MacroVoices Episode 559

Feature Interview with Ole Hansen

Recorded November 19th, 2026 Hosts: Erik Townsend & Patrick Ceresa Feature guest: *Ole Hansen*

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Ole: We are probably actually in the process of setting up the next run higher in commodities simply because what is driving commodities, a great part of it is positioning. And as we've seen in the last couple of months the positioning has almost collapsed, and that 77% collapse has occurred while the Bloomberg Commodities Index has really only retraced 10%.

And that basically, I would say, set up the rebound. What we need is a change in the technical or the fundamental setup for, for that to revert.

Erik: That was Saxo Bank's commodities chief, Ole Hansen. I'm Erik Townsend, and this is Macro Voices, the free weekly podcast targeting professional finance and sophisticated private investors.

Episode five fifty-nine was produced on November nineteenth, twenty twenty-six. The commodity bull market has suffered a speculative washout in recent weeks, with Dr Copper taking out its two hundred-day moving average to the downside last week and dropping like a rock after that technical breakdown.

Is the commodity bull market ending or just correcting as fears of an AI CapEx bust dominate the headlines? Ole and I will discuss all that and much more in this week's feature interview.

Patrick: And I'm Patrick Ceresna. Let's dive straight into this interview.

Erik: Joining me is Saxo Bank's commodity chief, Ole Hansen.

Ole, it's great to get you back on as usual. It's been way too long. Last time we had you scheduled, you weren't feeling well, so we're glad to have you back with us. Let's start with the high level. Holy cow, wait a minute. Let's talk about the Iran war. No, no wait, it's the midterms. No, it's the-- Ukraine is back on.

It's enough to make your head spin. In the world of commodities, so much going on. What do you make of the overall macro backdrop before we get into the slide deck? And listeners, Ole did prepare a slide deck for us. You'll find that linked in your research roundup email.

Ole: Thank you for the intro, Erik, and thank you for having me back.

It's always a pleasure. Yeah. What a year it's been in commodities. We started off on a very firm note, which obviously accelerated when the war in the Middle East started. Since then we've seen that start to fade. But right now we're just basically stuck in a no war, no peace situation. The market is already looking ahead to a potential surplus in crude next year, and that's weighing on prices even though we don't have a solution.

I think we need Iran on board to have a solution because obviously as long as they can't export their crude, they'll continue to make it difficult for the rest of the participants in the Middle East. So that one is unresolved, even though prices are indicating something else. And then we have the whole impact of the war and the the surge in prices, which is fed through to inflation, to higher rate hikes, to higher rates expectations, bond yields have surged higher, the dollar has strengthened.

And that's that's been weighing on several commodities. Then we have war and weather also impacting the agricultural space, where we saw a massive surge over the summer and price-wise and speculative-wise, and since then, that has just utterly collapsed. So status as we approach the, the last few weeks of the year is that we made around twenty-five percent year to date on the commodity sector.

A lot of that obviously is coming from the energy and from the massive liquidation that has benefited passive long-only returns. And then we got a metals sector which is currently struggling with all these headwinds we're currently facing. And in an industrial sector as well that is worried about economic growth, about China, about AI data centers.

So is this-- is it going to slow down or not? Is tariffs going to be introduced? So as you said, Erik, a heck of a lot of things all- All happening at the same time, just making it a, a very very volatile market, but also one where investors and traders are struggling a little bit to look much further ahead than a couple weeks.

Erik: Of course, the equity market is all up in arms about the big question, which is the AI CapEx boom ending and about to crumble as a result of a shortage of private credit? So it seems to me as we look at this secular bull market in commodities, the question to ask is, if we go through the commodities on an individual level, which are the ones like oil, say, where, if you get a peace settlement, it's obviously gonna be bearish for oil, and it's gonna maybe change the e-equation.

Whereas I'm sure there are other commodities that really are going to be unaffected by a-an AI collapse if that happens. So why don't we go a-ahead on slide three on the deck. You've got the performance year to date of just about every major commodity. Why don't we take a look at this chart with an eye toward your take on which of these commodities that have been in a bull trend are AI immune or immune to that, that potential CapEx bust in AI and data centers?

'Cause of course, some of the commodities are, very much driven by that data center boom.

Ole: It is, and and I suppose the main one will be obviously construction materials, but that, that's that's not really some of those we're looking at here. I suppose it's the the the energy side of things, the demand for power that could have the biggest impact, and that's also one of the reasons why something like copper has has run into a, a, a bit of a setback here.

Again, looking at the chart and looking at how far we've traveled it's a relatively small correction. So the market is just trading more from a theme an AI-related theme than an actual fear that it's gonna have a significant impact on on lower demand. Because I think ultimately the, the world is still electrifying, and that will continue.

That process is ongoing. It has probably been been accelerated by the war in the Middle East with high energy prices for many months now. We've seen the EV adoption gathering pace around the world. We've seen some level of demand destruction for fossil fuels in China.

The extent to which we really will only f-find out when we see the situation normalize. So I think from an AI perspective, it's mostly the areas where we look for production of power, so it could be gas, it could be copper. But at the same

time, I think the other drivers that has been the main focus for a number of years will continue to be strong enough to to more than offset that.

And again, it's not as, as if the AI is going to die overnight, not at all. There, there might be a slowdown, but there's still some, some massive projects that, that will not be left by the wayside, and which will continue to go ahead. So the demand in in the short term, I think is not going to be that affected.

