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Fed cut momentum builds as oil softens and metals tighten

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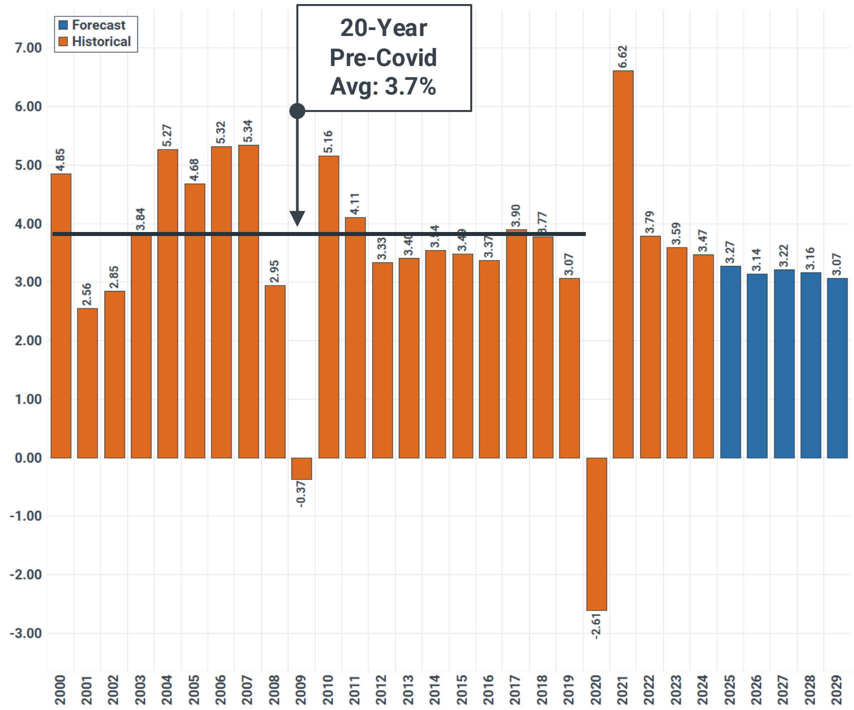
Macro Review

World: Global Growth Forecast

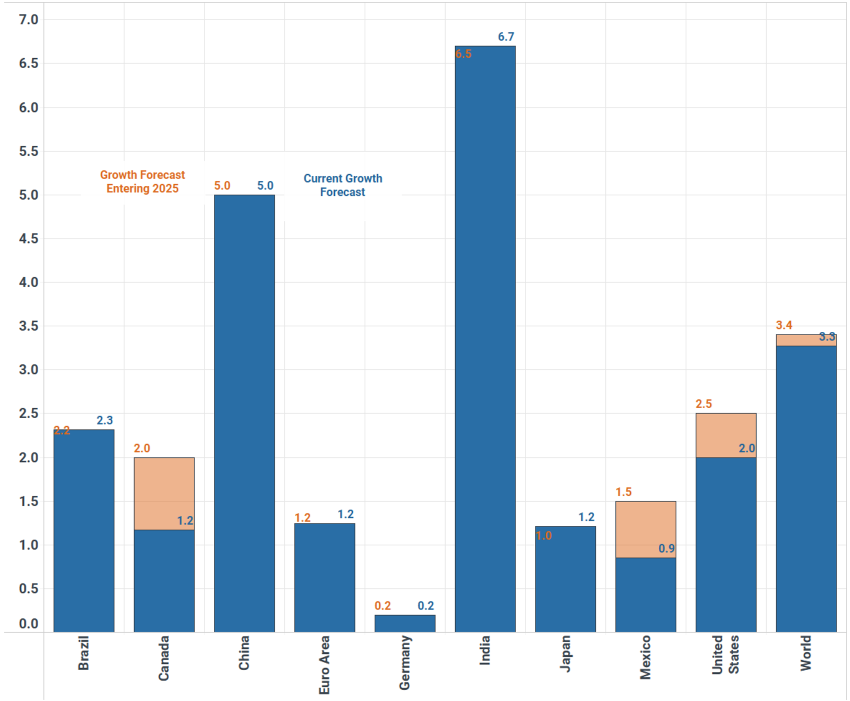
We currently assume global growth will finish at 3.27%, down from 3.5% last year

Yearly Global Real Headline GDP Growth with Forecast (%)



Source: Kpler, various international organizations; growth based on local currency units

2025 Real Headline GDP Growth by Selected Regions (%)



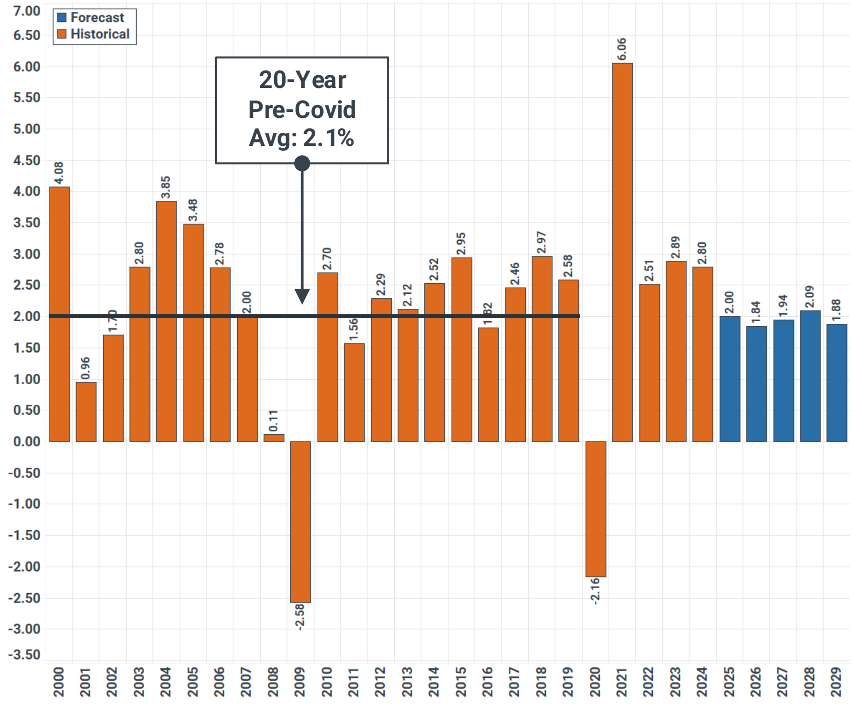
Source: Kpler, various international organizations; growth based on local currency units

United States: Economic Outlook

US growth set to finish at 2% amid resilient, albeit unequal economy

- **US top line growth in line with trend, but distributional gains are top heavy.**
  a) Real GDP on pace to finish at 2% this year before slowing slightly to 1.8% next year. Inflation remains a problem.
  b) Widening wealth divide likely to push Trump admin to attempt to stimulate middle income households in 2026.
- **Fed takes a chaotic policy round trip in November as concerns about inflation persist.**
  a) Fed has become increasingly hawkish since the October FOMC meeting. Inflation remains a concerns for many members on the Committee.
  b) We expect 50 – 75bp of cuts next year.
- **Downside risks next year driven by stagnant labor market.**
  a) Labor market is weakening, but at a glacially slow pace.
  b) Flat to declining labor force offsetting much of the slowdown in job creation.

Yearly US Headline Real GDP Growth with Forecast (%)

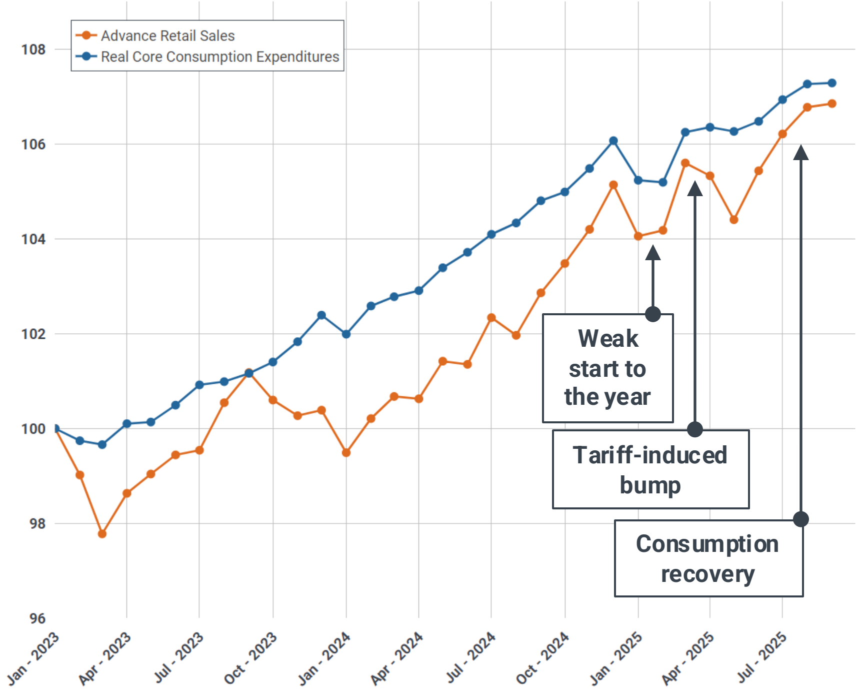


Source: BEA, Kpler, various international organizations

United States: Household Consumption

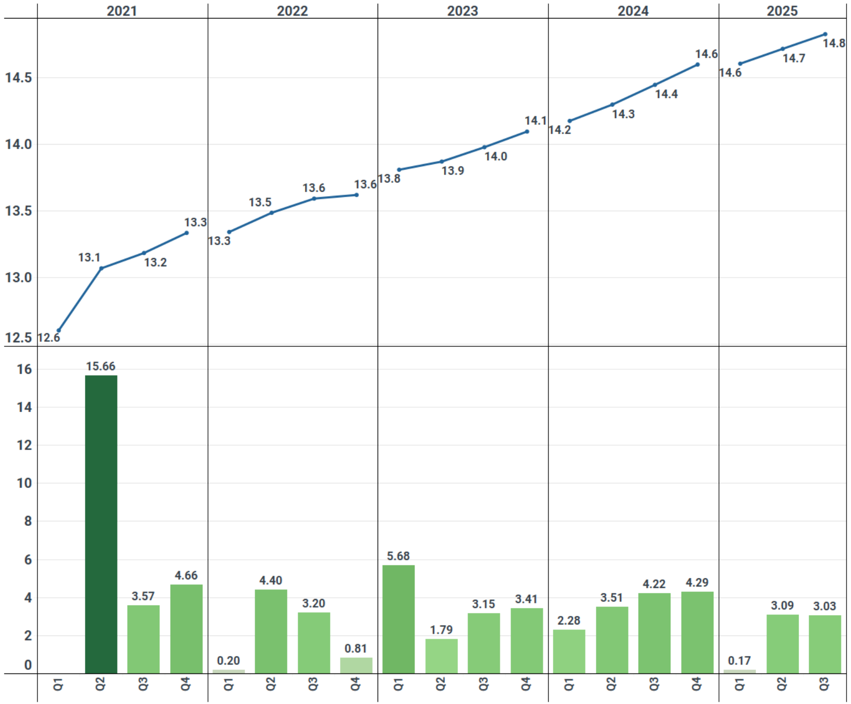
After a weak H1, household demand growth has shown clear signs of recovery

Monthly US Real Core Consumer Expenditures and Nominal Advance Retail Sales (Index Jan 2023 = 100)



Source: BEA, US Census

Quarterly US Real Core Consumer Expenditures (USD tn, top) and Q/Q % Annualized Delta (bottom)



Source: BEA; figures have been annualized; excludes food and energy

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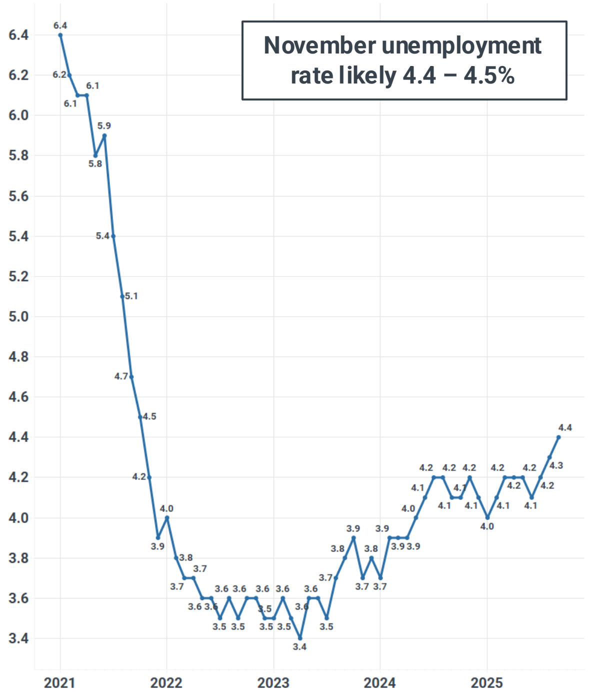
United States: Labor Market

