



Commodity slides for MacroVoices

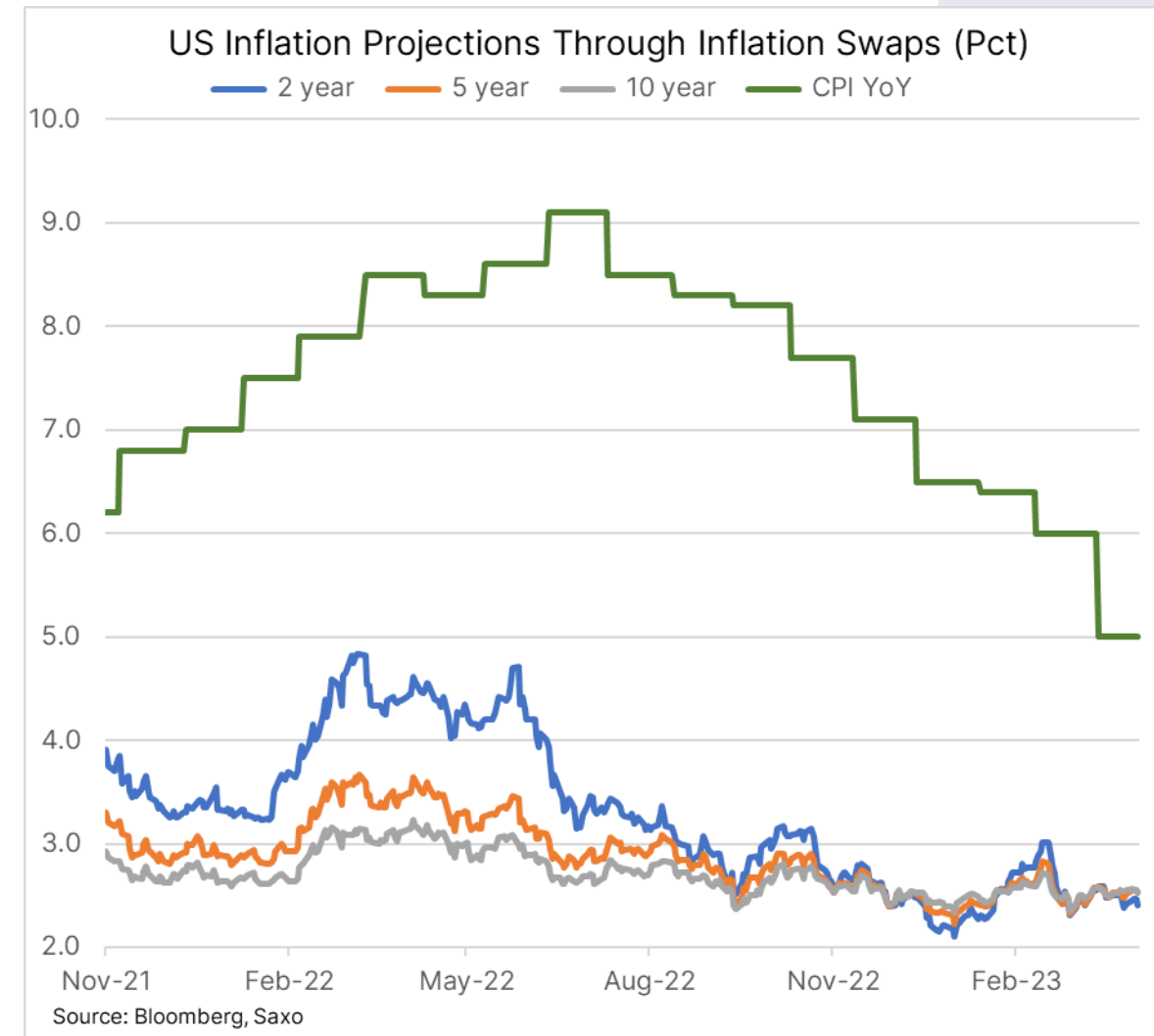
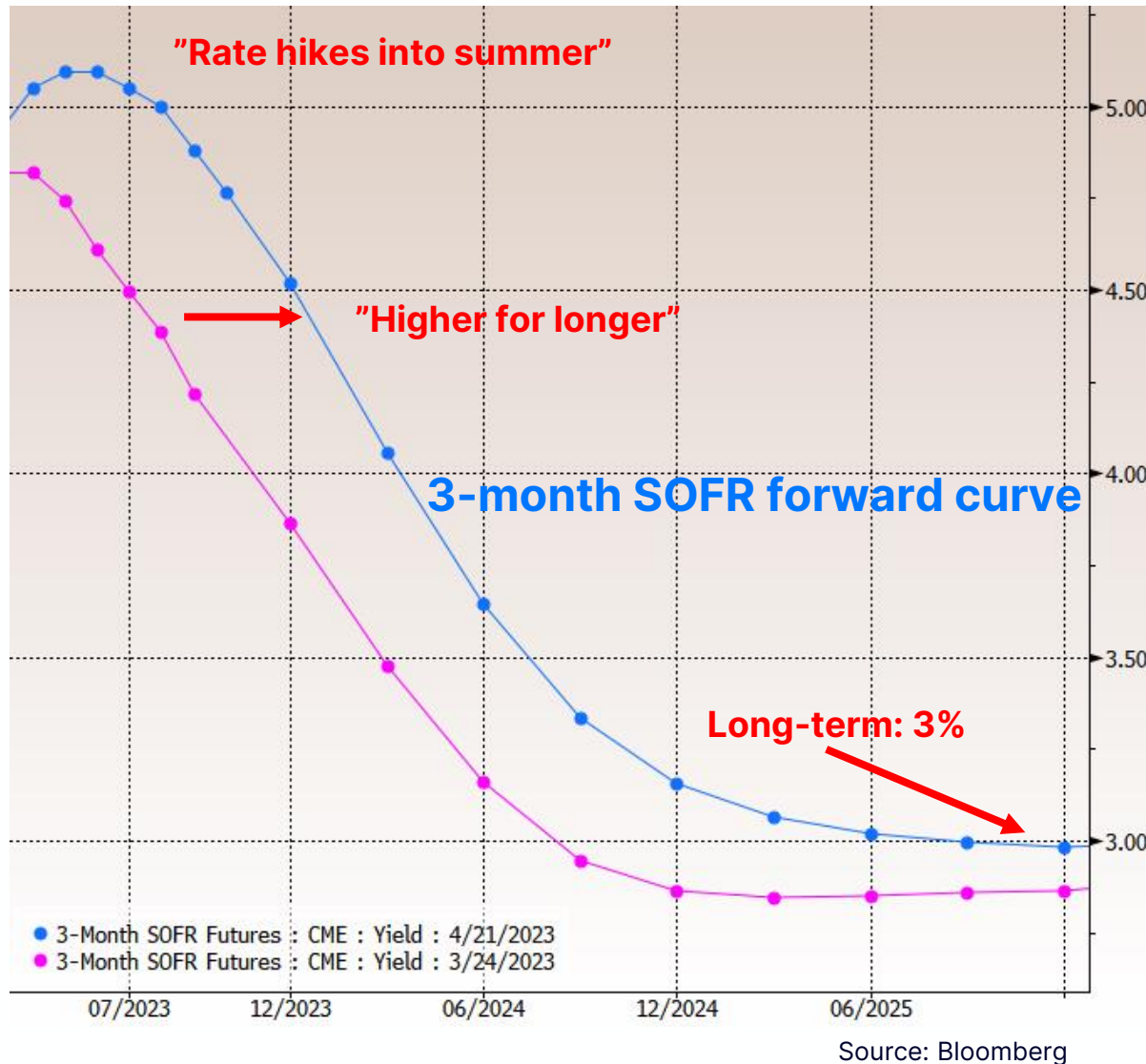
April 2023

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Disclaimer

These slides will occasionally mention financial instruments that are not tradable for all retail clients, depending on the relevant appropriateness test. Financial instruments mentioned can range from low to high risk, and our thoughts on the market should not be viewed as investment recommendations, but inspiration and information to gain a better understanding of current market dynamics.

