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for 2026
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INTRODUCTION

Global Themes

By ***Chris Houlden***
Divisional Managing Director, Head of Analysis, CRU

Understanding and confidently navigating today's highly uncertain metals, mining and fertilizer markets requires more than standalone data points. It requires supply chain-integrated intelligence, grounded in rigorous economic analysis and a clear, forward-looking view of the global and industry forces, such as energy transition and decarbonisation, which will define the years ahead.

In support of this, CRU has once again identified the formative themes and trends for the year ahead and we are delighted to share these with the market in our latest Commodity Outlook for 2026.

TOP CALLS

Economic top *calls* for **2026**

*By **Alex Tuckett**, Head of Economics*

We present our Top Ten Calls for 2026. Our predictions cover the AI boom, trade, growth, coal and oil markets, EVs, China's investment strategies, construction and monetary policy.

The world economy has proven resilient in 2025. Entering 2026, there are a number of risks, particularly related to AI and Chinese investment. There are also opportunities. These top ten calls explore what we think will be the defining issues for 2026 and beyond.

Growth will slow, but only modestly

China will double down on new technology growth sectors

No multilateral trade war, but globalisation will continue to stall

The Fed will cut interest rates further as the ECB holds steady

China will defy weak global trade outlook to gain market share

Brent will average $56/bbl – the lowest year since 2020

The AI investment cycle will continue to create demand for commodities

We have reached peak power generation from thermal coal

Infrastructure will continue to support construction

China BEV growth to slow in 2026 vs 2025

Growth will slow, but only modestly

The full effect of US tariffs has not yet been felt, either on domestic prices or trading partner exports. However, the scenario of a generalised multi-lateral trade war, which could have pushed world growth sharply lower, has been avoided. The average US tariff rate has risen sharply; but US goods imports account for less than 15% of global goods trade.

Nonetheless, we do expect slower growth in the US, as the impact of tariffs and lower immigration are felt by a stretched consumer sector. We also expect slower growth in China as it continues to struggle to diversify from real estate as a growth driver. These factors contribute to slower global growth in both GDP and industrial production, compared to 2025.

China will double down on new technology growth sectors

The start of the 15th Five-Year Plan (FYP) in 2026 will see Chinese authorities proactively pivot capital toward "New Productive Forces" (NPF) sectors, including advanced manufacturing, AI Plus, green-tech, semiconductors and data centres. This strategic shift aims to achieve technological self-reliance and upgrade the industrial system. This policy alignment is forecast to fundamentally reshape China's economic composition. The NPF sectors will become the primary engine of growth as structural challenges in property and infrastructure persist. We predict that the diverse NPF sectors will collectively surpass the GDP contribution of these older drivers in 2026, cementing a shift toward a more resilient, technology-driven growth model centered on quality and strategic capacity. This will also support China's continued strength in exporting.

No multilateral trade war, but globalisation will continue to stall

While the world has avoided the worst-case scenario of a multilateral trade war following the introduction of US trade tariffs this year, global seaborne trade volumes are expected to continue growing more slowly than world GDP in 2026.

After rebounding between 2023 – 2024, when merchandise trade rose above 4% y/y, outstripping GDP, trade has lagged global GDP. Aside from 2025 Q1, trade volumes have only inched up this year.

Targeted tariffs, industrial policy, export controls and compliance frictions persist. At the same time, supply chains remain longer and costlier due to routing disruptions and security premia.

Near-shoring and a shift in investment toward services, software and data infrastructure rather than heavy tradables, are making global demand less trade-intensive. Regional dynamics reinforce this outlook. China's export surge has moderated. US imports have slowed after a spike due to front-loading in 2025 Q1 has weakened, and Europe continues to see little growth in either imports or exports. This synchronized slowdown across major economies suggests trade volumes will lag growth for at least another year.

The Fed will cut interest rates further as the ECB holds steady

In the United States, inflation remains above target as tariffs gradually pass through to retail prices. However, pressures from tariffs are largely a one-off effect. The labour market has become the more urgent concern. Recent months have seen virtually no job creation. The unemployment rate has climbed to 4.6%, its highest level since 2021; a stronger rise has been prevented largely due to a sharp fall in net immigration. In response, the Federal Reserve has begun easing, delivering 25 bps cuts in September, October and December.

We expect the Fed to continue prioritizing growth and extend the easing cycle through the first quarter of 2026. In the Eurozone, inflation is now close to target. Falling energy prices have helped lower headline inflation and eased pressures in producer and consumer indices. However, core inflation is proving more persistent. Service prices are still rising above 3% y/y. At its most recent meeting, the ECB reaffirmed its data-dependent stance and noted that despite the risks, the inflation outlook remains broadly unchanged. With inflation largely contained and no immediate need for further action following its eighth cut in June, we expect the ECB to keep policy rates on hold in the year ahead. However, if growth deteriorates below its already slow rate, the ECB are likely to cut further.

China will defy weak global trade outlook to gain market share

Despite a weakening global trade outlook, China's position as a major exporter remains robust. Its structural shift towards advanced manufacturing and successful export diversification away from the US to emerging markets will sustain continued growth in global market share.

Fuelled by widespread industrial overcapacity, Chinese producers are exporting deflation, making their products highly cost-competitive globally. This ability to undercut rivals will enable China to capture additional market share even amid a softening global economic environment.

The key risk is a surge in aggressive protectionist measures by importing nations, particularly in developed economies, fuelled by political sentiment. However, China's importance as a trade and investment partner, plus the deterrent of probable countermeasures, will largely keep major trade ties resilient.

Brent will average $56/bbl – the lowest year since 2020

We expect Brent to average $56/bbl in 2026, the weakest year since 2020, as the rise of electric vehicles and continued efficiency gains dampen demand for oil.

Price risks stem mainly from the supply side and are rooted in geopolitics. Our baseline assumption is that OPEC+ increase production only marginally from current levels. Whether this stance holds depends on three interlocking factors: whether non-OPEC supply decelerates as expected, whether Russian exports can withstand a more intrusive sanctions regime and how far the US is willing to press for low retail gasoline prices during an inflation-aware political cycle. It is not certain that OPEC+ will play a stabilizing role if other sources of supply change. A resurgence in US or Latin American supply (for example, from Venezuela) could prompt Saudi Arabia to pivot toward a market-share defence, accelerating the return of spare capacity. The breadth of plausible price paths next year is shaped far more by OPEC+ policy, and other supply risks, than by demand growth trends, which remain muted.