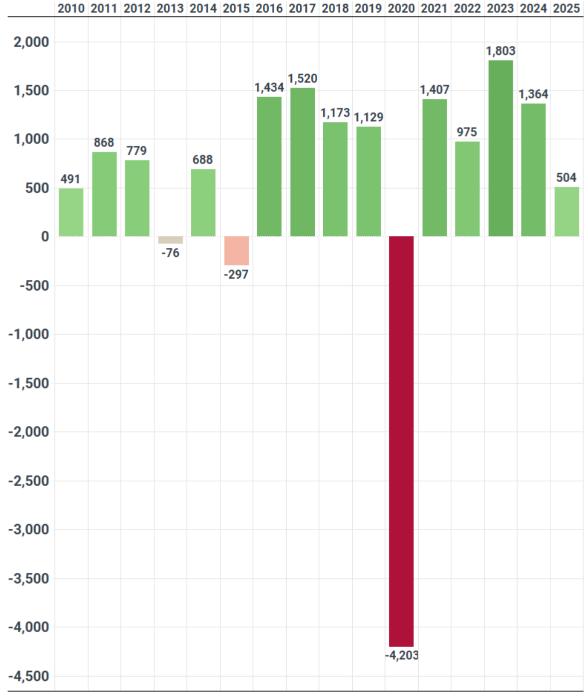
Labor market is weakening, but at a very slow pace

Monthly US Headline Unemployment Rate (%)



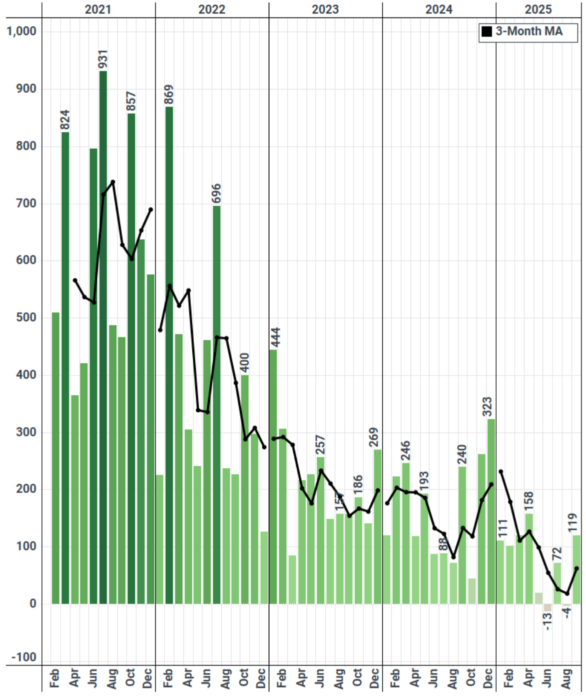
Source: BLS

January – September Labor Force Delta (in thousands)



Source: BLS

Monthly BLS Total Nonfarm Payroll Growth (in thousands)

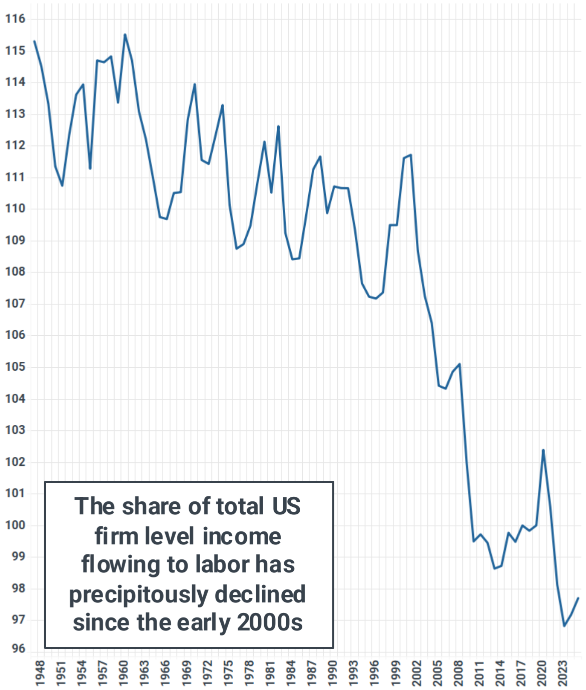


Source: BLS

United States: Wealth Inequality

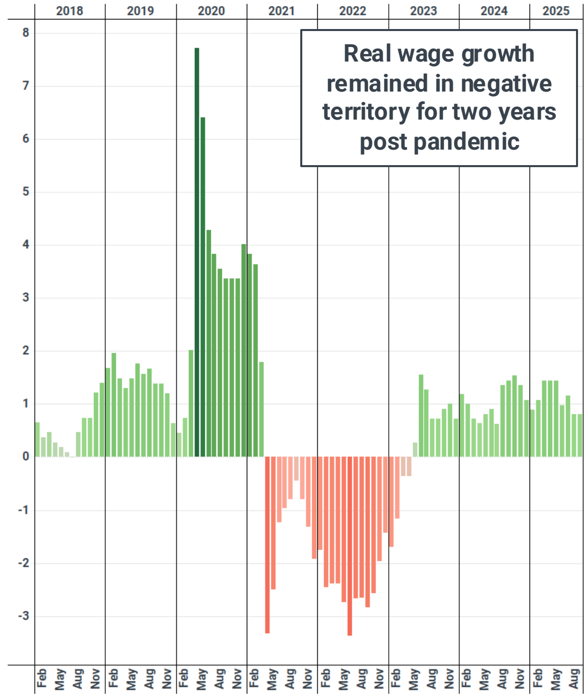
The US economy is increasingly k-shaped

Yearly US Labor Share of Income (indexed 2017 = 100)



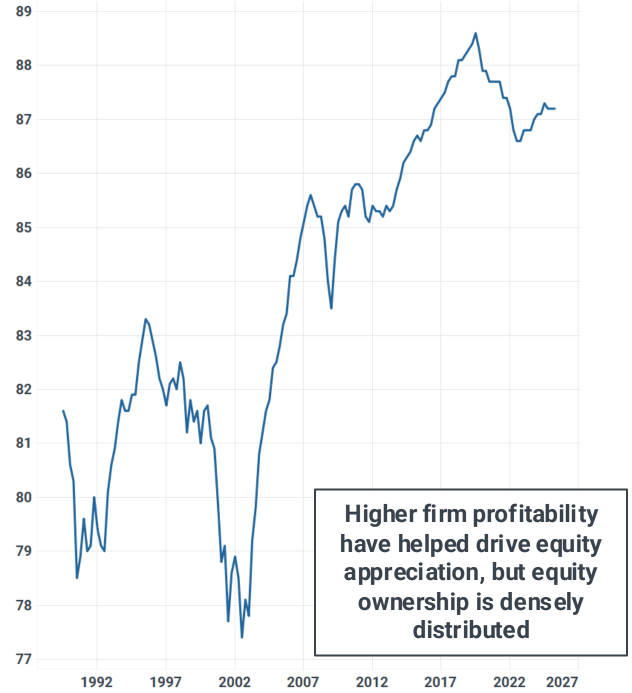
Source: BLS

Monthly Real Wage Growth in Y/Y Terms (%)



Source: BLS

US Top 10% by Income Share of Equity + Mutual Fund Holdings (%)



Source: Fed

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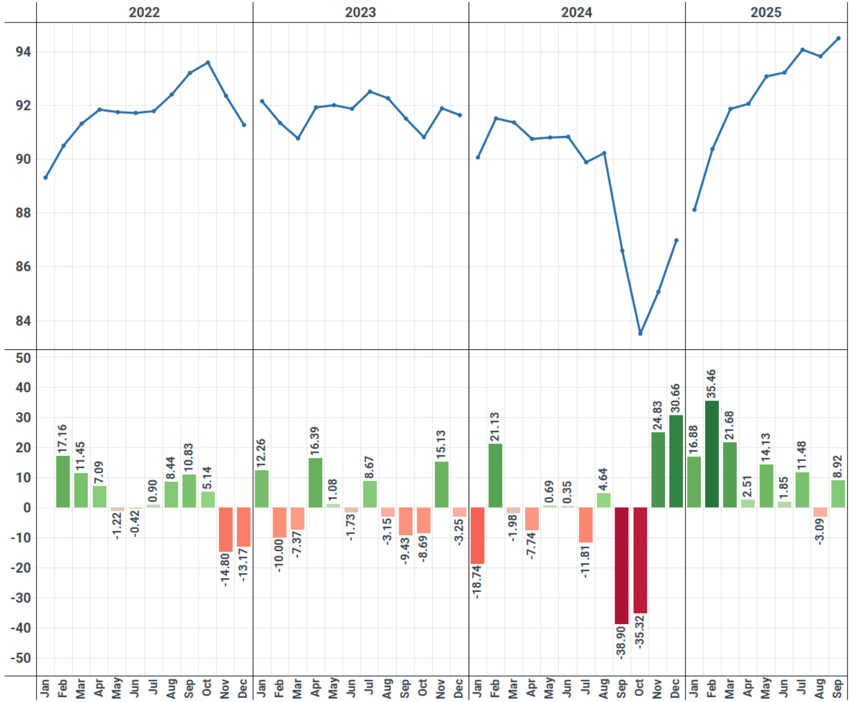
United States: Investment

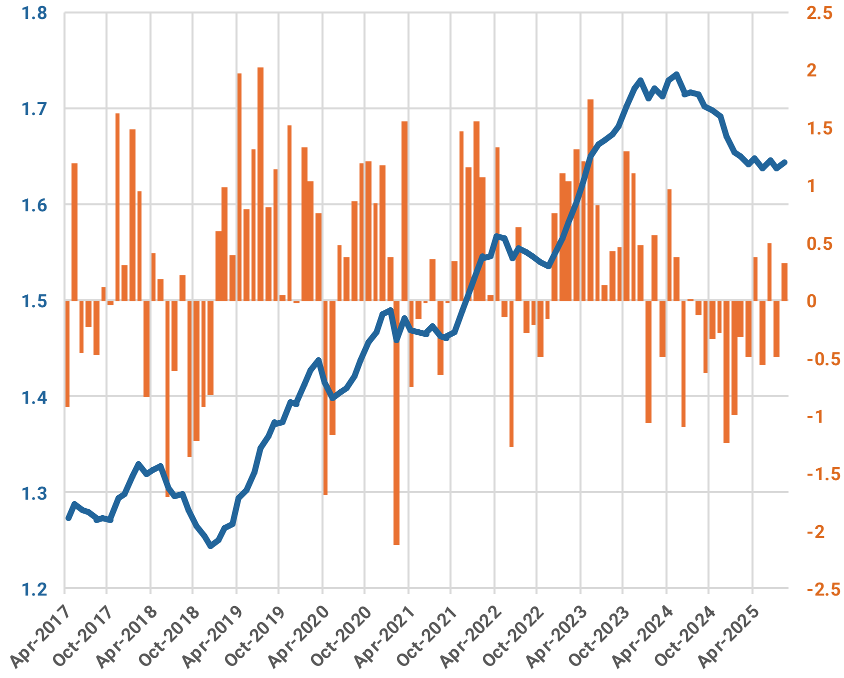
Business equipment related investment continues to show resilience; property investment in the doldrums

Monthly Business Equipment Industrial Production Index (top) and M/M % Delta (bottom)



Source: BEA; m/m % delta figures have been annualized

Monthly Inflation-Adjusted Construction Spending (USD tn, left) and M/M % Delta (right)



Source: BEA; m/m % delta figures have been annualized

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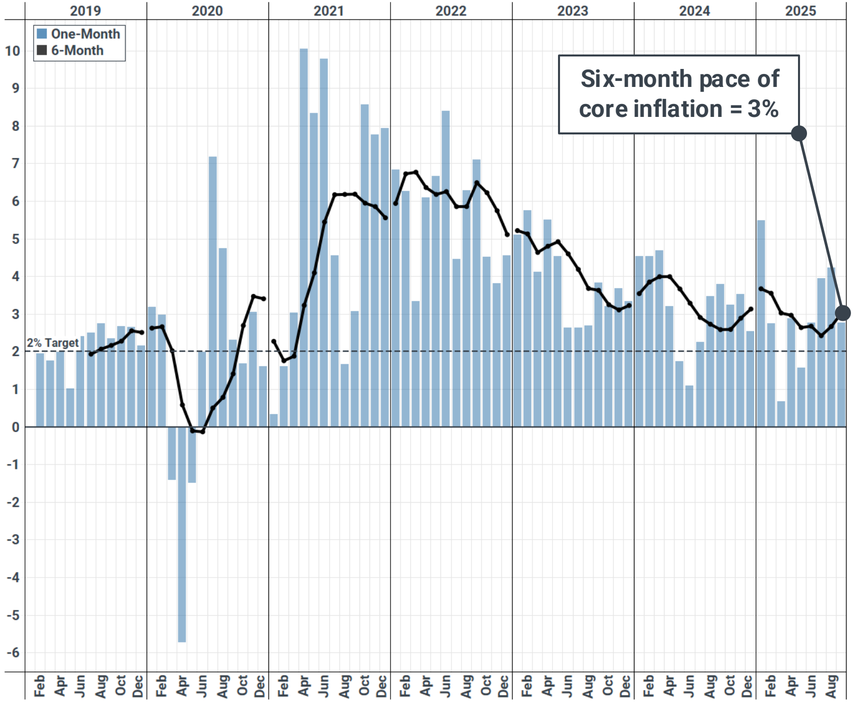
United States: Inflation

