Bloomberg Adria

Commodity Market

Reassessing Global Commodity Dynamics for Late 2026

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Key messages

The **2026 outlook** has been materially **disrupted** by the US - Iran conflict, driving a **sharp macroeconomic shift**. Rising energy prices and a stronger US dollar have altered safe-haven dynamics, placing short-term pressure on precious metals.

Energy markets are expected to remain highly volatile. In the remainder of 2026 **oil** prices will fluctuate between USD 70 - 80 per barrel under **normalized supply conditions,** but it could approach USD 100 in the event of renewed geopolitical escalation. **European natural gas** markets have become increasingly **unstable**, with prices closely tied to infrastructure risks and heightened winter supply concerns.

In metals, **gold** faces near-term **headwinds** from tighter monetary policy, but it could reach USD 5,000/oz by end-2026, supported by central bank demand. **Silver** remains **range-bound**, driven more by industrial trends than safe-haven flows, despite a persistent structural deficit.

European corn prices likely to remain **under pressure**, though volatility persists due to weather and energy market linkages.

Overall, **H2 2026** marks a reversal from earlier expectations: energy markets are shifting **from surplus to supply risk**, while precious metals face short-term liquidity **constraints before longer-term demand strengthens**.

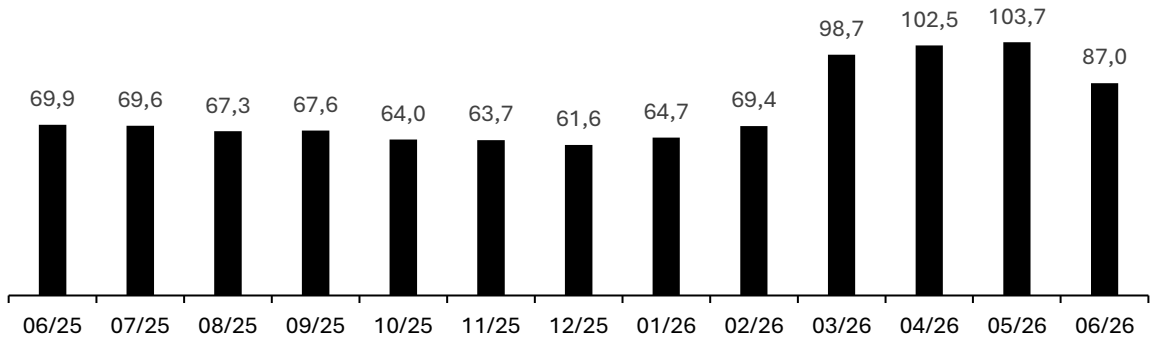
Oil

Our initial expectations accurately captured the underlying bearish fundamental setup for 2026. However, the first half of the year was completely derailed by intense geopolitical volatility, which briefly pushed Brent crude oil above USD 126 per barrel before it sharply corrected back to the USD 76 - 79 range.

The target price range failed to account for an unexpected conflict involving Iran that effectively closed the Strait of Hormuz. This disruption triggered a massive supply shock, driving monthly averages past USD 100 in April.

Furthermore, while OPEC+ initially paused production increases in early Q1, the group aggressively ramped up output heading into the summer. Core members increased production by hundreds of thousands of barrels per day between April and June, rendering the 'ceased production increase' premise obsolete.