The AI investment cycle will continue to create demand for commodities

Construction of datacentres has surged in recent years. Spending in the US on datacentre construction has increased by around 30% over the past year alone. This is boosting demand for copper, although it remains a small share of demand. Datacentres are also consuming growing amounts of power. By 2030, we expect datacentres to consume around 3% of global electricity generation. In some areas, demand from datacentres is pushing up power prices.

The AI boom is also having macroeconomic effects. Spending on data infrastructure has been a significant support to US growth in 2025. Non-ICT investment – especially housing – has slowed. The strength of the US stock market has also supported consumer spending – high income consumers, who own the vast majority of equity market wealth, now account for a record share of consumer spending.

The effect of AI on the economy will evolve. Currently it is boosting aggregate demand more than supply. But this will change. Either AI will begin to deliver meaningful increases in productivity, which will be deflationary. Or if AI proves less useful than hoped - or just harder to monetise - investment levels and equity valuations will not be sustainable. This scenario will also be deflationary as private demand weakens.

We have reached peak power generation from thermal coal

Global coal-fired generation has declined y/y several times in the past, only to revert to a longer-term rising trend. This time, however, fundamentals point to the beginning of a sustained long-term decline. China, which comprises 55% of global coal power generation in 2025, will lead the decline. Massive investment in solar and wind power generation – a sustained, long-term trend – will lead to lower y/y Chinese coal power generation in 2026.

That world coal power generation will enter a long-term decline is historic. It will mark a turning point in one of the most significant trends in energy economics – a trend which began in the 19th century. While power generation comprises the majority of global coal consumption, the latter will not decline significantly for a few more years. For details, see the CRU Thermal Coal Market Outlook and Metallurgical Coal Market Outlook.

Infrastructure will continue to support construction

The global construction cycle is expected to move from stagnation to a modest recovery in 2026, with infrastructure underpinning growth across key regions. Easing financing conditions will help stabilise housing markets, but the most reliable momentum will come from civil works, public investment programmes and strategic industrial and energy-related projects.

In the US, construction activity is normalising after an exceptional non-residential boom driven by industrial policy. Strong spending on datacentres, continued infrastructure spending and improving housing demand as interest rates fall should keep the sector broadly supported.

In China, the outlook points to stabilisation rather than recovery. Weakness in private residential development persists, yet infrastructure and strategic projects linked to energy systems, industrial upgrading and digital capacity continue to perform relatively well, guided by policy priorities.

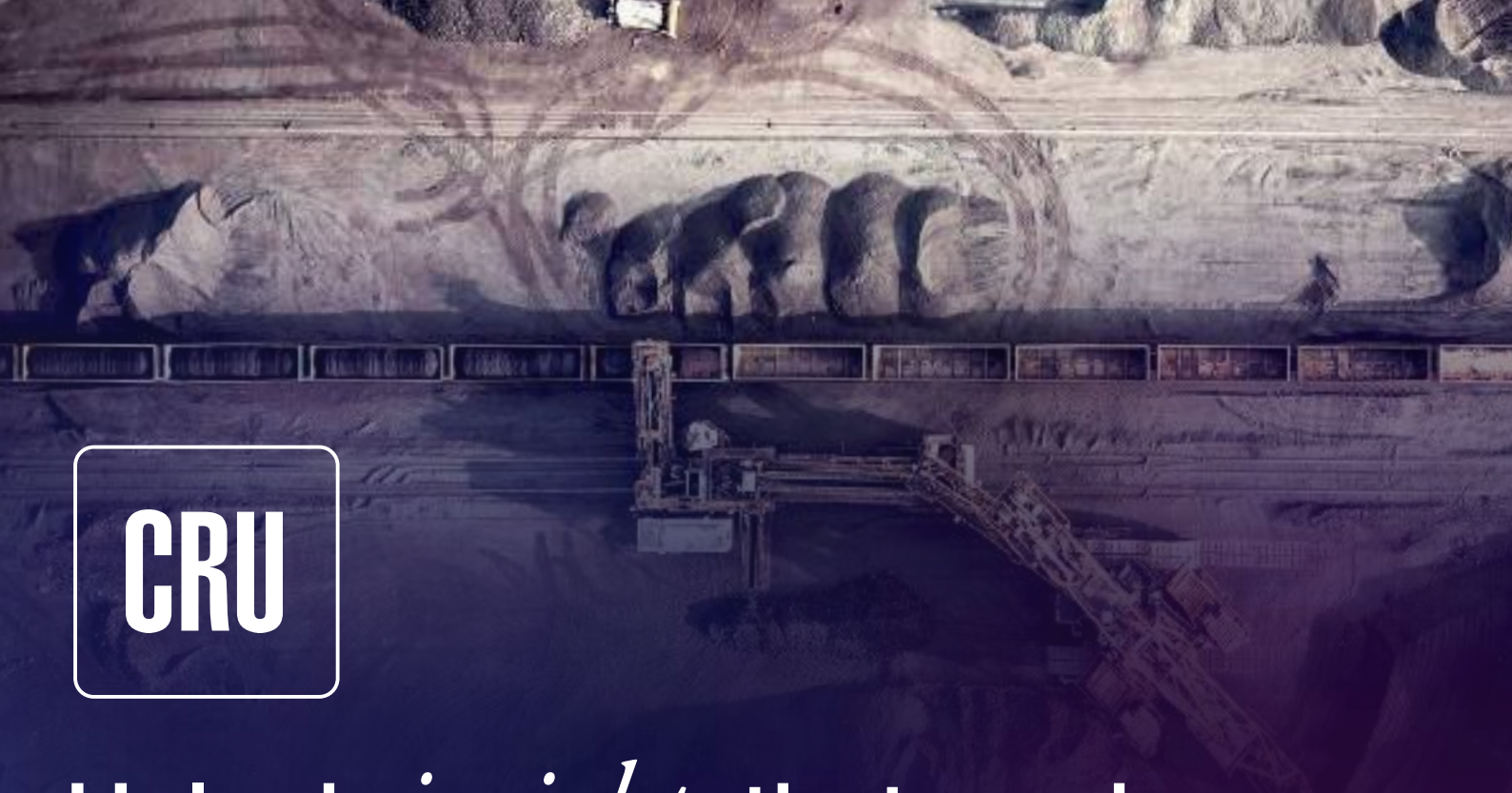
In the EU, infrastructure, renovation and energy-transition programmes will remain key growth drivers, while gradually easing financing conditions support housing stabilisation and sustain solid, but not spectacular, non-residential momentum. Overall, we expect infrastructure to remain the defining source of resilience for construction in 2026.