US interest will be higher for longer - Doubt about 2.5% I/t inflation



2023 and beyond: Continued upside potentials in commodities

What drives the current commodity bull cycle?

- Rising physical demand and tightening supply
- **Deglobalization** with focus on **reshoring** and **friendshoring** pushing up demand for, and prices of key commodities
- **Green transformation** supporting demand for industrial metals
- **Structural inflation** of 4-5% driving demand for tangible assets
- A weaker dollar
- Lower investment appetite due to ESG, investor and lending restrictions, and now also a liquidity stress

Duration determined by:

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


Quarterly Outlook

Q2 2023: The Fragmentation Game

This Outlook looks at global fragmentation and how it will impact a variety of asset classes, geographical regions and macroeconomic topics in Q2 and beyond. Discover how it challenges the outlook for equities, creates discrepancies between forex pairs, shapes intriguing investment opportunities in different Asian regions, and how commodities and interest rates may affect and be affected by the Fragmentation Game.

Get our in-house analysts' views on the investment landscape in a tough macroeconomic world and plan your investment strategy for Q2 2023 and beyond.

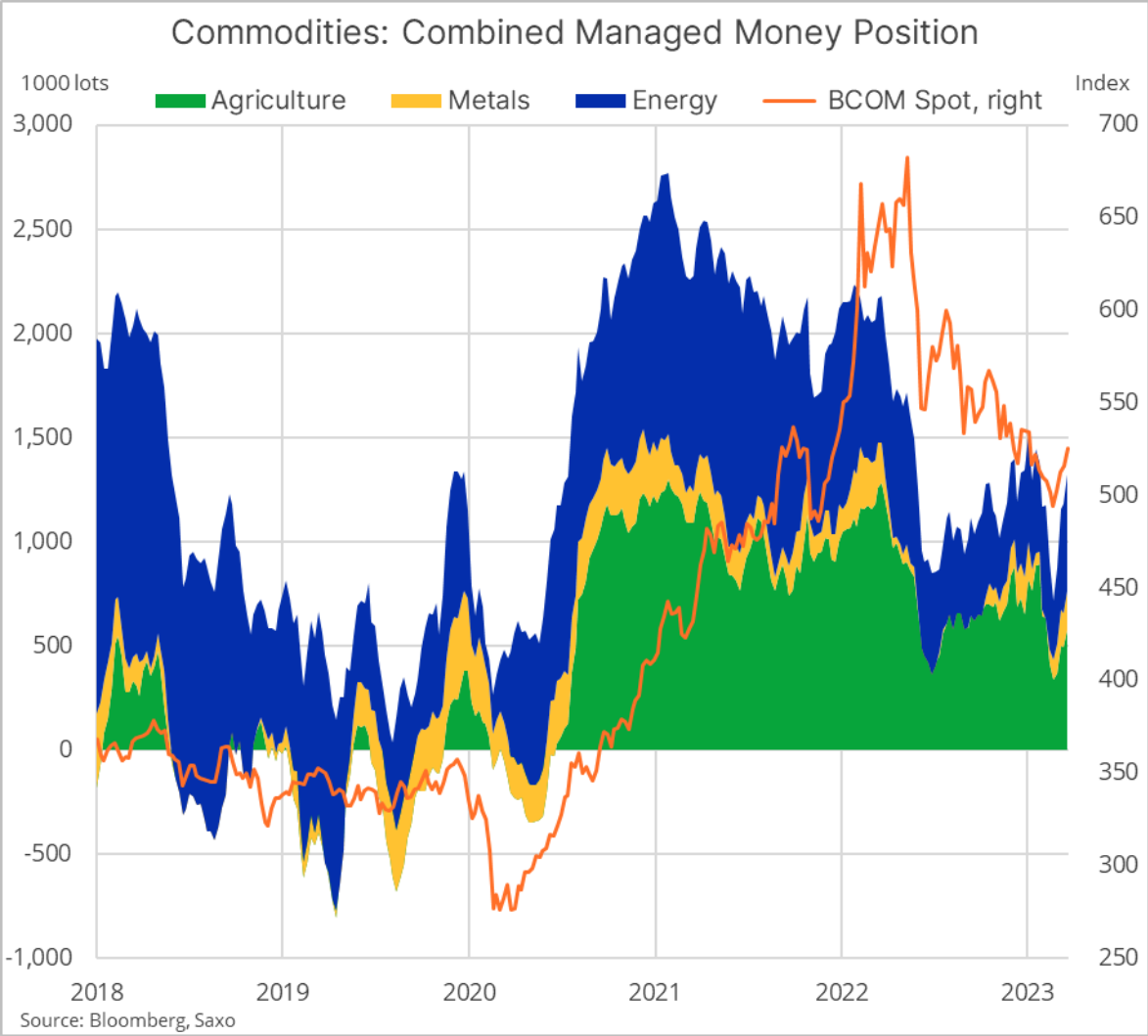
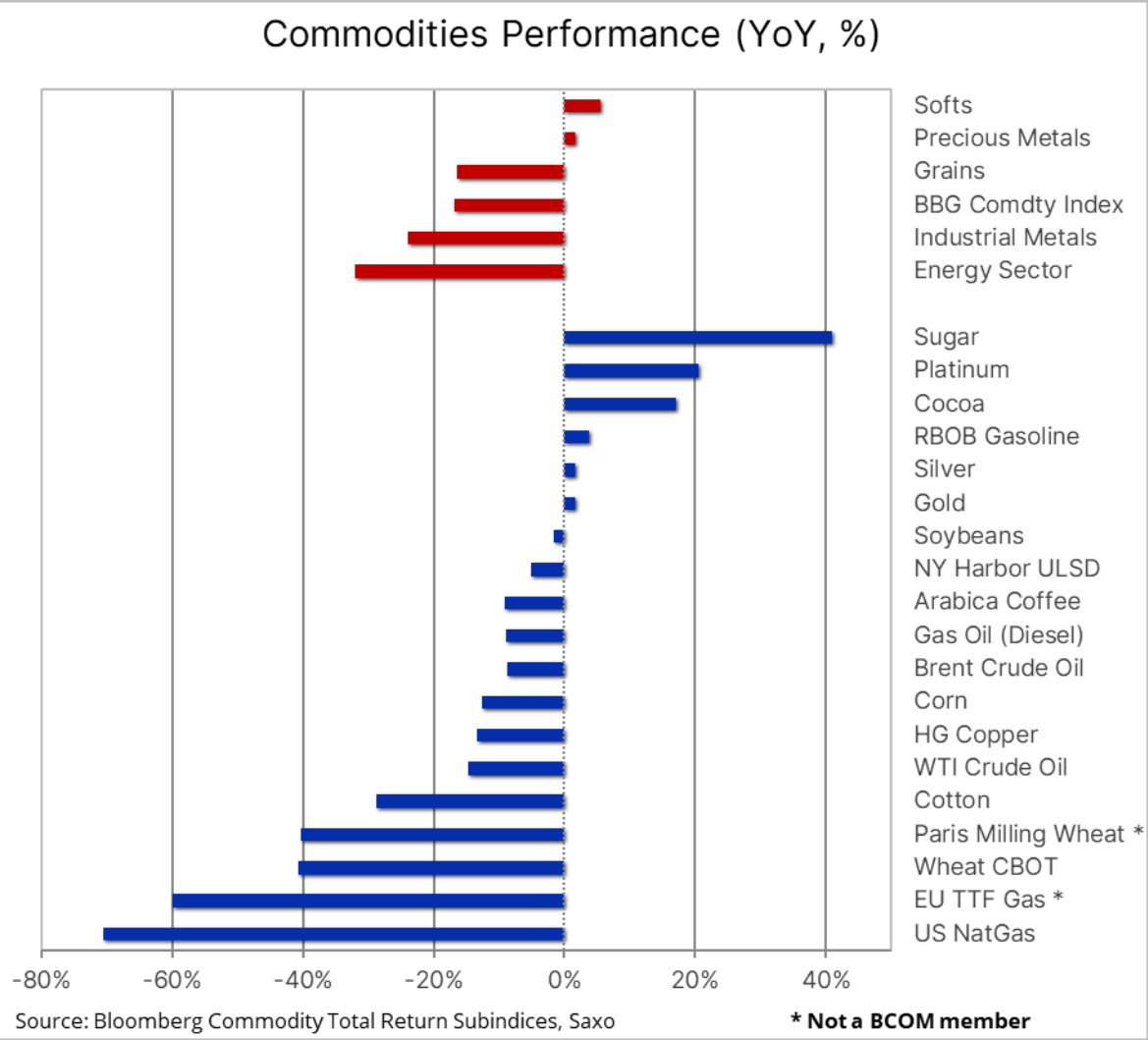
[Read the articles](#) [Get the summary](#)