And as we look further out, even if we have a slowdown in demand, we still have the supply side struggling as well to meet the demand and if you look at copper for instance. So I think the impact is more a psychological one here in the short term than an actual real one because at the same time we see the tremendous tightness that currently is unfolding in China, where inventory levels are extremely low.

Erik: Talk us through the positioning chart on page four.

Ole: Page four is I think it's really fascinating, and I think that what we're seeing right now is we are probably actually in the process of setting up the next run higher in commodities simply because what is driving commodities? A, a great part of it is positioning.

And as we've seen in the last couple of months the positioning has almost collapsed. If you look at the weekly cut report data from the 10th of November, which basically includes the midterm election. But what we can see on the right-hand side there is the blue line is an, is a combined net position across 25 major commodity futures, and we've basically seen a 77% collapse in that lens in the last two months alone and basically back to the low point we had early in the year.

And that 77% collapse has occurred while the Bloomberg Commodities index has really only retraced around 10%. So major exodus, and that basically I would say set up the rebound. What we need is a change in the technical or the fundamental setup for that to revert. Right now, we're not having them, we're not seeing them, but I think there are we will eventually see inflation start to roll over.

We'll see the focus on rate hikes maybe start to diminish, especially if we're seeing some economic growth impacts, which basically means that the Fed has to look at its dual mandate. But looking at how hedge funds behave, I used to work for for

one for for a decade back in my London days, and they buy into strength and sell into weakness.

And right now we are seeing weakness, so they're selling into that weakness in order to follow the trend. And we can see that also on the left-hand side. Just some of the, just some signals using the moving averages crossovers. So just a simple way of seeing whether we are in a down or an upward trend.

And you can see both short, medium, and in some cases long-term moving average basically points to to lower price. So that's what hedge funds are looking at as well and that's why they're increasingly reducing their exposure and in some case increasing their short exposure. I think basically potentially a reverse indicator.

I think we have to be patient. I don't think it's gonna happen before year-end, but I think into next year then this is the, the setup the market needs for for a rebound.

Erik: Ole, let's look at page five, which looks at commodity supercycles. Which inning are we in this ball game?

Ole: I think we're potentially only at the beginning of it.

We've seen two major supercycles. The first one is '77, so really too young to fully understand. But only apart from the fact that in Denmark we had Sundays where cars were not allowed because we had to save on the fuel because fuel prices were surging. But that decade als- was also the the end of Bretton Woods where we saw a massive surge in prices.

Then came the first decade of this millennium where China and India emerged as major forces driving up demand. Another very strong period for commodities. And then we can argue that in the last last five, six years A little bit cheating here because I'm taking the low point in two 20, which was around the pandemic recession low.

But we've seen nevertheless the prices gain around 150% in the, in that period, and that's including the, the correction we've seen recently. I, I call it the energy transition and the electrification and everything that comes comes with that. But I think that there are multiple other drivers that will underpin prices.

Because one thing we have to remember, commodity price setting is not only about demand, it's most certainly also about supply. And as we see some, some sectors starting to struggle to meet the demand, then that, that also has an, has a positive impact on the price action. As I put there and we've seen that now for a number of years industries and companies, they're moving from a just in time to just in case world where basically they want to ensure that they have enough supplies having, having realized what what lack of of certain import components can do to their production.

So I see this as part of this, this world we are moving into and has been moving into where the de-globalization is having an impact on how we behave and how nations behave.

Erik: Moving on to page six, which talks about the various structural forces that support this commodity outlook.

Talk to me a little bit about how the, the timing of these cycles tends to work. In other words, I think we do have a big question mark about whether the AI CapEx boom is about to bust. And I don't think anybody really knows the answer. Do commodity markets tend to anticipate and look ahead to these things, or do they only react after they happen?

Ole: They tend to to a certain extent, look ahead because on the positioning from hedge funds, seven to 10% reduction in the net long and the subsequent price changes that are accomplished is in the short term, not necessarily one that is purely about the supply and demand. But ultimately, if we look a little bit further out commodities are spot-driven spot-driven markets where there's a daily supply and there's a daily demand, and if there's a discrepancy, then the price respond in order to to try to balance.

So the commodities will probably not be the one that responds the, the most aggressive if there is a major change because there will ultimately be a supply and demand that, that dictates how much the price will-- how much the price of the individual commodities will respond to it.

But that aside, there are several, as we can see on the slide, many other factors that, that are having an impact. And some of them are persistent, some are-- some of them comes and goes. But I think ultimately, if you, if we look at something like,

for instance, defense priorities we actually seen defense stocks that do pretty badly recently, but there, there was a little bit of an overhype there.

But some of these these themes I think are structural. They are long term. They'll continue to to have an impact. And ultimately, as we as I mentioned, it's not only about the level of demand in the global economy, but it's also the supplier's ability to meet that demand. And and I think that's where some of these will play its part in, in, in helping maintain an upward trajectory in commodities.

Erik: I see you've got on the next slide that says precious metals were the big story in '25, '26 was energy, and what will drive '27? You have the guaranteed answer

Ole: I would love to, Erik. That would be nice if we could just get the position on and lean back and then have a chat in the years from now.