China BEV growth to slow in 2026 vs 2025

While China's BEV market is expected to grow in 2026, we do expect growth to decelerate from the blistering pace seen in 2025 levels. BEV demand in 2025 has been supported by falling battery costs, improvements in fast charging technology and infrastructure, local incentives, and ongoing competition, with more model launches and technology upgrades. These are durable positive factors which are likely to continue. However, the trade-in policy extension and the EV purchase tax exemption have distorted BEV sales this year by making EVs cheaper and incentivising buyers to purchase before these policies expire at the end of 2025. This has produced a significant pull-forward effect, boosting sales, so 2026 is likely to be weaker. The EV purchase tax is set to rise to 5% in 2026, which will increase BEV prices, although some automakers may look to offset this through discounts. Even so, any extension of the trade-in policy is unlikely to generate the same level of uptake as in 2025, given the amount of demand that has already been met this year.

A large share of BEV growth this year has come from the small A–B vehicle segments, which are now dominated by BEVs. These segments have indirectly benefited from the trade-in policy, as it does not differentiate by vehicle price, so savings are larger on lower-cost models relative to their sticker price. Those segments are now relatively saturated, meaning BEV makers will need to increase penetration in larger vehicle segments to sustain previous growth rates.

Overall, while we expect BEV demand to cool in 2026, BEVs should continue to gain market share versus other powertrain types, albeit at a slower pace. Competition is likely to remain intense even as policymakers seek to steer the market from price-driven to value-driven competition.



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TOP CALLS

Steel top *calls* for **2026**

By: ***Josh Spoores****, Research Principal, Steel /* ***Erik Hedborg****, Head of Steel Raw Materials /* ***James Campbell****, Head of Steel Products*

Our steel team's outlook for 2026 centres around two primary themes – Changing supply dynamics of steelmaking raw materials, and how government policies will further affect trade. The details for each of these two themes encompass various changes in steelmaking raw materials as well as market-moving disruptions to trade between specific countries and regions.

After a steady 2025, we expect more volatility in the steelmaking raw materials markets in 2026

Europe's launch of CBAM will affect both the EU market and the global export market

Section 232: Recently enacted trade barriers for steel in the US will find limited relief in 2026

Resource Nationalism: Government restrictions on mined commodities may soon spread to carbon steel

After a steady 2025, we expect more volatility in the steelmaking raw materials markets in 2026

We expect price volatility for iron ore and metallurgical coal to return in 2026. Indian demand for imported metallurgical coal will lift, while Russia continues to supply discounted coal to countries that have yet to impose sanctions. For iron ore, the large Simandou project in Guinea has delivered its first ore to the market, but there is a high degree of uncertainty around the country's aggressive ramp-up plans. Altogether, volatility will increase the price for the two raw materials will move in opposite directions. That means metallurgical coal will make up a higher proportion of the raw materials basket.

One thing to watch will be the competitiveness of Chinese mills. The country has benefitted from lower coal prices due to the high inflow of discounted Russian coal and increased supply from Mongolia. That has kept Chinese steel production costs low and increased the country's competitiveness on the steel export market.

Europe's launch of CBAM will affect both the EU market and the global export market

The EU's Carbon Border Adjustment Mechanism (CBAM) launches its definitive phase in January 2026 in tandem with ETS phase IV. This is the start of a gradual transition in which both EU producers (ETS phase IV) and importers (CBAM) progressively face full carbon costs by 2035.

Inside the EU, steel will cost more, from both domestic producers and importers. It is the start of a new era, in which knowing the cost of carbon will be a new driver of steel price volatility. Exporters will also be affected by CBAM, and we expect trade flows to shift. Those with relatively high emissions will be less competitive selling to the EU, but low emissions exporters will see opportunities to export to Europe. A close watch will be needed on prices in Europe vs. the USA – US EAF sheet producers could become competitive in Europe at points in the price cycle.

CBAM also means buyers need more information. An import source is no longer a country or even an individual producer. Asset-level detail will now be critical, and according to the poll conducted in our recent CBAM webinar, nearly half of the steel value chain feels underprepared for this seismic industry shift.

Section 232: Recently enacted trade barriers for steel in the US will find limited relief in 2026

New and increased trade barriers were introduced in the USA in 2025, particularly against key allies such as Canada and Mexico, among others. While we expect Section 232 tariffs to remain in place for the majority of countries, we also see the likelihood of this measure being eased somewhat for a limited number of key trading partners.

We expect any easing to include lower trade barriers for at least a portion of steel exports from these countries while the full 50% S232 tariff remains in place for most other countries. One potential trigger for this is the 2026 review of USMCA. Upon a successful review, one outcome may be a lower tariff rate for steel exports from Canada and Mexico into the USA, for limited quantity of material. The UK has a trade framework like this already, where S232 tariffs remain at 25% for the UK, while all other countries were assigned a 50% rate.

Resource Nationalism: Government restrictions on mined commodities may soon spread to carbon steel

Following the success of Indonesia's nickel ore export ban, the trend of resource nationalism is growing and starting to affect many mined commodities. However, Indonesia's success may be the exception, rather than the rule. This earlier export ban was announced while China was still in its growth phase, and they had other resources such as coal and readily available labour.

Today, a few African nations are now investigating the option of, if not outright seeking, greater control over mineral resources to retain a larger share of value in the country. This trend of resource nationalism has been seen in the battery supply chain and rare earths but is now encroaching on carbon steel as Gabon has announced an export ban on raw manganese ore from 2029.

Many other African countries are now following suit, imposing export barriers on raw materials and asking for investors to set up processing and refining plants in their countries. Our expectation is that more countries with abundant mineral resources but with limited downstream processing capabilities may look to enact this policy.

Summary: Government policy dominates our 2026 expectations

Changes to government policies make up the majority of our 2026 expectations. These include CBAM affecting supply and pricing dynamics in the European market, the potential for some relief on steel imports into the USA, and how resource nationalism may start to reshape trade and downstream investment in various African countries. While each of these expectations are independent of the others, there are wide-ranging implications that will come as these trends move forward.

Of these three topics, CBAM will be the most visible at the start of the year and promises to have repercussions for global trade as well as market prices in Europe throughout the year.