Monthly average price for Brent Oil in USD per barrel



As of June 24, 2026.
Source: BBA Analytics, Bloomberg

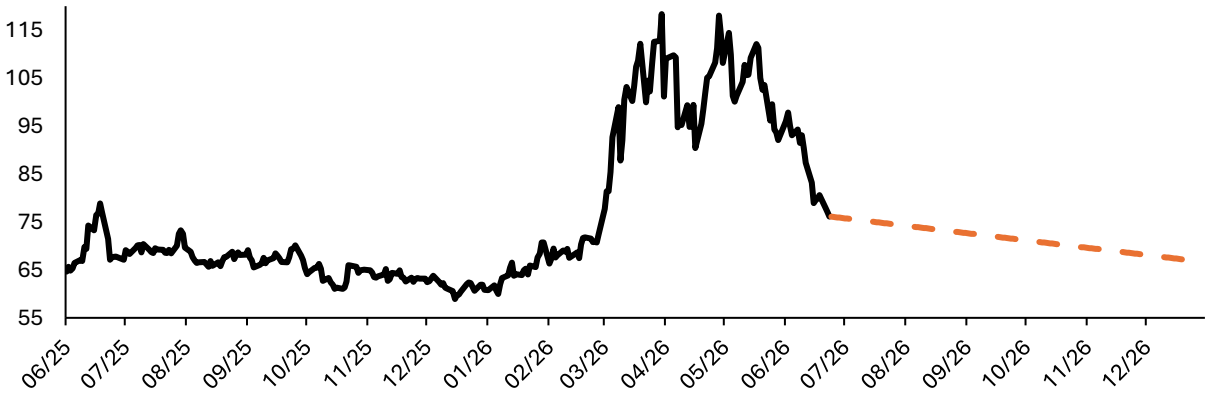
Outlook

For the remainder of 2026, we expect Brent crude to trade within a range of USD 70 to 80 per barrel. The most critical driver of this trend is the U.S. Treasury's implementation of a temporary 60-day general license, which allows Iranian oil back into global markets. This policy is actively unwinding the geopolitical premium and returning millions of barrels to the Atlantic Basin.

Concurrently, non-OPEC+ expansion across the U.S., Brazil, and Guyana continues unabated. As shipping lanes normalize and these new barrels hit the market, a massive structural surplus is building that will heavily cap any potential price rallies in the second half of 2026.

Furthermore, high prices from earlier in the year have successfully destroyed global demand, with a global contraction of 1.1 million barrels per day now expected.

Brent Oil price (per barrel) in USD



As of June 24, 2026.
Source: BBA Analytics, Bloomberg

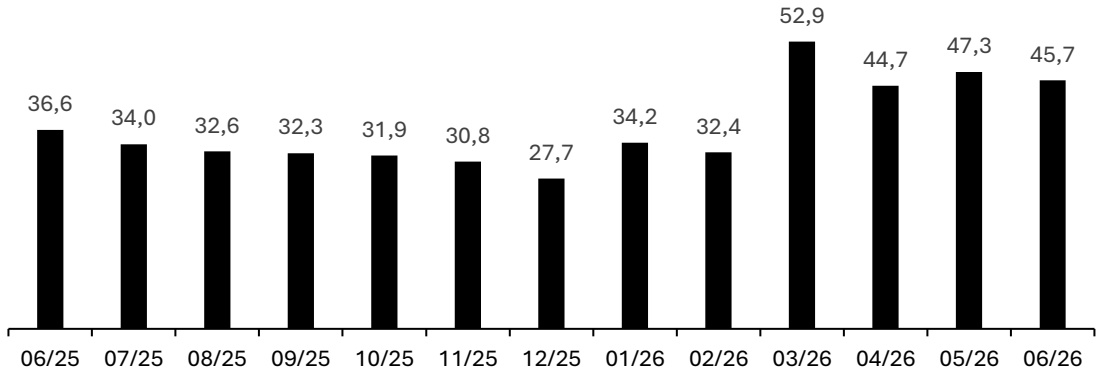
Natural gas

Our target price for European gas was surpassed early this year. While prices dipped to EUR 28 /MWh at the tail end of 2025, a severe January cold snap, coupled with the outbreak of the regional conflict involving Iran, pushed Q1 2026 spot averages past EUR 40 /MWh. Forward contracts even briefly breached the EUR 50 mark by late March.

Our initial expectations assumed mild Northern Hemisphere weather. Instead, harsh early-2026 winter weather aggressively drained inventories, leaving European gas storage facilities at a very low 28% capacity entering the April injection season, down from 35% the prior year.

Furthermore, while wind power expansion continues to reduce structural gas demand over the long term, periods of exceptionally low wind generation in H1 2026 forced utilities to rely heavily on gas-fired power plants to stabilize the grid, triggering major short-term price spikes.

