

Commodity Market Update for Macro Voices November, 2021

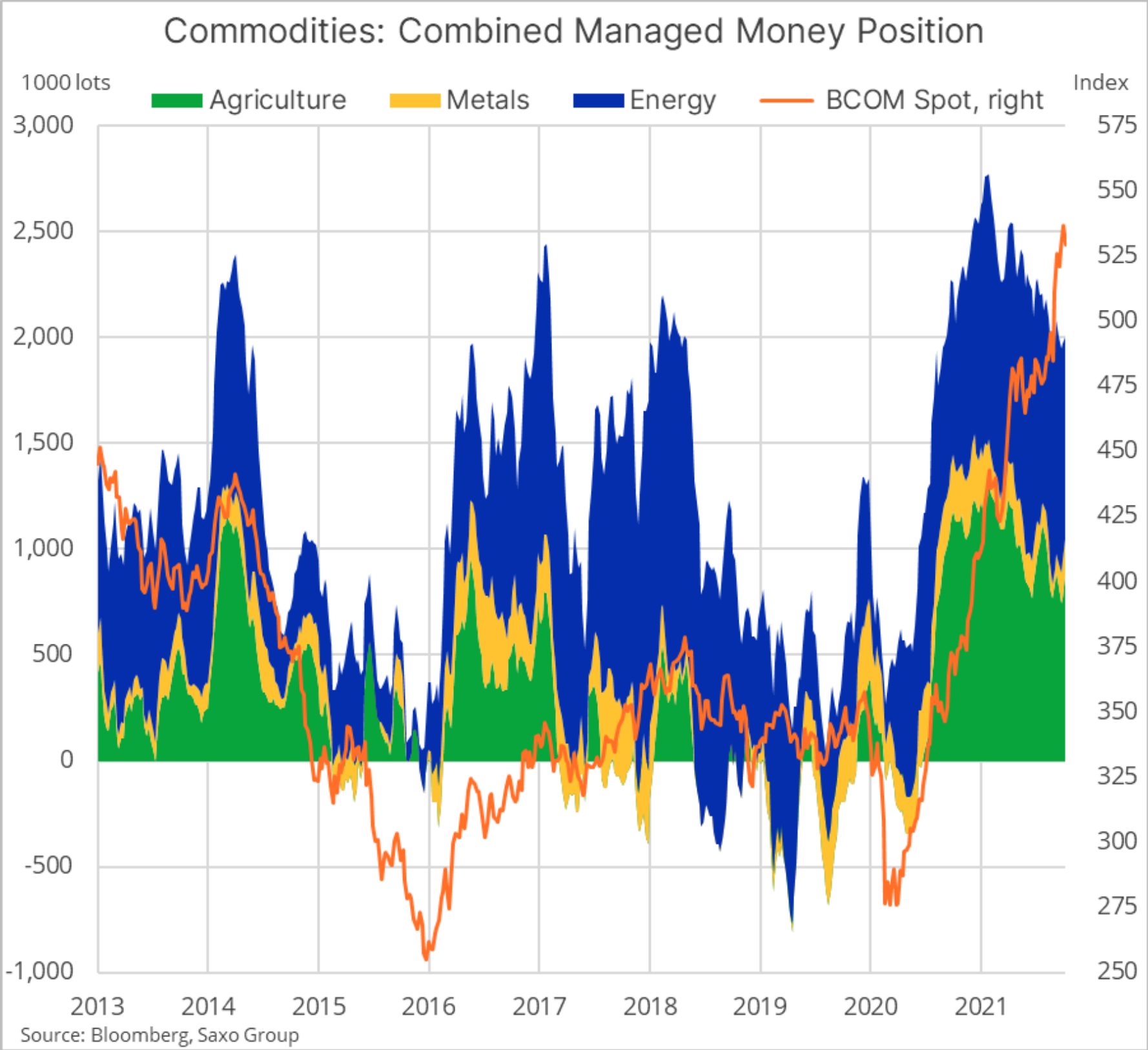
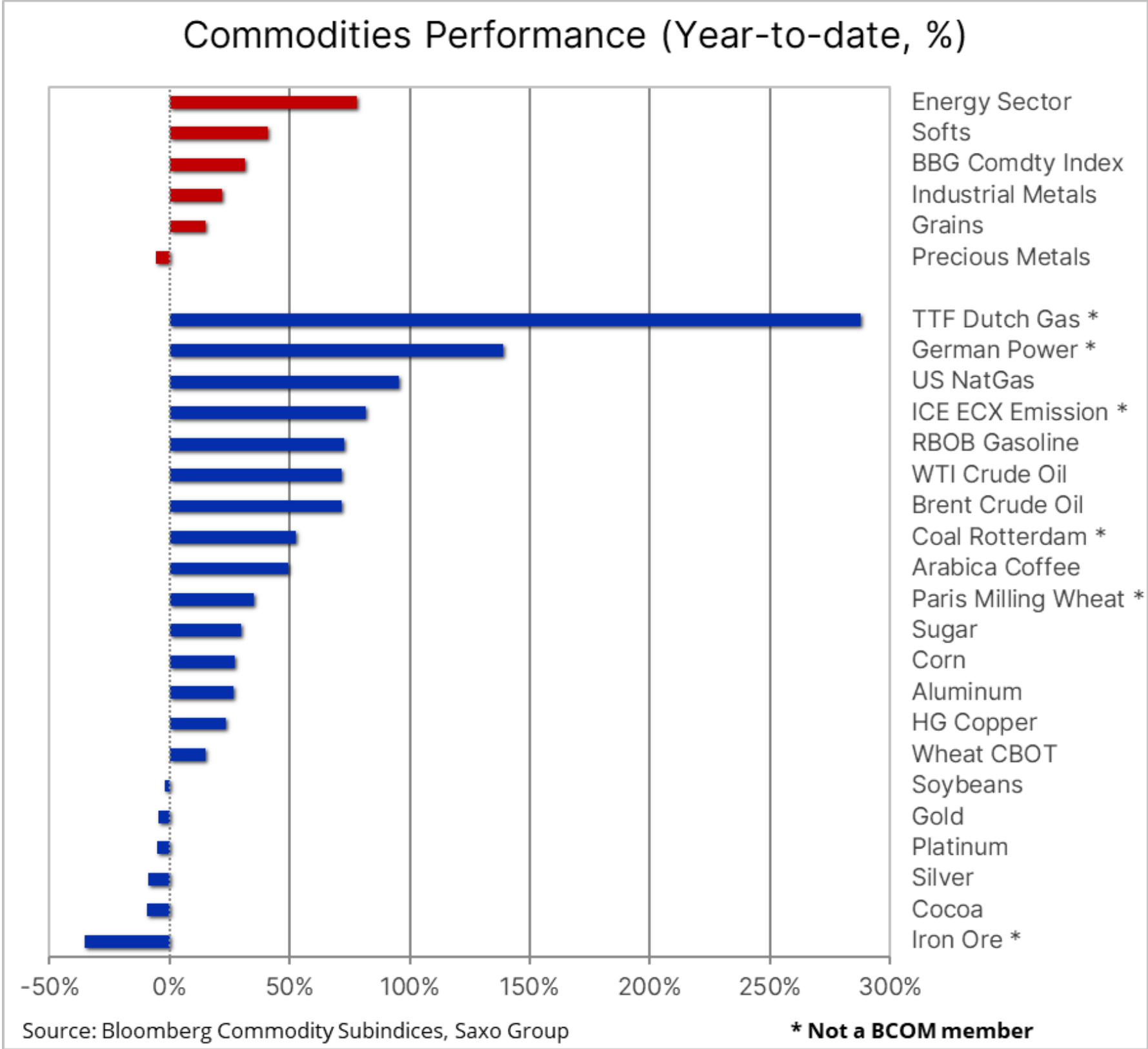
Ole S. Hansen, Head of Commodity Strategy