No, but I think that what is important because there's suddenly a lot of a lot of negativity coming into the precious metal market and that, that's just-- I've-- I traded my first gold at, I think below three hundred dollars an ounce in around ninety-eight, ninety-nine.

And it- this market when we probably thought that it w- this was behind us, but precious metals really is a market where you have to fall out of love with it before it, it finds a bottom and rebounds. And that basically also means that following an eighty percent gain in two thousand twenty-five, then this year so far, the sector which is actually, which is only gold and silver, doesn't take platinum and palladium into account using these these measures it's down fourteen percent.

If you look at this year, it always looks bad, but if you take over the last two years into account, then it's a natural correction following a, a massive run up. So again, last year's winners, this year's losers, and vice versa. Just like we've seen with energy, it's down ten percent last year, and this year it's been gaining more or less what precious metals gained last year.

But I think also it sends an important message. If you want to be invested in commodities and you don't have a specific or strong view about an individual commodity or sector, then the broad approach makes sense, and you can see how the the, the timing of these has been paramount important if you didn't have an exposure to the sector as a whole.

So what will drive two thousand twenty-seven? I think there will be a recovery in the metals I think the energy space will probably not deliver the-- will obviously not deliver the same returns that we saw this year. But I think the backwardation is still going to be be somewhat relevant because we have to remember backwardation is what gives you the the tailwind into your investment.

If there is a backwardated market where there's tightness, you don't really need to see this pump price move that that much in order to still make a return. But again, twenty-five percent this year, I would ex- I would expect a lower return next year also because I don't think the equity market is going to be anywhere near delivering the kind of returns they have, they've done in the previous years.

So with that in mind, I think commodities may still be able to to do as well as the equity markets into '27. So I'll be focusing on the on the metal sector. And then obviously we have the we have the uncertainty related to El Niño and whether that's gonna have any impact on food inflation and food prices.

So far it's, we're not seeing it, but the but the agricultural one is potential one that that could offer some surprises as well.

Erik: Moving on to slide eight. What we talked about last time we had you on was record backwardation in crude oil forward curves, which of course means every month you roll the, the contract forward you're making so much on the roll premium that you almost can afford to ride out a fair amount of volatility on a flat price.

Ole: Exactly.

Erik: It's not really true as-- Well, it's still true that we're in backwardation, which is always a, a commodity Long position trader's best friend. But it's not nearly as steep as it was when we spoke last time. Are there any other commodities that are more attractive than oil now in terms of their backwardation?

Ole: The one that that stood out throughout this was the distillate contracts, so diesel New York and London simply because that's where we had all the pain, and that's where we still see the pain. Diesel prices still-- or distillates are still h- hovering above a hundred and sixty bucks. And that's really what we need to see-- That's what we need to see to come down fi- before we can start to talk about

inflation relief, because it doesn't really matter whether crude is trading a hundred and ten or ninety, because that's what, what feeds through to inflation is what we as consumers pay for fuel, and that's that's not crude oil, that's that's distillates.

That's diesel, jet fuel and so on. And that's really what needs to come down. So we had an extreme backwardation in, in, in gas oil. But if you look at the energy sector as a whole this year to date, the the sector, which include natural gas, which has actually been doing pretty poorly. It's down what?

Twenty-five percent year to date. Even though the energy total return this year has been seventy-four percent. But if you look at just the flat price movements, that one is only still a phen- phenomenal return but return around forty-five percent. So this year alone in the energy space has provided, has almost given you thirty percent additional income just from the, from these extreme backwardations.

Looking down across the the commodity curve what we're seeing right now, if you look at some of the, the one-year spreads it is still the the, the It is still the, the energy sector. And it's, it still is the gas or the gas oil where we, where the prompt price currently is trading 25% above where it is in the, in a year's time.

The opposite is natural gas, where it's actually 24% below. So that's why natural gas is just a, a dog to trade from a long perspective because of the, the contango that continue to make it a difficult one to stay long of. All the metals are more or less in in contango because that's more a reflection of the funding costs, so around 5%.

And then if you look towards some of the the softs, we have we have something like sugar, which is actually sugar, coffee they are trading in, trading with soybeans as well. They're trading with a small backwardation. So for now it's primarily the, the energy sector. And I believe that, that backwardation will to a certain extent stay put next year.

The curve will flatten but not to the-- I don't see a, I don't see a contango style situation in, in, across the energy sector at this point.

Erik: Ole, let's move on to page 10 and the Hormuz crisis. I- is this thing winding down finally? Obviously it's impossible to predict geopolitics, but from your

perspective, are you still bullish the commodity because of the conflict, or are we at the point where it's in the wind down phase?

Ole: We can certainly hope that we are winding down. But at, right now it's just really difficult to see how we get to the finish line 'cause needs and demands on both the US and Iranian side has to be met, and it's just really difficult to see how these, how they can be met. So what is very much clear is the world has, has learned to live with the disruption.

We're getting the, we're getting oil out initially at a punitively high cost because all the ship-to-ship transfers and insurance costs. That is now also starting to come down. So it just seems like the situation has eased somewhat. But then again, we continue to see the the, the odd attacks on ships and also in, on, on US installations around the region.

And until Iran is being allowed to export its crude again, they will obviously continue to to create trouble. So w-with that in mind, the that will continue to delay the the re-return to a normality. And when I think about normality, I'm not just only looking at the crude price.