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TOP CALLS

Stainless Steel Value Chain top *calls* for **2026**

By: ***Yuriy Vlasov****, Senior Analyst, Stainless Steel /* ***Nikhil Shah****, Principal Analyst, Nickel /* ***Biagio Olivieri****, Lead, Chrome /* ***Tong Tong****, Lead, Molybdenum*

Nickel: Cost challenges will catalyse innovation, ensuring operating costs remain low for HPAL operations

Chrome: South Africa will stop short of major restrictions on chrome ore exports

Molybdenum: By-product supply growth will remain pivotal while uncertainty persists

Stainless Steel: European stainless prices to reverse their decline on regulatory support

Stainless Steel: Easing downstream tariffs in the US will restrain stainless demand from manufacturing

Nickel: Cost challenges will catalyse innovation, ensuring operating costs remain low for HPAL operations

Rising sulphur prices have prompted Indonesian HPAL producers to focus on new technologies that can recover up to 30% of sulphur from tailings, helping offset the sharp price increases seen in 2025. Huayou Cobalt has begun developing a pilot plant that uses a "melting" process to extract sulphur, with several other producers exploring similar initiatives. If successful, this technology would not only help contain operating costs but also cut the volume of HPAL tailings – a major environmental drawback of the process.

Chrome: South Africa will stop short of major restrictions on chrome ore exports

Following a year of intensive policy debate on potential revisions to South Africa's chrome ore export regime, 2026 could bring some clarity. Contrary to some expectations, we do not anticipate the introduction of a material export tax on unprocessed ores and concentrates.

Accordingly, the current trend of rising South African chrome ore exports to China – and increasingly to Indonesia – will persist as new FeCr smelting capacity is commissioned in these regions. China will seek greater diversification of ore supply, including incremental volumes from Zimbabwe, but constraints mean this will occur only to a limited extent.

Molybdenum: By-product supply growth will remain pivotal while uncertainty persists

The volatility of by-product mine supply has been a key theme for the global molybdenum market in 2025. As a result, due to various disruptions in China and South America, we have downgraded our 2025 estimates for mine supply. In 2026, we expect mine supply growth will continue to rely on by-product projects as the production increase from primary mines is likely to stay constrained. However, uncertainty persists if by-product output ramps up at a slower-than-expected pace.

Stainless Steel: European stainless prices to reverse their decline on regulatory support

Reduced or even eliminated, reciprocal tariffs will support imports of finished goods containing stainless steel. As a result, demand for stainless in the US manufacturing industry be soft in 2026. Section 232 tariffs, including derivatives, will not be enough to incentivise domestic consumption of stainless steel in manufactured goods. There are alternative methods to impose product and/or country level tariffs. However, these methods often require a formal investigation, which can take an extended period of time. This scenario will open the door to surges in imports of lower-priced stainless-containing finished products, constraining stainless demand in the US.

Stainless Steel: Easing downstream tariffs in the US will restrain stainless demand from manufacturing

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This scenario will open the door to surges in imports of lower-priced stainless-containing finished products, constraining stainless demand in the US.

Summary

Evolving regulatory frameworks across major regions will dominate the market narrative of the stainless steel value chain. While tighter policies in Europe are expected to limit stainless steel imports into the region, more relaxed trade tariffs in the US are expected to lead to higher imports of stainless steel containing products.

Meanwhile, raw materials will face the multi-faceted risks affecting the mining sector. This includes South Africa's export-restriction risks for chrome, South America's mine-production uncertainty for molybdenum, and the cost structure of nickel HPAL operations in Indonesia. Overall, these uncertainties will lead to output shifts across and value chain and price volatility.

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TOP CALLS

Aluminium Value Chain top *calls* for **2026**

By: ***Paul Williams****, Head of Aluminium* / ***Wan Ling****, Research Principal, Aluminium*

Power storage will be an increasingly important source of demand growth in China

The US Midwest ingot premium is set to record its all-time highest average in 2026

Indonesian primary production will soar in 2026, virtually doubling to over 1.5 Mt

Bauxite and alumina prices to average lower in 2026

Over-capacity in the Chinese alumina industry will likely lead to closures

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Power storage will be an increasingly important source of demand growth in China

Policy and power tariffs have shifted to favour the development of independent energy storage system (ESS) in China from 2025. Power storage will be an increasingly important demand driver for aluminium in China, linked to renewable power developments including solar and wind in China.

The US Midwest ingot premium is set to record its all-time highest average in 2026

The US Midwest has made a record high of $87.5 c/lb in November 2025 due to the 50% Section 232 tariffs set earlier in 2025. The US Midwest ingot premium is set to record its all-time highest average in 2026. We believe the 50% Section 232 tariffs will remain, and the premium will reflect this duty.

Indonesian primary production will soar in 2026, virtually doubling to over 1.5 Mt

The big aluminium companies in China increasingly look to the investment opportunities in ex. China aluminium smelting capacity, with a focus on Indonesia. Indonesian primary production will soar in 2026, virtually doubling to over 1.5 Mt with the gradual ramp-up of the four smelters in the country. After one new smelter in 2025, three new smelters are set to come on stream, taking the total number of plants to six.

Bauxite and alumina prices to average lower in 2026

Alumina supply will increase significantly in 2025 with the ramps of the new alumina refineries in China, Indonesia and India, which will place downward pressure on alumina prices.

Despite continuous strong demand for bauxite, the bauxite supply will increase substantially from the countries including Guinea and Ghana. Bauxite prices are likely to trend lower amid the supply increase and low alumina prices.

Over-capacity in the Chinese alumina industry will likely lead to closures

China primary capacity will get close to hitting a ceiling of 45 Mt set in 2017, suggesting that China's demand for alumina is going to peak. However, investment in alumina projects continues in China with most new projects in Guangxi and Hebei provinces. Over-capacity in China's alumina industry will likely lead to closures.

Summary

Since China primary aluminium capacity will get close to hitting a ceiling of 45 Mt set in 2017, it will be extremely difficult to invest in China aluminium smelting projects. The major aluminium companies in China are looking to the investment opportunities in aluminium smelting in ex. China countries with a focus in Indonesia. Indonesia will lead the ex. China primary aluminium growth in 2026.

A lot of investment continues to be made in bauxite and alumina projects, bringing the downward pressure for both bauxite and alumina prices and leading to the closures of alumina capacity in China. The demand for aluminium industry from power storage will be a new bright point in 2026 as the power tariff policy change shifted to favour the development of independent ESS in China from 2025. The US Midwest ingot premium is set to record its all-time highest average in 2026 since the 50% Section 232 tariffs will remain.

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TOP CALLS

Copper top *calls* for **2026**

By ***Robert Edwards****, Principal Analyst, Copper*

A Tier 1 copper asset/copper producer will trade at a CIE/valuation of $40 k/t

The copper market will start looking for NextGen mega-trends

Record low TC/RC benchmark should force smelter closures and delays to smelter project starts – but will it?