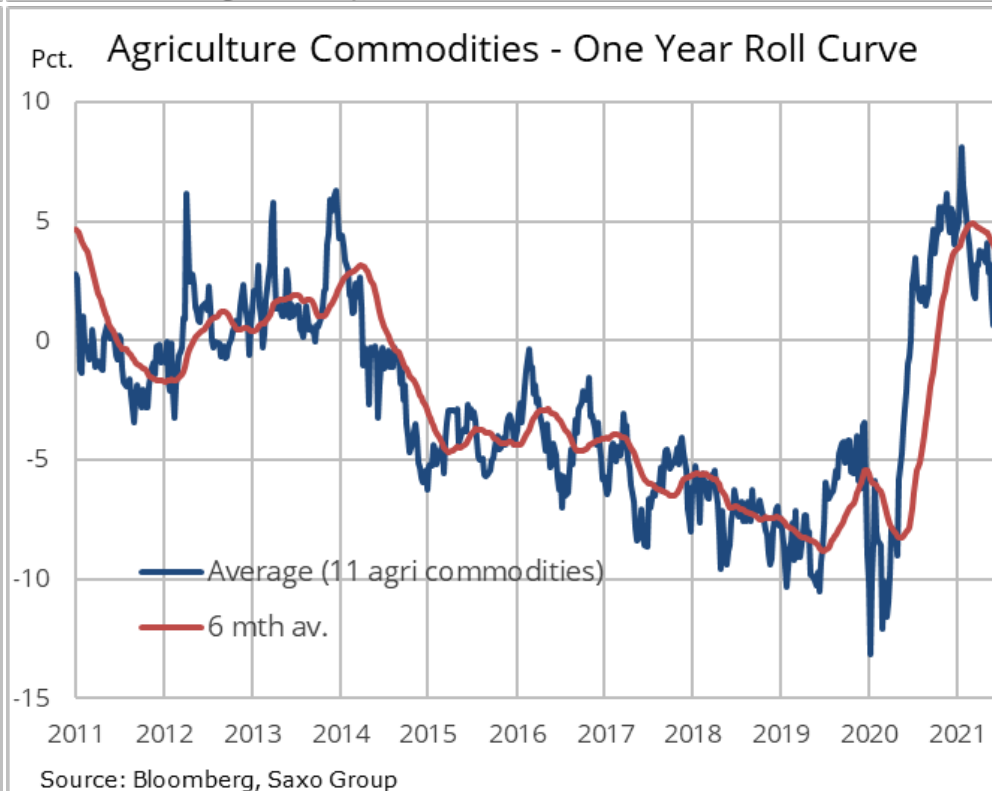
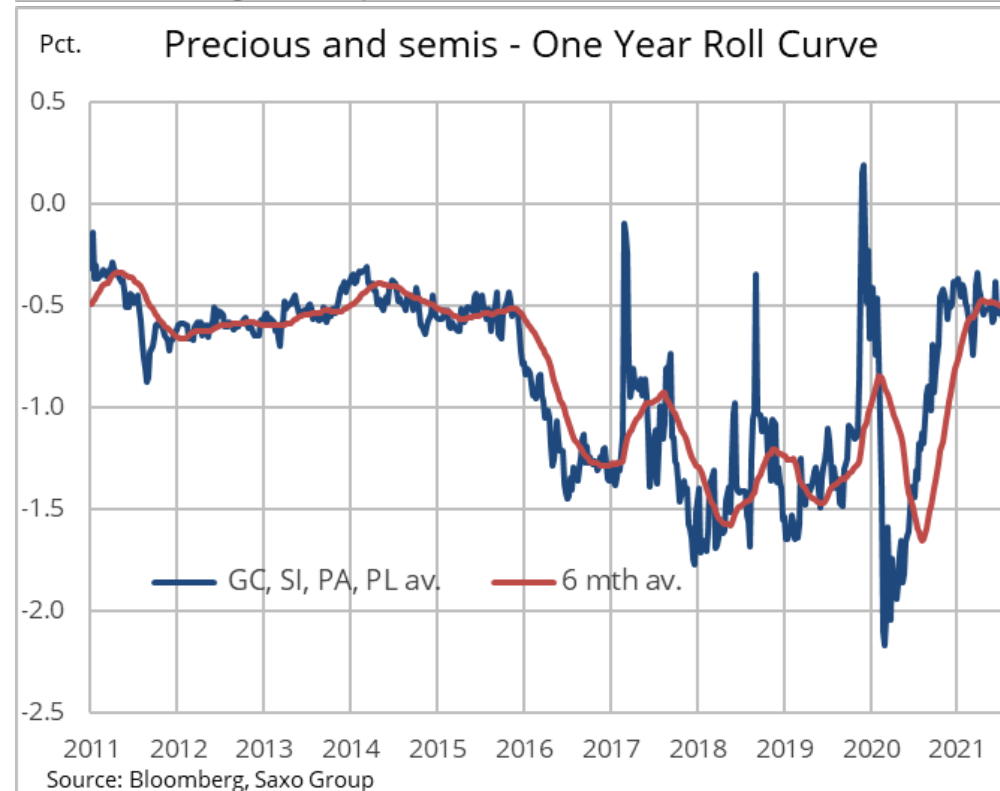
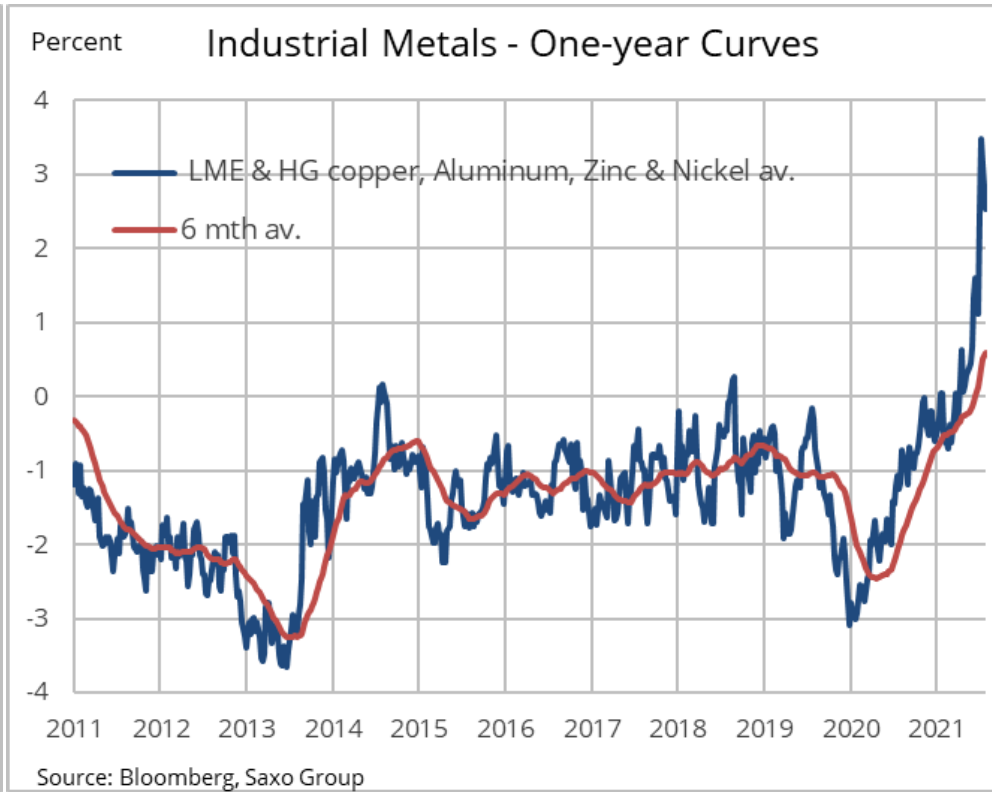
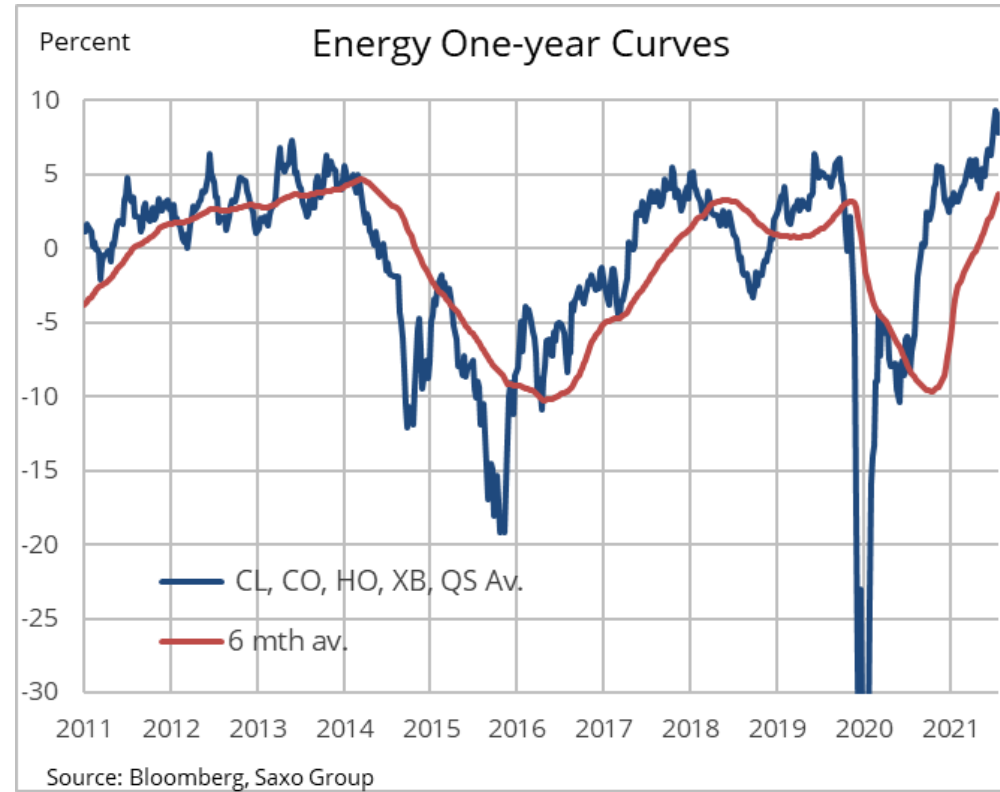
@Ole_S_Hansen

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Supply-driven bull market due to years of underinvestments and ESG



Tightness in energy and industrial metals still points to higher prices



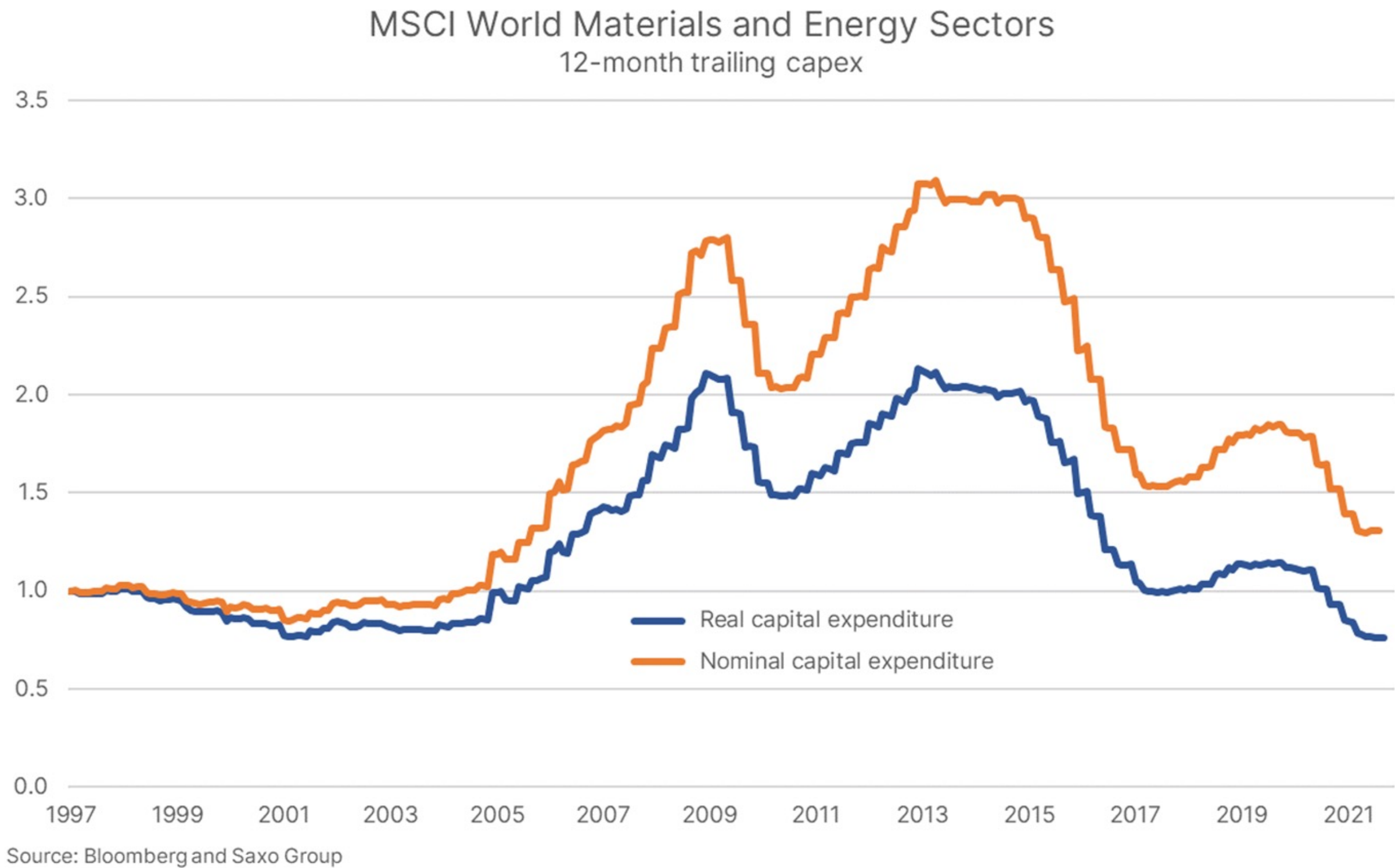
What drives a commodity supercycle?