Monthly average price for Natural Gas for Europe TTF in EUR per MWh



As of June 24, 2026.
Source: BBA Analytics, Bloomberg

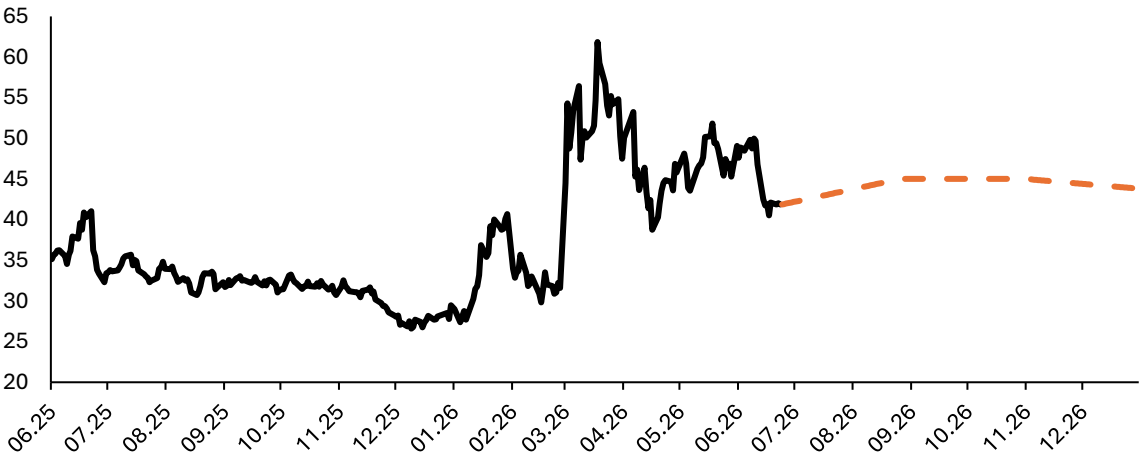
Outlook

Forward curves indicate a sharp shift into backwardation for late 2026, meaning prices should steadily trend downward toward EUR40 /MWh, but we set our expectation to EUR 40 to 50 /MWH for the remainder of 2026.

The primary upside risk factor remains the physical security of Gulf LNG vessels. Any normalization of transit routes through the Strait of Hormuz will instantly remove the remaining geopolitical war premium from European hubs. Europe must aggressively purchase summer LNG shipments to meet its mandatory winter inventory targets. High near-term spot prices will likely persist through Q3 to outbid fierce competition from Northeast Asian buyers.

The fundamental "bear case" will finally materialize in late H2 2026 as mega-liquefaction projects in the U.S. and Canada achieve commercial operations, injecting massive liquidity into Atlantic basin trade routes.

Natural Gas prices for Europe TTF/MWh in EUR



As of June 24, 2026.
Source: BBA Analytics, Bloomberg

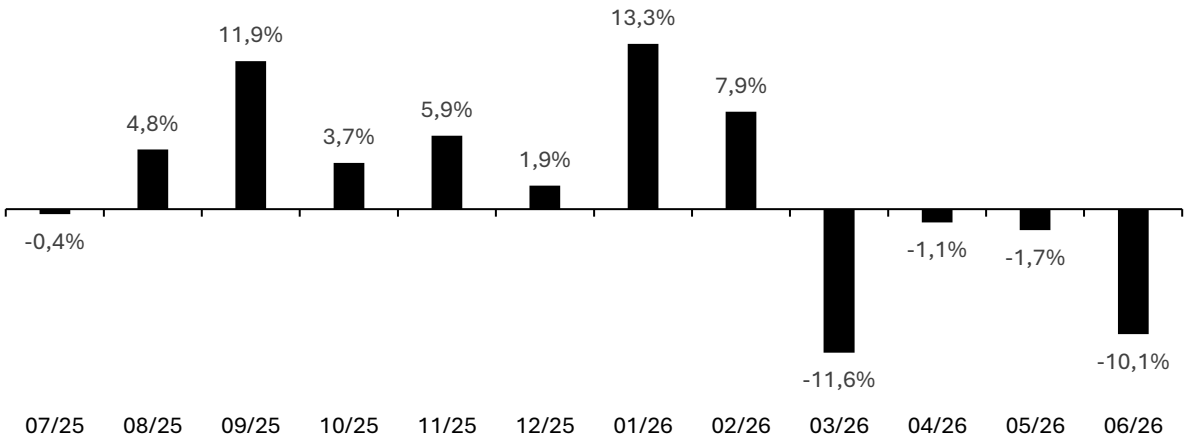
Gold

In H1 2026, gold prices shifted from strong momentum to a sharp correction following the escalation of the US–Iran conflict in late February, which disrupted market dynamics.

Prices peaked at an all-time high of USD 5,322/oz in early March, but by June, gains were fully reversed, with gold falling below 2025 levels.

War-driven oil price increases reignited inflation concerns, prompting the US Federal Reserve to signal a prolonged or tighter monetary stance. This drove a stronger US dollar and higher bond yields, exerting significant downward pressure on gold.