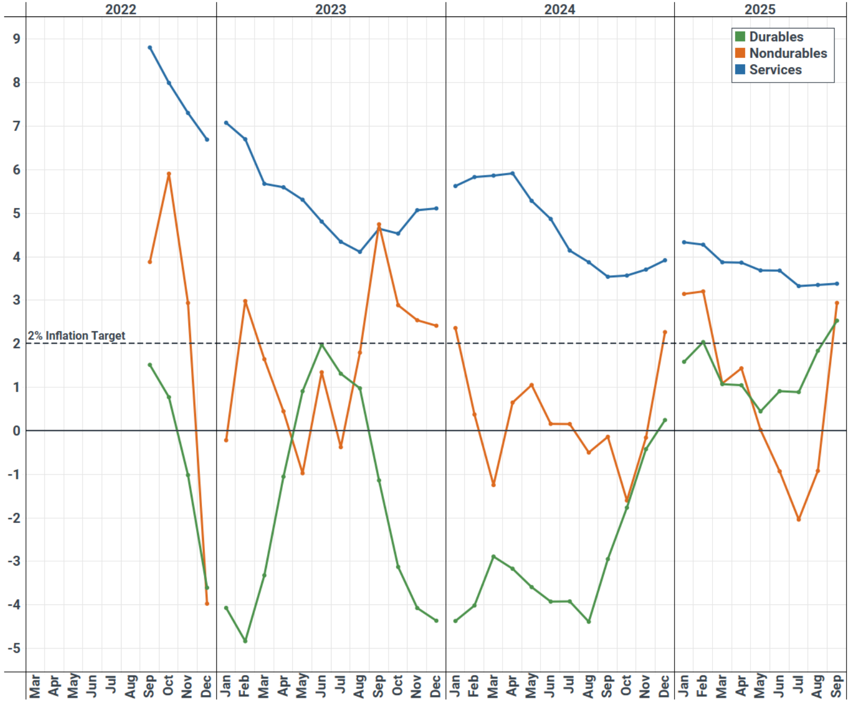
US economy in an inflationary environment closer to 3% vs 2% target

US One- and Six-Month Pace of Core CPI-Based Inflation (%)



Source: BLS

US Six-Month Pace of Durables, Nondurables, and Services Inflation (%)

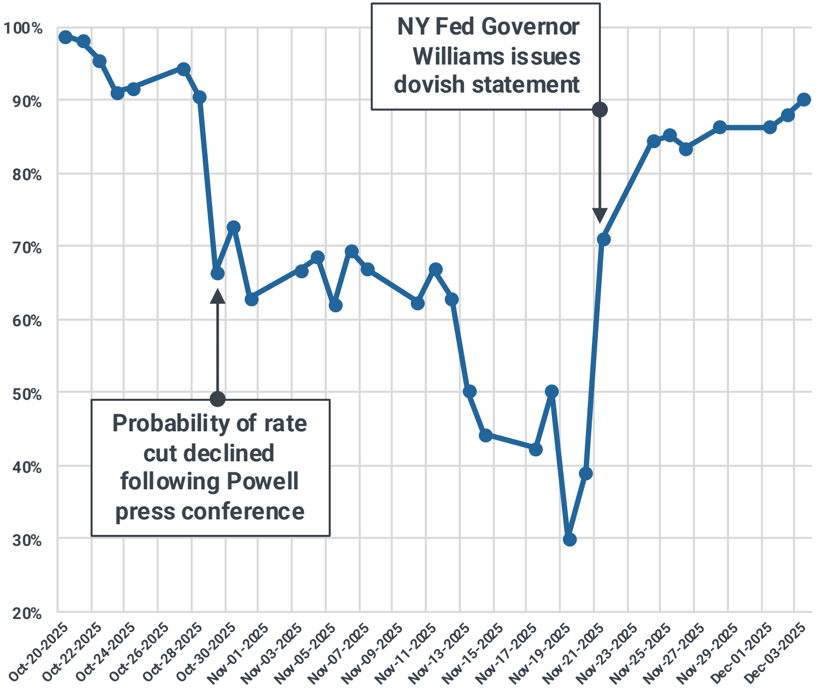


Source: Fed

United States: Monetary Policy

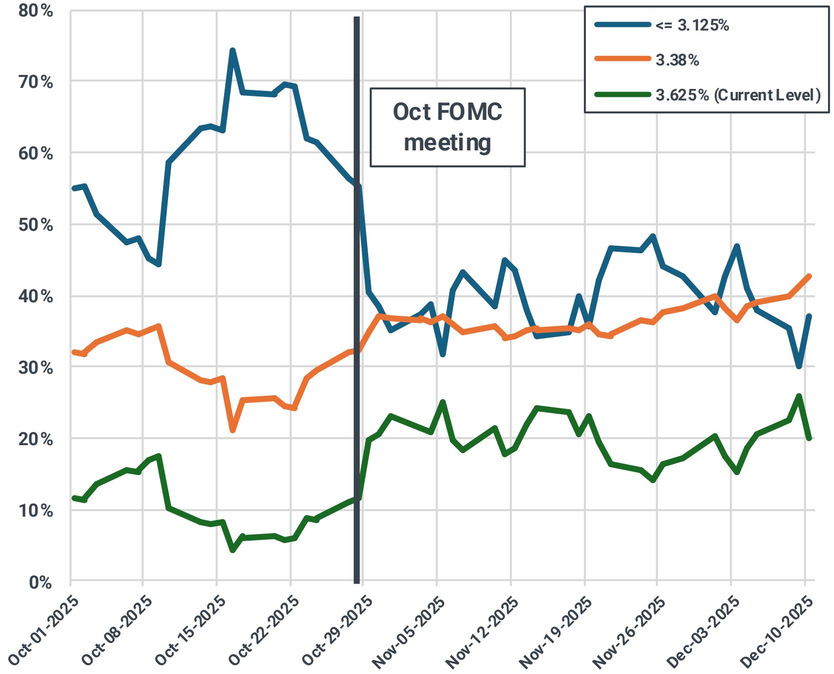
Fed appears tilted towards a more hawkish stance heading into 2026

Probability of 25bp Rate Cut at December Meeting (%)



Source: CME

Probability of Various Effective Fed Fund Levels by June 2026 FOMC Meeting (%)



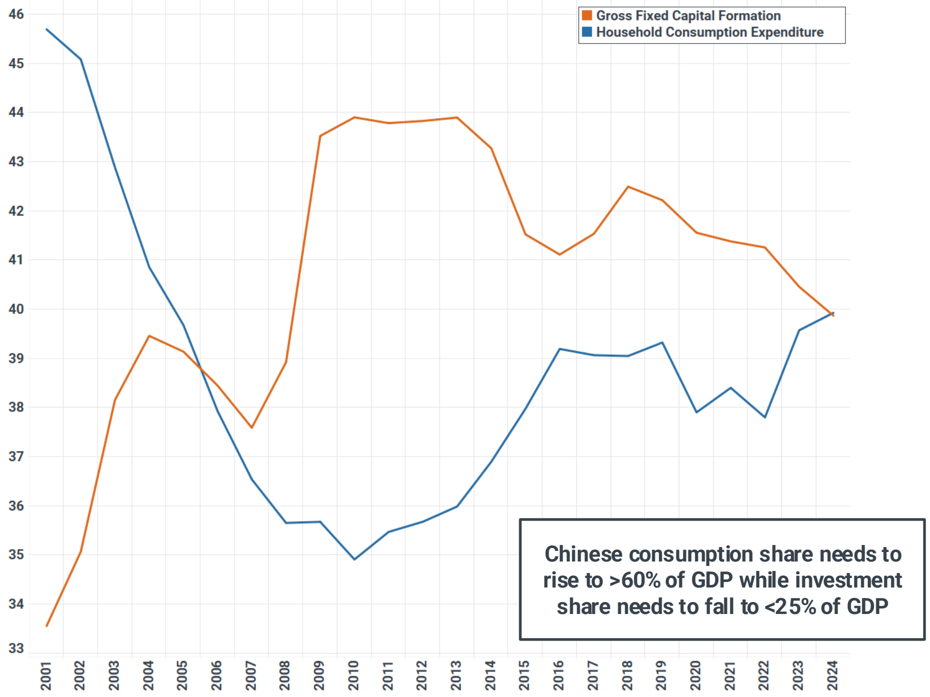
Source: CME

China: Economic Outlook

China will achieve it's 5% growth target, but only via uneconomic manufacturing and infrastructure investment

- **Major economic imbalances remain in place.**
  a) Chinese policymakers have openly admitted that investment-led growth model is increasingly unsustainable.
  b) However, little is being done to transition to consumption led economy.
- **Chinese economy appears to have decelerated against the first half of the year.**
  a) Retail sales growth has slowed sharply in recent months. Stimulus efforts have failed to structurally lift consumption as a share of GDP.
  b) Manufacturing investment has also decelerated. Beijing will rely on industrial production, via business equipment investment, inventory accumulation, and exports as a catch up mechanism.
- **Underconsumption and overinvestment pushing net exports to ever higher highs.**
  a) Goods trade surplus has risen $200bn so far this year.
  b) Exports have surged, and imports are weakening, the latter of which is the result of lagging domestic demand.

Yearly Chinese Investment and Consumption Share of GDP (%)

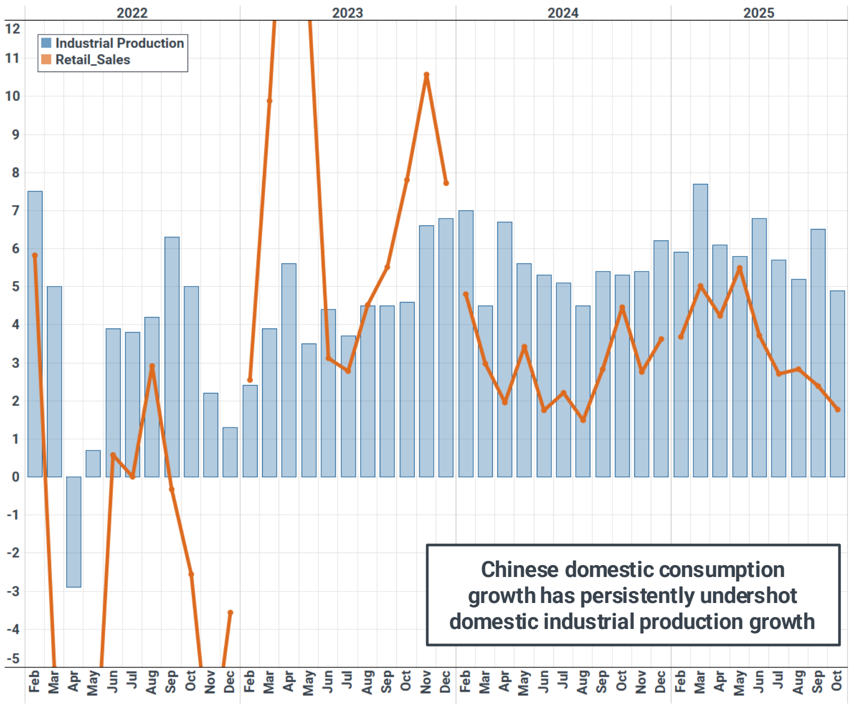


Source: NBS

China: Imbalanced Growth + Surging Trade Balance

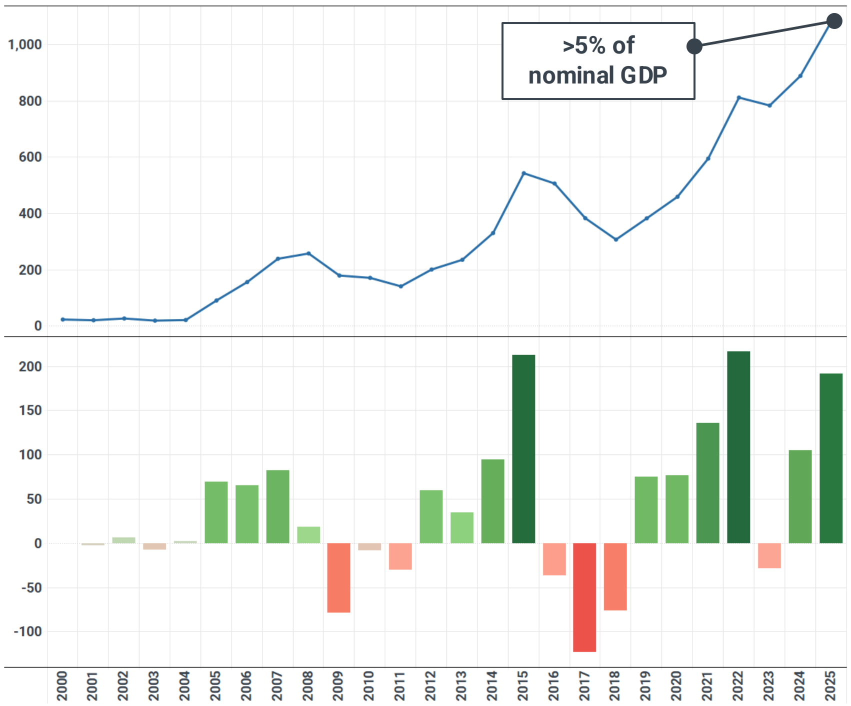
Manufacturing investment over-reliance is pushing the trade surplus to ever more unsustainable levels

Chinese Real Retail Sales Growth Against Industrial Production Growth (Y/Y % Delta)



Source: NBS; retail sales growth calculated on existing retail sales figures and adjusted using headline inflation

January – November Chinese Trade Balance (USD bn, top) and Y/Y Delta (USD bn, bottom)