- Rising physical demand and tightening supply
- Increased demand for real assets from underweight investors
- A weaker dollar
- Heightened inflation risks
- ESG, investor and lending restrictions

Duration determined by:

- Prolonged period of mismatch in surging demand and inelastic supply
- Supply/demand imbalances take years to correct
- High start-up capex for new projects and falling ore grades

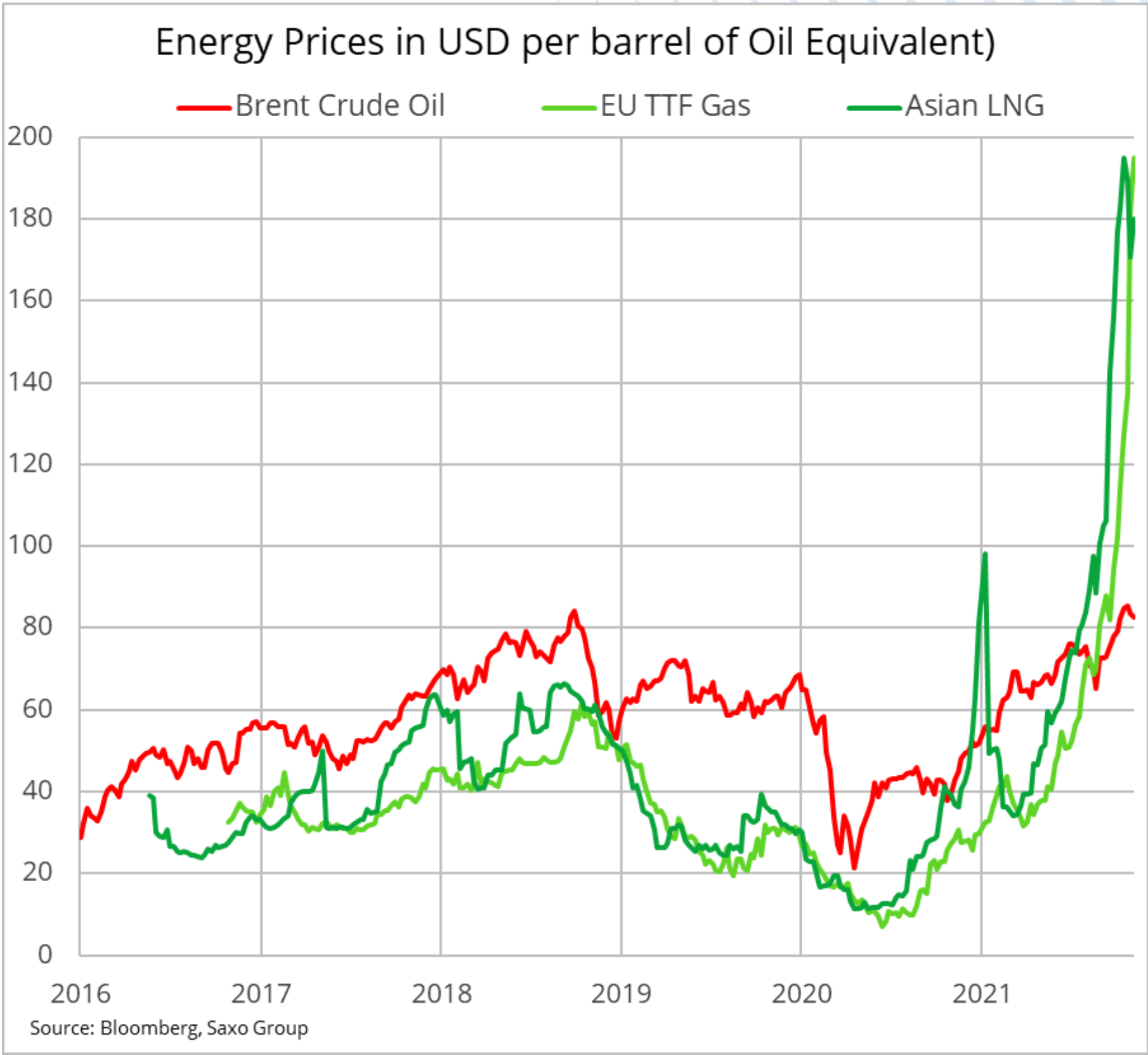
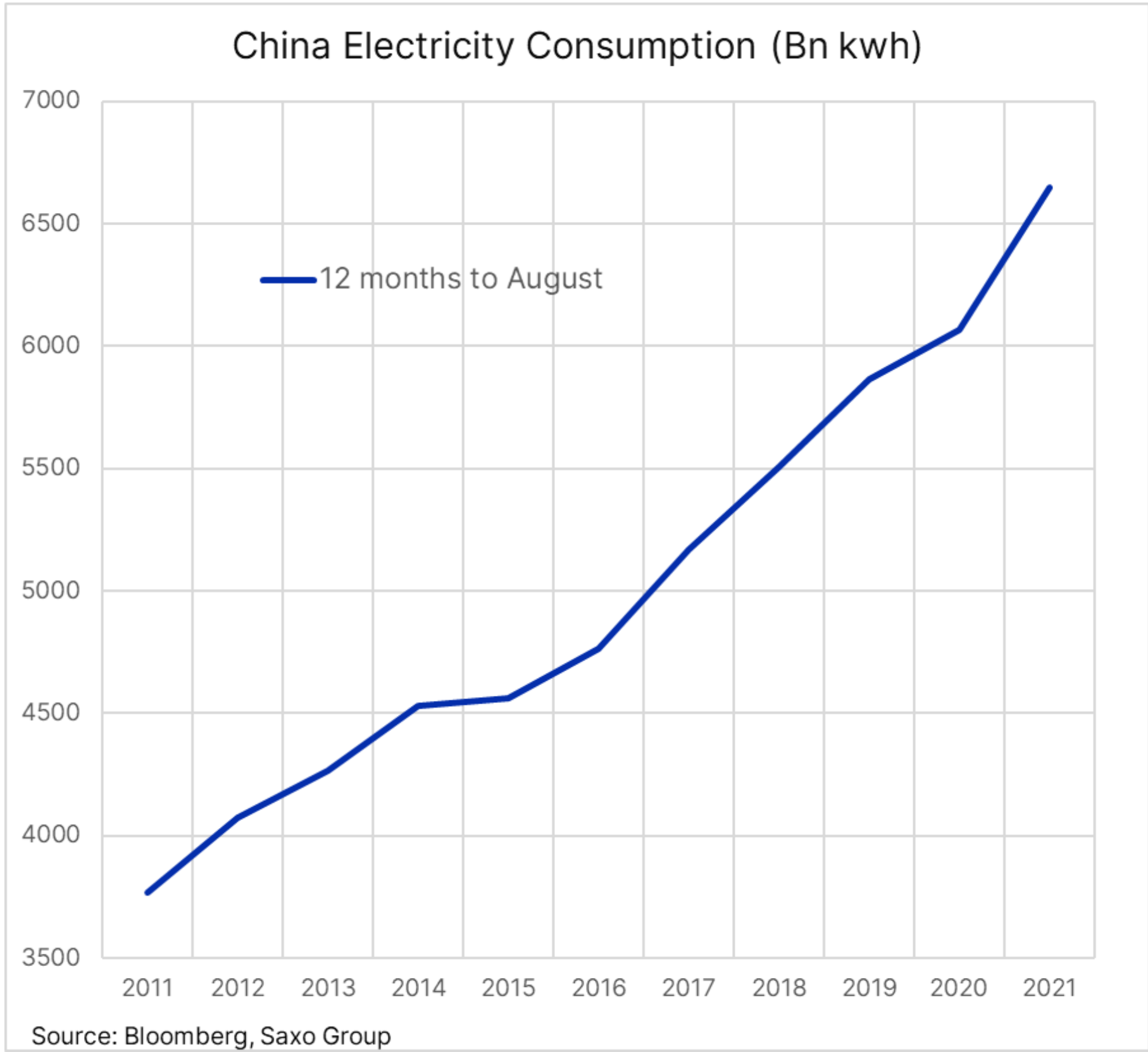
Future supply of key commodities challenged due to lack of CAPEX