I'm f- I'm really focusing on, on, on the refined products, as I mentioned, and also gas, because that's really where we have not yet seen the supply come anywhere near where we were pre-war level. And that's important because we are missing, we're missing refinery capacity in Russia. We're missing something like ten percent refinery capacity in the Middle East or have been missing.

But-- And that's really only slowly starting to to recover. So shipments of fuel products and shipments of LNG is still below pre-war levels, and that's why we have these continued tightness in the market. And that's really what we need to see s-resolve itself in order to get prices down and in order to really start to talk about a rolling, that inflation can can start to, to roll over.

Because until then the, the-- these prices will continue to feed through to, to to everything especially the diesel, because that is the the the, the fuel that keeps the, the global wheels turning. And and so that's really where my f- my focus will be. No doubt when we do have a solution, then it will probably t- it will take some time before we we get everything normalized get ships in the right place.

And so I think the refined products, especially the distillates, will probably be the last one to to return to normal. And that's really the one that, that's required. And then we have all the questions about, What is the level of demand destruction which could weigh on prices?

What is the how is OPEC going to to approach the the new situation in, in terms of UAE not being a member of OPEC anymore with the countries in, in need of of increased production or increasing revenue as much as possible? Are we gonna see another potential battle for market share which could weigh on prices?

Are we gonna see some discipline returning? How much are we going to see Chinese demand recover in order to rebuild strategic stockpiles not only in China, but also elsewhere? So there's a lot of lot of areas that opposite forces that that will play its part when we when we get a full when we get a full normalization.

So I would-- My initial guess is that if Brent was trading 60, $70 range before the war, then 70 to 90 is probably going to be the, the, the new normal in, in that situation. And then as I said, with probably we're still with some, some backwardation which adds to the return on long investments.

Erik: I wanna come back to what you said about refining capacity because I agree with you first of all that I think we do have a new a new normal regime in terms of range of prices in crude oil. But I think what most people are missing is we probably also have a new normal crack spread regime which is nothing like we've ever seen before.

We've seen it recently. But I think everybody's assuming, the war will be over and the oil prices will go down and the crack spreads will go down. No. You blew up a bunch of refineries and it takes a decade to build another one and nobody wants to invest the money to do it. So I think the crack spreads stay high f- pretty much permanently.

Would you agree with that? And have you done any or do you know of anyone who's done any deep analysis to figure this out?

Ole: No, I haven't. And, but I agree with you, Erik. We need to see that come down, and the question is whether it can come down. And also we have s- disruptions from from Russia. We have high prices for for diesel.

Refineries may start to cut runs because just look at the slide 11. The the spreads, the, the crack spreads we're seeing where the gasoline crack has basically collapsed back to pre-war levels both in Europe and the US 'cause we're into the low-demand season. And then we have to remember, you can't do take, put in one barrel of crude and get one barrel of distillates out, even though that's what we need the most.

There is a, there's al- there's a, a, a certain percentage that goes into diesel, into gasoline and so on. Major part of the barrel that you produce as a refinery is actually n- not giving you the revenues that you require in order for it to be profitable. Then you may actually consider cutting your runs.

So a refinery is a tricky business and for many years basically called a very boring business because you take in crude, you refine it, and you sell what whatever has come out at the other end. But when you have these big major discrepancies between different different type of products, then that just makes the calculations more difficult.

And adding to that, refinery maintenance which has not been unfolding at the pace that we normally see because they've been working flat out where the, where refineries were able to run. That's also that's potentially also weighing on prices. Weighing On their ability to to ramp up production of of these distillates.

So yeah, I think the, it's a, it would be a prolonged, drawn-out process. In Europe, we we've been left a little bit naked once again. We we had old refineries that came to their came to the end of their lifetime, and and energy companies sim- simply didn't have the appetite and the and the permissions to to build new refineries.

And that's why we ended up in- increasingly being reliant on supplies from the Middle East, which then suddenly were cut off. And it just highlights the, the that the market is, there's never a refinery over capacity because it's always built just to, to fine-tune to accommodate what what is expected in terms of global demand.

And when you take such a big chunk out and not seeing it come back at the pace that you'd like, then the prices are likely to remain high. So interesting to watch the the spreads between gasoline and diesel cracks because as I said, diesel cra- high diesel cracks is not necessarily enough to ensure that refineries will will produ- will produce flat out.

Erik: Let's move on to page 12 and look at gold. Boy, Ola, when they came out with these really cool tools in the electronic charting programs to draw your Fibonacci tool, did you ever think you were gonna be drawing a Fibonacci range that was $3,800 tall on gold ? Wow.

Ole: Not at all. Not at all. And but that's really how far you have to go back to try to work out where are the major support levels.

So basically going back to that triple bottom actually that was back in '22, but it's, that, that was the most recent low point we had in '23 before both central banks and ETF investors and Chinese investors all decided that gold was was what we needed as, as interest rates started to come down.

And that really kicked off that massive run-up we had from '23 up to the peak earlier this year. From a long-term perspective, an, an acceptable correction, but obviously in, in nominal terms, a very expensive correction. And that's also why the, the-- we are seeing in- investor appetite being somewhat challenged right now because if you have been, if you've been getting involved anywhere between middle of last year until around the middle of this year, you would be you would be out of, or up until recently, you would be out of pocket.