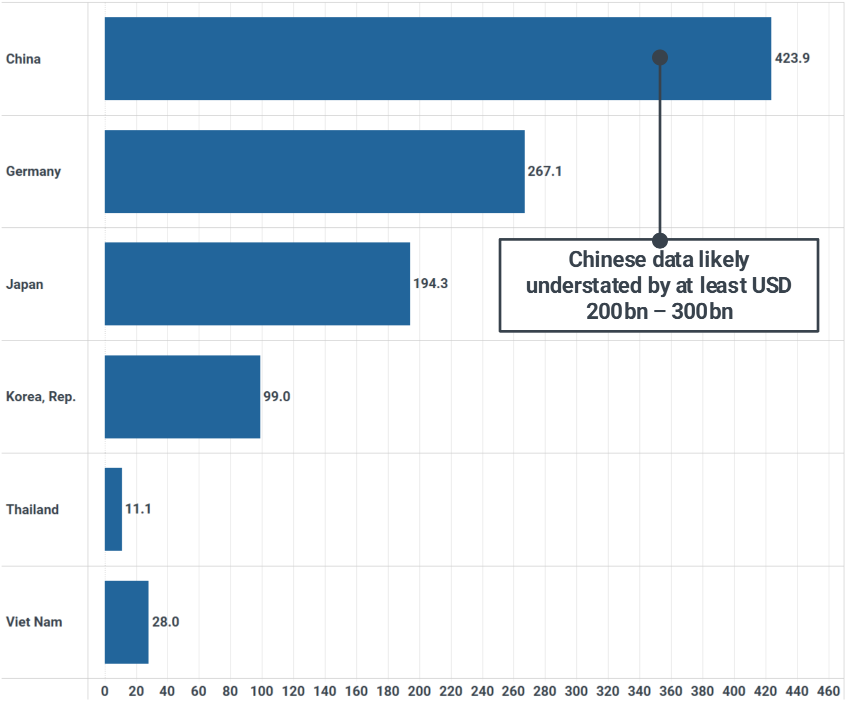


Source: GACC

Global: Current Account Balance

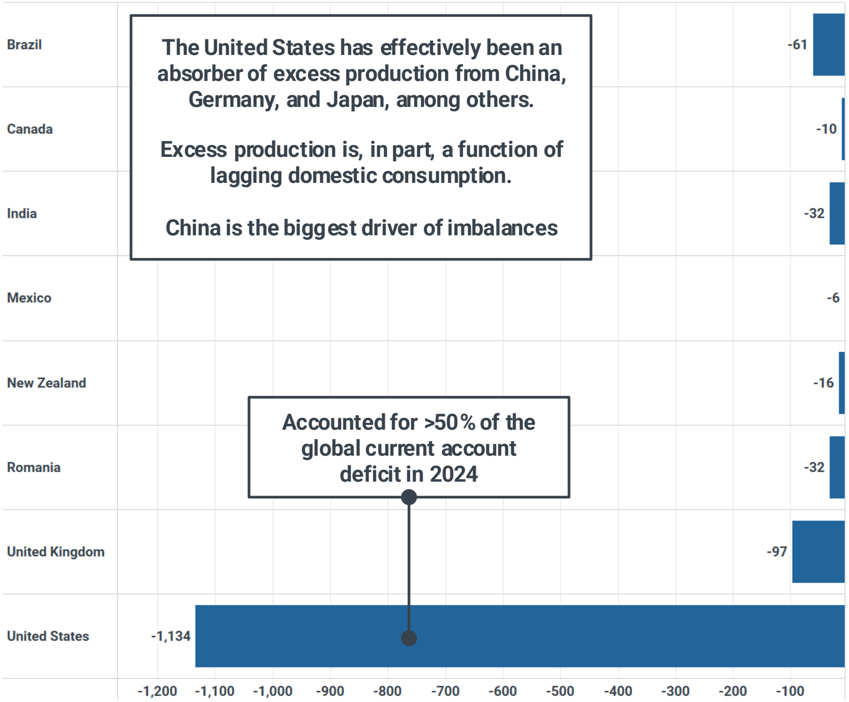
America is the "absorber of last resort" whereas China continues to push surplus onto the rest of the world

Selected Net Current Account Surplus Countries (in USD bn)



Source: World Bank; data as of 2024

Top Net Current Account Deficit Countries (in USD bn)

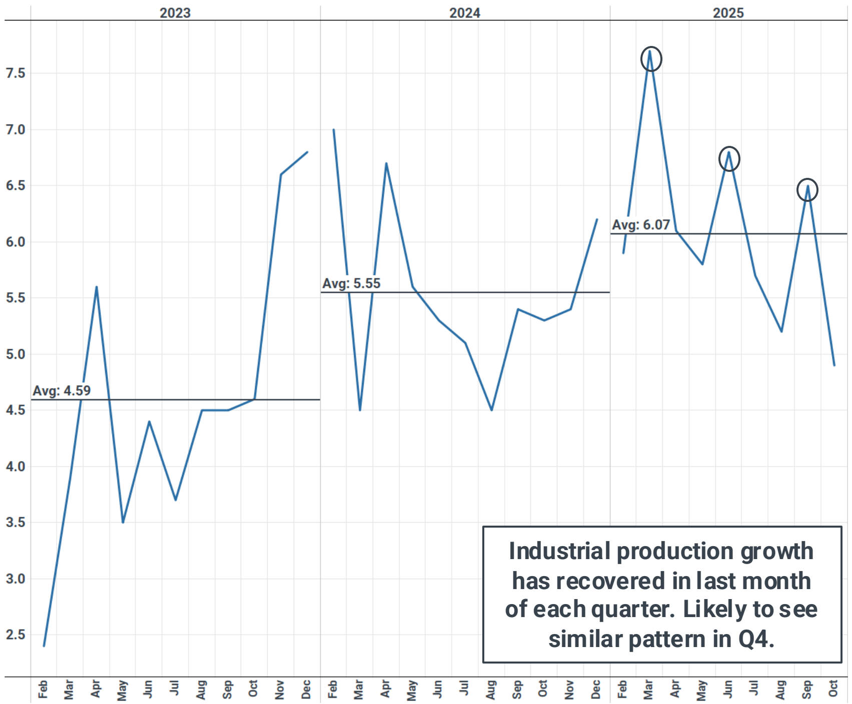


Source: World Bank; data as of 2024

China: Household Consumption & Investment

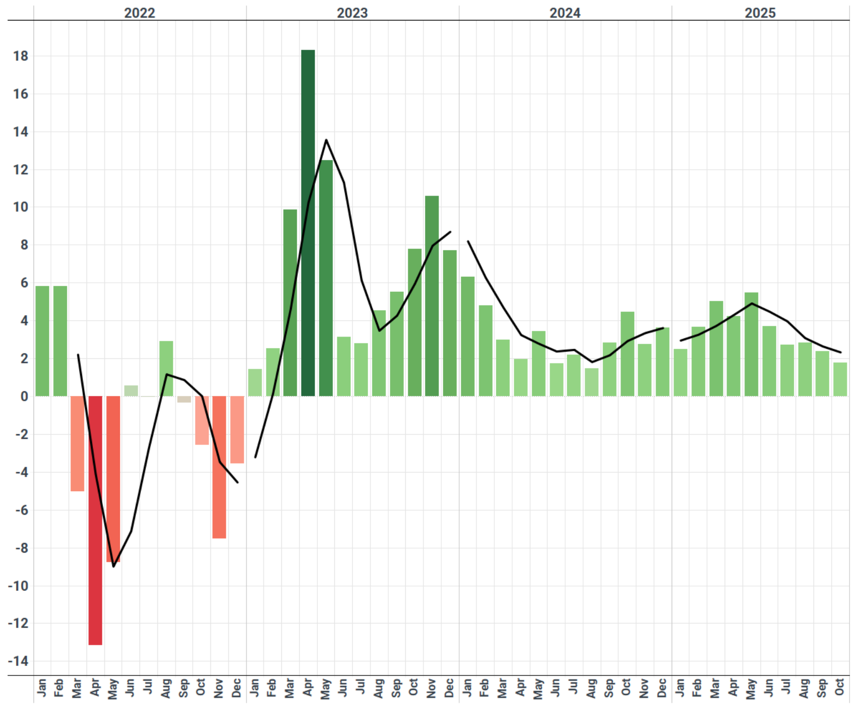
Production related investment growth rebounded in September; consumption growth momentum disappoints

Headline Industrial Production Growth (%, in Y/Y Terms)



Source: NBS

Chinese Real Total Goods Retail Sales Growth (%, in Y/Y Terms)



Source: NBS

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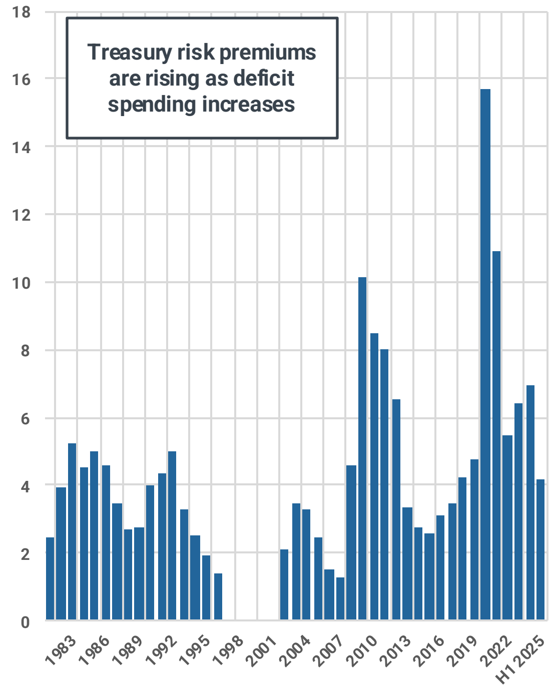
Precious Metals

Precious Metals: Gold and Silver

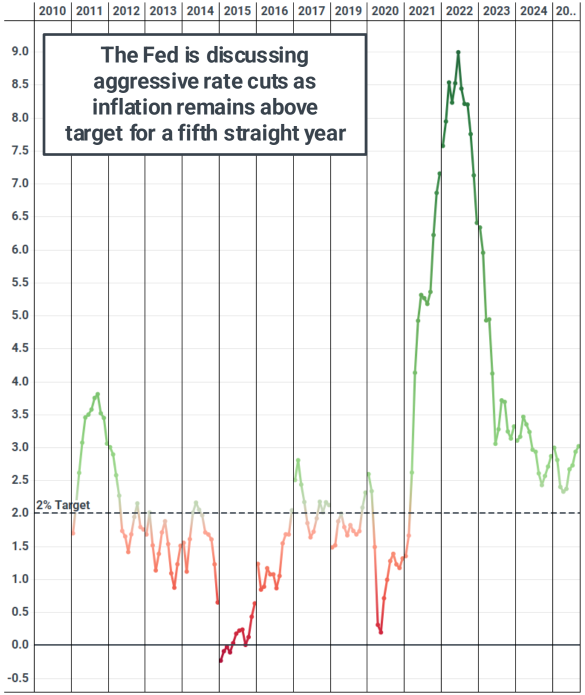
Monetary + fiscal debasement is a critical driver of gold and silver prices…people want hedges

US Government Deficit Spending as a % of Nominal GDP



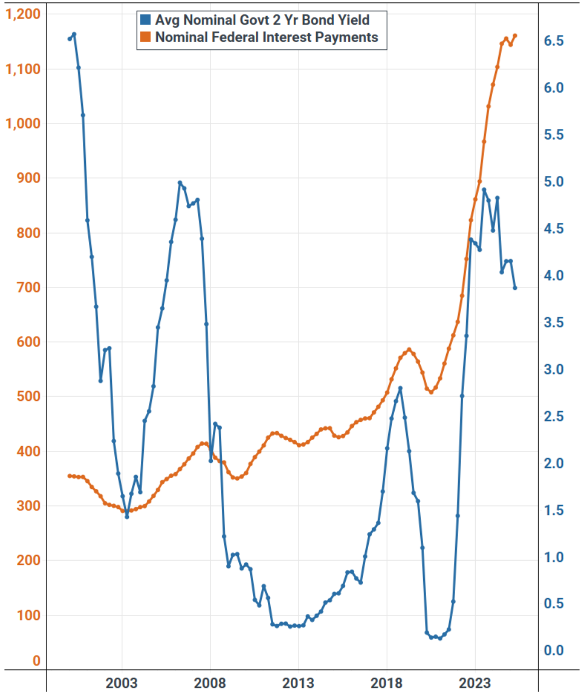
Source: BEA, US Treasury

US 12-Month Pace of Headline Inflation (%)



Source: BLS

US Yearly Nominal Interest Payments (USD tn, left) and 2Y Yield (%, right)



