

TOPIC OF THE MONTH

Gold, silver, copper, oil: forces shaping the market

AUTHORS

**LORENZO
PORTELLI**

HEAD OF CROSS ASSET
STRATEGY, AMUNDI
INVESTMENT
INSTITUTE

January's end brought a bout of extreme volatility across commodity markets. Several commodities appear to have been hit by a correction after short-term euphoria, likely prompting the unwinding of speculative positions at month-end in silver, platinum, tin, US natural gas (NG) and the euro.

Silver tumbled about 26% on Friday, January 30, and US natural gas suffered a similar decline on Monday, February 2. As a result, volatility in precious metals and gas has surged to more than double its historical levels.

Gold, silver, copper and oil are reacting to a mix of structural demand shifts, geopolitical risk and short-term speculation. While central bank buying and safe-haven flows underpin gold, silver's rally is partly explained by a near-term supply deficit and industrial demand. Copper faces a long-term structural gap driven by electrification and the AI buildout, and oil remains exposed to asymmetric geopolitical tail risks.

A balanced barbell strategy, combining gold with industrial metals exposure, plus a modest allocation to alternatives, can improve portfolio resilience.

"As structural shifts and short-term speculation drive commodities, a barbell strategy pairs gold for protection with industrial metals to benefit from electrification and the AI buildout."

Key implications for commodities in 2026



Gold's rally is driven more by long-term structural drivers (central bank demand, geopolitical hedging) than near-term fundamentals; a risk premium of 5–10% is reasonable but the upside risk is significant.



Silver has a current ~10% undersupply and benefits from industrial demand, but it looks more volatile and less clear-cut than gold for hedging purposes.



Copper faces a projected 50% demand increase by 2040 to ≈42 million metric tonnes* with supply constrained by long project lead times, grade declines and geopolitical concentration.

*Source "Copper supply gap to widen 24% by 2040 as electrification accelerates: study" by S&P Global



Oil price sensitivity is roughly +\$5–7 per barrel (bbl) for each 1 million barrels per day (mb/d) change in supply; baseline fair value sits around \$60–70/bbl, but disruptions involving Iran or the Strait of Hormuz could push prices much higher.



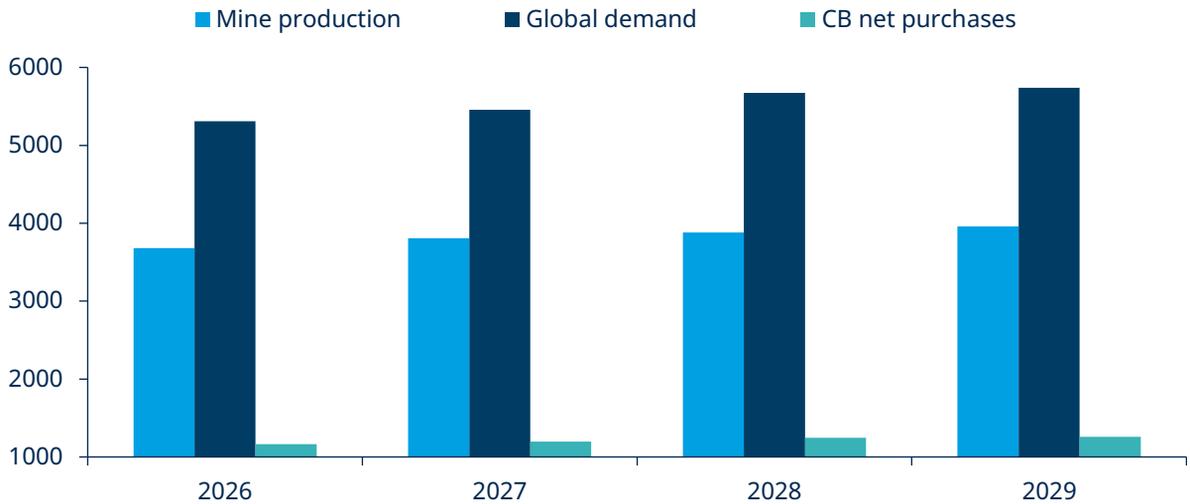
Tactical allocation: favour gold for diversification, selective exposure to copper (or tin) for the green/AI supercycle and maintain at least ~10% in alternatives where mandates allow.