Gold price monthly change (percentage for USD/oz)



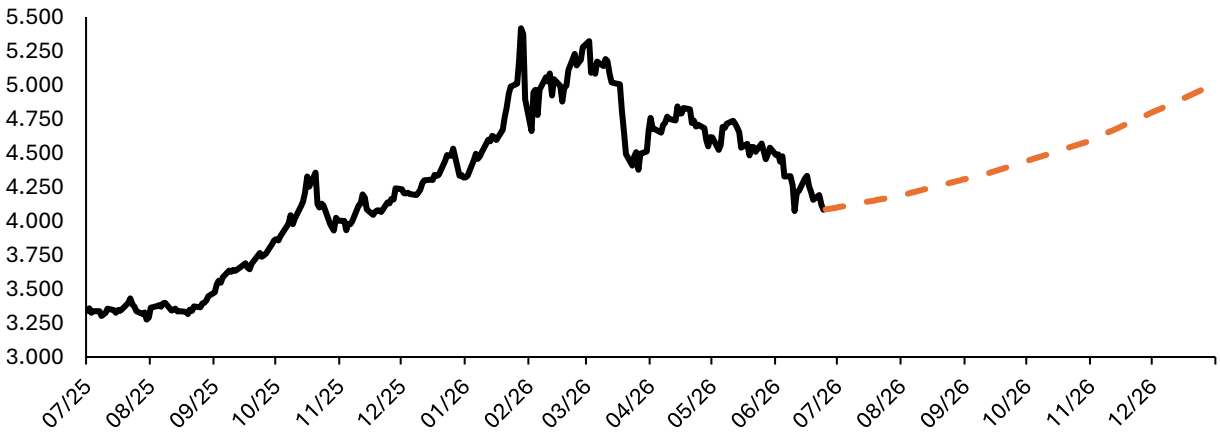
As of June 24, 2026.
Source: BBA Analytics, Bloomberg

Outlook

Gold is projected **to reach** USD 5,000 /oz by the end of 2026 **supported by sustained central bank purchases.**

Despite the correction and ongoing liquidation pressure, the long-term outlook remains positive. Current weakness is viewed as a temporary consolidation phase within a broader structural bull market, with potential recovery later in the year as inflation stabilizes and demand strengthens.

Gold price in USD/oz



As of June 24, 2026.
Source: BBA Analytics, Bloomberg

Silver

Silver significantly outperformed its 2026 outlook, surging to a historic high of USD 121.64 per ounce in late January before undergoing a sharp correction. Unprecedented physical scarcity and strong geopolitical safe-haven demand fuelled a substantial rally, followed by a steep decline. Prices remained volatile throughout the first half of 2026, driven by supply disruptions, persistent geopolitical tensions, and shifts in U.S. monetary policy.

Additionally, ETFs reduced their silver holdings, bringing net sales for the year (as of mid-June) to 77.5 million ounces.

Compared to the previous year and the five-year gold-to-silver ratio, silver became relatively overvalued, as supply struggled to keep pace with demand.

Gold/silver ratio in the past 12M (price of gold in units of silver)



As of Jun 24, 2026.
Source: BBA Analytics, Bloomberg

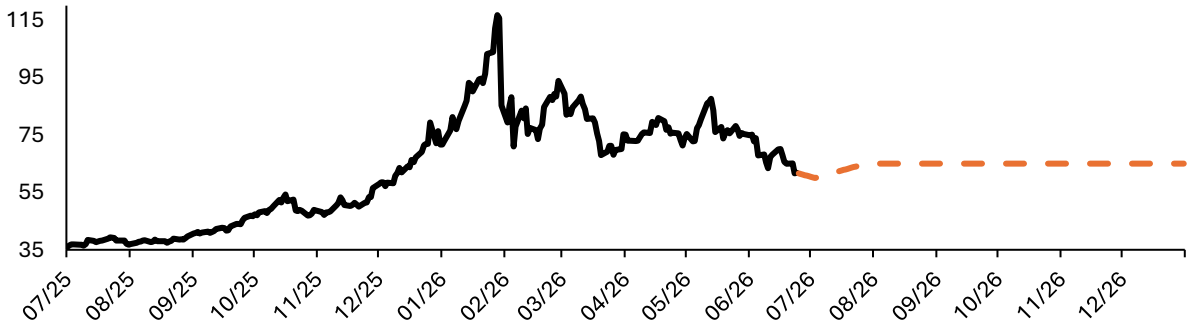
Outlook

Historically, silver has behaved differently when the gold-to-silver ratio compresses too rapidly. We expect less volatility during the remainder of 2026, with the price stabilizing in the USD 60 to 70 per ounce range.