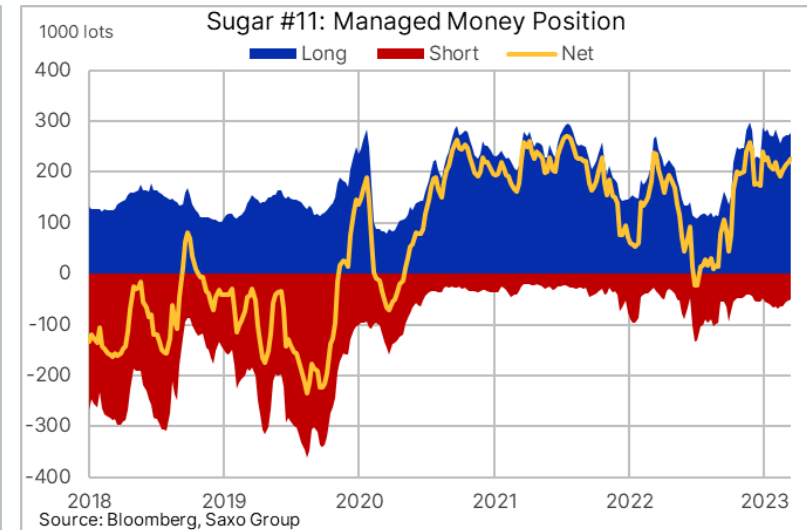
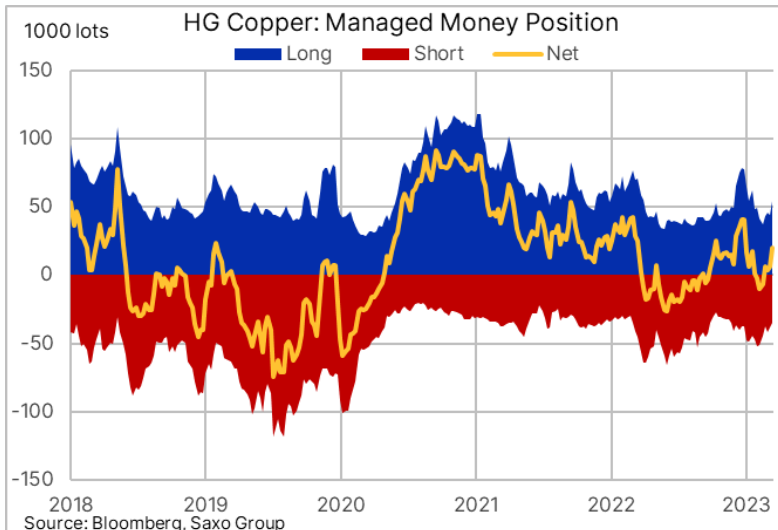
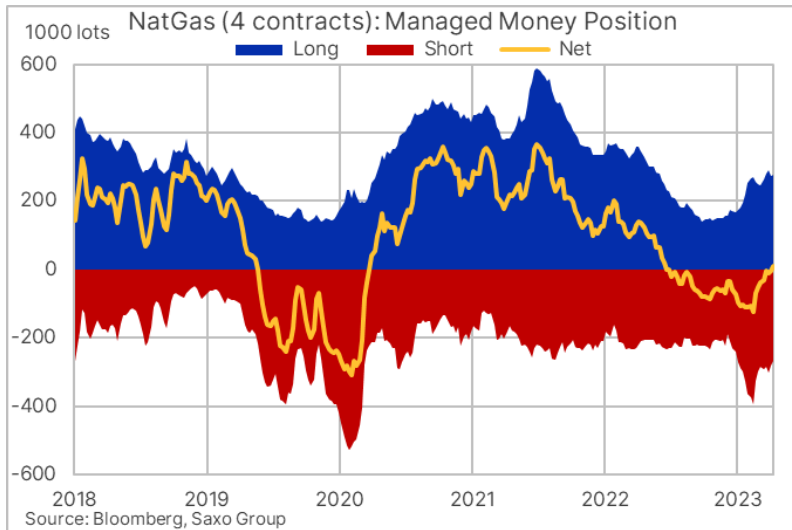
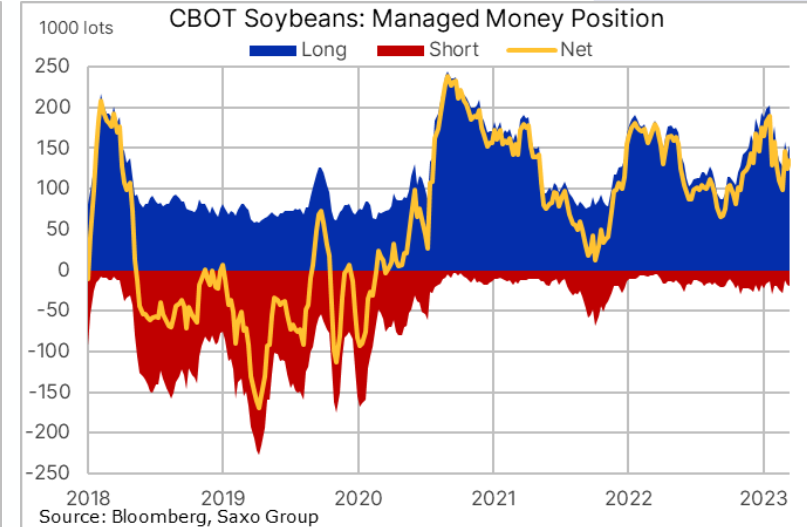
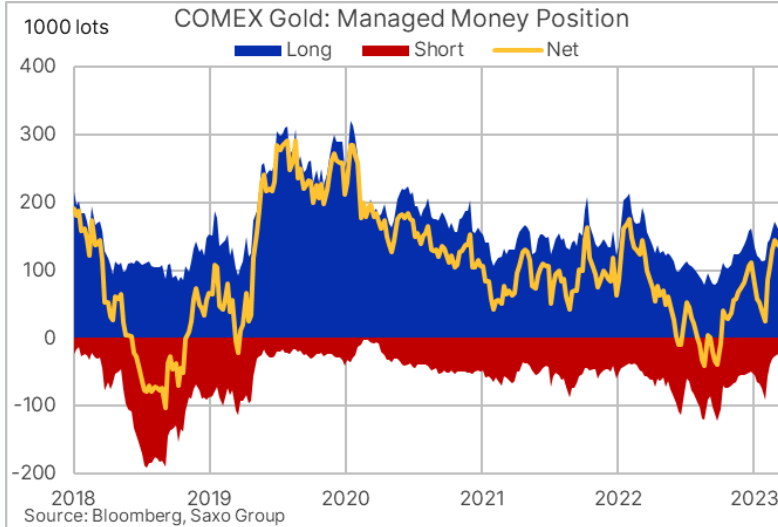
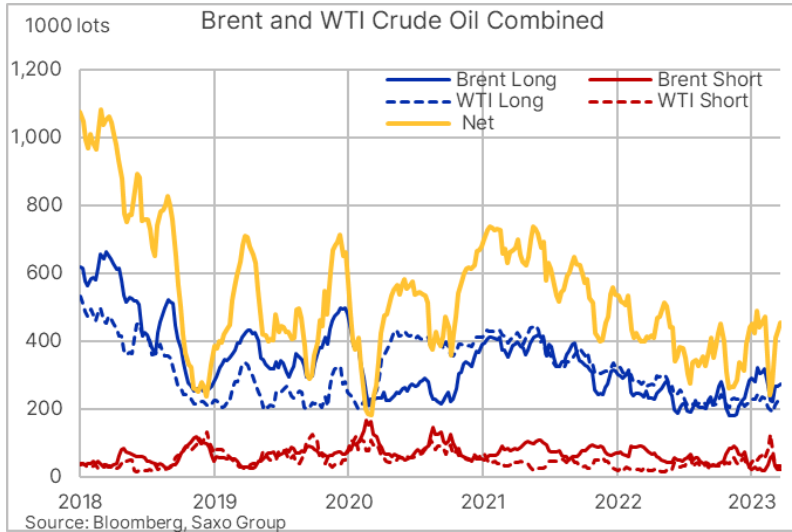
The fragmentation game: Four pillars in equities