The current commodities market is best read as a mix of enduring structural shifts and short-term speculative positioning. Expectations about the coming years — not narrowly defined price targets — are driving much of the action. Investors should therefore think in scenarios and risk premia rather than single-point forecasts.

Gold: structural support, geopolitical hedge

Gold’s recent advance can be justified more by medium-to-long-term structural factors than by immediate fundamental changes. Central banks in emerging markets remain significant buyers — conservative estimates point to large cumulative purchases (on the order of several thousand tonnes) that would create persistent demand despite slowing purchases in the second half of 2025 due to skyrocketing prices (central bank purchases in 2025 totalled 863 tonnes).

Global demand set to stay (tonnes)

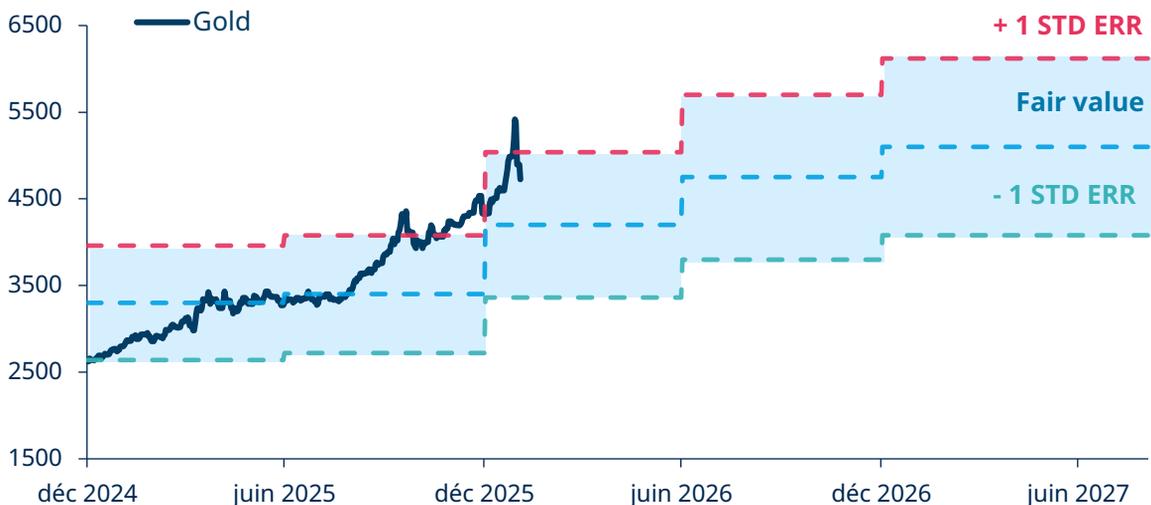


Source: Amundi Investment Institute, Bloomberg. Data is as of February 2026.

These flows, combined with elevated geopolitical risk and the metal’s portfolio diversification role, create a risk premium that we peg broadly in the 5–10% range today. That premium could expand materially if market participants increasingly price in structural undersupply.

Technically, price action has been strong and there are few reliable short signals; strategically, gold is the clearer hedge among precious metals. For investors seeking a safe haven against geopolitical shocks and policy uncertainty, gold offers a more visible and defensible case than silver.

Gold price compared with fair value (USD/oz)



Source: Amundi Investment Institute, Bloomberg. Data is as of February 2026.