Fragmentation of the annual TC/RC benchmark system accelerates as traders take a larger role

Ageing deposits and decarbonisation goals will accelerate innovation in copper

A Tier 1 copper asset/copper producer will trade at a CIE/valuation of $40 k/t

Copper assets are, of course, prized at present, but the prevailing premium has held back corporate dealmaking, as buyers struggle to justify paying peak prices for scarce, Tier 1 exposure. Earlier this year, Mike Henry, BHP's CEO, suggested pure play copper producers were valued at a copper intensity equivalent (CIE) of ~$50 k/t, a far cry from 2021 when South32 bought a 45% stake in Sierra Gorda at $17.7 k/t, while simultaneously valuing copper peers at $29.2 k/t. We expect this standoff begins to break, with a Tier 1 copper asset clearing the market at around $40 k/t CIE, a level where a buyer concludes scarcity is real and waiting is more expensive than paying up.

The copper market will start looking for NextGen mega-trends

The GET/AI demand uplift and persistent lack of mine supply narrative is now well-worn, leaving copper bulls to seek the NextGen of demand drivers to support the upside case. Humanoid robots might be part of the answer, potentially consuming ~2.4 Mt/y of copper by mid-century, equivalent to the metal consumed in renewables generating capacity installations during 2025. However, NextGen themes cut both ways – mass adoption of humanoid robots may seem fanciful today, but so do high-temperature superconductors, which could reduce copper demand in electrical power transmission applications, echoing the historical shift from external telecom copper cable to fibre optic cable.

Record low TC/RC benchmark should force smelter closures and delays to smelter project starts – but will it?

With double- or triple-digit negative spot TC/RCs and a 2026 (China) benchmark trending toward zero at best, the market signal is clear – smelter economics imply closures and delays to new project starts, exactly what is needed to close a multi-hundred thousand tonne deficit. However, we do not expect widespread closures to be the prevailing outcome.

Even with weak TC/RCs, profitability can be supported by other revenue lines, notably high annual cathode premiums and elevated acid contract prices. In addition, smelting and refining capacity is increasingly viewed as strategic infrastructure, raising the likelihood of government support and reducing the probability that capacity rationalises in line with price signals.

Fragmentation of the annual TC/RC benchmark system accelerates as traders take a larger role

The traditional annual TC/RC benchmark has continued to lose authority, with its share of concentrates sales expected to fall from nearly three-quarters in 2024 to below 60% by 2026. As it becomes less representative of clearing conditions, the market is shifting toward 1-to-1 fixed-price and index-linked contracts, with traders increasing their share of the concentrates market from around one-third two years ago to more than 40%.

Ageing deposits and decarbonisation goals will accelerate innovation in copper

Ageing copper deposits are driving lower ore grades and greater geo-metallurgical variability, increasing unit consumption, reducing recoveries and raising operating costs. In 2026, we expect this cost pressure, alongside decarbonisation requirements, to accelerate adoption of innovations that lift productivity and reduce energy intensity. In concentrators, this includes wider deployment of solutions that complement existing layouts (e.g., Eriez coarse particle flotation at Carrapateena, Escondida's New Concentrator and Salobo 3) and a shift toward lower-energy comminution flowsheets such as HPGR (e.g., Centinela Second Concentrator).

Declining oxide availability is also accelerating interest in primary-sulphide leaching (e.g., Rio Tinto's Nuton (Johnson Camp) and Ceibo (San Geronimo)), while mine-site haulage advances via trolley-assist (e.g., Collahuasi, Aitik, Anglo–Teck) and autonomous trucks (e.g., Julong, Vale Northern System, Bagdad).

Summary

Copper is entering 2026 as a scarcity market – Tier 1 assets are being valued at structurally higher levels than in prior years, and we expect a deal to clear around ~$40 k/t CIE as the evidence for a constrained supply pipeline becomes compelling.

With GET/AI now mainstream, investors look to NextGen demand themes to extend the bull case. Downstream, record-low TC/RCs do not force closures because smelting/refining is strategic and supported by other revenues, while benchmark pricing matters less and traders gain influence. Upstream, ageing deposits and decarbonisation pressure accelerate adoption of cost- and energy-saving mining and processing technologies.

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TOP CALLS

Battery Materials top *calls* for **2026**

By: ***Jessica Alves,*** *Senior Consultant* / ***Cameron Hughes,*** *Analyst, Lithium* / ***Thomas Matthews,*** *Lead, Cobalt* / ***Xiaowei Mei,*** *Lead, Battery Value Chain*

2025 was a year to remember for battery materials, and market stability is yet to become a reality. In our top calls for 2026, key shifts in price, supply, demand and policy landscape are on the horizon.

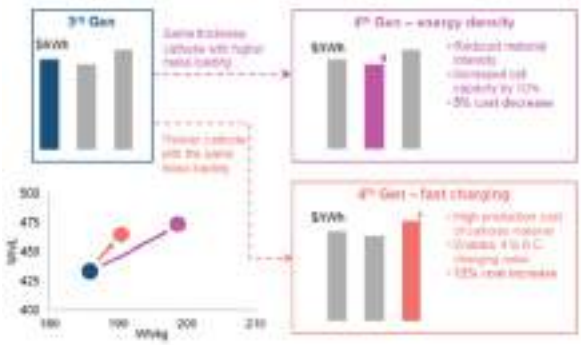
- Momentum for high-end LFP will build
- Bullwhip bullishness in energy storage will be amplified
- China will become the largest supplier of lithium
- Raw material price rises will not be sustained
- A procurement scramble for ex. Chinese components

Momentum for high-end LFP will build

Fourth generation LFP constitutes a technological breakthrough and a fundamentally higher cathode material standard. Its emergence has far-reaching implications that could upheave global battery investments, supply chain structures, market competition and geopolitics. Our intel indicates that 2026 will see the beginnings of a new lithium value chain to serve high-end LFP demand. This includes new capacity for lithium sulphate and chloride as chemical feedstock instead of carbonate; and lithium dihydrogen phosphate as the precursor instead of iron phosphate. These will serve the existing and growing capacity for high-compaction-density LFP cathode, and indeed super-fast-charging LFP batteries for EVs.

Elsewhere, battery technology continues to shift at pace, with the first EVs using semi-solid batteries hitting the road in Europe next year.

Fourth generation LFP is a key advance in low-cost battery technology



DATA: CRU Battery Value Chain Service

Bullwhip bullishness in energy storage will be amplified

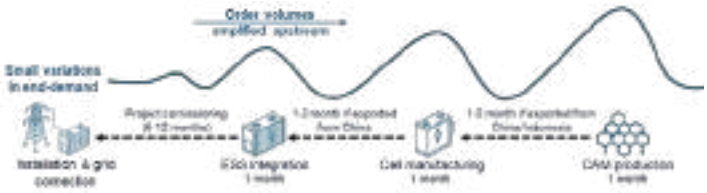
Low ESS cell costs and conducive policies have driven remarkable uptake of battery energy storage globally, while changes to renewable power pricing mechanisms in China offer more arbitrage opportunities. BESS installations rose 49% to 313 GWh in 2025 and are expected to maintain rapid growth in 2026, supported by a strong pipeline of projects in China, Europe and the Global South. China will continue to dominate global ESS cell supply with its production scale, mature technology, and cost efficiency.