Inflation and tightening monetary policy should continue to drive price formation. Furthermore, the ongoing physical shortage will remain a major catalyst for price squeezes, as retail capital continues to pour into exchange-traded products and physical coins.

Ultimately, the timing of any further interest rate adjustments will dictate whether silver breaks to the upside or stays range bound. While structural demand should remain robust across the solar, EV, and AI sectors, high spot prices will continue to force some panel and jewellery manufacturers to actively 'thrift' or substitute silver to cut costs.

Silver price in USD/oz



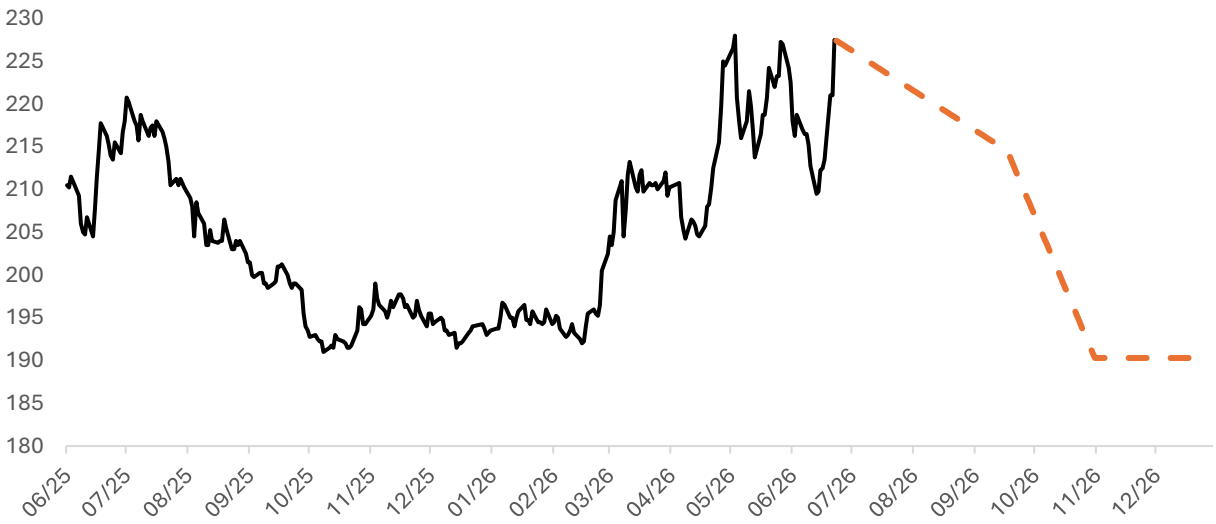
As of June 24, 2026.
Source: BBA Analytics, Bloomberg

Corn

Agricultural prices in the first half of 2026 experienced volatile upward momentum due to elevated fertilizer price risks and structural energy concerns, which kept a strong risk premium embedded in grain pricing. Concurrently, a persistent European heatwave led to downward revisions of EU corn production estimates.

A parallel rally in U.S. corn markets, driven by solid domestic ethanol production and global export optimism, provided additional support to European grain benchmarks.

Corn Futures Euronext Paris (EUR/MT)



As of Jun 24, 2026.
Source: BBA Analytics, Bloomberg

Outlook

European corn prices are likely to remain under downward pressure through the remainder of 2026, although volatility around weather and energy markets remains elevated. The global backdrop remains broadly bearish: global coarse grain production was revised higher and global corn ending stocks increased, pointing to comfortable supply conditions.

The fertilizer crisis has so far had only a limited impact on maize production, and current expectations suggest that the 2026 harvest will remain largely unaffected. European corn prices rose from around EUR 195/mt in March to EUR 228/mt in early May but have since reversed and are currently trading around EUR 220/mt (mid-June) as favourable harvest expectations and easing concerns over fertilizer availability improved market sentiment.

Overall, our base case is for European corn prices to gradually move back toward pre-war levels of around EUR 190/mt, supported by comfortable global inventories, improving harvest prospects and stable supply conditions.

Over the past five years, the average corn yield in the European Union has stood at 7.1 tons per hectare. Within the Adria region, Slovenia, Croatia, and Bosnia and Herzegovina recorded average yields of 9.0, 7.5, and 7.4 tons per hectare. In contrast, Serbia and North Macedonia have lagged the EU average, with yields of 6.1 and 4.6 tons per hectare.

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