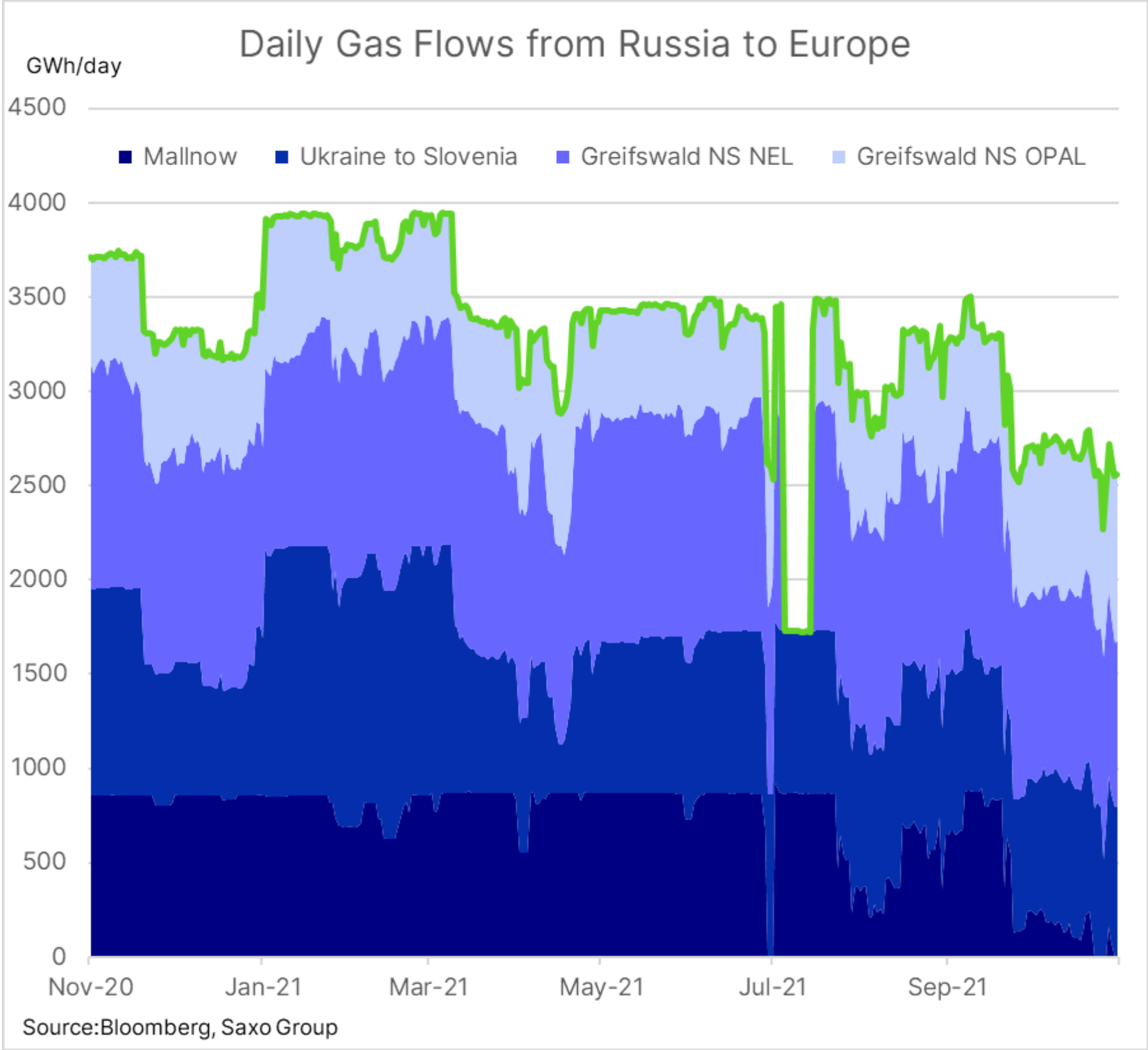
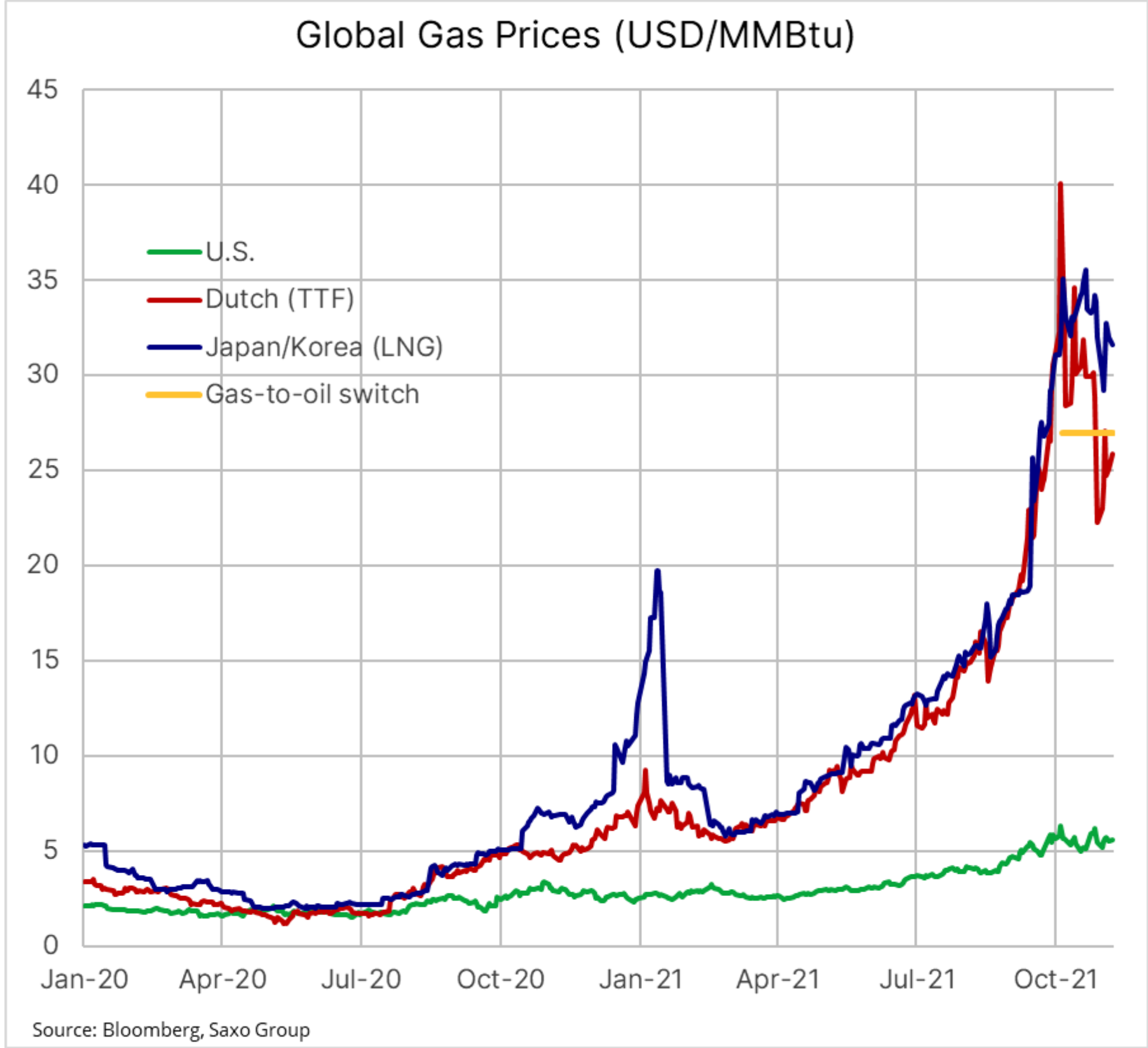
The Bloomberg Commodity Index almost doubled between 2001 and 2005 before CAPEX picked up.

The current lag made worse by green transformation focus and doubts about the long-term demand outlook