So it, it requires a steady stomach right now to to hang on. Again, if you are not leveraged, then that's relatively easy. You just you look for the longer term. If you are leveraged, then as hedge funds are you have to you have to address it and adjust your positions and reduce it.

And that's weighing on prices. And it has been doing now for a while as, as we can see on the, on slide 13 where I got some of the, the macro drivers of gold where the middle one is the opportunity cost. So that's really where we've seen quite an interesting one where ETF demand has actually been holding up quite well even while real yields were spiking higher in the last few months.

But even that is starting to roll over a bit now. So the, there's, the market is being challenged and that basically means it's gonna take a while be- for it to settle itself and before we can see some of the long-term drivers that I think is, has not gone away, that they reassert themselves and start to provide the the the underlying support.

Erik: Let's move on to silver and platinum on page 14.

Ole: Again, using a, a, an Erik Townsend word, oh boy. I think that's that's really a, a major it is a major correction we've seen and and you can argue whether it's still a correction or whether we've, we're seeing a, a complete reversal. Silver is down one-third this year.

We we have we have tumbled more than 6% from the from the absolute peak back in January and the question is really what, what's going on right now? And then I think what we've seen in the last few months is that silver's lost its ability to operate on its own. It's most of its directional input has been taken, has been coming from gold.

While it's still been underperforming the gold-silver ratio back above eighty-one, it was trading in the low seventies, and even lower earlier this year. And as we can see on the, the chart here we're now settling in potentially with looking for some po- support in the mid-forties. But I think silver's success at the start of the year and late last year has probably also has be- become silver's downfall because it-- when you have this, this kind of volatility, it just becomes incredibly difficult to hold a view and it's...

And and even if you try to hold a view, at some point you almost get, get forced out. We have ongoing, the contingency ongoing since that peak back in January, and then that po- parabolic surge, looking at some of the numbers just staggering and that would be that would scare me as a, as an investor.

And then that's also why I'm a bit lukewarm on silver for now. I understand. I see all the, the comments about more supply, more demand than supply, and that's been ongoing now for a number of years. But ultimately, what dictates the the, the price is the level of financial investor interest, and that has most certainly faded quite significantly, but also the industrial demand.

And that, to a certain extent, had also become challenged by the high prices we saw earlier this year. The same goes for platinum. Again, a, a-- The break above a thousand last year was just one of the most beautiful breakouts I've seen in my time. We took out a seventeen-year-old downtrend, and the response was just phenomenal.

And but since then, the market has has come down and... But overall, if you look at the the, the, the five-year annual returns, thirteen percent silver and fifteen percent platinum, that, that's a return I would take any, any time. So if we stabilize at these levels I see no reason why some of these, this kind of long-term returns cannot re-- well, can return and...

But first we need to find the low point, and I'm not entirely sure whether we've found it yet.

Erik: Let's move on to copper, which of course has really taken a nosedive since it broke down below the two hundred-day moving average about five sessions ago. And boy, has it got further to go, Ole?

Ole: Probably in the s- in the short term because the AI especially if we see continued weakness in the tech sector. We, as we are recording this, we can see Nasdaq is is once again trading lower. We're recording, I believe, just ahead of N-Nvidia's result later today, which is going to be incredibly important given what's been happening in the comp- in the company in the last few weeks this, this past week.

So I think with that in mind, a further weakness in the Nasdaq, in the tech sector will probably weigh from a psychological perspective. Also, just forcing out some of the speculative lens that has been quite elevated up until recently. So I see this as more as a speculative flush out than any, any change in the, the underlying, underlying fundamentals.

One thing that besides the AI that has also been mentioned by most, and I think that was also saw Goldman Sachs with the 2027 outlook, they highlight the two risks in an otherwise bullish outlook. That's the AI and that's the the tariff, whether or not we're gonna see any, any tariffs introduced.

And that's really important because if you look on the, in the bottom right, right-hand side, we have right now a total exchange monitored to stockpiles of more than a million tons, about 67% Of that is currently held by COMEX warehouses, so inside the US. At the same time, the 30% that is held by, monitored by the LME, quite a big chunk of that is actually held stateside as well.

A lot of the, the visible copper stockpile is currently sitting in the US. And again, if the, if no tariff is introduced, then there is a, a risk that some of it, not all of it so by all means, but some of it could find its way back into the global market and thereby alleviate some of the, the tightness that we're seeing elsewhere.

But I think the story of the long-term story for electrification AI or not, is is not gonna go away. And the long-term challenges for mining companies is not gonna go away either. There's, there's-- I'll just highlight some of the, all the different reasons why the the, the input cost continues to go up.

And that, that does mean that if we if demand for copper is, remains at these levels and continues to rise, then then the price of the, what the mining companies produce needs to go up as well in order for it, them to make, to be to be profitable. So I think the long-term story is still one of strength.

But just as we approach the end of the year, we are running some profit-taking here. We also have to remember the stock markets right now is, has suddenly started to become very challenging. And that basically means, again we could potentially see traders book profits earlier than we've seen in previous years simply because of the, all the uncertainty that we're seeing heading into heading into year-end.

So that potentially also could be weighing on some of the, the more profitable positions that that they are being, that positions are, have been very close to to book profits.

Erik: Let's move on to the ags on page 16.

Ole: That's just to highlight two, several things. What happens when we have when we have several fundamentals that kind of point in the same direction at the same time, and how traders respond to it, and also how to respond when we're dealing with markets where liquidity often is is a bit of a challenge.