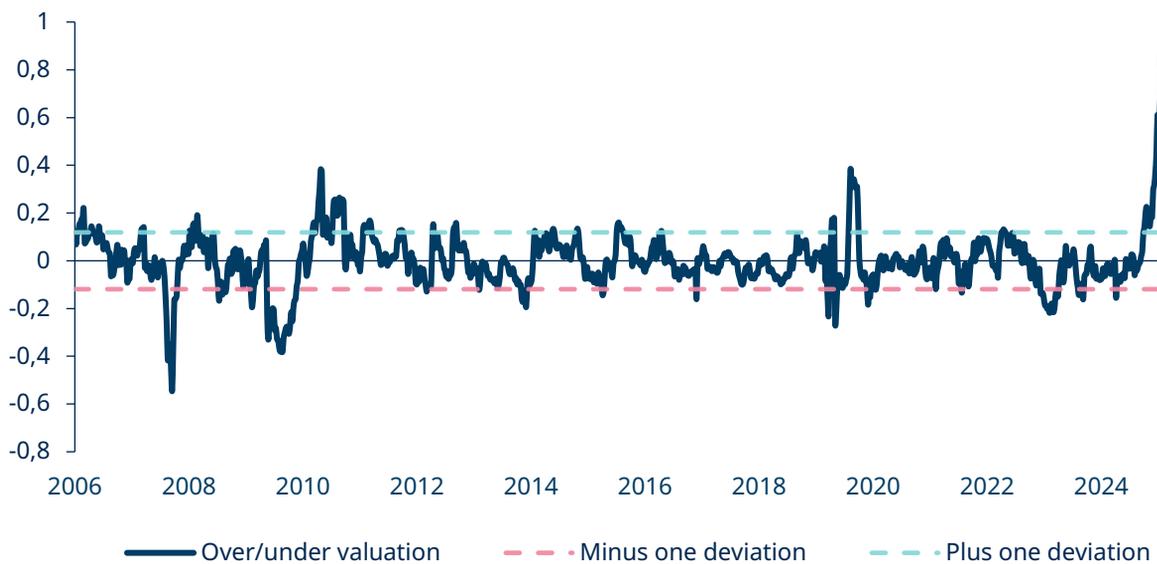
Silver: a 10% undersupply, but more vulnerable

Silver’s market dynamics differ from gold’s. Current estimates suggest roughly a 10% undersupply — a fact that helps explain much of the investor interest — and the metal benefits from both precious-metal demand and an expanding industrial role in the green transition and AI hardware. China’s increasing appetite for silver, alongside its use in photovoltaics (solar panels) and electronics, reinforces the demand backdrop.

However, silver’s price move has at times outpaced what clear macro fundamentals would dictate. It remains more exposed to speculative flows and can be more volatile than gold. From an investment standpoint, a light stance on silver makes sense for investors who want the insurance qualities of precious metals but prefer the relative stability of gold.

“Silver is supported by a roughly 10% undersupply and rising industrial demand, but recent gains have outpaced macro fundamentals, making it more volatile than gold.”

Silver’s recent movements are barely explained by fundamentals



Source: Amundi Investment Institute, Bloomberg. Fair value is calculated considering: growth (LEI sector), US rates, US CPI, credit spreads, FX (USD, EUR, JPY, CNY), central bank balance sheets (Fed, ECB, BoJ). Dislocation is the difference between the current price levels and fair values. Data is as of February 2026.

Copper: the backbone of electrification and AI

Copper’s medium- to long-term outlook remains structurally bullish. Consumption is projected to rise by roughly 50% by 2040, driven by AI data centers, renewable energy build-outs, electric vehicles (which use about three times the copper of internal-combustion vehicles), and grid modernisation. That trajectory could push global demand towards approximately 42 million metric tonnes.

Supply, however, is slow to respond. New greenfield mines, built from scratch, typically require 10–15 years to come online; existing operations face declining ore grades; and production is geographically concentrated in countries such as Chile and Peru, which introduces political and social risk. Recycling helps, but it cannot close the gap by itself unless prices rise substantially enough to incentivise large-scale scrap returns. Taken together, these factors argue for a long-term structural deficit, making copper (and in some cases tin) a preferred industrial exposure to benefit from electrification and AI infrastructure investment.