An overstimulated global economy driving the current energy crunch



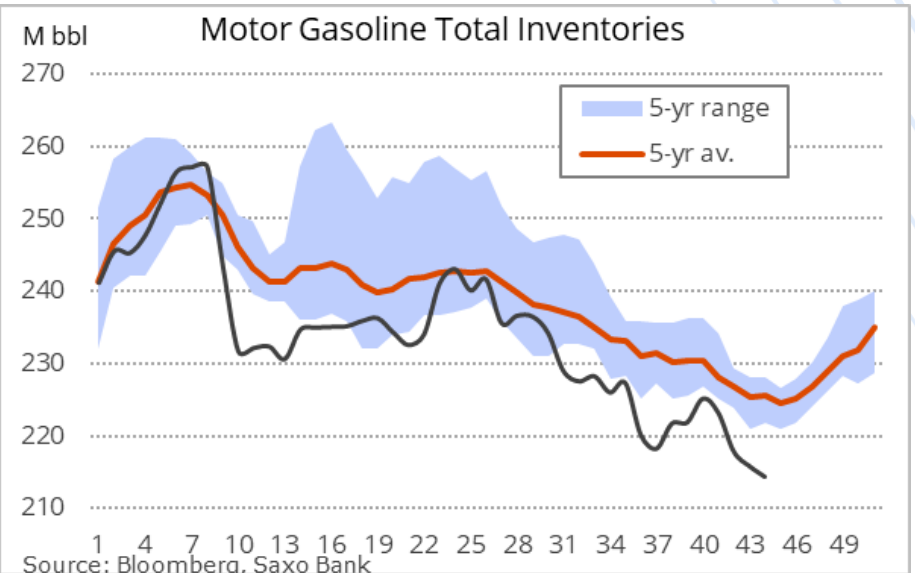
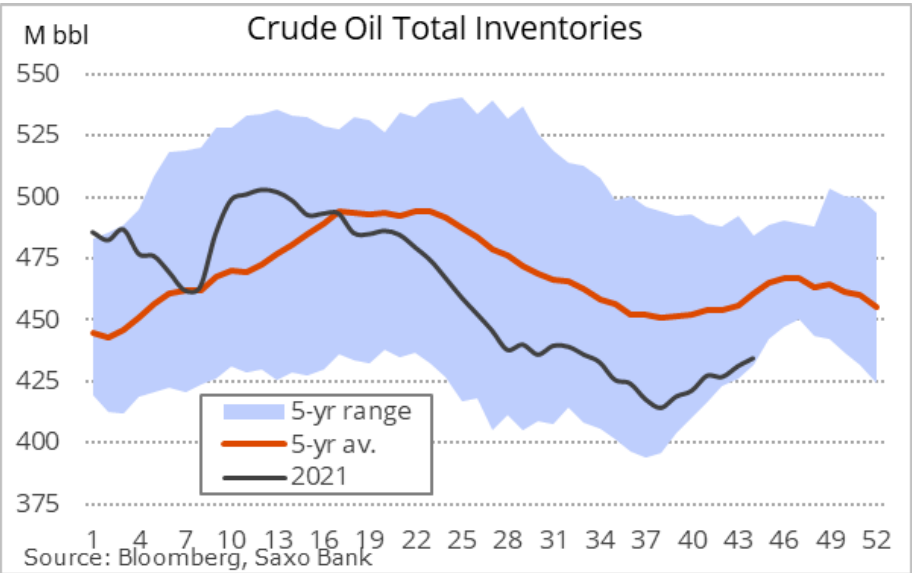
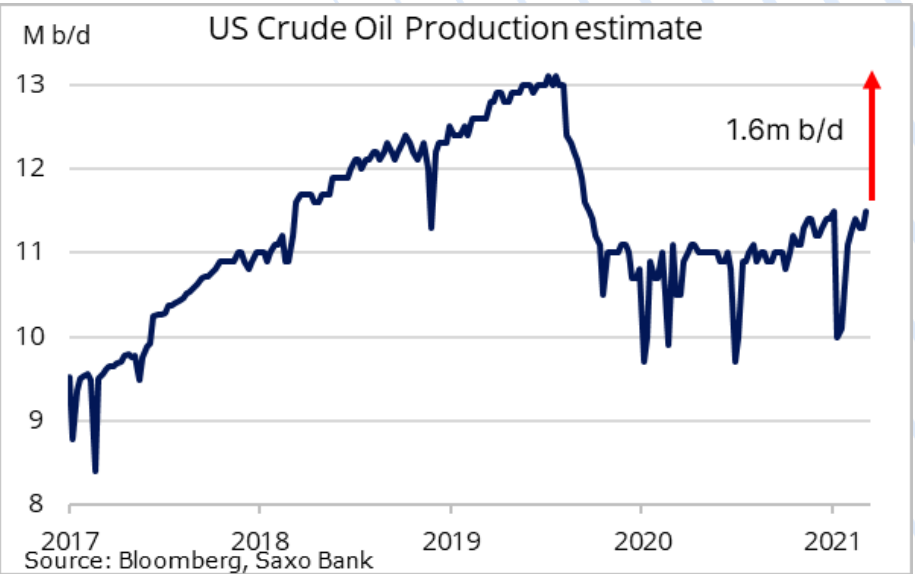
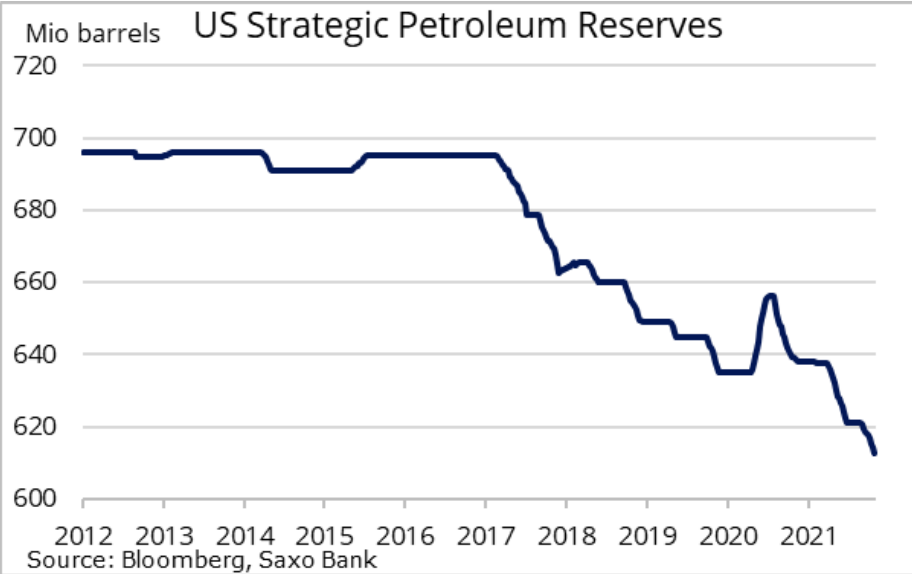
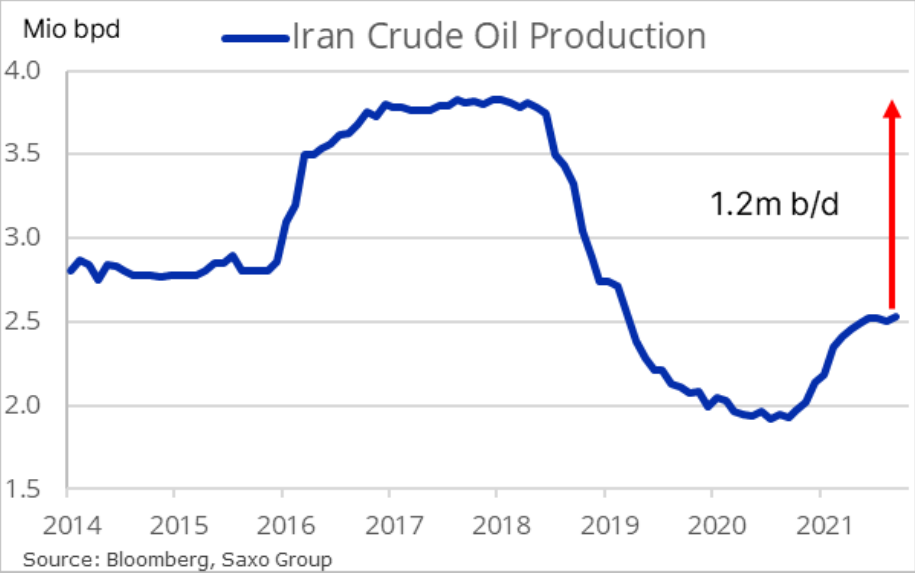
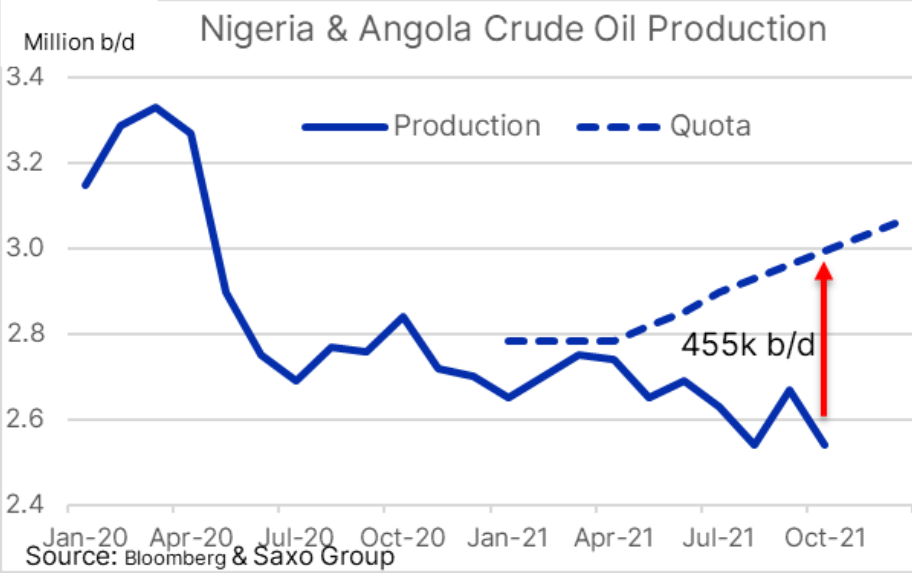
Gas-to-oil switch a key focus – Will Putin/Gazprom deliver as promised?



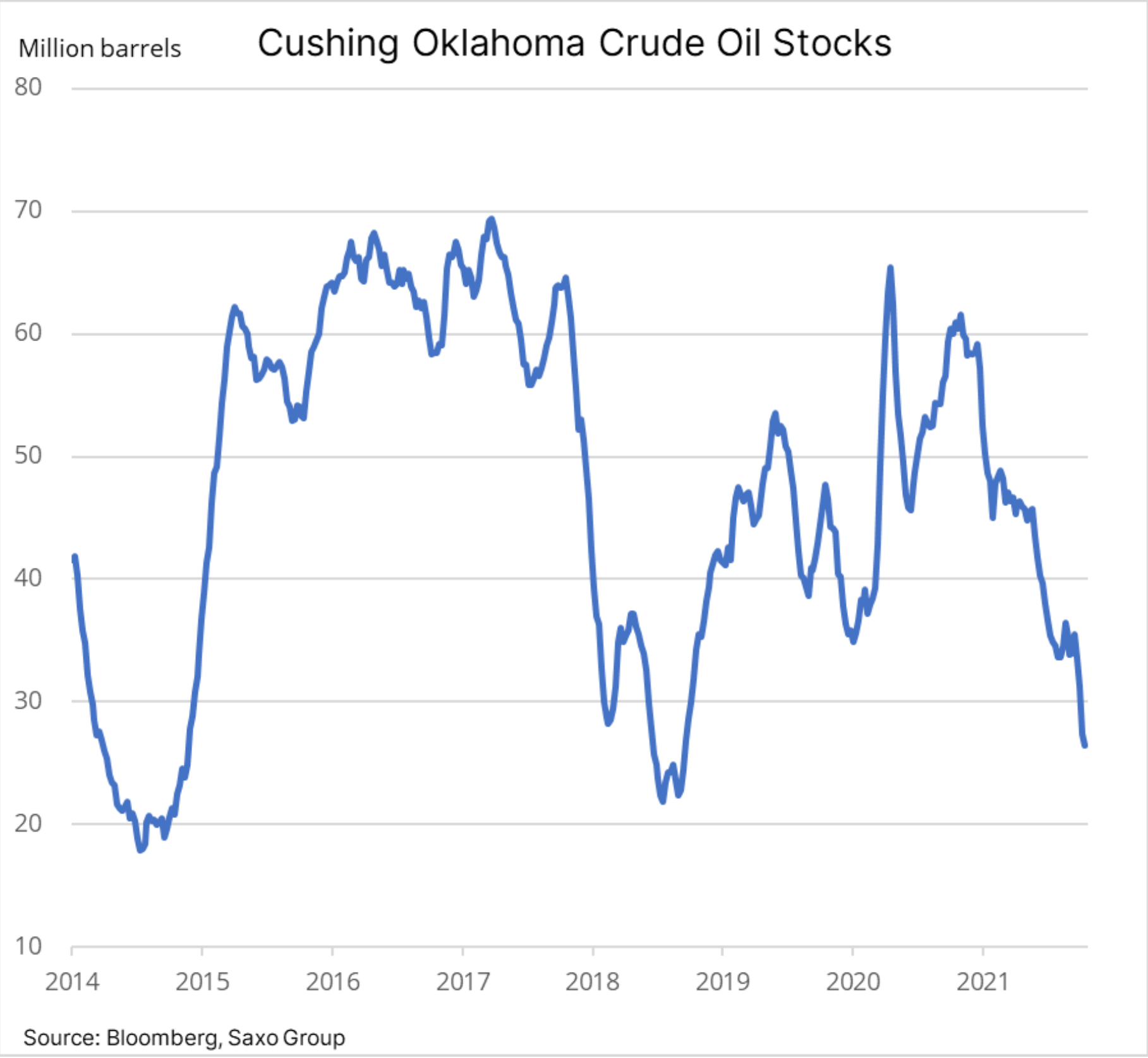
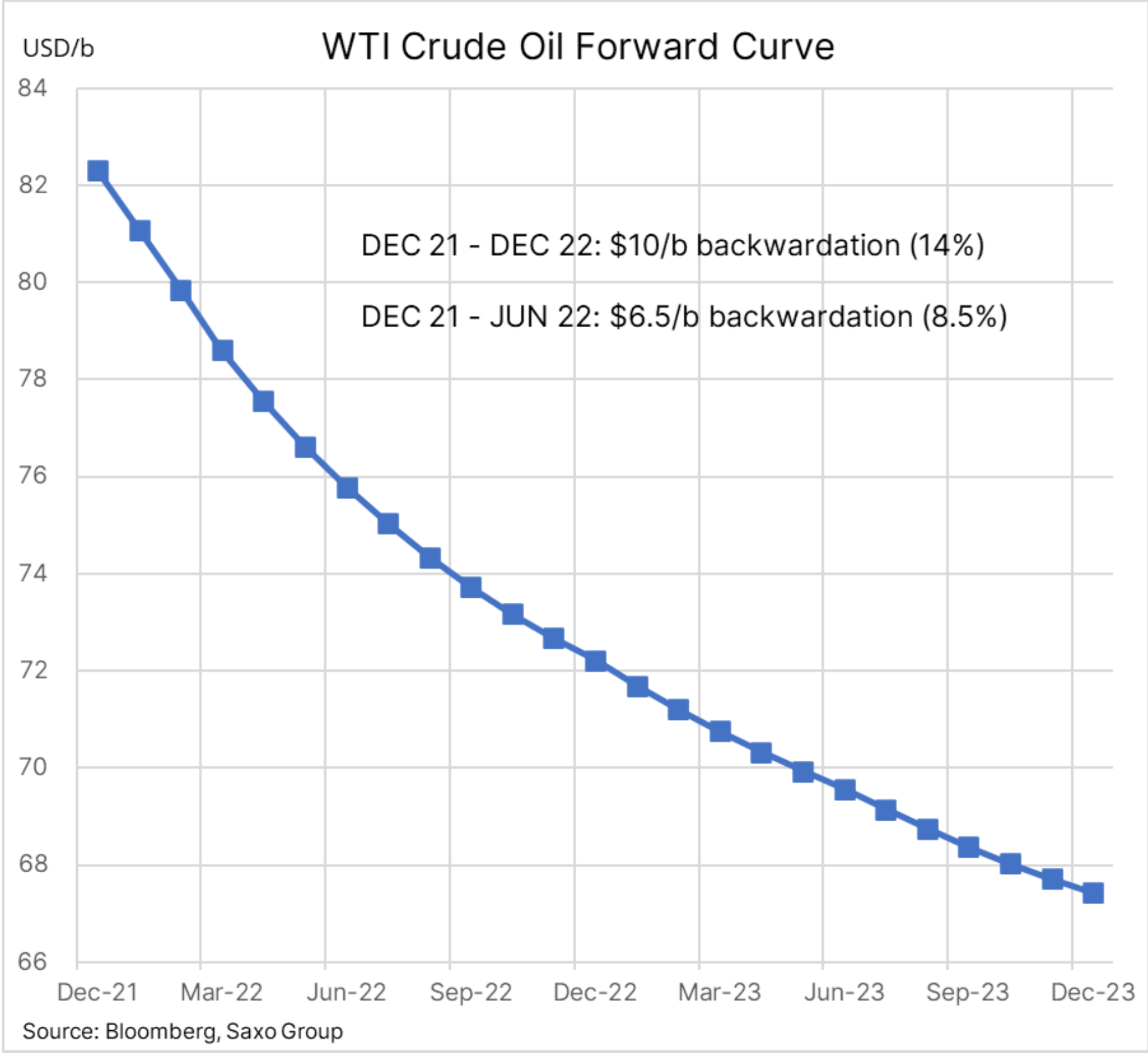
Crude oil rally: Tight supply and fast return to pre-pandemic demand levels