However, this growth has magnified the value chain as manufacturers adjust to respond, causing a 'Bullwhip Effect', where every stage of the supply chain overreacts to the growing demand of their customers. This has happened before in the solar PV industry.

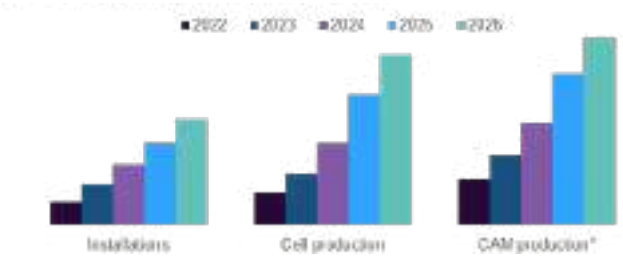
It is amplified by long lead times becoming the new normal, especially for ex. China customers. At the same time, installers are struggling to secure equipment because of full order books at cell manufacturers; and previous policy-driven front-loaded demand has contributed to this. There is also phased delivery and installation of large-scale projects, as well as the timing of grid connections.

Cell production was 610 GWh in 2025 – almost double that of installations. Inventories are reaching unsustainably high levels. The value chain will eventually need to destock, posing a volatility risk to the lithium market.

As BESS demand grows, the value-chain has successively overestimated requirements



Li demand in BESS by value-chain stage, kt LCE

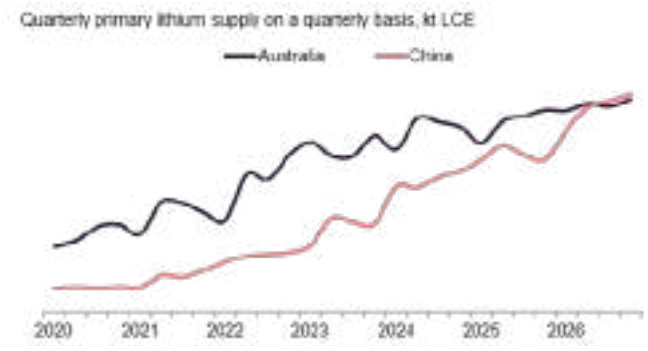


DATA: CRU Battery Value Chain Service, CRU Lithium Service; NOTE: *Demand in CAM production derived from BESS share of cell manufacturing

China will become the largest supplier of lithium

While weak lithium prices have prompted caution from Australia's lithium miners (the top source of primary lithium globally), China's domestic upstream investments have remained resolutely steadfast. Last year, Chinese primary supply will grow by 20% compared to Australia's 4% y/y – a trend that will spill into this year. Both regions are expected to contribute almost half a million tonnes of LCE each in 2026, though freshly commissioned projects in China mean the country is projected to take the lead in terms of monthly output towards the middle of 2026.

While growth in Australian mine supply has waned, China's projects continue to add capacity



DATA: CRU Lithium Service; NOTE: Supply represented on a risk adjusted, eventual chemical recovered basis.

Low-cost brine capacity expansions will underpin this growth. Following Minmetals' acquisition of Salt Lake Co. Ltd, development of Qarhan has accelerated, with one 20 kt/y plant commissioned in mid-2025 and another 40 kt/y plant in September 2025. Zangge's 50 kt/y Mamicuo project in Tibet is set to start shipments later this year after having its mining license granted in July.

The restart of CATL's Jianxiawo mine will not be the only return – Zijin's Xiangyuan aims to restart in 2026 after being idled since 2023. Meanwhile, spodumene mines Dahongliutan and Lijiagou, in Xinjiang and Sichuan provinces, have now reached capacity, adding new high grade concentrate to the Chinese market.

China already dominates the rest of the value chain – in 2025, 70% of lithium refining, 93% of CAM output, and 86% of cell manufacturing came from Chinese capacity. This dominance is now extending into the upstream via domestic resources, alongside overseas mining investments and recycling of battery scrap. In 2026, Chinese contributions to global lithium supply will reach 46%, cementing the country's leadership across the lithium-ion battery value-chain.

Cobalt and lithium price rises will not be sustained

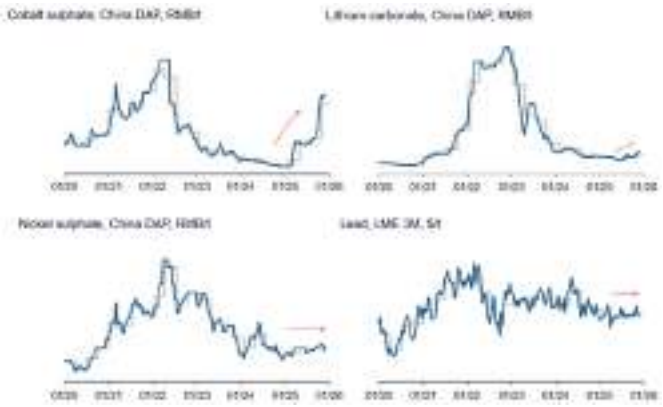
Battery raw material prices were sharply divergent last year. Cobalt sulphate prices are up 240% since February amid restricted supply from the world's largest producer. Stringent export quotas will effectively halve DRC supply this year compared to 2024, and permitting issues have so far delayed material leaving the country. Tightness will peak in 2026 Q1, given 3–4-month transit times, before easing as shipments resume. Meanwhile, the growing differential between LCO and NMC raw materials may erode market share in cobalt's cornerstone of demand in consumer electronics.

Lithium prices have also seen a rapid increase related to drawing inventories in 2025 H2, up 175% since May. Orders from the energy storage sector have been underpinning this, but China's expiry of VAT rebates from 2027 will front-load cell manufacturing this year. While this will significantly increase demand for lithium, higher prices will incentivise the restart of idled capacity bringing a surplus back to the market despite current tightness. Battery scrap inventories have also been piling up – a very price responsive source of lithium supply in China. The risk is that supply will accelerate just as demand growth will be decelerating in the latter half of 2026. While prices will average higher this year than in 2025, a correction is expected beyond 2026 Q2.