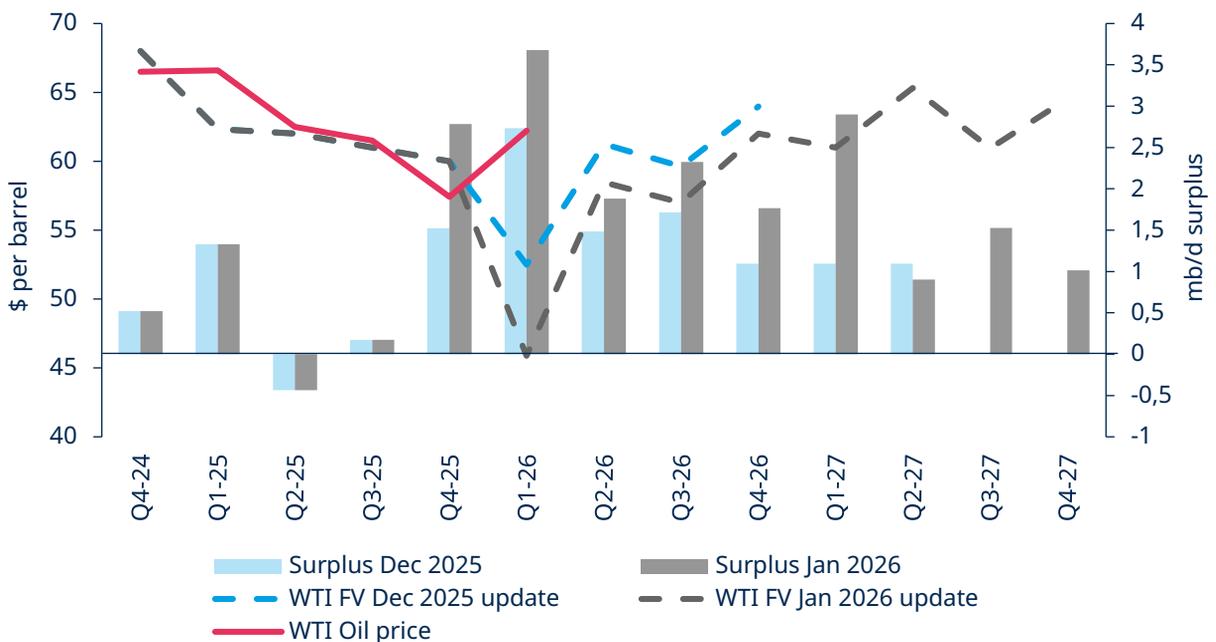
“Copper is central to electrification, with demand projected to rise about 50% by 2040 while supply remains slow to respond, supporting a structural deficit and making it a preferred industrial exposure.”

Oil: asymmetric risks, sensible baseline

Oil stands apart because its near-term price is highly sensitive to supply shocks and geopolitics. A useful rule of thumb is that each 1 mb/d change in supply tends to move the equilibrium by about \$5–7 per barrel. This sensitivity frames scenarios: a rapid, large-scale ramp-up from sidelined producers (the ‘flooding’ story) is difficult to execute quickly and is therefore a low-probability driver for a sustained price collapse. In contrast, supply disruptions (the ‘upside’ story) — whether a large outage in Iran or a temporary blockage of the Strait of Hormuz — can generate sharp spikes.

Iran represents an upside tail risk because outages are disruptive rather than additive; a total Iranian outage (≈3.3 mb/d) could add roughly \$17–23/bbl, potentially lifting equilibrium prices into the \$80–100+ range in extreme circumstances. A significant Strait of Hormuz disruption would be even more consequential given approximately 20–25 mb/d transiting through the chokepoint, but prolonged closures are operationally and politically hard to sustain. Balancing these tail risks, a mid-cycle fair-value band around \$60–70/bbl appears most defensible today, with the caveat that brief overshoots above \$100 remain possible under severe disruption.

WTI oil: spot price and fair value (USD/bbl) amid shifting surplus (mb/d)



Source: Amundi Investment Institute, Bloomberg. Data is as of February 2026. FV = Fair Value by Amundi Investment Institute. The chart illustrates how changes in the expected surplus between the December 2025 projections and the January 2026 projections impacted the revision of the WTI fair value estimates.

Investment implications: barbell strategy and alternatives

Given the mix of drivers, a barbell approach makes sense: combine gold for its hedging characteristics with selected industrial metals exposure (copper or tin) to capture the structural upside from electrification, AI and infrastructure spending. Silver can play a satellite role for tactical exposure, but core hedging should favour gold.