Source: Saxo Group



Cushing storage levels key to WTI curve structure



Gold: Bullish outlook on peak growth and non-transitory inflation



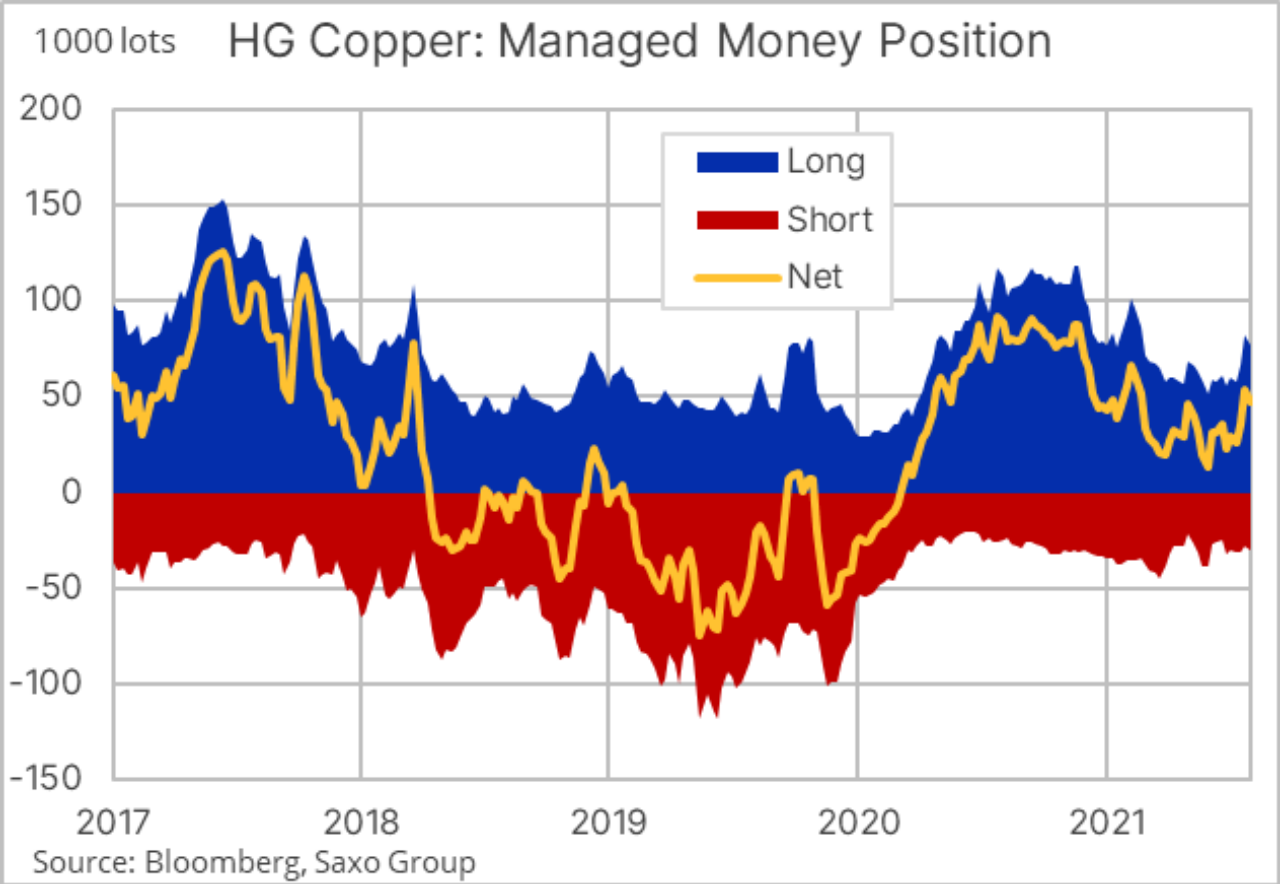
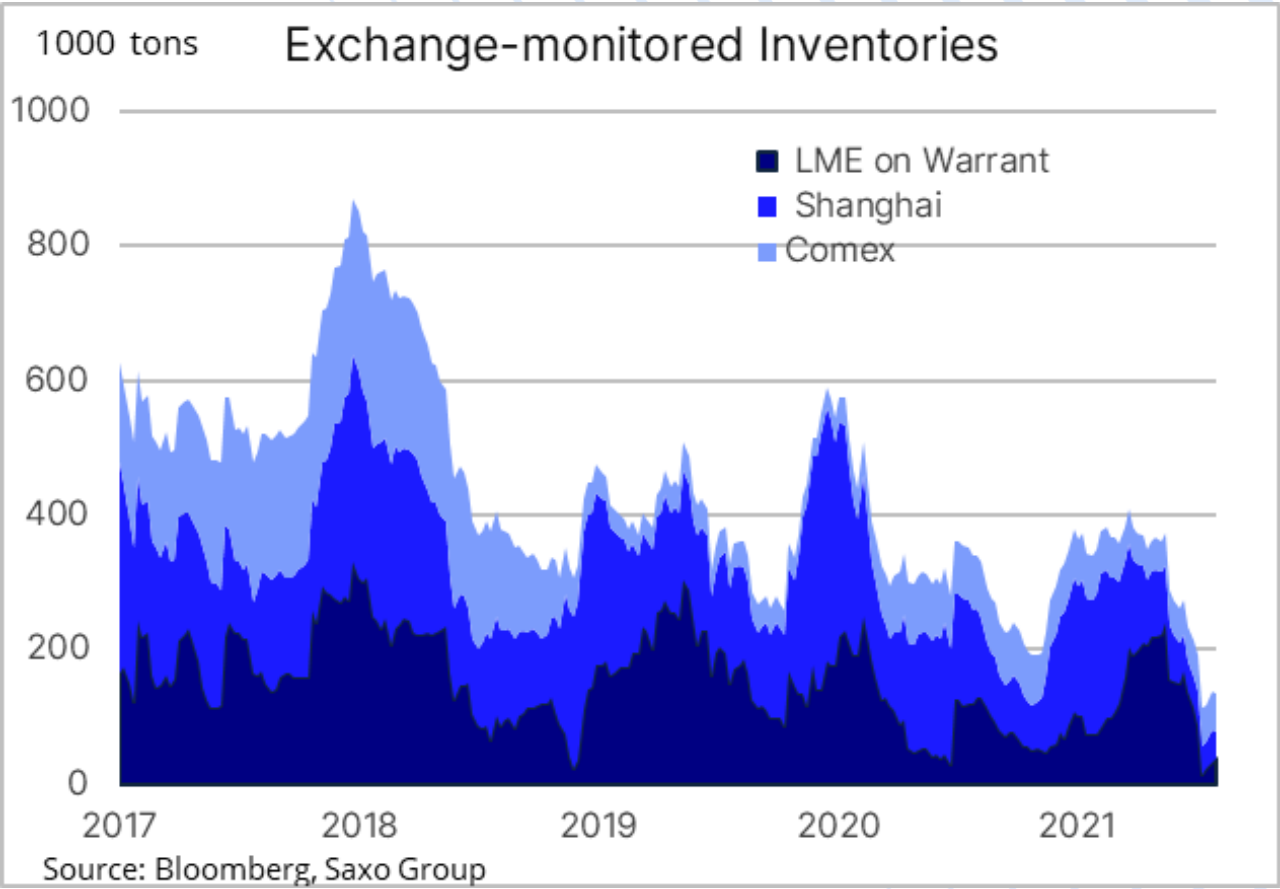
Source: Saxo Group