Nickel bears a less promising outlook, even as speculation mounts regarding impending restrictions to RKAB ore quotas in Indonesia. Chinese VAT rebates will also expire on exported ternary p/CAM from April 2026. However, stainless demand is weakening and downward revisions in ex. China EV sales will place downward pressure on prices. Higher sulphur prices are adding cost pressures to HPAL production, though. Nickel price fluctuations will do little to impact rising cathode raw material costs next year, amid cobalt and lithium price rallies.

Demand growth for lead will remain steady next year, underpinned by the enormity of Pb-acid replacement demand. However, there is a growing threat in the substitution of Li-ion batteries in low-voltage applications in new vehicles, especially in the EV segment. Still, the lead market will remain in deficit next year, but will be positioned at a less tight position compared to 2025. Prices are forecast to drift lower but will remain within the $1,950 /t–$2,050 /t range.

Battery raw material prices



DATA: CRU

A procurement scramble for ex. Chinese components

Although a certain level of "material assistance" from China is allowed for battery producers and ESS project investors under the new US tax credit rules, a sharp pivot back to China remains unlikely for the US industry and the global companies that supply it. US trade barriers towards China and policy uncertainty will continue to push downstream players to scramble for alternative battery and component supply in 2026. The year ahead is bright for existing and new compliant battery-related projects.

While GM and Tesla have asked suppliers to completely exclude Chinese parts for car production in the US, most EV and battery manufacturers are prioritising de-risking and gradually de-coupling their US battery supply chains over the next two years, by reducing reliance on China and securing more complaint battery cells and materials. Some success is on the horizon as EV and ESS producers are actively securing US domestic LFP battery supply from Korean facilities. The US 45X Advanced Manufacturing Production Credits can offset the high production costs faced by Korean producers operating in the US. Similarly, the benefits of compliance for the 48E Investment Tax Credit offset the higher costs of procuring ESS batteries from the US vs. China.

Material sourcing dynamics are shifting to reduce supply chain exposure to policy risks

SOURCE: CRU; NOTE: Non-exhaustive list of examples

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TOP CALLS

Zinc top *calls* for **2026**

By ***Olga Hepting****, Principal Analyst, Zinc*

Another year of refined deficit with elevated prices

China will record net exports of refined zinc in certain months of 2026

TCs will increase but will be lower than previously expected in 2025 H1 – close to $120 /t

Smelter production will grow in ex. China region after two years of declines

Anti-involution policy is going to have virtually no effect on Chinese refined output in 2026

Another year of refined deficit with elevated prices

The zinc market was in deficit in 2025, with global refined stocks falling sharply. Demand proved more resilient than expected under Trump policy – rather than weakening materially, it held up and even showed some small growth. Barring a major financial or geopolitical shock, we expect 2026 demand to increase slightly (around +1%). In an already tight market, that should be enough to trigger a price spike.

On the supply side, miners have been cautious about investing in new capacity due to a weak demand narrative for the past decade. Periodic price spikes are required to incentivise the next wave of supply. A spike began forming in late 2024 but was interrupted by the tariffs' announcement in April. With the initial shock now largely absorbed, fundamentals are reasserting themselves. We expect 2026 to be rather tight, with continued deficits and stocks falling below 2025 levels, as mine supply growth is expected to slow down to only 0.7% from more than 4% in 2025.

China will record net exports of refined zinc in certain months of 2026

In 2025 Q4, China came very close to becoming a net exporter of refined zinc for the second time since 2008. The first time happened in 2022 Q2, when trade flows were distorted by the war and sanctions on Russia. This time, it is a logical consequence of China gaining market share in refined production by outcompeting smelters in the rest of the world.

Despite growth in exports, we expect China to remain a net importer in 2025 Q4. In 2026, China will also remain a net importer on an annual basis, but it is likely to switch into a net exporter status in certain months or even quarters. With current refined stocks outside China at historically low levels, the deficit expected in 2026 is likely to push LME prices further up, which will lead to growth of exports out of China.

TCs will increase but will be lower than previously expected in 2025 H1 – close to $120 /t

We had expected benchmark treatment charges (TCs) in 2026 to rebound to the 2024 level of around $165 /t, but that now looks unlikely. Benchmark TCs in 2026 should be much lower, rising only to $110–120 /t. The key driver is the rapid ramp-up in Chinese smelting capacity and output, which has pushed spot TCs down. At the same time, the concentrate market is expected to go back to deficit in 2026, as two major mines – Red Dog and Ozernoye – are now expected to produce significantly less than we estimated six months ago, and two other major mines – Antamina and Mt Isa – are reducing their planned output.

Smelter production will grow in ex. China region after two years of declines

Ex. China smelters have lost 16% of refined output and recorded negative growth in ten years out of 15 since 2011. However, in 2026 smelter output outside China is likely to grow after two consecutive years of contraction. Chinese smelters

will be restricted in how much further they can increase refined output if LME prices remain elevated and export arbitrage is positive for some periods of 2026.

Positive export arbitrage translates to much poorer smelting economics based on imported concentrate and thus serves as a "built-in" mechanism restricting smelting output in China beyond domestic demand. We expect that concentrate availability outside China may improve in 2026. Boliden's Odda expansion (as a partially integrated smelter) should also contribute to the growth.

Anti-involution policy is going to have virtually no effect on Chinese refined output in 2026

The anti-involution agenda in Chinese industrial policy and its implications for the zinc smelting industry will become highly relevant to future trends in the refined market. At present, we think it is unlikely that China will announce a capacity cap for zinc smelters in 2026. However, even if such an announcement were to happen, it is going to have virtually no effect on refined output as capacity utilisation is expected to reach as low as 77% in 2026.

The government is likely to target the closure of outdated facilities instead, but we do not expect these measures to materially affect the market. If anything, policy focus appears to be shifting toward increasing mine supply by consolidating smaller mines into larger operations and accelerating licensing and permitting. We do not expect these efforts to deliver a meaningful boost to mine output in 2026 either.

Summary

Zinc looks set to stay in deficit in 2026. Demand is expected to deliver marginal growth that is expected to exceed slightly the concentrate supply outlook. Even a small deficit could lead to price spikes as refined stocks remain at historically very low levels.

Barring a major negative demand shock, prices are likely to stay elevated throughout 2026. Lack of mine supply growth, coupled with strong growth of Chinese smelting capacity in 2025, will keep TCs low, while elevated LME prices may restrict concentrate imports into China and increase concentrate availability to the smelters outside China.

TOP CALLS

Precious Metals top *calls* for **2026**

*By **Kirill Kirilenko**, Lead, Precious Metals*

After a year of synchronised gains, precious metals will diverge in 2026. Each metal will start to follow its own script again, shaped by very different fundamentals. Gold will remain firmly in favour supported by lower rates, fiscal strain and debasement concerns. Silver will benefit from its dual industrial-monetary nature in a favourable monetary environment. PGMs, however, will face a turning point as softening fundamentals start challenging investor conviction. Geopolitical flashpoints will continue to pose a key tail risk across the complex.