Portfolio construction should also consider increased allocations to alternatives and dynamic asset allocation tools in this complex environment. Where mandates permit, committing at least 10% to alternative investments — strategies that can include commodity-focused funds, real assets, and other diversifiers — can provide valuable convexity against stagflationary shocks and geopolitical tail events.

Short-term price targets are of limited use in markets driven by evolving expectations and asymmetric risks. Instead, investors should model scenarios (recessions, financial stresses, supply outages) and size positions to reflect both the probability and the potential impact of those scenarios. With long lead times for critical supply responses in metals and the persistent geopolitical overhang for energy, commodities are likely to remain an important element of diversified portfolios — but they require active management and a clear view on time horizon and risk tolerance.

AII* CONTRIBUTORS

LORENZO PORTELLI

HEAD OF CROSS ASSET STRATEGY, AII*

ALESSIA BERARDI

HEAD OF GLOBAL MACROECONOMICS, AII*

ANNALISA USARDI, CFA

SENIOR ECONOMIST, HEAD OF ADVANCED ECONOMY MODELLING, AII*

CHIEF EDITORS

MONICA DEFEND

HEAD OF AMUNDI INVESTMENT INSTITUTE

VINCENT MORTIER

GROUP CIO

EDITORS

CLAUDIA BERTINO

HEAD OF AMUNDI INVESTMENT INSIGHTS AND PUBLISHING, AII*

LAURA FIOROT

HEAD OF INVESTMENT INSIGHTS & CLIENT DIVISION, AII*

DEPUTY EDITOR

CY CROSBY TREMMEL

INVESTMENT INSIGHTS, AII*

DESIGN EDITOR

CHIARA BENETTI

DIGITAL ART DIRECTOR AND STRATEGY DESIGNER, AII*

* Amundi Investment Institute

IMPORTANT INFORMATION

This document is solely for informational purposes.

This document does not constitute an offer to sell, a solicitation of an offer to buy, or a recommendation of any security or any other product or service. Any securities, products, or services referenced may not be registered for sale with the relevant authority in your jurisdiction and may not be regulated or supervised by any governmental or similar authority in your jurisdiction.

Any information contained in this document may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices.

Furthermore, nothing in this document is intended to provide tax, legal, or investment advice.

Unless otherwise stated, all information contained in this document is from Amundi Asset Management SAS and is as of 10 February 2026. Diversification does not guarantee a profit or protect against a loss. This document is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The views expressed regarding market and economic trends are those of the author and not necessarily Amundi Asset Management SAS and are subject to change at any time based on market and other conditions, and there can be no assurance that countries, markets or sectors will perform as expected. These views should not be relied upon as investment advice, a security recommendation, or as an indication of trading for any Amundi product. Investment involves risks, including market, political, liquidity and currency risks.

Furthermore, in no event shall any person involved in the production of this document have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages.

Date of first use: 10 February 2026.

Document ID: 5206757

Document issued by Amundi Asset Management, "société par actions simplifiée"- SAS with a capital of €1,143,615,555 - Portfolio manager regulated by the AMF under number GP04000036 - Head office: 90-93 boulevard Pasteur - 75015 Paris - France - 437 574 452 RCS Paris - www.amundi.com

Photo credit: ©iStock/Getty Images Plus - Bloomberg Creative

Amundi Investment Institute

In an increasingly complex and changing world, investors need to better understand their environment and the evolution of investment practices in order to define their asset allocation and help construct their portfolios.

This environment spans across economic, financial, geopolitical, societal and environmental dimensions. To help meet this need, Amundi has created the Amundi Investment Institute. This independent research platform brings together Amundi's research, market strategy, investment themes and asset allocation advisory activities under one umbrella: the Amundi Investment Institute. Its aim is to produce and disseminate research and Thought Leadership publications which anticipate and innovate for the benefit of investment teams and clients alike.

Get the latest updates on:



- Geopolitics
- Economy and Markets
- Portfolio Strategy
- ESG Insights
- Capital Market Assumptions
- Cross Asset Research
- Real and Alternative Assets

Visit us on



[Visit the Research Center](#)

Amundi
Investment Solutions

Trust must be earned