Copper: Tight supply and flat production outlook vs China growth worries



Source: Saxo Group



Energy transition needs high metal prices to incentivise new capacity

COPPER is the king of 'green' metals (+22% YTD)

Renewables, energy storage and transmission

- Miners slow to react due to past experiences when investments collided with peak demand
- Rising cost associated with environment, social and governance (ESG) issues add to challenge

Aluminum (+29% YTD)

- One-third the weight of steel enabling "lightweighting" of EV => increased battery mileage
- Global demand is expected at around 76m tons in 2025, up 10% from 2021 => rising deficit

Tin (+84% YTD)

- Used in electronic components, many of them vital for the low carbon economy
- WoodMac "Without tin, electrons don't flow, and electric vehicle batteries don't charge"

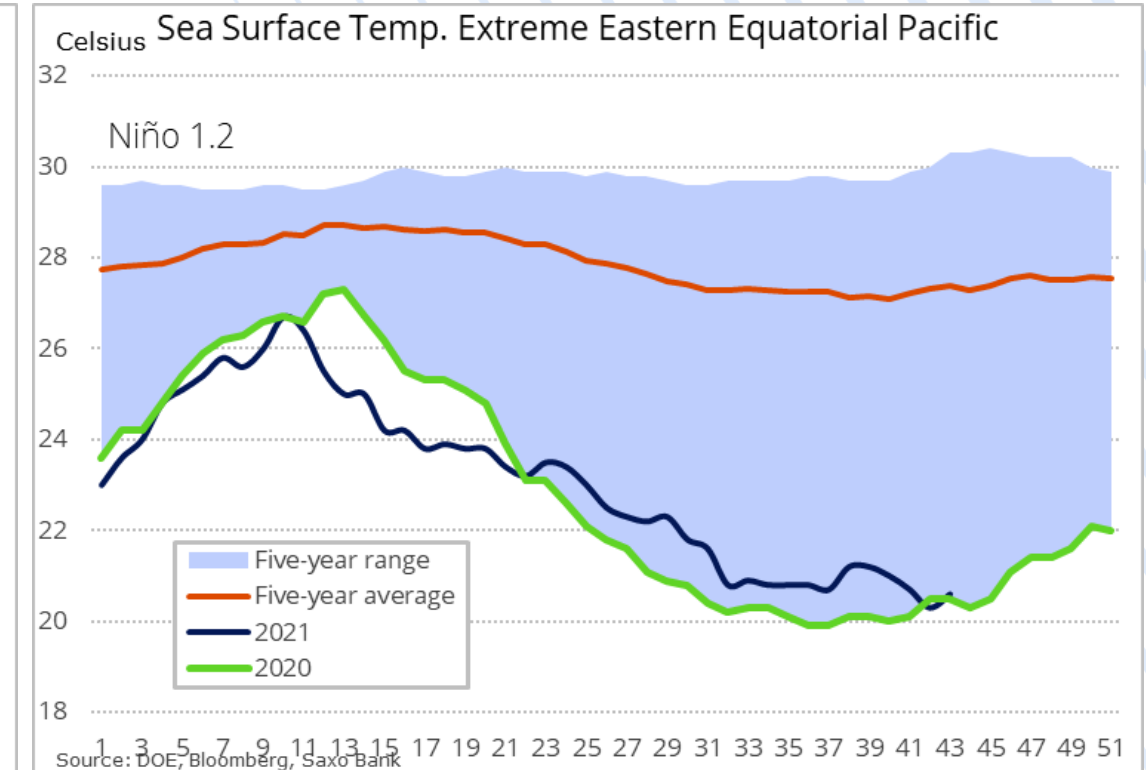
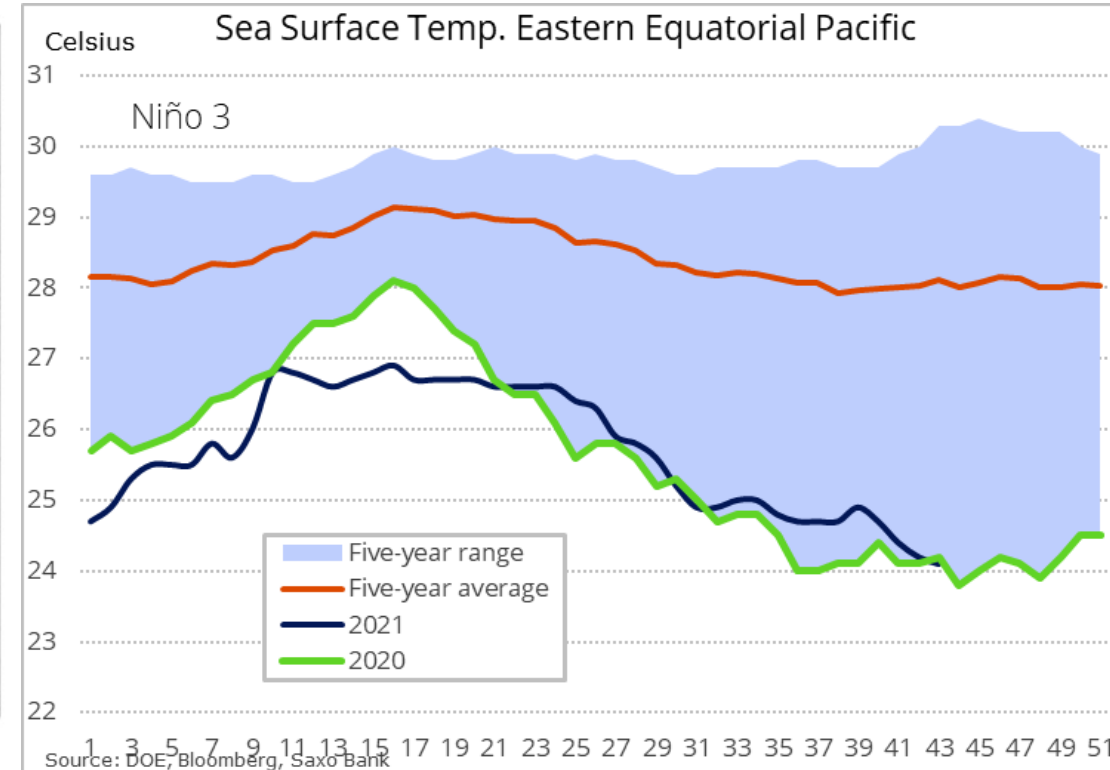
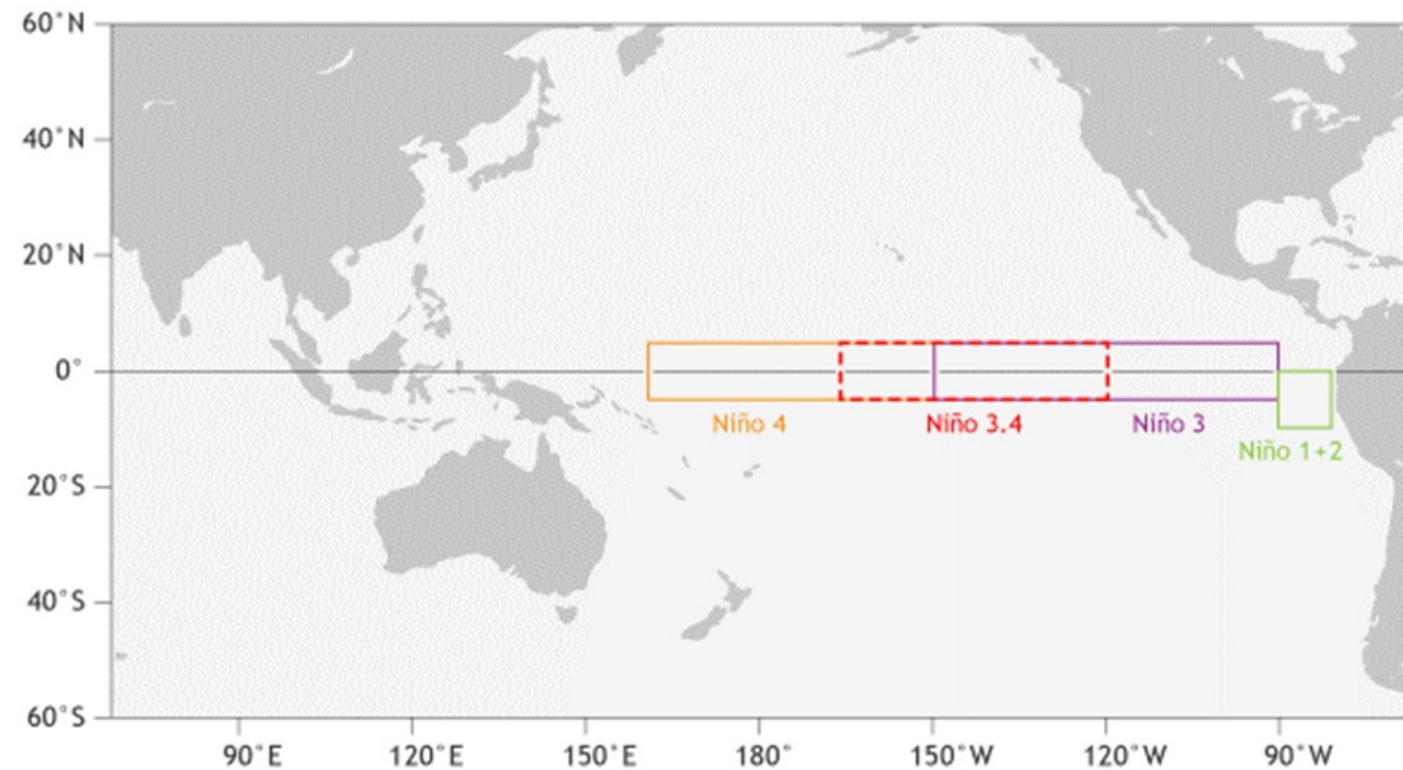
Rare Earths Elements (REMX:arcx, +80% YTD)

- Magnets used in wind turbine generators and EV motors, low-energy lighting and catalytic converters
- EV battery pack without REE's needs to be about 30% larger to cover same distance

