

Navigating divergence across commodity markets

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Learn how corporate and FI investors can navigate the 2026 commodity cycle.

Traditional correlations in commodity markets are receding as safe-haven demand takes over, causing divergent performance across the commodity complex. We expect this to continue in 2026 given ongoing tariff uncertainty, heightened geopolitical risk, and the slowing pace of monetary easing. Precious metals and copper prices are likely to continue to take their cues from tariff headlines and macro data, with copper and gold set to scale fresh highs in 2026. We forecast that Brent crude will rise incrementally throughout the year. Our US natural gas price forecast reflects data centre-related power-generation demand, US gas supply and excess LNG capacity.

Gold: A glittering 2026?

While the gold market usually responds predictably to Federal Reserve interest rate decisions, we expect other drivers – including geopolitical instability, escalating trade tensions, and concerns about US debt and de-dollarisation – to supersede the impact of such announcements.

The result is that historical macro correlations are fracturing as safe-haven dynamics override standard policy signals for investors. While some industrial commodities remain more closely tethered to supply-demand cycles, safe-haven assets are being driven by broader factors – including a ‘geopolitical premium’ that is overriding traditional economic signals, fuelling demand for assets like gold.

Consequently, while we would usually expect a reversion to mean after the recent gold rally, our trading desk doesn’t expect this to happen – first, because the dynamics that drove gold higher are still in place, and second, because gold is undergoing a structural shift in its status as an investment asset.

At a webinar titled ‘A tapestry of tensions: Commodities outlook 2026’ featuring experts from the bank, Suki Cooper, Global Head of Commodities Research at Standard Chartered, highlighted two key factors to watch: “Firstly, central bank demand, which laid the foundations for this rally back in 2022 and has limited the downside risk,” said Cooper; “secondly, investor appetite that has been largely driven by tremendous growth across exchange-traded funds.” These two drivers have lifted the floor for gold prices, according to Cooper.

The confluence of geopolitical tensions and other sources of uncertainty suggest that gold will continue to benefit from concerns around the debasement trade, a typically long-term structural trend that pushes money into hard assets. Gold has proven desirable in part due to its market liquidity and accessible investment channels, driving record inflows as measured by value and AUM.

In turn, we feel that the floor is well supported, and we expect further upside throughout 2026, driven in part by retail demand. Looking at downside risks to gold, easing macro and geopolitical risks could lead to a re-evaluation of gold’s role within portfolios. Meanwhile, price outperformance could cause allocations to jump quickly above desired targets, pausing the need for additional gold buying. Consequently, investors should closely monitor asset allocation trends.

Copper: Red-hot metal?

Where will base metals head next after rallying in early 2026? We expect prices to remain elevated, particularly in H1, driven by both macro and micro factors. Key risks to base metals this year include tariffs, supply and macro developments. Metal-specific tariff uncertainty remains a key driver of volatility, premiums and inventory dislocations. Supply-side issues – ranging from output disruptions to mining quotas and smelter power contracts – are likely to remain key price drivers in both directions. In addition to fundamentals, we expect prices to take their cue from macro dynamics – namely, shifts in risk appetite, Fed rate policy, USD moves and China's economic activity.

Copper prices have set all-time highs, driven by ongoing inventory dislocations and supply underperformance in the wake of last year's mine output disruptions. Comex warehouses are seeing sustained inventory inflows ahead of the US copper tariff review due by 30 June (refined copper imports were exempted from the tariff in July 2025). USD weakness and Fed rate cuts in 2025 have also supported sentiment, as has broader risk-on market sentiment at the start of 2026. We see only limited copper price downside in H1 as tariff uncertainty, inventory dislocations and supply challenges provide support.

Oil: From ugly duckling to swan?

A difficult 2025 saw oil positioned as the market's ugly duckling, with fears of oversupply – and even a glut at the end of the year – driving some market participants to forecast prices in the USD40 per barrel range. That was unnecessarily gloomy, and we see sentiment turning more positive as the glut narrative weakens. The oil markets have begun 2026 with a focus on geopolitical risk, mostly driven by uncertainty around US foreign policy.

Trade routes have been recalibrated, exacerbated by US pressure on buyers of sanctioned crude, increased OPEC+ output, and trade negotiations favouring US exports, pushing volumes of oil-on-water higher. US shale, once the fastest-growing source of supply globally, faces increasing headwinds; as shale growth stalls, the balance between OPEC and non-OPEC supply will be front and centre. We forecast slow and steady price gains, which would run counter to the US administration's desire for low energy prices to curb inflation ahead of the midterm elections.

Subscribers to Standard Chartered Global Research can watch the webinar or read the full report, by clicking [here](#).

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