Source: Fed, US Treasury, Interest payments are annualized

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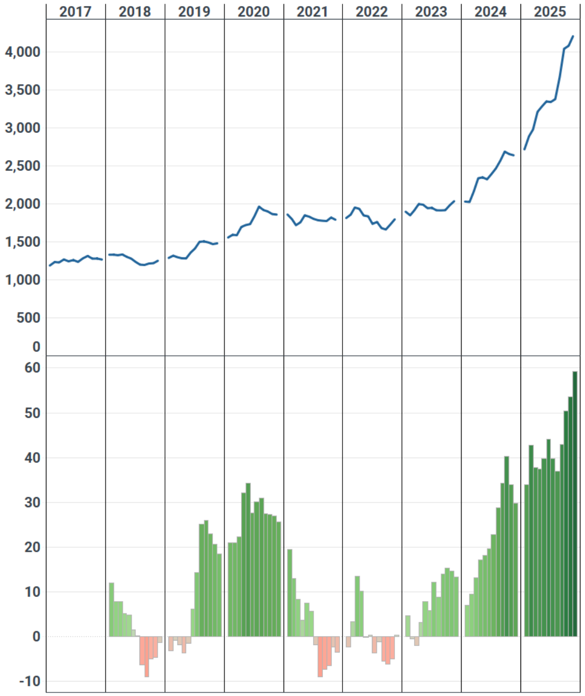
Precious Metals: Gold and Silver

Monetary debasement is a critical driver of gold and silver prices…people want hedges

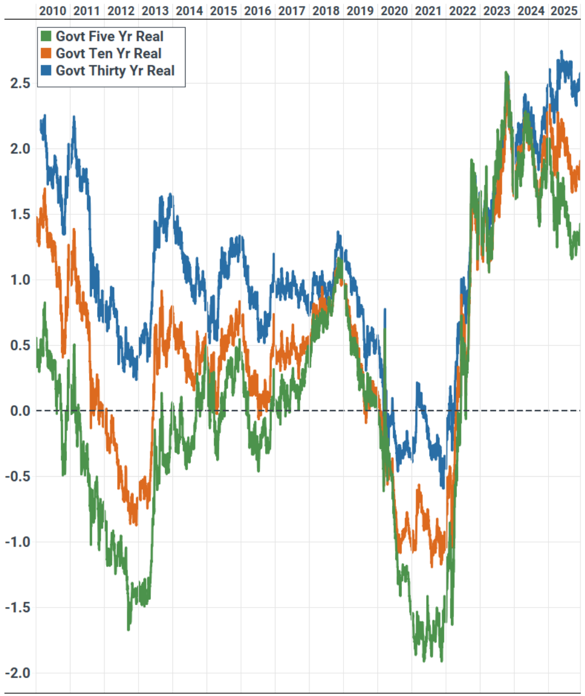
- **Gold has historically shared an inverse relationship to real yields.**
  a) Real yields remain historically high and yet gold has surged.
- **Gold is now serving as a…**
  a) Fiscal debasement hedge
  b) Monetary debasement hedge
  c) Institutional debasement hedge
  d) Geopolitical debasement hedge
- **Long term gold and silver holdings a good bet over the next decade.**
  a) Gold will likely attempt a test of $5,000/oz next year and $10,000/oz by the early 2030s.

Monthly Avg Spot Gold Price ($/oz, top) and Y/Y % Delta (bottom)



Source: Comex

Daily US REAL Govt Treasury Yields (%)



Source: Fed

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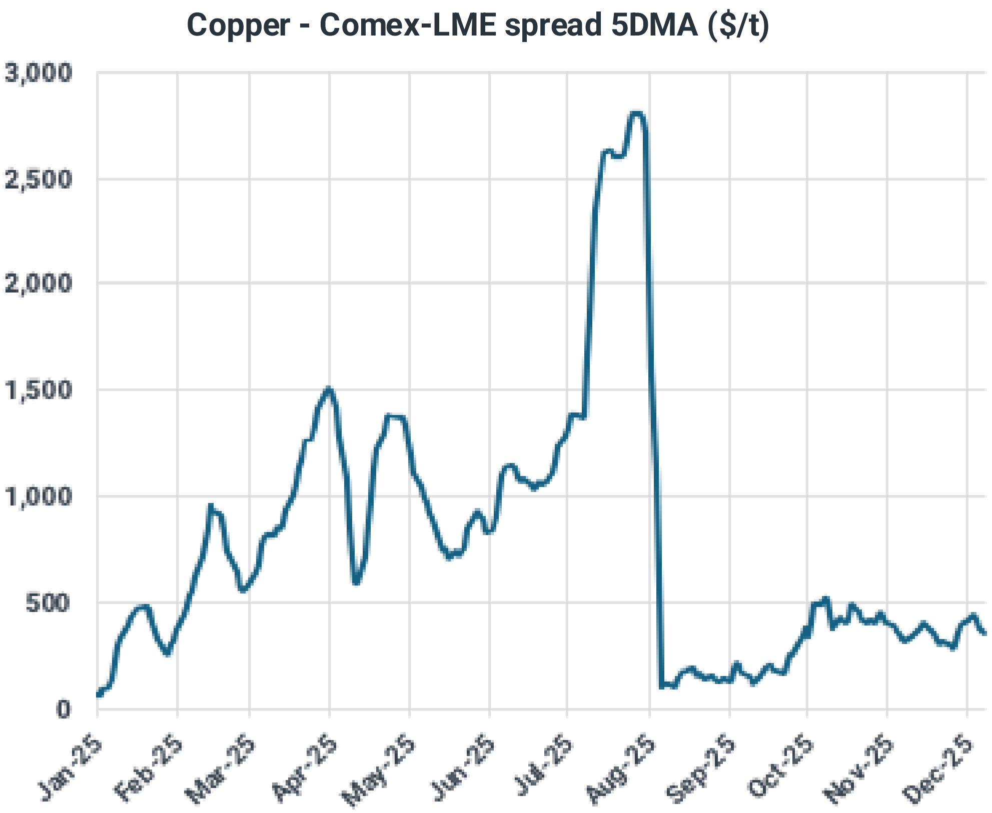
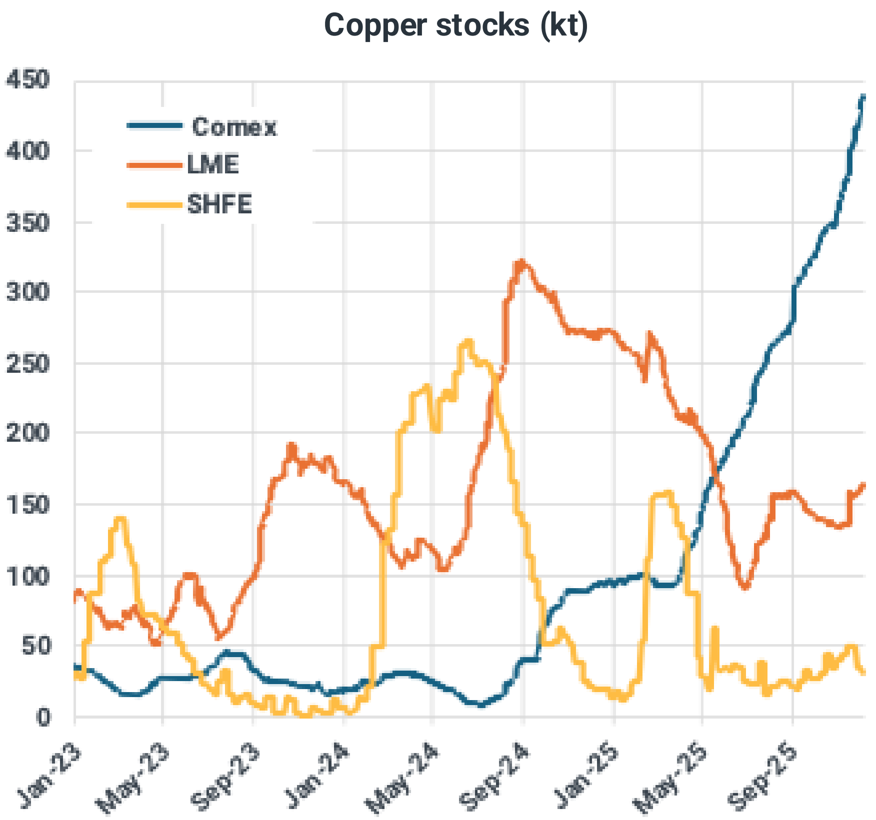
Copper

Copper benchmarks poised for further gains

Comex $5.60/t, LME $12,000/t





Source: Kpler calculations based on Argus Media

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Copper - Demand

Structural demand drivers remain largely in place

Main message: Policy support fading in the US.

- **China: 56% of global demand**, and flat-to-higher in 2025 as renewables offset construction weakness, but: "proactive fiscal approach" in 2026.
- Electrification: **grid expansion** (+35% line length by 2030), **BESS** (2-3 t/MW), **EVs** (55-83 kg vs ~23 kg for ICE car), **industrial** (EAF, chemicals electric process heat).
- Renewables: **wind** 4-5 t/MW (onshore), **solar PV** 3-5t/MW. Fossil/nuclear 2-3 t/MW.
- **Data centers**: ~27 t/MW
- **Defense sector**: rapid growth, ~data center demand!

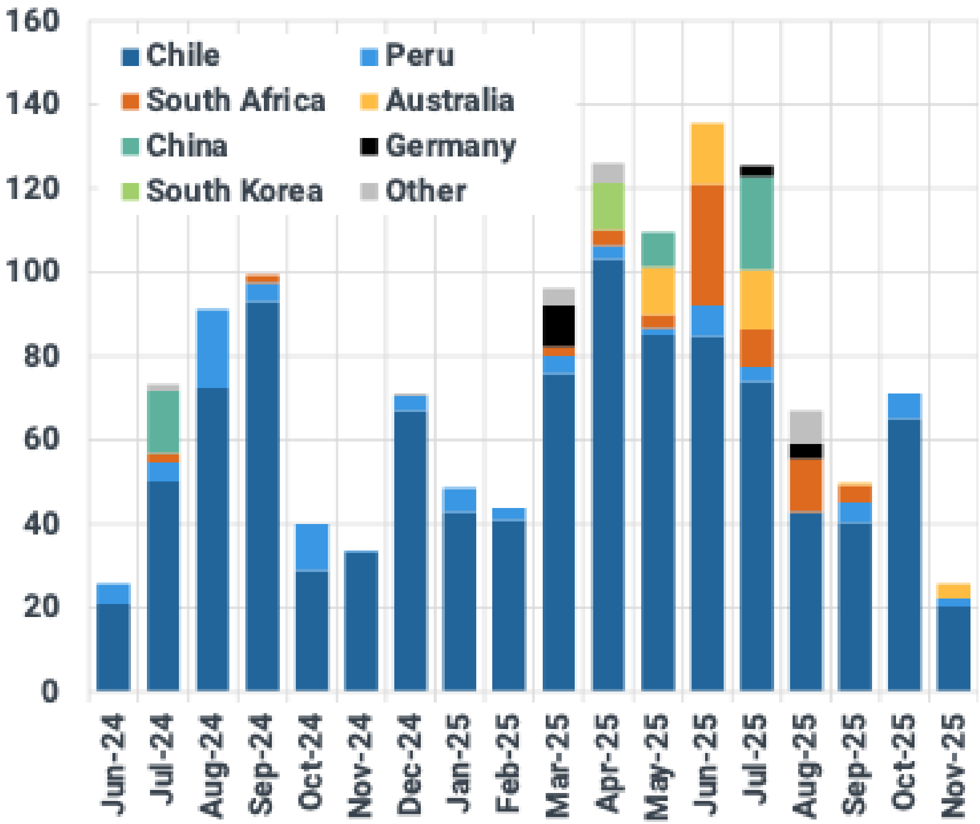
Greatest driver: **Urbanization** (India, SEA). Policy support: RePowerEU, China 5-Year Plan. **US IRA partly repealed**:

❌ Tax credits for renewable power and EVs (Lucid)

❌ Credit transferability

✅ Incentives for grid and domestic manufacturing

Monthly US Refined Copper Imports by Origin (kt)



Source: Kpler

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Copper - Supply

Major disruptions push 2026 balance into deficit

Main message: Slight price upside but not another rally.

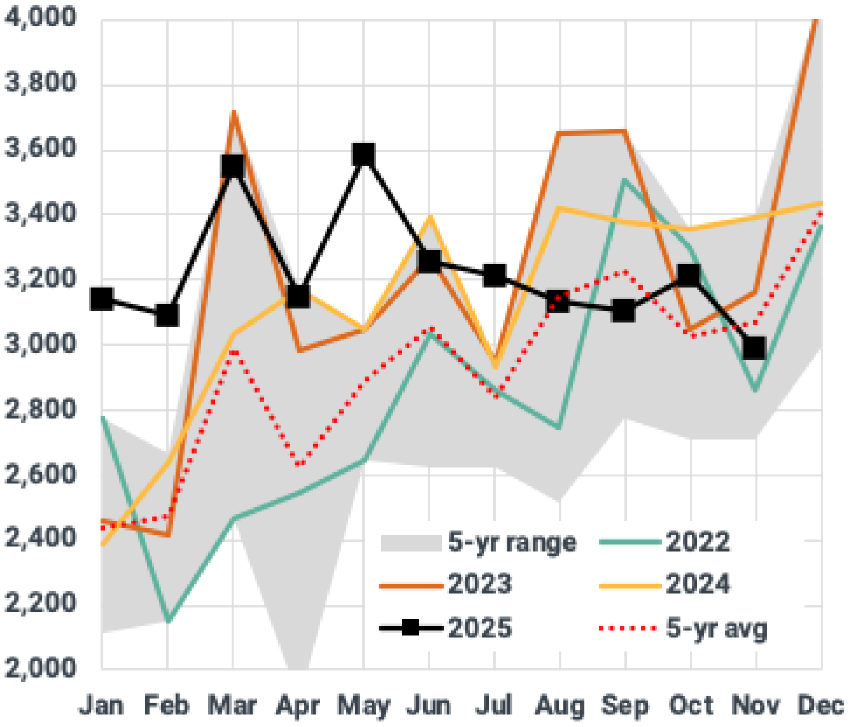
- **Chile** (El Teniente, Collahuasi, QB2), **DRC:** Kamoa-Kakula 380-420 kt in 2026 (prior: 520-580 kt).
- **Grasberg mine:** Block Cave (Sep-25 mud slide) restart Q2-26, but **other parts back online -** resumption in loadings last week.