In energy and metals, we have a deep pool of liquidity. When it comes to agriculture commodities, sometimes that, that can be a bit more challenged. And that basically re- Means that when we back in the July, August had the the focus on the war in Ukraine and the risk to supplies from the Black Sea, and we had the extreme heat waves across parts of the world.

The war and weather basically drove a, quite a significant increase in the price of the key crops corn, soybeans, wheat, but also others like rice and also sugar. And that just led to an explosive interest jump in specs of blends, as you can see on the le- on the left-hand side there. Just in, in the six soy and grains contracts alone, it jumped from being flat to a million contracts, and now we're basically literally back to almost back to flat.

And that has been weighing on prices now for for several weeks. Again, potentially setting up the setting up a, a flow in the market because of that selling pressure is is, it will eventually start to to to flow, to slow. Also now that we are back to having a net short position in corn from a record position just a few weeks ago.

Soybeans has been sharply reduced. Wheat is already back into a, a net short, which it has been for the best part of the last four, four and a half years. Again, positioning is important because it potentially gives us a signal about a, a market that that it could-- it will start to show, show, could be ripe for at least a confrontation.

And if and again, if there is any change in the fundamental or the technical outlook and the technical is that's the price determinant, and the fundamental that could potentially be something like that could be Russia-Ukraine, that could be El Niño starting to impact some of the s- the Southern Hemisphere in the coming months.

So a lot of this a lot of these uncertainties could potentially trigger a, a reversion. At this, at these levels I'm struggling to be bearish in, in, ac- across the grain sector.

Erik: Moving on to page 17, let's go a little deeper on the El Niño. A lot of people saw it coming, and we weren't sure, and it got here just exactly as expected.

I think it's a-- I'm not sure if it's record bad, but it's a serious El Niño. But we haven't seen the spike in grain prices as a result of it.

Ole: Nope, because we are coming into this, luckily, you can say, with with ample supplies. Global stockpiles are has been building, and they are very robust.

And you can say luckily that goes for rice as well. You take y- you can, we can discuss 100% increase in crude oil, but having an impact on economic output, but

100% increase in rice and wheat, that's that's a different that's a different matter for global food security. So we're entering this period with ample supply.

So that basically means we have a, a better buffer and we and a better ability to, to, to withstand it. But if it is, and as it is, as, as it does indicate now, as you said, Erik, it is at a near record in terms of the temperature level increase we're seeing. The coming months could be could still be quite challenging.

And as we have to remember, it's not only about agricultural, it can also be even it could also be energy markets, it could be mining that could be impacted by this because it's not only a, a... It could be heatwave in some places, it could be torrential rain and flooding in other places and these are, these could have an impact on both the production of energy, but also the the, the mining activity.

I think we know that we're most certainly not out of the woods. The coming months will be will be very critical in terms of deci- determining the ultimate impact. But as I said, luckily, we are starting the we're starting from a, a relatively levels of of secure supplies.

One, one area I would be a little bit hesitant, a little bit concerned about is something like sugar, because that's really dependent on Brazil India, and Thailand. And and we have seen a strong sugar rally already earlier this year. And that's really, that's potentially one that's really in the, the eye of the storm when it comes to to food security and our food commodities being impacted.

Erik: Ole, moving on to your final slide, 18, what could change the narrative? What could change this story?

Ole: I think ultimately from a helicopter perspective, we need to work out where inflation is heading whether it's whether we're going to see it roll over and what kind of impact it will have on central banks' behavior on the interest rate settings.

That will that will from an ultimate perspective be what will just how it impacts the global growth activity, how it impacts companies' forward earnings perspectives and potentials, and so on. So that's really where we need to start and and there are some raised hopes that we potentially have seen the peak of inflation.

But I think also when we look at the, the CPI print we had last week, that it's not only energy, it's actually spreading to other areas. So the, the worries is in the short term that it, that this inflation has become a bit more sticky, that it's not only a question of getting energy prices down in order to to see it roll over.

But I think any, any signs that it, it starts to roll over will have quite an impact because central banks are the Federal Reserve has not been, especially Kevin Warsh, he's not been employed to hike rates, he's been employed to cut rates. And and if we see any, any rolling over of inflation and growth tends to been somewhat challenged, especially if the AI investment boom starts to to taper out, then then we can suddenly start, we can suddenly start looking at rates going the opposite direction.

So that is really key. And then the energy, when can we get a full recovery in the Middle East resupply? And as I said, it's not about yeah, it is about crude, but it's probably even as more importantly about refined products and gas. The the long-term drivers that has been underpinning metals precious metals in the past few years, will they continue?

I believe they will. The the, especially as interest rates has gone up, the, the debt burden has also gone up in the U.S. especially where a lot of the debt is issued to at the front of the curve. The front of the curve is where rates have spiked the most. So that will have an impact on, on, on financing and funding going forward, and I think that will still be a driver for investor appetite in some metals as as just in order to sit outside the system Agriculture, as we talked about, Erik, El Niño.

And then positioning. And again, as as we, we saw earlier, positioning has been has been rolled back quite significantly, and that, that potentially is setting up a, a situation where a change in the, in some of these technicals or fundamental outlooks could have quite a significant profound impact on positioning in the opposite direction.