Other metals

- Silver: EV's and photovoltaic applications
- Platinum: Tighter auto emission standards, hydrogen fuel cell EV's using platinum-based proton membrane fuel cells
- Lithium, cobalt, zinc and nickel all essential ingredients needed in current and future battery production
- Uranium with increased focus on nuclear power generation

La Niña return could add to already volatile market conditions



La Nina Arrives, Threatening to Stoke Droughts and Roil Markets

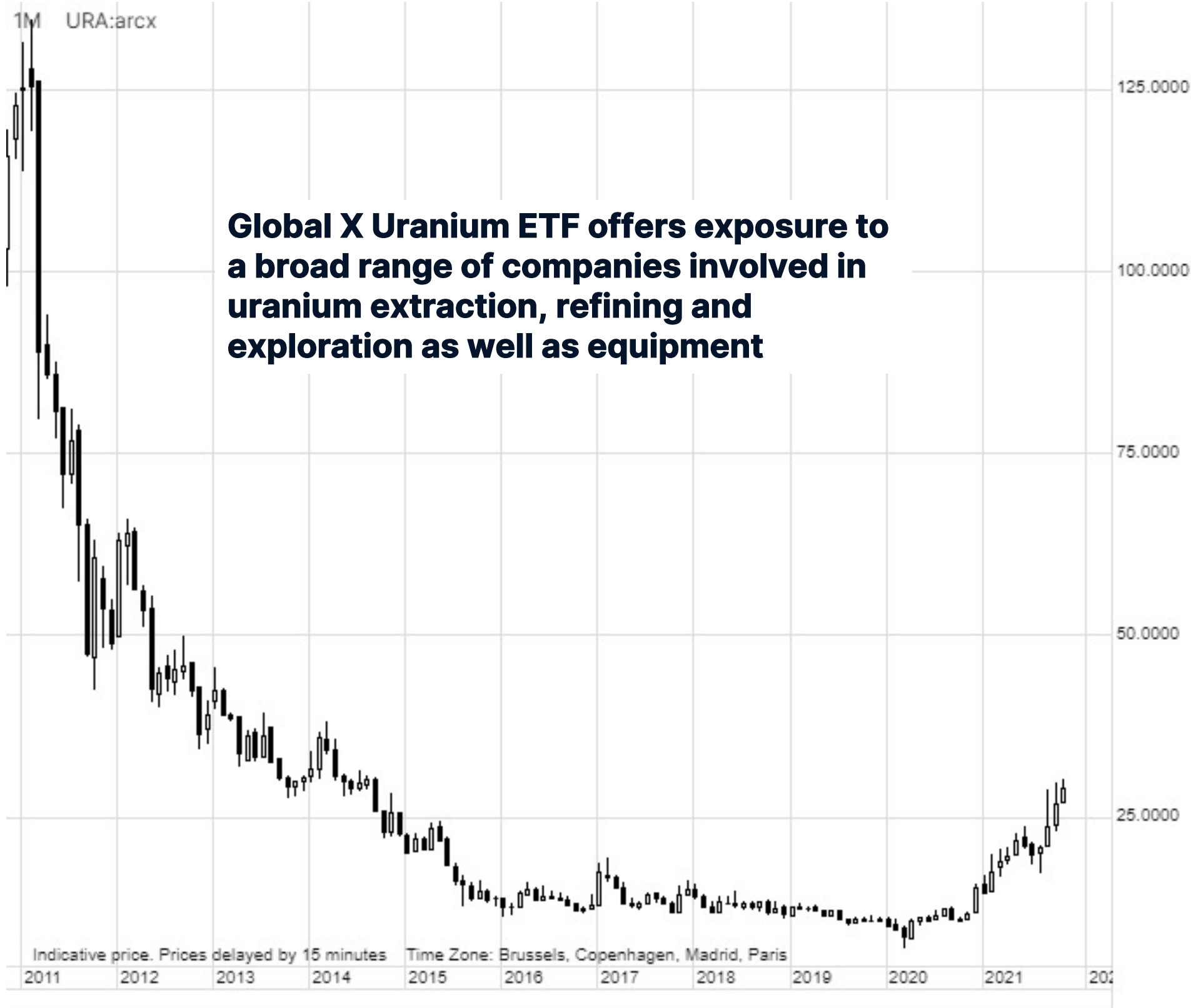
California and Brazil may get drier, while the Atlantic hurricane season could see more late-season storms as a result.

Focus on:
Wheat, corn & soybeans
Sugar & coffee

La Nina Threatens to Worsen Energy Crisis With Colder Winter

Lower than usual temperatures from China to Japan will add to power demand at a time of already tight supply and high prices.

Uranium & nuclear power: A long-term view is needed




Source: Saxo Group

Uranium Market Monitor					
	Saxo Ticker	Country	Market Cap (Mio USD)	YTD %	1 Mth %
NAC KAZATOMPROM JSC- GDR	KAP:xlon	KZ	13896	157.2	25.1
CAMECO CORP	CCO:xtse	CA	10751	97.2	26.5
NEXGEN ENERGY LTD	NXE:xtse	CA	2817	109.4	22.3
PALADIN ENERGY LTD	PDN:xasx	AU	1833	278.1	32.1
DENISON MINES CORP	DML:xtse	CA	1554	185.7	41.2
ENERGY FUELS INC	EFR:xtse	CA	1380	136.7	61.8
URANIUM ENERGY CORP	UEC:xase	US	1186	160.2	57.9
GLOBAL ATOMIC CORP	GLO:xtse	CA	587	180.5	38.5
CENTRUS ENERGY CORP- CLASS A	LEU:xase	US	898	177.6	65.2
FISSION URANIUM CORP	FCU:xtse	CA	588	172.3	39.5
BOSS ENERGY LTD	BOE:xasx	AU	507	206.1	22.4
UR- ENERGY INC	URE:xtse	CA	373	127.9	23.4
SPROTT PHYSICAL URANIUM TRUS	U- Un:xtse	CA	1309	46.5	12.1
Exchange Traded Funds					
GLOBAL X URANIUM ETF	URA:arcx	US	1447	89.6	23.1
NORTHSHORE GLOBAL URANIUM MI	URNM:arcx	US	928	123.1	26.1
World Uranium Total Return Index	n/a	n/a	n/a	58.1	11.4

Source: Bloomberg, Saxo Group

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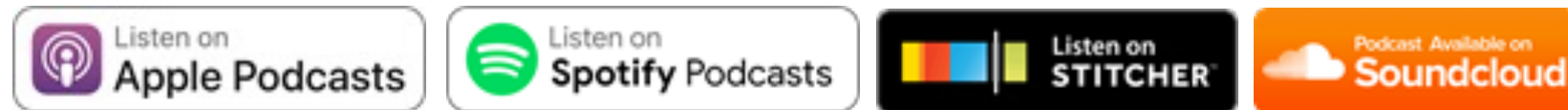
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8 NOV 2021

What are US treasuries telling us?

Today's slide deck: <https://bit.ly/31KJ5v7> - The nominally strong US jobs report on Friday was unable to sustain the US dollar rally, but more curiously, saw long treasuries rallying sharply and driving yields at the long end of the US yield curve sharply lower - a development that demands the most...







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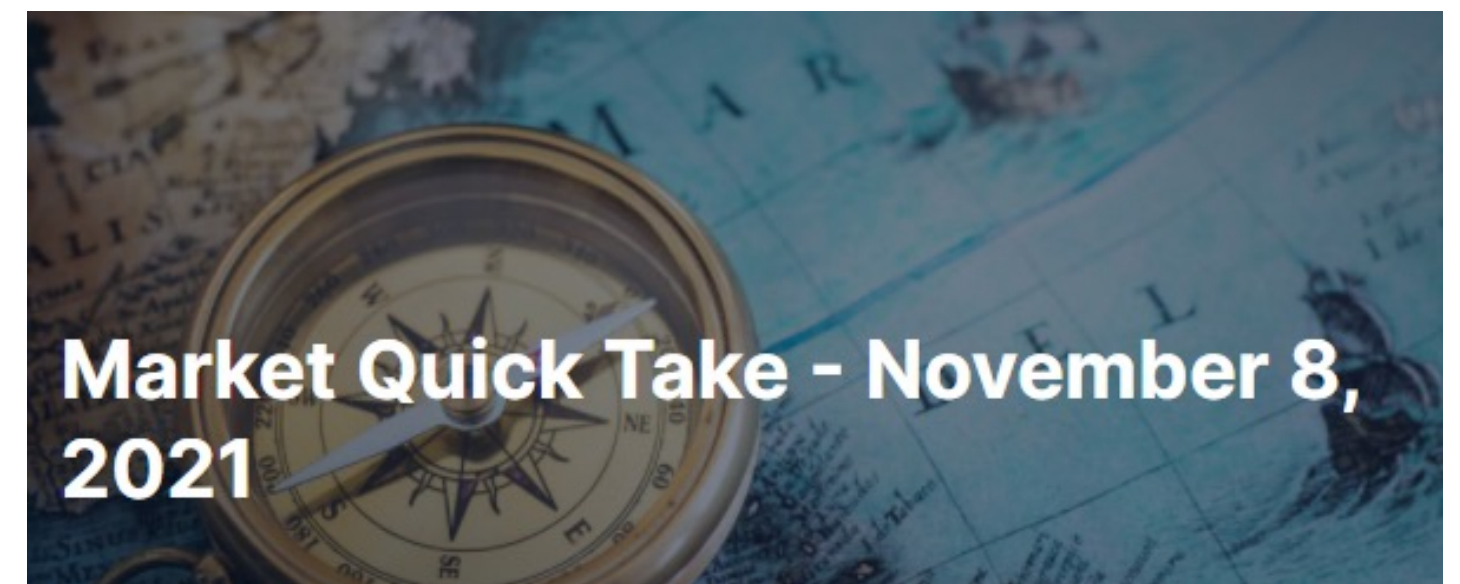
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Research hub

– In Research section of SaxoTraderGO platform

 <p>COMMODITIES 15-Feb-2021 08:50 COT: Commodity fund long hits new high</p>	 <p>COMMODITIES 11-Feb-2021 11:40 5 Minutes to read Oil rally slows as fundamentals play catch-up</p>	 <p>COMMODITIES 11-Feb-2021 08:50 Silver takes the gold in our Outrageous Predictions vote</p>	 <p>COMMODITIES 10-Feb-2021 12:45 5 Minutes to read Copper and platinum enjoy green transformation tailwind</p>
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– or on analysis.saxo



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