Overall: **weakening** in H2 **copper concentrate exports → 2026 copper balance** into 150 kt **deficit** (ICSG).

Simultaneously: **smelting capacity growth** in India (Adani) and China → **TC/RCs below zero.**

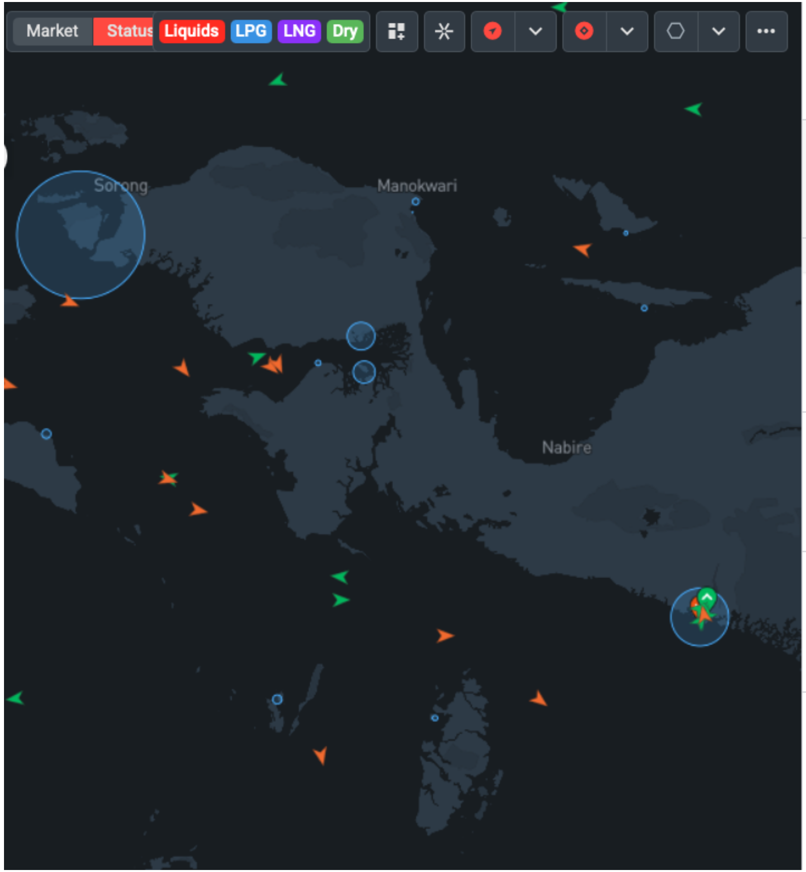
Supply growth until 2030 centered in the **DRC, Zambia, Russia, and China**. Future wildcard: Argentina?

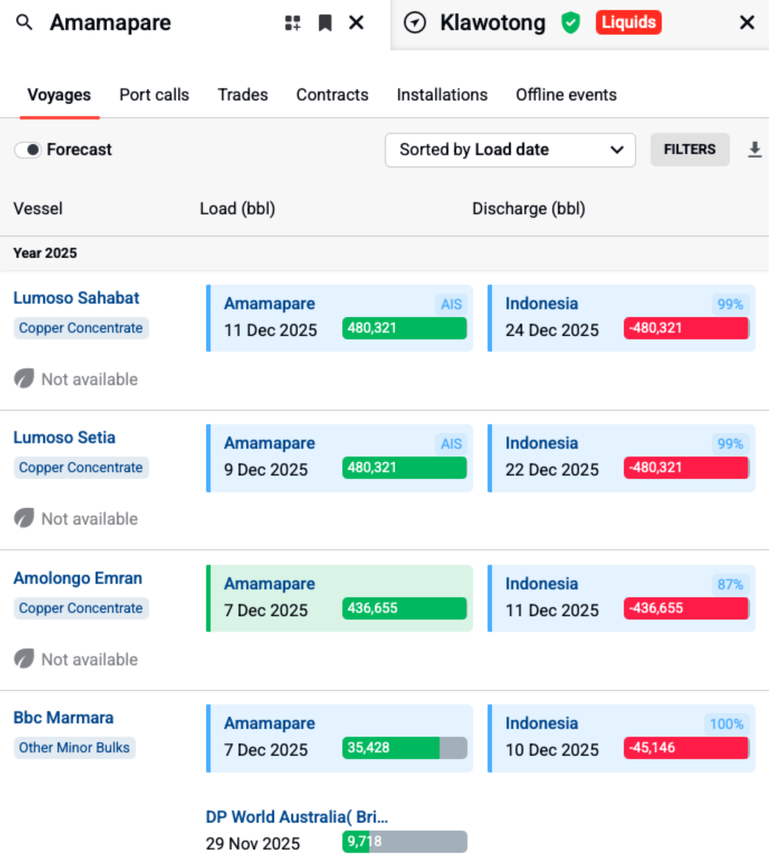
Monthly global exports of copper concentrate* (kt)



** incl. intra-country flows*
Source: Kpler

Tracking Grasberg mine output





Crude

Crude

Supply is surging – Why is Brent still above $60?

Main message: risk premiums and margins offset glut

Strong supply:

OPEC+: unwound 2.2 Mbd + 0.4 Mbd in 2025. **Resilient sanctioned flows.**

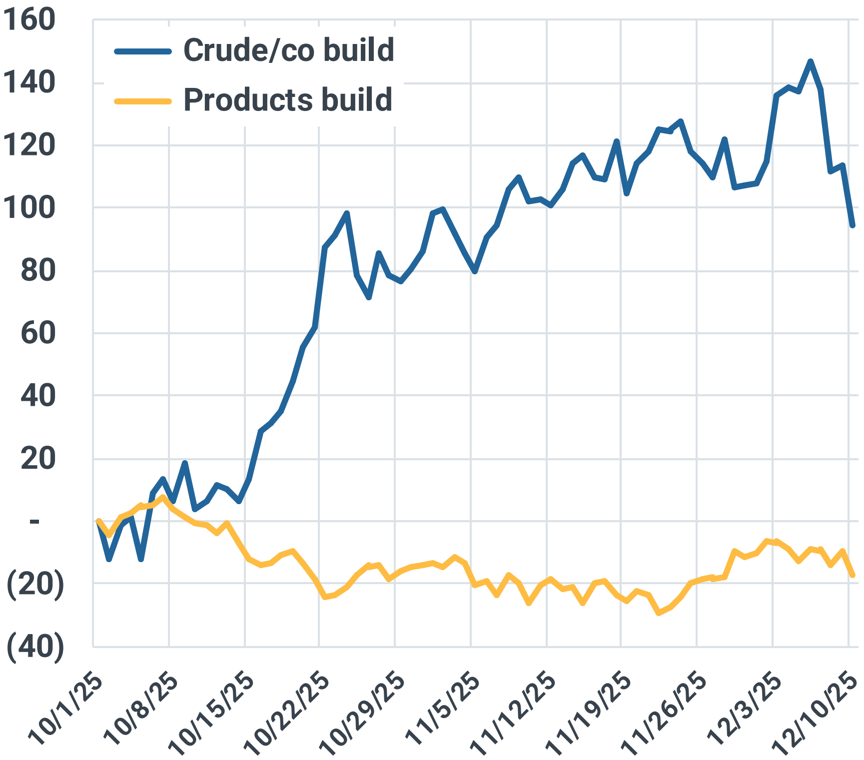
Non-OPEC+: Record high in US (13.8 Mbd), **Canada** (5 Mbd), **Brazil** (4 Mbd), **Norway** (2 Mbd), **Guyana** (850 kbd), **Argentina** (800 kbd).

Refining capacity constraints: -280 kbd net in 2025 (Atlantic Basin: -650 kbd): slow ramp-up (Dangote, Dos Bocas, Balik.), heavy TA, drone attacks.

Balance: OOW at post-pandemic high; **stocks (on+offshore)** +226 Mb (+2.5 Mbd). **Surplus of 2.1 Mbd in 2026** (2025: +800 kbd).

But: **risk premiums, strong refining margins** (diesel tightness), **China's strategic stockbuild** (500-700 kbd), seasonal crude burn (900 kbd in summer), **WoS stocks still tight.** 2026: non-OPEC+ slowdown.

Oil-on-Water vs Products-on-Water since Oct 1 (Mbbl)



Source: Kpler

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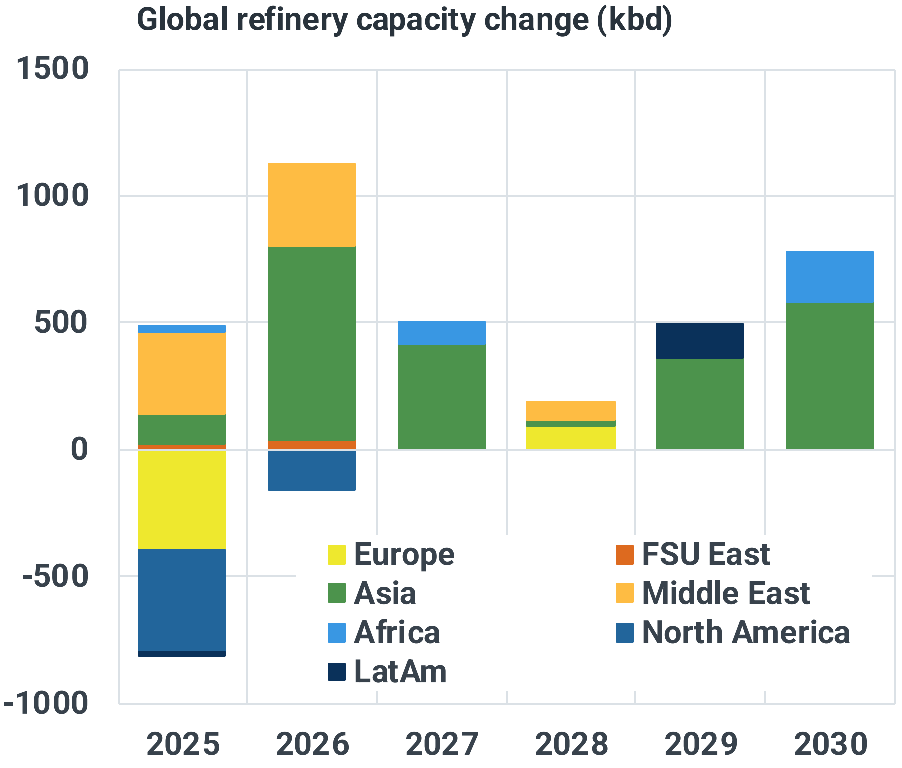
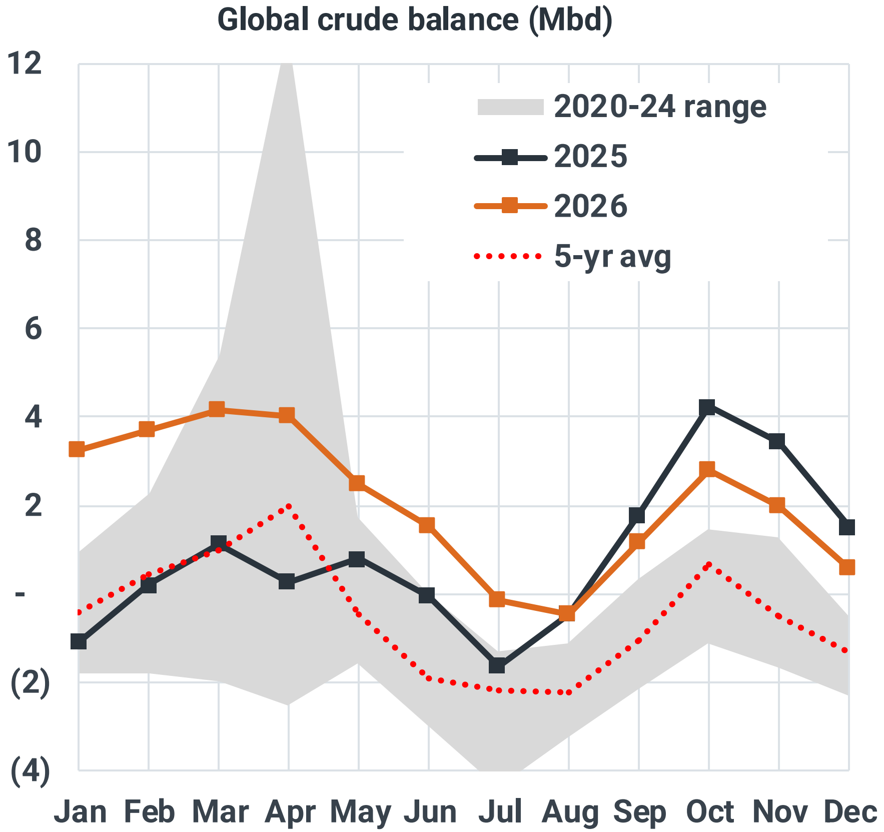
Crude