So I maintain a bullish outlook for commodities next year. Twenty-five percent is like we've seen so far this year, is not what I'm looking at. Is, is-- It cannot, probably not be achieved because the energy space will not deliver anything near that next year. But again, compared to to other asset classes, I think it'll continue to be be one that gives you a, a nice diversifier.

Erik: Ole, as always, I cannot thank you enough for a terrific interview. But before I let you go, please tell our listeners more about what you do at Saxo Bank. You have a really cool podcast that's every single day. So tell us about that and also how people could follow your work.

Ole: Yeah. The, the podcast is hosted by my, my my colleague through throughout the last two decades almost, John Hardy.

He's he's got a amazing grasp for everything across macro to to the individual markets and picking up stories on a daily basis. Most certainly recommend you to to follow him. You, or you can find him on your, through your podcast provider. Saxo Market Call, it's called.

But myself, yeah, I try to I said I, I'm a journalist, as you can hear from this. I've, I watch the macro developments and so how they translate into the commodity market. And based on that, I write updates and articles just trying to guide our clients' global client base which is stretched around the world to to make some to make some, some decisions in the commodities space, and just highlight the interesting parts of this in a world that is otherwise really very much driven by the equity and investors in- investment into equities.

You can follow me on our website, which is home.saxo/insights, or as per usual probably quite a few of you already have come across me on X, where the the handle there is, is on the slide, but it's O-L-E_S_Hansen with an E.

Erik: And now it's time for our Macro Voices Market Desk segment with Patrick and Massil.

Patrick, what's this week's webinar about?

Patrick: Look, Warren Buffett used options to get paid for agreeing to buy a stock he wanted to own at prices he was prepared to pay. It wasn't just an income trade. It was a way to approach building a position. And with markets under pressure, I think this is a particularly interesting time to explore how he did it.

In our next free options masterclass, I'm taking apart his Coca-Cola and Burlington Northern trades. We'll use the simulator to show how the strategy worked, what he got paid, and what risks came from the commitment. Join us on Tuesday,

November 24th at 4:00 PM Eastern Time. Listeners can register at bigpicturetrading.com.

Okay, Patrick, where's the trade? Thanks, Erik. Now, Ole's argument is that copper's recent liquidation may be creating a buying opportunity with demand for electrification continuing to develop against persistent constraints on new supply. That gives us a fundamental backdrop for considering a tactical recovery after a substantial correction.

Copper has fallen nearly 20% in the last two months. Recovering roughly half of that decline would bring us back to a total of $6.25, still below the 50-day moving average. That leaves room for a meaningful oversold balance without requiring the broader uptrend to resume. To express that, I'm looking at the bull call spread on the March 2027 COMEX copper futures using options expiring on December 28.

That gives the trade approximately six weeks to develop with copper currently around $5.74 per pound. The option structure is the $6 to $6.25 bull call spread at a net cost of approximately six cents per pound. We are committing six cents to a spread 25 cents wide. So if copper reaches the upper strike or higher by the expiration, the potential profit is approximately 19 cents per pound, or over three times the amount risked.

The principal risk is timing. Copper can remain oversold, and we could lose the entire premium if the recovery fails to materialize in our window. We're committing roughly six cents for the opportunity to make 19, positioning for a partial recovery after a nearly 20% correction. We don't need new highs.

We need a timely rebound. That's where's the trade.

Massil: All right, Patrick, we got the Nvidia earnings just two days ago, and in the overnight market, it seemed like things were going well, and then they gave all of the gains back in the normal hours. What does that tell you about the broader market?

Patrick: Yeah let's start off with what actually happened with Nvidia's earnings, because in the end, they delivered the earnings beat that everyone was looking for.

But after nearly a 40% collapse in the stock and a brutal unwind across the AI trade, the market response was far less decisive than expected. When you have this kind of a beat and the stock is sold into the strength, it really does show that the AI story has not yet fully played out in terms of the downside distribution that has really gotten underway.

And this has generally pressured this market at this point. And now that earnings is behind us, we're recording this before the Anthropic IPO, and we're gonna certainly see the influence that's gonna have on the market, 'cause a strong reception to the the IPO could rebuild confidence and take this incredibly oversold AI space and create a reaction.

But if we see that the after the initial hype that even Anthropic isn't following through or rebuilding that, that could very quickly have the whole stock market under stress a little bit later going into Friday and Monday. So let's see how it all plays out. But what let's put into context what's happening in the market.

Overall The S&P 500 remains in a decisive distribution cycle. It has broken to lower highs and lower lows, decisively trading below its fifty-day moving average in some form of a correction. And even this morning, with a bit of a bounce along this Anthropic IPO, we haven't rec-reclaimed any levels technically that would be important hurdles for the bulls to beat.

So what is it th-that you can expect here? Overall, even a hundred S&P point rally towards seventy-five hundred would not bullishly turn this market back up. And so we have to assume that the downside window is the existing trend and the path of least resistance. And as of this moment, there's no evidence that is turning.

So at this stage, the market is still very much in a bear territory. The question only is: how far and how deep does this correction go before we see some meaningful short-term low and some bounce? It's entirely possible that we wash out over the next week on the downside, establish a low, and then have a bit of a Christmas rally as we retrace into the tail end of the year, is certainly a possible scenario.