1. **Defence** – will benefit European defence stocks
2. **Electricity** – renewables and nuclear power
3. **Technology** – semiconductors, AI, and batteries
4. **Commodity** – copper, lithium, oil, and gold

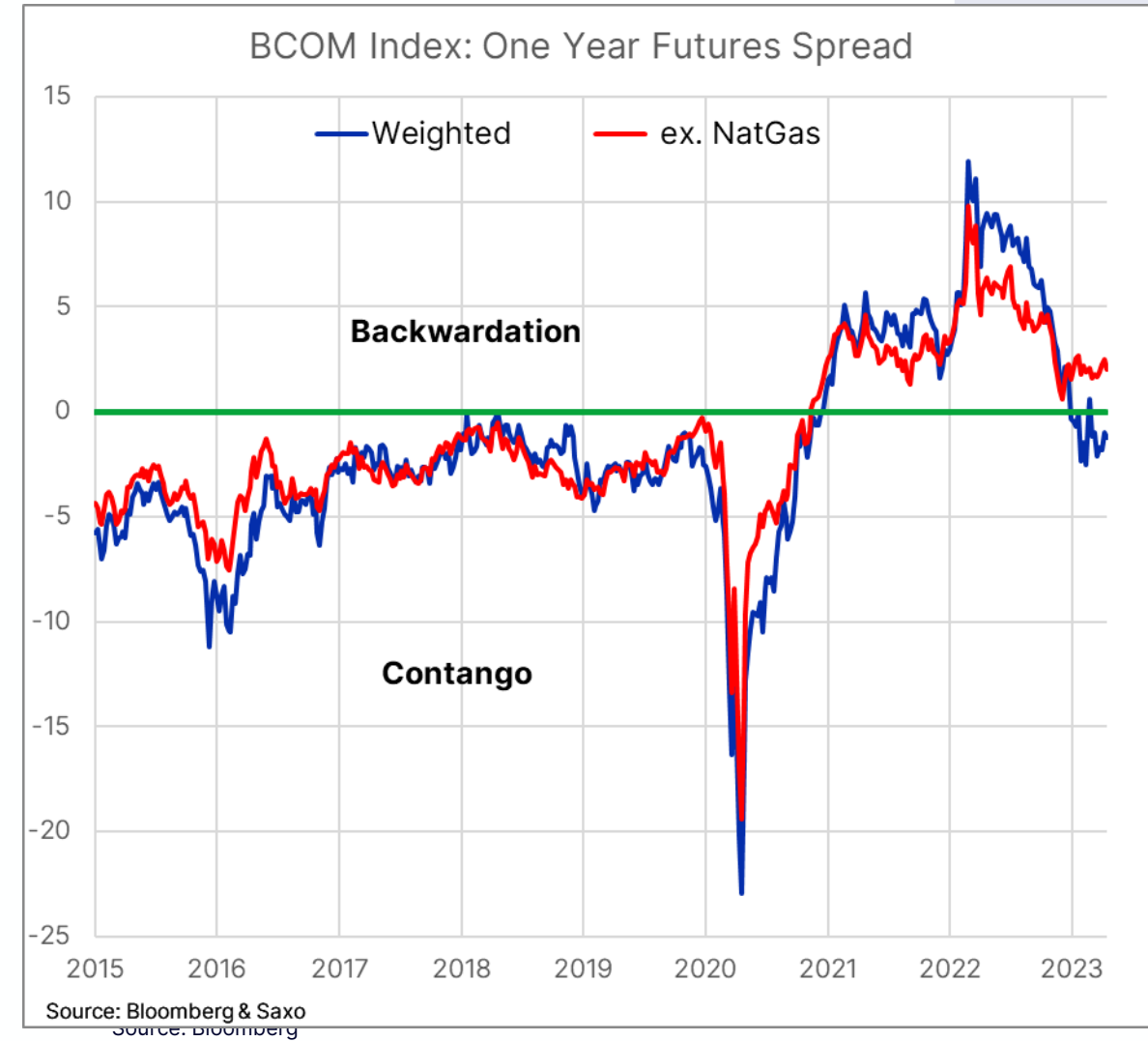
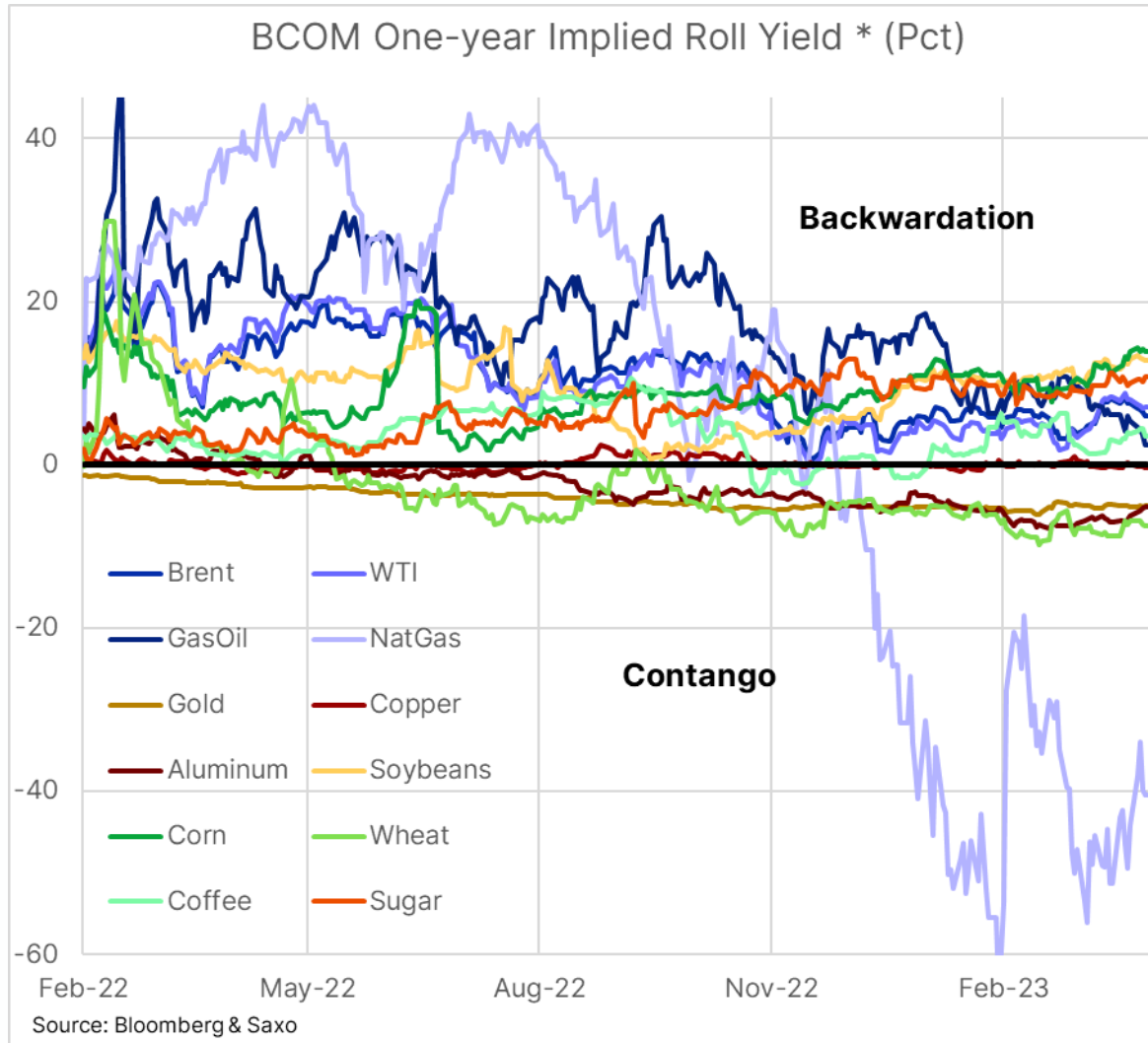
Recession risks, financial stability offsetting China recovery focus