3.2 Mbd of oversupply in H1-26, easing to 1 Mbd in H2



Note: Chart includes ongoing and

Source: Kpler Insight, IRR



Source: Kpler Insight

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Crude – Sanctioned Barrels

Sanctioned barrels keep finding their way onto the market

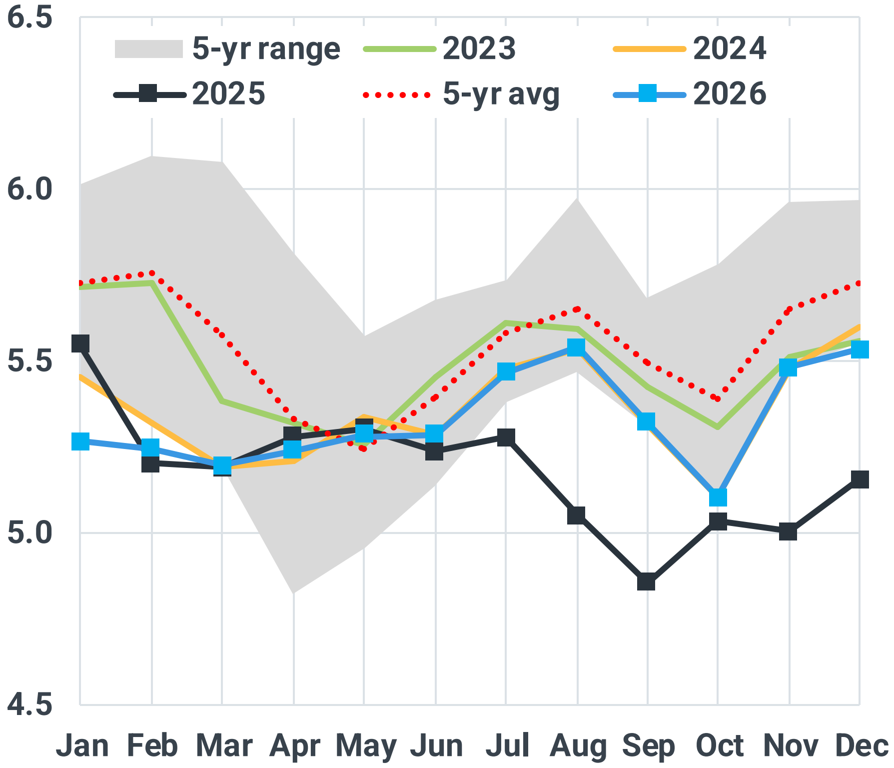
<u>Venezuela</u>: **VLCC seized by US**. Negotiated transition: **+50-100 kbd** within 3 months.

<u>Russia</u>: **Diffs weakened sharply**

- **Rosneft/Lukoil sanctions: fragmented reaction, at risk:**
  - **India: 800 kbd** (refiners diversify to WAF, ME, Americas)
  - **China: 3-400 kbd** (SOE cautious, discounts lift teapots)
  - **Turkey: 280 kbd** (shift to non-sanctioned entities, EU!)
- **Drone strikes:**
  - **CPC terminal: 2/3 SPMs operational**
  - **Refineries: -400-500 kbd** (→ POW -62 Mbbl since Sep).

<u>Iran</u>: Exports at 7-year high >2 Mbd (Sep/Oct) but Chinese imports declined: tightening US sanctions on **China's Rizhao terminal** → Single-largest contributor to OOW hike. Draws likely (quotas).

Russian refinery runs (Mbd)



Source: Kpler Insight, historic calculations based on ICE and NYMEX

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Kpler Risk & Compliance

All data | Last 30 days

Sanction risks	Management risks	Operational risks
3	2	5

Operational risks

- **AIS gaps**
  1 high risk AIS gap detected
- **High risk STS transfers**
  5 high risk STS transfers detected
- **Dark STS transfers**
  9 Dark STS transfers detected
- **Port call risks**
  8 port call risks detected
- **AIS spoofing**
  6 AIS spoofing events detected

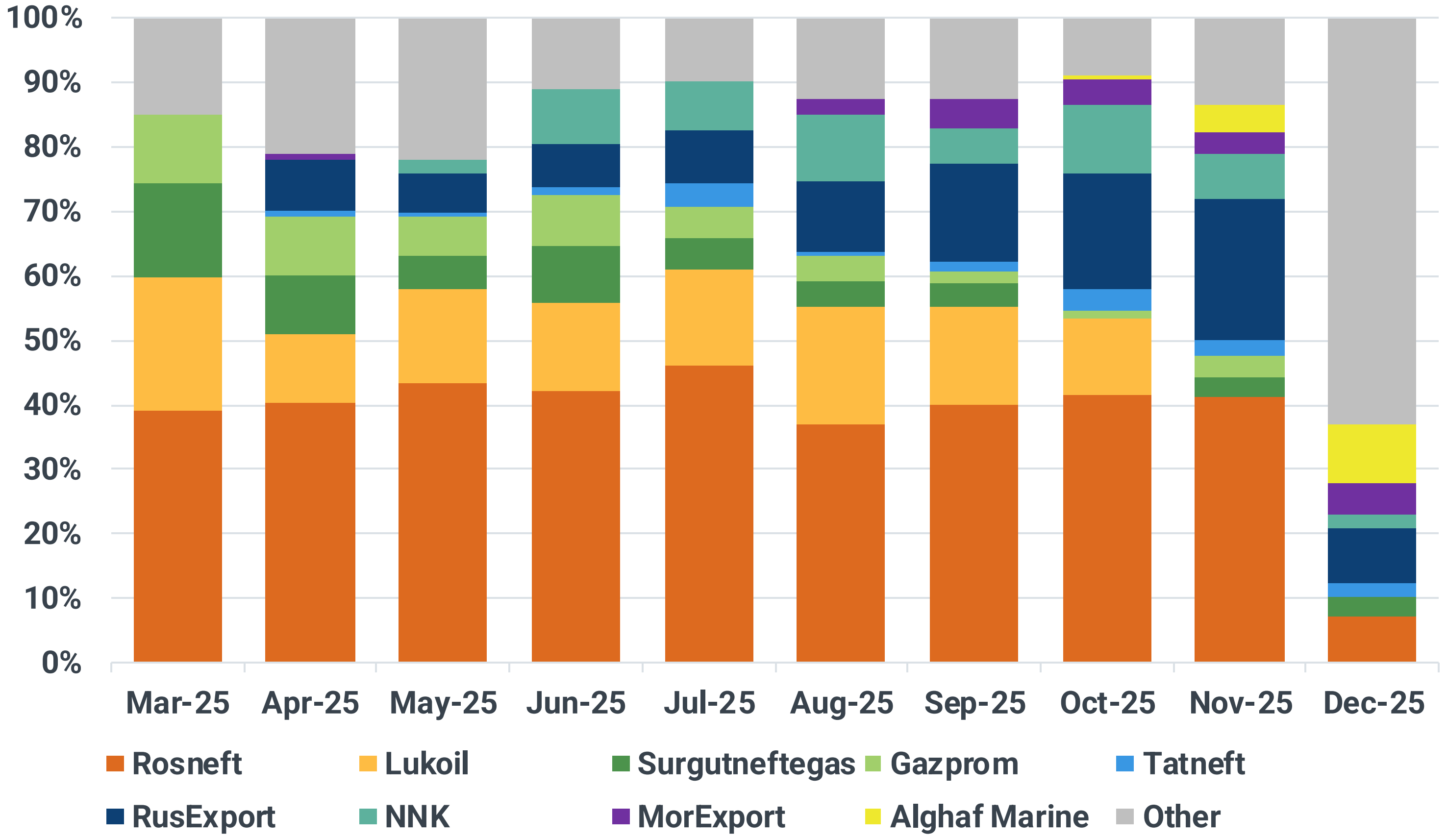
Sanction risks

Vessel | **Cargo** | Trade | Ownership | Flag

Date/Time	Product	Origin Zone	Origin Country	Risk	Authority
From **16/11/2025** 01:00 To -	**Merey** HS 270900	Port of Jose	Venezuela	Risk detected	OFAC
From **08/07/2025** 02:00 To **31/08/2025** 09:53	**Iran** HS 270900	Kharg Island	Iran	Sanctioned	OFAC, OFSI & EU
From **05/02/2025** 01:00 To **02/03/2025** 01:00	**Iran** HS 270900	Kharg Island	Iran	Sanctioned	OFAC, OFSI & EU
From **23/07/2024** 02:00 To **31/08/2024** 02:00	**Iran** HS 270900	Kharg Island	Iran	Sanctioned	OFAC, OFSI & EU
From **23/07/2024** 02:00 To **30/08/2024** 02:00	**Iran** HS 270900	Kharg Island	Iran	Sanctioned	OFAC, OFSI & EU
From **06/03/2024** 01:00 To **02/05/2024** 02:00	**Iran** HS 270900	Kharg Island	Iran	Sanctioned	OFAC, OFSI & EU

Crude

New entities selling Russian crude



Source: Kpler

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Natural Gas & LNG

Natural Gas – Pricing 2026

Henry Hub spread expected to narrow vs EU, Asia

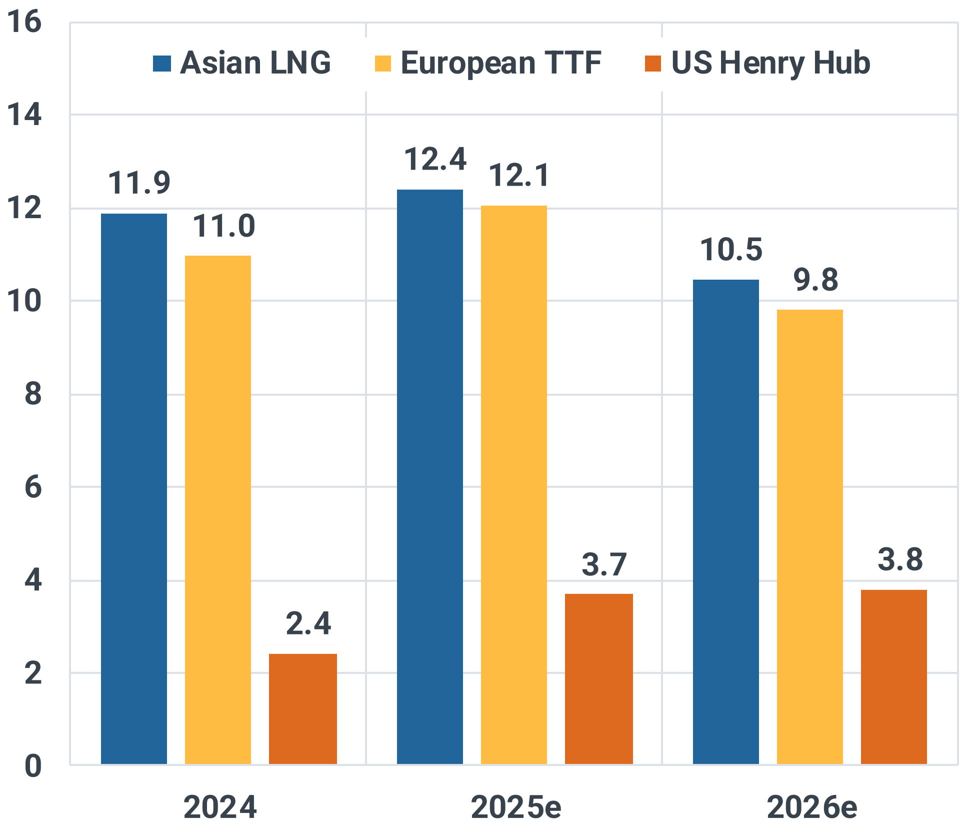
<u>**Main message**</u>: Henry Hub supported from LNG feedgas demand, TTF and JKM under pressure from abundant LNG supply in 2026. Arctic LNG2 to continue in 2026.

LNG 2026: supply +44 Mt, demand +40 Mt → pressure

<u>**Russian gas**</u>:

- Russia's share of EU demand down from 38% (2021) to **12%.**
- EU replacing Russian LNG (Dec-26) and pipeline gas (Sep-27).
- **Arctic LNG 2:**
  - China imported 6 cargoes since Sep-25, 1 via Suez.
  - Expected flows of **4.1 Mt in 2026** (all to Beihai, China), vs 1.4 Mt in 2025.
  - But: geopolitical risk, sea ice conditions, Arc7 vessel availability.