From a downside perspective, where would those levels be? Around that seven thousand to seventy-two hundred on the S&P is where the highs came in from the start of the year in January, and it is where the Fibonacci retracement zones are of the bull market that was running from April through September.

And so there certainly is the vulnerability of another five percent downside and still not be even a big washout in the market. Overall, volatility has spiked up to the twenty-five to twenty-eight percent level on the VIX, but certainly not a spike even remotely as high as we saw during Liberation Day or even the March market correction that saw the VIX spiking up to the thirty-five and during Liberation, to even the fifty-plus levels on the upside of the VIX.

So things have not really in any way intensified on the selling.

Massil: All right, let's turn to the bond markets because we've seen them sell off once again. What does that tell you about the risk of an AI slowdown, and what could that mean for the Fed going into the December meeting?

Patrick: In spite of all of the carnage in the AI credit cycle and the concerns around that, that certainly has not slowed the Fed's ambition to raise interest rates here in December.

And obviously, Waller coming out there and tabling the idea that a 50 basis point rate hike is at least something that is being considered. So right now, at the time of recording the markets are currently assigning about a 10% probability that we get 50 basis points in December. So we continue to see interest rates at elevated levels, even at the 10-year and 30-year as the overall credit markets remain incredibly tight, and the Fed continues to move towards tightening those conditions even further going into December.

Massil: And let's also talk about the dollar because it's been following the same move as yields. What does that tell you about the conditions across markets?

Patrick: The US dollar bull trend remains intact. After the breakout last week, we s- see the dollar index having now approached the one oh four handle on the upside.

And what is important to observe here is that this dollar strength remains across almost all cross currencies. We have a euro that has broken down to towards one ten. Pound sterling that is now breaking multi-month lows. We have the Yen breaking its trade range from September, October to the downside.

We have a Canadian dollar that has broken to fifty-two week lows. We have an Australian dollar that has broken down two year lows. And so we have a scenario where the US dollar is strong against everything. So clearly showing funding stresses and and the reach for the defensiveness of the US dollar.

And right now that trend is intact and there is very little to no evidence that this has reversed. And so expecting potentially even more dollar strength towards one oh five is entirely plausible.

Massil: All right, Patrick, I wanna talk about the current reality in geopolitics and how it's affecting the price of crude oil as it continues to get repriced lower.

What do you think is making this move?

Patrick: Let's just put crude oil in context. Off of the June lows, we saw a hundred and twenty day fifty percent rise in crude oil prices up towards that hundred and five dollar level on the upside. And since then, we've now been giving some back. Crude oil's gone through a a twenty percent correction in the last three weeks on the downside.

And and certainly having many people ask the question is whether or not oil has peaked out. Overall the conditions remain incredibly tight, and the situation in the Middle East is escalating, not de-escalating. And the, how much of a risk premium should really be out of crude oil here?

To me, this remains asymmetric. Unless there is an imminent peace deal and a huge amount of flows that start to reopen through the Strait of Hormuz, then you have to consider the oil market still highly vulnerable. And this type of a pullback where they take twenty plus dollars out of oil from the risk premium may in fact be an opportunity.

I'm looking at this as as an asymmetric spot where essentially, you know, maybe there's f- five dollars of further downside volatility on oil. But if there's anything that disrupts the existing oil flows, we could easily find ourselves back to October highs. And so I actually find this a, a compelling area to be watching crude.

Massil: All right, Patrick, let's turn to gold because it keeps getting pummeled to the downside. But most importantly, what signals are you watching to see a meaningful change in trend here?

Patrick: Gold and silver continue to be under a lot of stress. There were a lot of people optimistic about the early November rally that simply failed to even reclaim its 50-day moving average and faded within four or five days.

Overall, there's a distribution cycle that started off the August high, and it is showing no signs of stopping. At this moment, we're approaching 3,700 on the downside. There's some technical levels of interest the 3,600 level is where the 50% retracement of the 2025 bull market lies, and the 3,200 area was a very important consolidation zone throughout the summer of 2025.

So we're s- slowly approaching some critical support lines that may inevitably stall this rapid decline that's literally accelerating on the downside. There certainly is some further downside risks, but at some point here this is going to become a compelling buying opportunity. I, those are the levels where I'm gonna be watching where there, a short-term bottom may develop.

Massil: And finally, Patrick, I wanna talk about copper because it had one of its ugliest weeks in months. What could this move mean for the metal and really its impact on the economy?

Patrick: So I do want to technically reference copper here. We did obviously talk about it from a trade of the week perspective. But we saw copper throughout the summer establish a rounding top.

It failed on numerous occasions to break through and make fifty-two week highs at a time from a, a commitment of trader report perspective, there was decisive bullish positioning to the hundredth percentile of large speculators being long copper. And so this breakdown has been a shakeout of all that decisive long positioning, and many traders are being forced out.

So I view this drop as a shakeout. And so as we now approach this five and a quarter to five seventy-five area where the lows came in March, it would be a tactical place where short-term lows can establish themselves and this incredibly

short-term oversold copper chart could end up seeing a, a retracement very much based around the idea of what we discussed in the trade of the week.

Nonetheless this copper washout has caused a number of the copper miners to also go through some significant corrections. And so there's some interesting opportunities that are developing right across the entire commodity complex. So that does it for this week's Trade Desk. Thank you for joining us.

I'm Patrick Ceresna.

Massil: And I'm Massil Beguenane. See you all next week.

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