Managed money positions across key commodities



Tightness remains despite current economic headwinds

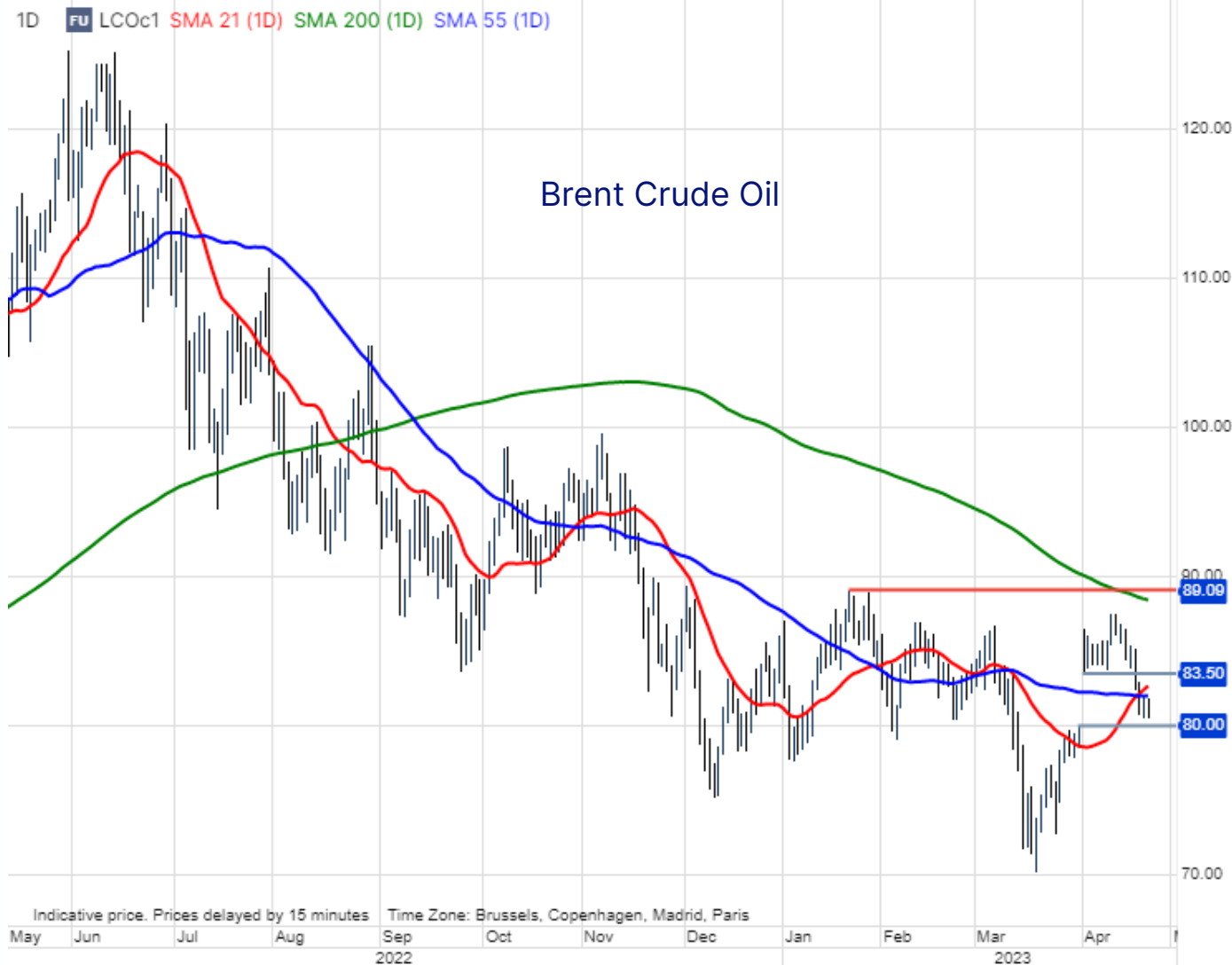


From a decade of headwinds to a future of tailwinds



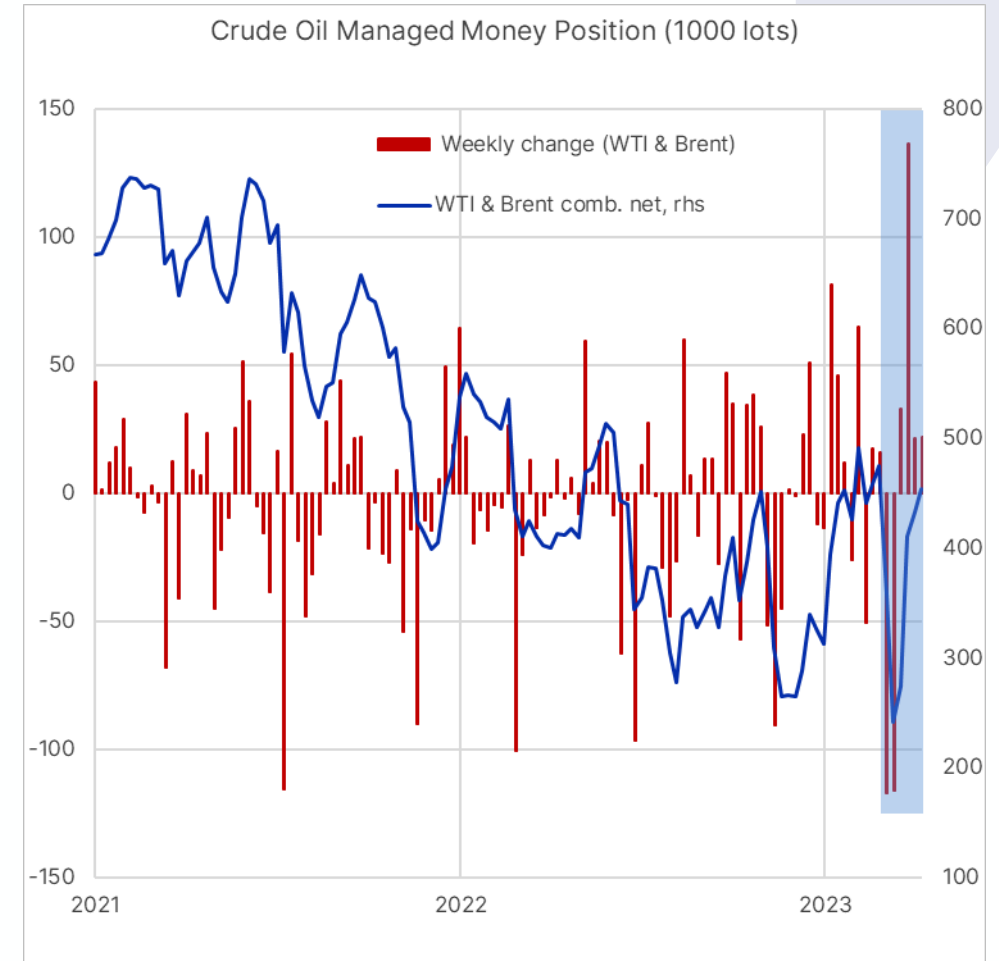
Source: Bloomberg

Crude oil: Back to the \$80's

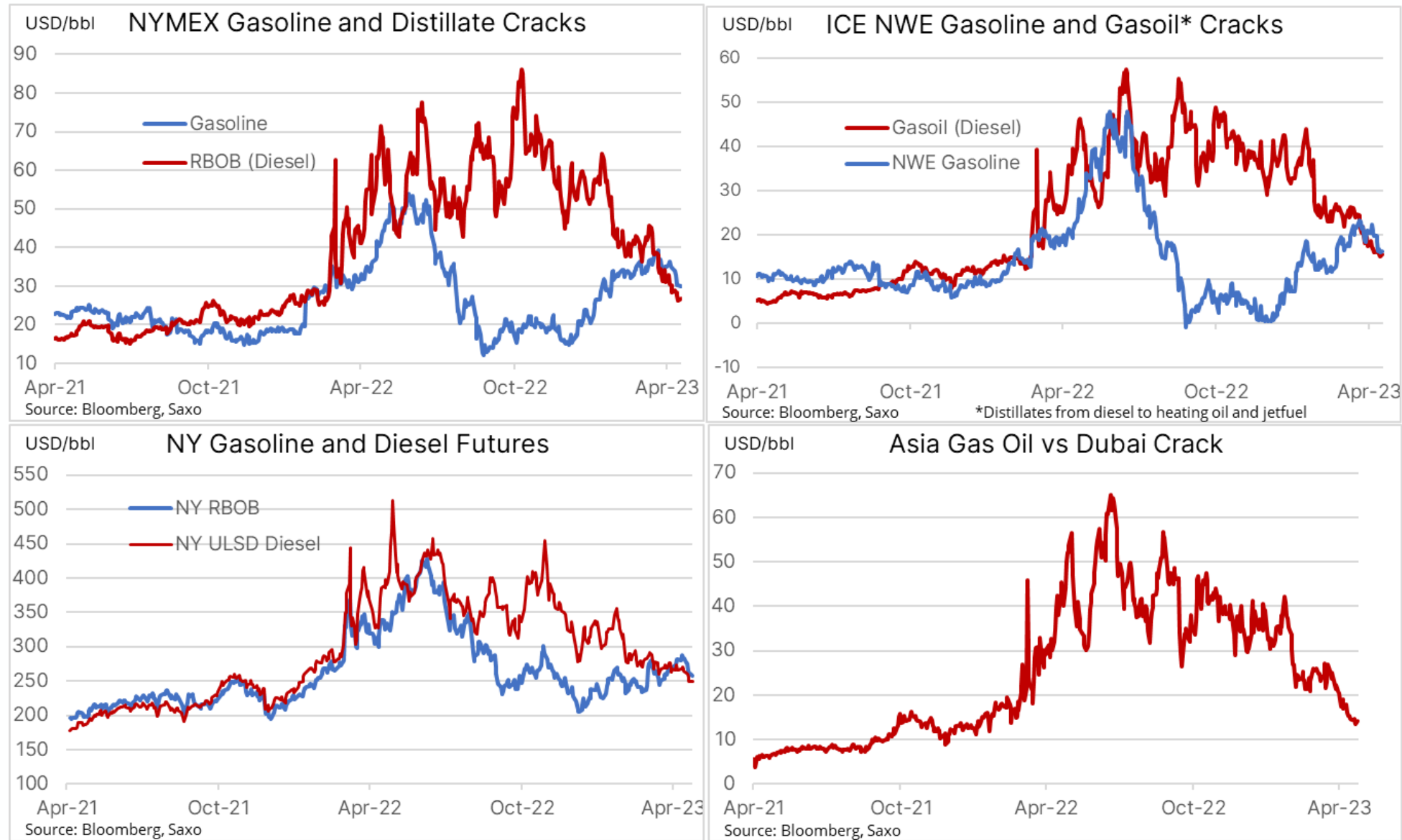


Source: Saxo

Six-week roller-coaster ride



Crude oil: OPEC+ versus weak refinery margins



Copper: Structural long-term bull case

