

Neutral Outlook: a Neutral Outlook recommendation for a sector is an indication that includes a multitude of aspects. It indicates that the combination of price forecasts of indices and futures and all the conditions of production, weather and input supplies (like water or energy) will lead to a sideways movement in prices or inventories or production capacity, recording, therefore, void or minimum performances for the sector under examination.

Positive Outlook: a Positive Outlook recommendation for a sector is an indication covering a wide range of areas. It not only indicates net improvements in price conditions of the indices or futures that best represent the commodity in question (thus a positive price performance), but it also implies the improvement in the forecasts on production, weather and input supplies (like water or energy) that characterize these sectors more than other financial instruments.

Frequency and validity of forecasts

Market indications refer to a short period of time (the same day or the following days, unless stated otherwise in the text). Forecasts are developed over a time span of between one week and 5 years (unless specified otherwise in the text) and have a maximum validity of three months.

Disclosure of potential conflicts of interest

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