Kpler Outlook: Benchmark Prices ($/MMBtu)



Source: Kpler Insight,

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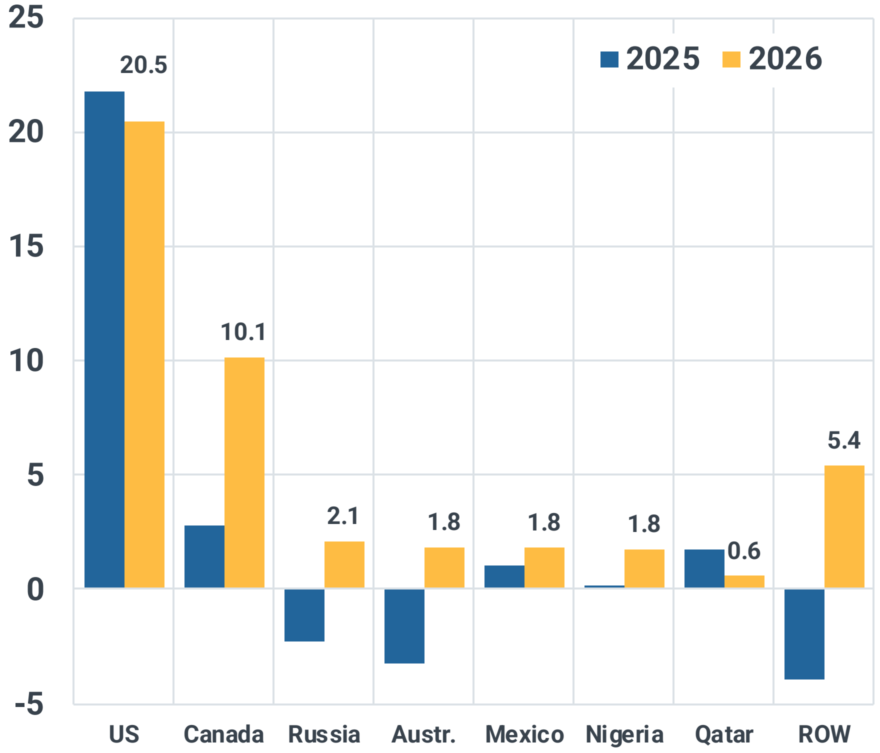
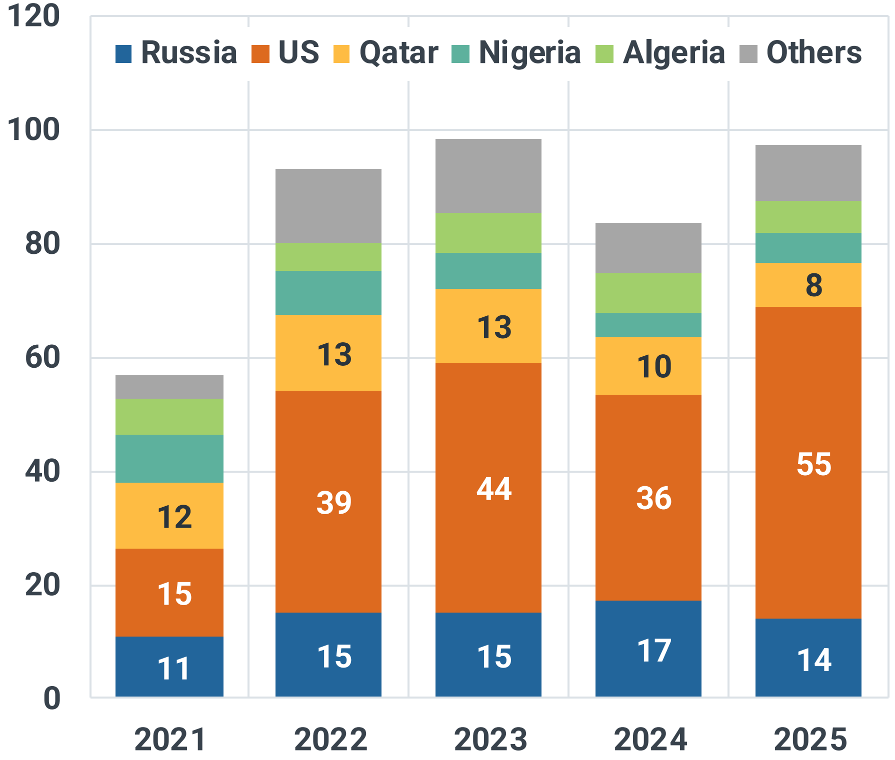
Natural Gas – Supply 2026

US to lead global LNG supply growth in 2026

LNG supply changes y/y for major exporters (Mt)



EU LNG imports by origin (Mt)



Source: Kpler

kpler

Natural Gas – Demand 2026

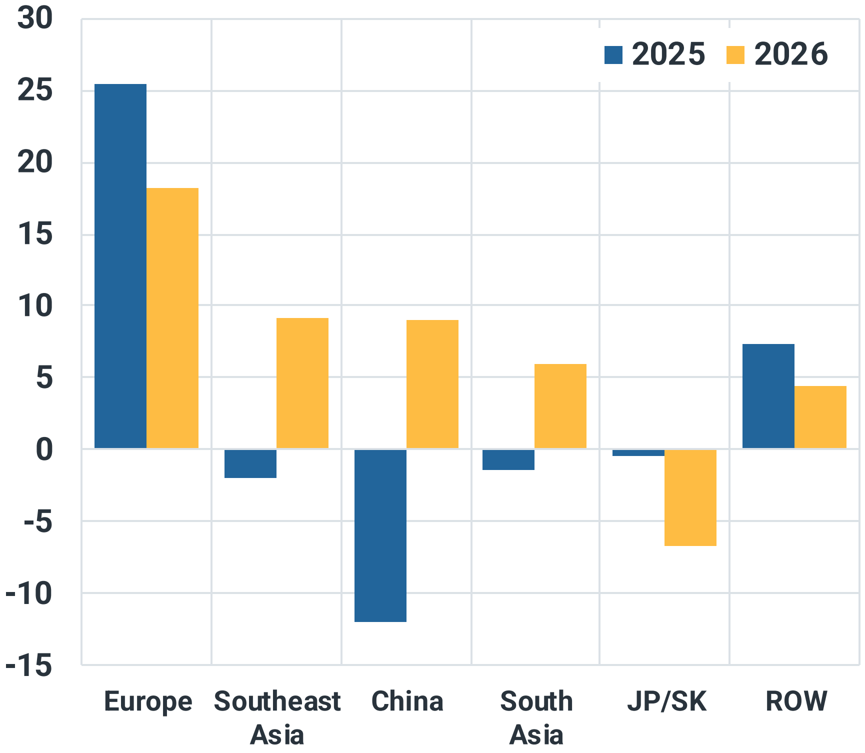
Global LNG demand growth driven by Europe in 2026

Main message: Return of price-sensitive buyers (India, SEA); strong European storage injections in 2026.

LNG demand +40 Mt to 462 Mt in 2026:

- **Europe/Turkey**: +18 Mt to 145 Mt in 2026. EU storage only at **36%** in Mar-26 → strong injections, facilitated by US LNG and TAP expansion. Gradually replacing Russian LNG (Dec-26) and pipeline (TurkStream) gas (until Sep-27).
- **China**: LNG demand +8.8 Mt (12 bcm) to 74.6 Mt in 2026. Gas demand even +31 bcm to 460 bcm: urbanization, expanding LNG truck fleet, offsetting persistent industrial weakness. **Strong domestic supply** (2025: +6.5% to 263 bcm).
- **JP/SK**: -3-4 Mt each (nuclear restarts + structural)
- **India**: +5 Mt to 30 Mt (lower price environment)

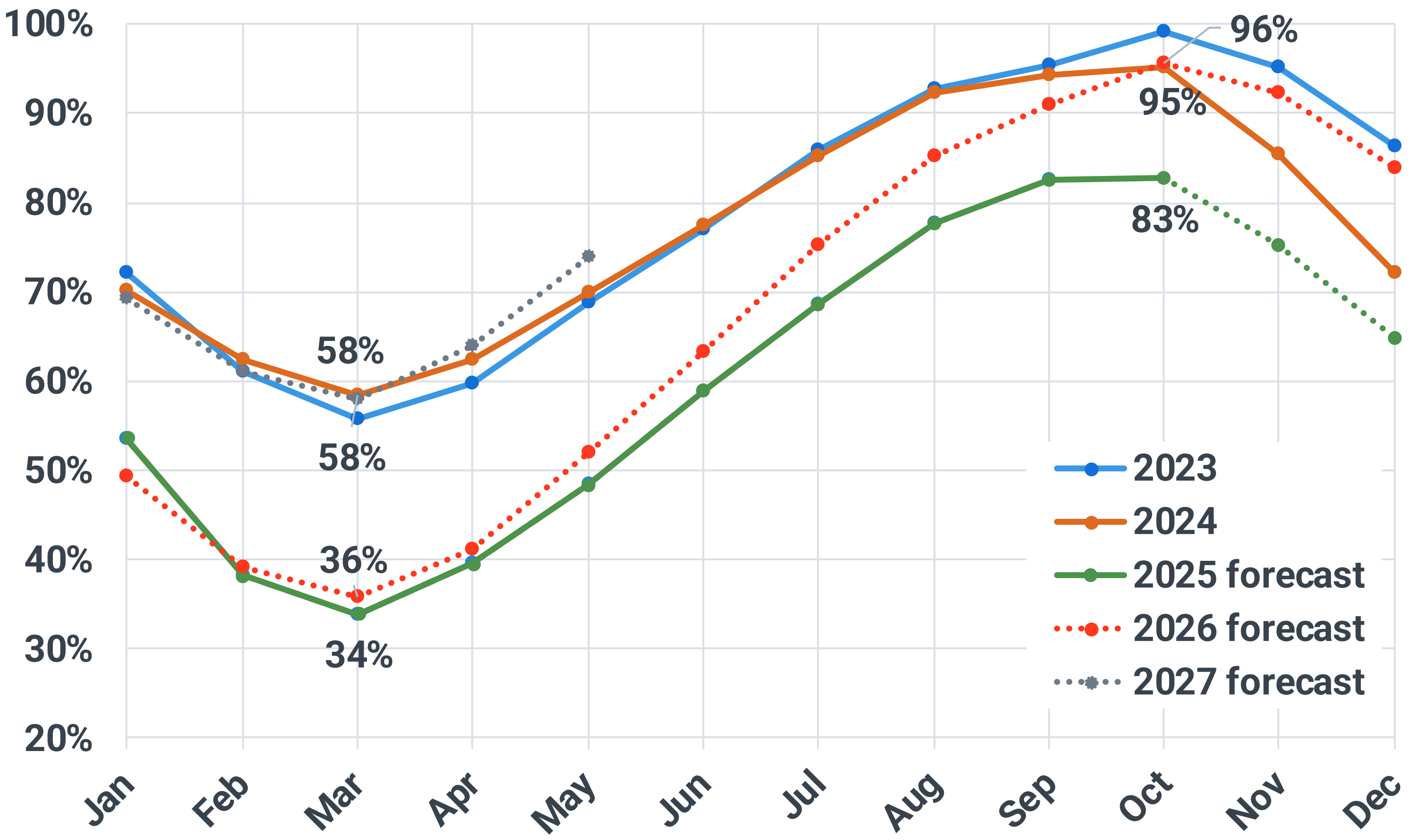
LNG demand changes y/y for major importers (Mt)



Source: Kpler

Natural Gas – Demand 2026

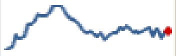
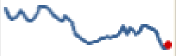
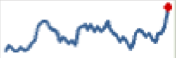
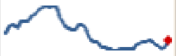
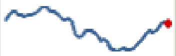
Strong injections into EU-27 underground gas storage in 2026



Source: AGSI+

kpler

Commodity Futures Positioning

Speculative Positioning	Longs Δ	Shorts Δ	Net Long	Net Long Δ	Momentum (4W)	Long/Short Z-Score	Net Long Percentile	Net Long as % of OI	Net Long Past 12M	Kpler Sentiment Score	
WTI (NYMEX)	10,270	-32,474	4,590	42,744	-0.17	-1.31	1	2%		-4	(+3)
RBOB Gasoline (NYMEX)	12,173	-2,784	51,060	14,957	-0.25	-0.51	39	58%		-1	(+3)
NY Harbor ULSD (NYMEX)	8,160	-5,685	25,793	13,845	-0.63	-0.05	71	34%		+1	(+4)
Henry Hub (NYMEX)	-9,071	-13,201	-41,787	4,130	-0.17	-0.44	39	-9%		-2	(+5)
Gold (CMX)	634	-12,774	105,635	13,408	-1.09	-0.13	44	63%		-1	(0)
Silver (CMX)	181	-5,303	22,696	5,484	-1.05	0.79	43	52%		0	(-1)
Copper (CMX)	10,071	194	66,553	9,877	0.91	4.98	92	75%		+5	(-1)
Soybeans (CBOT)	44,967	-36,029	118,489	80,996	3.34	-0.35	72	53%		+4	(+6)
Corn (CBOT)	15,055	-54,711	-89,506	69,766	0.60	-0.63	32	-21%		-3	(+4)
Wheat-SRW (CBOT)	3,384	-28,860	-75,133	32,244	1.15	-0.39	31	-25%		-1	(+6)
Cocoa (ICE US)	-66	-609	-375	543	-0.32	-0.89	19	-1%		-3	(+2)
Coffee (ICE US)	-2,650	756	46,745	-3,406	0.40	0.29	69	73%		+2	(-1)
Metric definition	Δ longs w/w	Δ shorts w/w	Net length outright	Δ net length w/w	4-week z-score net change (5Y)	Standardized long/short ratio vs 5Y	Rank of net length vs 5Y	Net length as % of open interest	Net length past year	From -9 to +8. Asigns scores -2 to +2; -1 crowded penalty if Net Long >80th percentile and >40% of OI.	
Interpretation	Shift in bullish tone	Shift in bearish tone	Directional bias	Shift in overall tone	Sustained momentum shift?	Positioning one-sided?	Positioning extreme?	Positioning crowded?	Longer-term trend		

Q&A