Green Metal King: batteries, electrical traction motors, renewable power generation, energy storage & grid upgrades

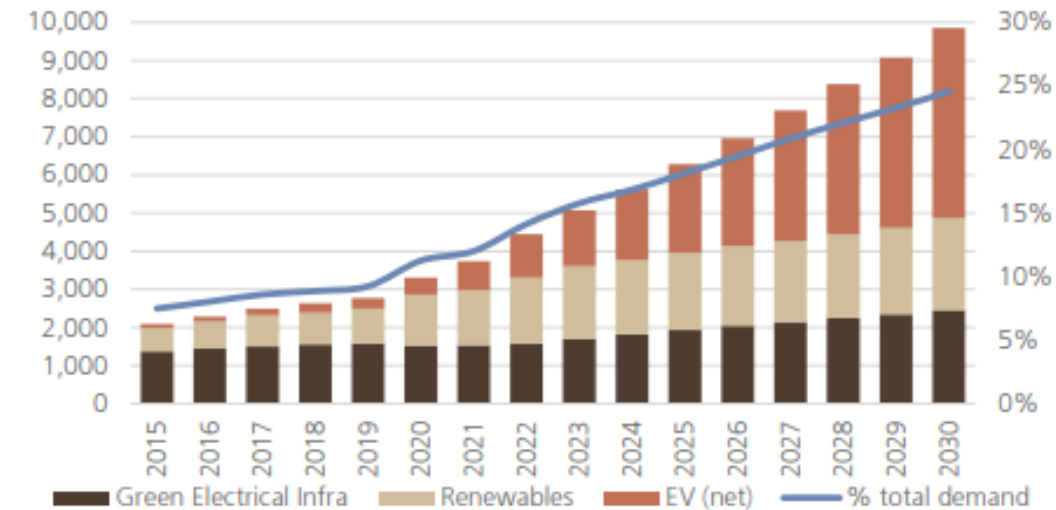


Source: Saxo

Copper M&A Highlights an old metal's new potential:

- Lundin pays \$950 million for Chile mine, Caserones
- BHP buys OZ Minerals
- Rio Tinto takes over Turquoise Hill Resources to gain control of one of the world's largest copper mines
- Newmont's push to merge with Newcrest Mining (gold and copper)

Copper demand from energy transition (kt)

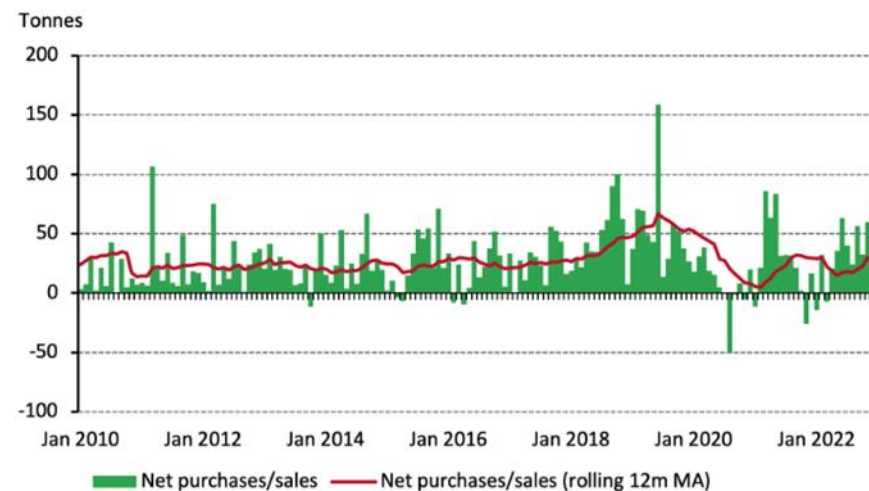


Source: Woodmac, UBS research

Bullish gold outlook: Peak rate impact and central bank demand

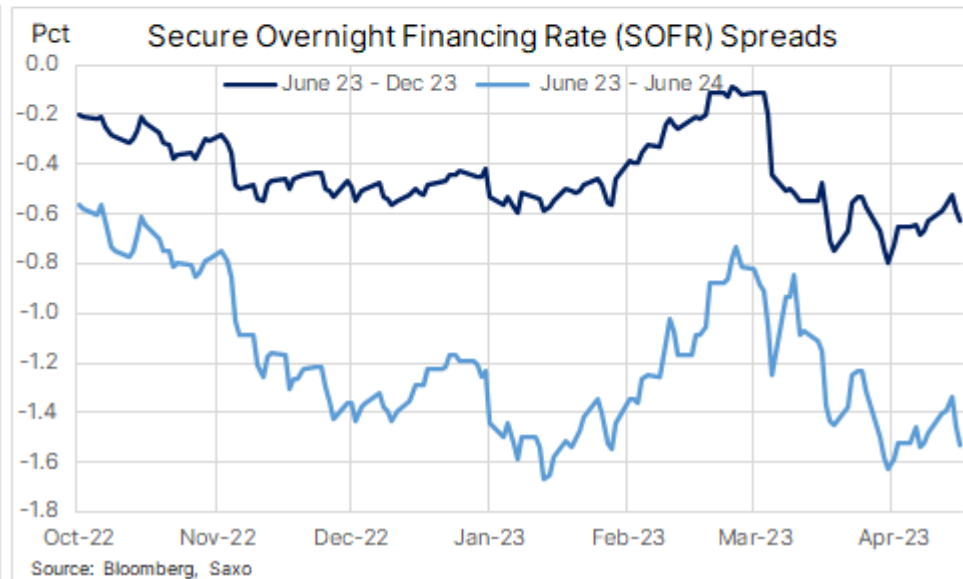
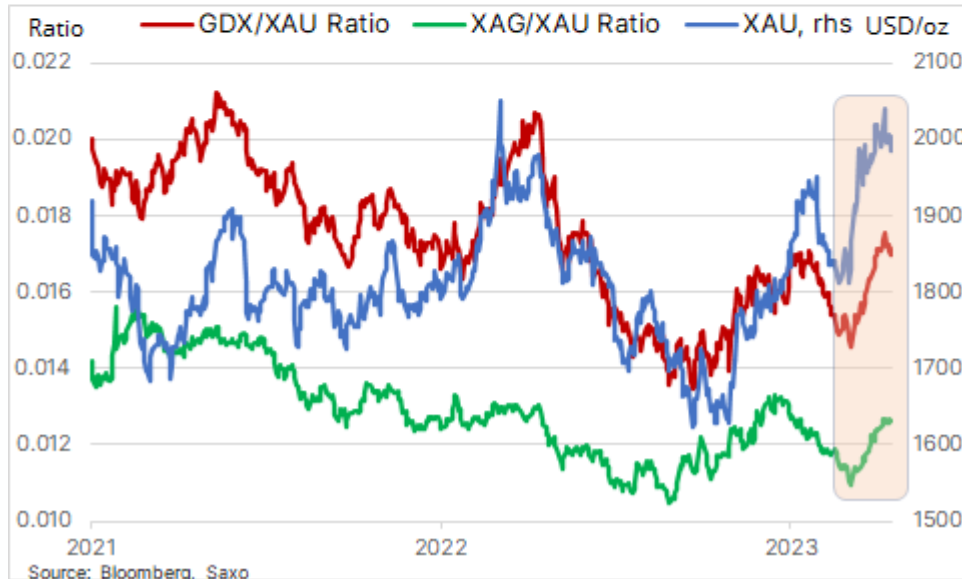
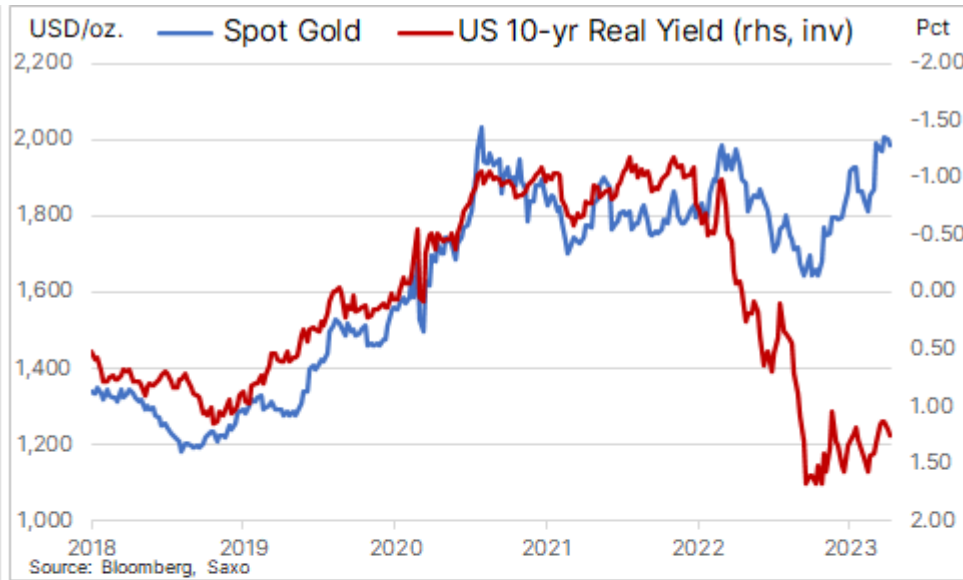
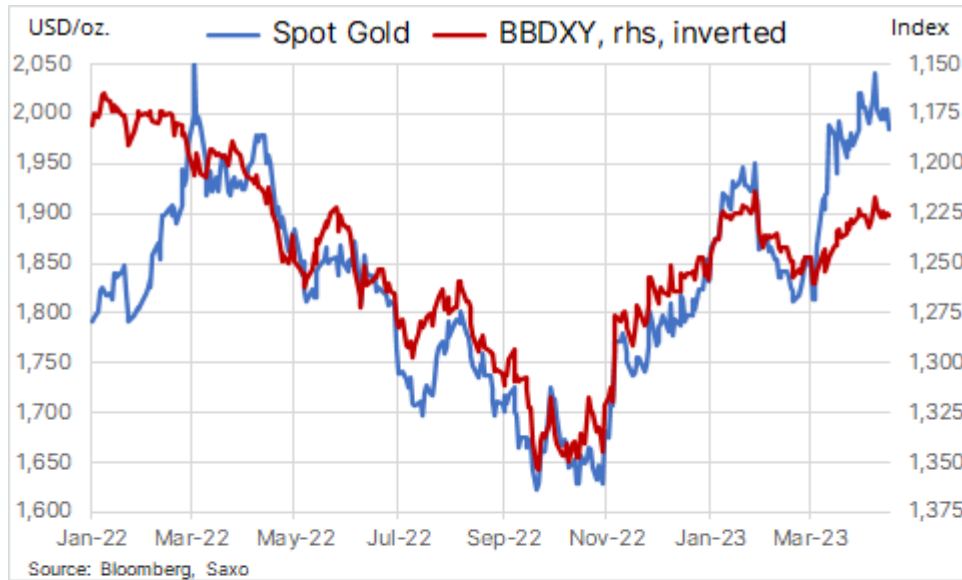


Central banks maintain momentum in gold *

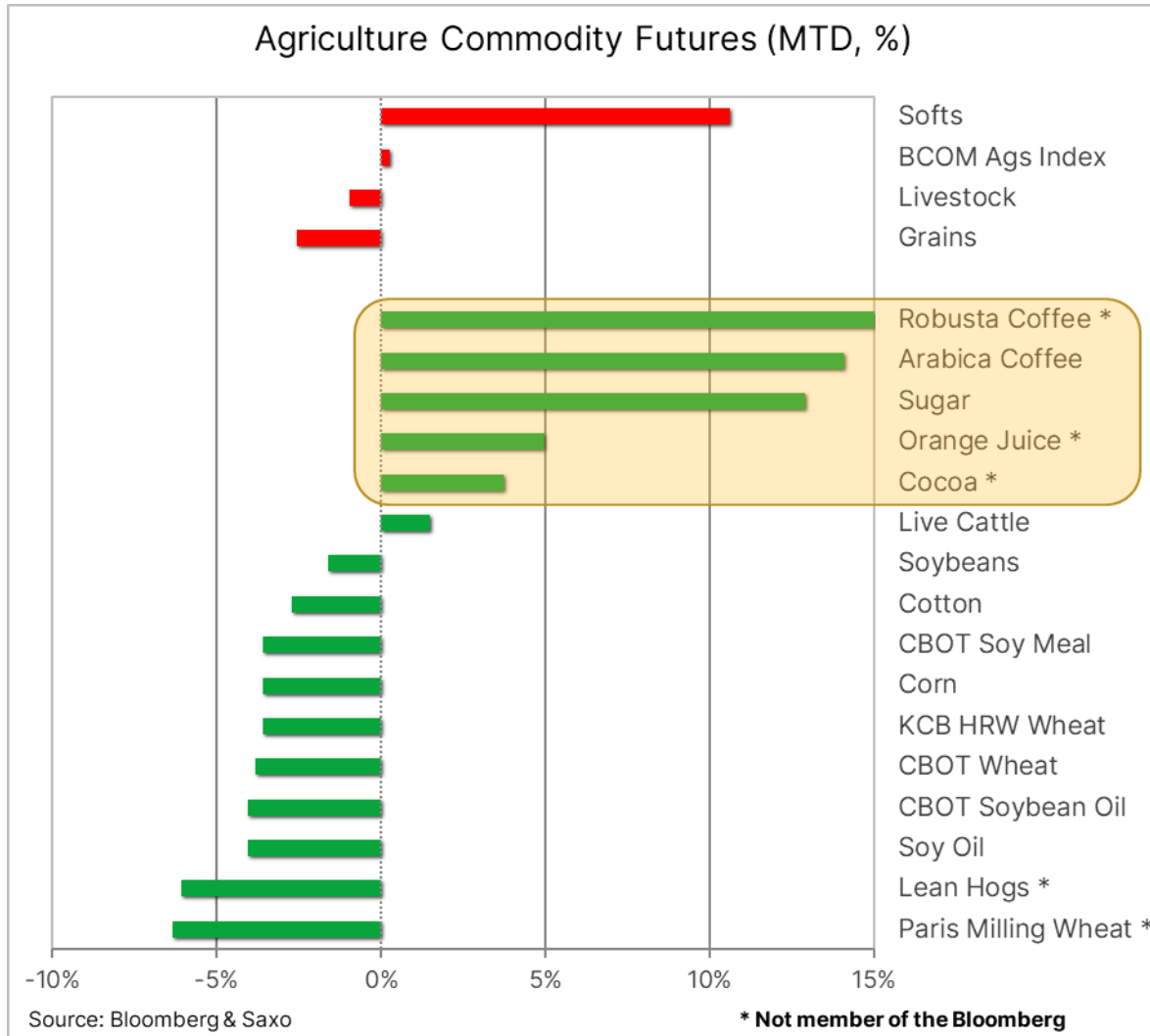


Source: IMF & World Gold Council

Gold drivers: Dollar, bond yields and short-term rates



Ags: Strength across softs; grains struggle ahead of growing season



Commodity ETF flows

4/25/2023				Size & flows, Mn \$			Performance, %		
UCITS Eligible ETFs	Tracking	Saxo Ticker	Currency	Mkt Cap	1 Mth	3 Mth	MTD	YTD	1 yr
Invesco BCOM	BCOM Total Return	CMOD:xlon	USD	1,972.3	356.2	281.2	0.9	-4.7	-13.7
iShares Physical Gold	Spot Gold	IGLN:xlon	USD	15,549.8	338.2	984.1	0.3	9.0	4.6
iShares Div Commodity Swap	BCOM Total Return	ICOM:xlon	USD	1,642.2	44.6	144.7	0.4	-5.1	-13.9
WisdomTree Natural Gas	BCOM NatGas Index	NGAS:xlon	USD	146.9	30.3	112.9	-0.6	-51.3	-69.2
iShares Physical Silver	Spot Silver	ISLN:xlon	USD	582.7	28.3	6.7	3.8	4.3	5.5
iShares BCOM Enhanced Roll	BCOM Enhanced Roll	ROLL:xlon	USD	1,272.6	26.9	630.3	0.5	-1.6	-7.7
WisdomTree Platinum	BCOM WTI Index	CRUD:xlon	USD	462.7	14.7	7.0	7.9	1.1	16.5
WisdomTree Copper (London)	BCOM Copper Index	COPA:xlon	USD	1,564.5	3.6	875.1	-4.6	1.8	-11.9
WisdomTree Agriculture	BCOM Ag Index	AIGA:xlon	USD	294.2	-10.1	-19.2	-0.1	-0.9	-8.8
WisdomTree Industrials	BCOM Ind Index	AIGI:xlon	USD	599.6	-11.2	2.8	-3.5	-7.3	-22.7
WisdomTree Brent Crude Oil	BCOM Brent Index	BRNT:xlon	USD	2,371.3	-96.8	317.8	4.3	0.5	-1.9
WisdomTree WTI Crude Oil	BCOM WTI Index	CRUD:xlon	USD	664.8	-114.1	-152.1	4.4	0.8	-5.4
				Size & flows, Mn \$			Performance, %		
Non-UCITS ETFs	Tracking	Saxo Ticker	Currency	Mkt Cap	1 Mth	3 Mth	MTD	YTD	1 yr
iShares Gold Trust	Spot Gold	IAU:arcx	USD	28,959.4	736.2	-33.8	0.9	9.0	4.6
iShares Silver Trust	Spot Silver	SLV:arcx	USD	11,838.9	295.1	-101.3	4.3	4.8	5.7
SPDR Gold Shares	Spot Gold	GLD:arcx	USD	59,287.0	228.6	669.2	0.9	8.9	4.4
US NatGas Fund *	Natural Gas	UNG:arcx *	USD	1,209.2	224.8	893.6	3.6	-49.0	-70.3
ProShares 2X Natural Gas	BCOM NatGas Index	BOIL:arcx*	USD	1,169.2	124.3	1347.2	0.3	-79.6	-95.6
Aberdeen Phys Gold Shares	Gold Bullion	SGOL:arcx	USD	2,764.2	101.0	91.9	1.0	9.0	4.6
iPath BBG Commodity Index	BBG Commodity TR	DJP:arcx	USD	687.2	-20.0	-44.2	0.6	-5.7	-16.6
iShares S&P GSCI *	S&P GSCI TR	GSG:arcx *	USD	1,072.0	-22.6	-95.5	1.3	-4.0	-11.7
Aberdeen Phys Platinum Shares	Platinum Bullion	PPLT:arcx	USD	1,044.2	-25.5	-84.0	9.7	1.6	17.8
Invesco DB Commodity Index	DBIQ Opt Yield	DBC:arcx *	USD	2,214.9	-32.3	-309.2	1.1	-2.6	-10.9
Invesco DB Agriculture Fund *	DBIQ Div. Agri Index	DBA:arcx *	USD	909.8	-55.5	-157.6	3.1	4.5	-4.9
United States Oil Fund *	WTI Crude Oil	USO:arcx *	USD	1,539.0	-198.9	-193.8	4.2	-1.2	-7.2

Source: Bloomberg, Saxo

* Publicly Traded Partnerships (PTP) only offered by Saxo as CFD's

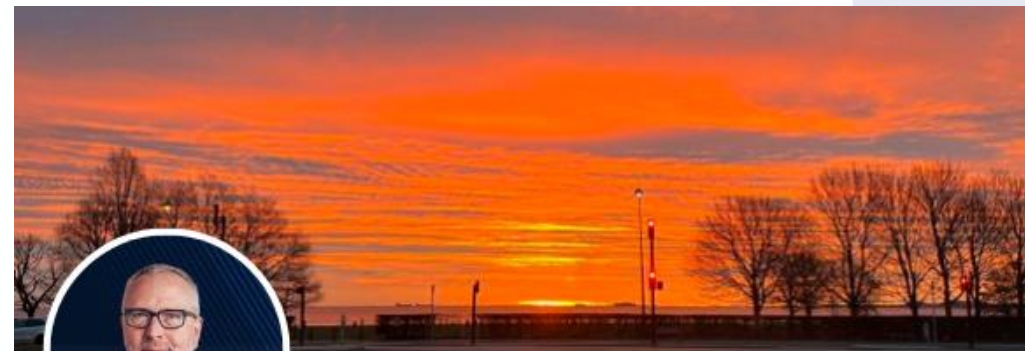
Web: www.analysis.saxo / Twitter: Saxo Market Call Podcast

Podcast: If you're not confused,
you're not paying attention

Global Market Quick Take: Europe –
April 25, 2023

Commodity Weekly: Energy and
metals soften after early April jump

COT: Commodity demand remains
strong despite growing uncertainty



Ole S Hansen ✓

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Head of Commodity Strategy @SaxoBank and a regular contributor to both broadcast and print media. Broad focus, but mostly #gold #silver #copper #oil & #grains

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