Gold: Upward momentum to persist, but pace of gains may moderate

By-product gold will continue to boost copper mine economics

Gold miners will continue to shine but must resist expansion at any cost

Silver: The easy gains may be behind us, with volatility set to rise in 2026

PGMs: Oversupply risks mount in the market

Gold: Upward momentum to persist, but pace of gains may moderate

Gold is expected to carry positive momentum into 2026, supported by a persistent mix of macro, monetary and geopolitical risks.

Slowing global growth, widening fiscal imbalances, and rising sovereign debt levels will keep both institutional investors and central banks on the defensive, reinforcing gold's role as a strategic hedge. A renewed push toward de-dollarisation will likely prompt more countries to diversify their reserve assets, further strengthening gold's appeal. At the same time, the Federal Reserve's extended easing cycle will keep real yields under pressure, lowering the opportunity cost of holding non-yielding assets. While the broader backdrop will remain supportive, the nature of the rally is expected to shift from the reactive, shock-driven moves of 2025 to a more policy-led environment in 2026.

As such, gold's performance will increasingly depend on investor positioning, inflation dynamics, the direction of the US dollar, and the persistence of geopolitical stress.

By-product gold will continue to boost copper mine economics

Sustained high gold prices will remain a key profitability driver for copper miners. Gold's continued strength will remain a powerful tailwind for copper producers with gold by-product streams, helping to offset structural cost pressures and reshape margin profiles. As gold's rally persists, by-product credits will continue to widen the gap between headline copper cash costs and net cash costs, particularly in gold-rich regions such as Latin America and parts of Africa.

While this trend will support cash flow in the short term, it may also obscure underlying cost inflation and lead to mispriced supply growth. In 2026, market players will need to look beyond copper's surface-level cost data to fully understand where margin strength is coming from and how dependent it is on sustained gold price outperformance.

Gold miners will continue to shine but must resist expansion at any cost

2026 will be another stellar year for gold miners. Healthy margins will persevere amid strengthening prices, while average costs per ounce look unlikely to rise by as much.

The continuation of a gold bull market in 2026 will see price gains outweigh rises in costs, keeping margins high and pushing miners to optimise production rates, cut-off grades and, ultimately, cashflows. However, increased revenues will push royalties higher as policy shifts push countries to capture more value from their gold resources.

With almost the entire cost curve in the green, cashflows widening and company valuations surging, gold miners will face tough decisions on how to deploy their war chests. In 2026, share buybacks and dividends will continue to redistribute cash to shareholders, but miners must also turn to addressing longer

term issues of depleting grades, reserves and resources. Outsized valuations will likely warrant caution around M&A as companies resist pursuing acquisitions at any price. This will put the focus on organic growth in the form of reserve conversion, efficiency optimisations, brownfield expansions and even greenfield opportunities.

Silver: The easy gains may be behind us, with volatility set to rise in 2026

Supportive macroeconomic conditions and still-tight fundamentals will continue to draw investor interest, helping to keep prices elevated, but structural tailwinds begin to shift.

Structural deficits and safe-haven flows will remain important drivers, but rising substitution pressures and softening industrial demand will begin to challenge the rally. The higher silver climbs, the more cost-sensitive users are likely to pull back, making further upside increasingly reliant on sustained investor conviction.

On the supply side, silver's heavy dependence on by-product production means that mine output is closely tied to the outlook for copper, lead and zinc mining, areas tracked closely in CRU's Copper, Lead and Zinc Outlooks. As those base metals approach a peak in output, silver supply growth may begin to reverse.

With demand levelling off and supply nearing its limits, the silver market is poised to transition toward contraction. This shift will likely introduce more volatility, as both industrial consumers and financial investors reassess their exposure. As long as supply tightens faster than demand weakens and investor appetite holds up, silver's rally could still extend, but the path forward is likely to be bumpier.

PGMs: Oversupply risks mount in the market

The explosive rally in 2025, driven by supply disruptions, speculative inflows and restocking across industrial and jewellery segments, is unlikely to repeat.

In 2026, platinum and palladium markets will reach a turning point, as mine supply recovers and structural demand headwinds return to the forefront. South African output is expected to rebound, supported by improved power stability and the gradual resumption of metal releases from previously accumulated producer stockpiles. Additional production from Zimbabwe and Russia will add further weight to the supply side, gradually unwinding the deficit that underpinned price gains in 2025.

On the demand side, palladium remains especially vulnerable as its primary use in petrol autocatalysts is set to erode further as EV penetration continues to rise. Investor interest is already fading, and with no credible new end-use cases on the horizon, palladium's role in the market will continue to diminish.

Platinum is in a relatively better position, but surplus conditions are likely to re-emerge unless hydrogen adoption scales up faster than expected. Oversupply risks are set to grow in 2026, with mounting pressure on prices unless demand surprises meaningfully to the upside.

Summary

With global trade tensions easing, the spotlight is shifting back to fundamentals across the precious metals complex. Macro risks remain, but they are no longer the dominant force behind price moves. The Federal Reserve's extended easing cycle will keep real yields under pressure next year, lowering the opportunity cost of holding hard assets. However, as the extreme tail risks of 2025 fade, performance will hinge more on each metal's market balance, supply dynamics and investor positioning than on broad macro narratives alone.

TOP CALLS

Wire & Cable top *calls* for **2026**

*By **Aisling Hubert**, Lead, Wire & Cable / **Ahmed Ali**, Lead, Optical Fibre and Cable*

The overall wire and cable industry continues to be supported by global demand for electrification and connectivity. As the world continues to urbanise and industrialise, demand for both metallic and optical cables is growing as the requirements of modern life become increasingly energy- and data-intensive.

Over the past year, data centres have continued to emerge as a staggering growth opportunity for cables as the power requirements and data connectivity demands break records of year-on-year growth rates by applications. Combined with the wider themes of decarbonisation, energy security and increasing digitalisation, cable demand is robust and able to weather short-term challenges which may be experienced in specific applications such as FTTH rollout slowdown and cyclical construction slowdowns.

Metallic Wire and Cable: Continued exports of cables from China as low domestic demand persists

Metallic Wire and Cable: Reshoring of manufacturing to the US as tariffs make imports prohibitive

Metallic Wire and Cable - Optical Fibre and Cable: Data centre demand to continue at pace as investments reach record highs

Optical Fibre and Cable: There will be more consolidation among European optical cable suppliers

Optical Fibre and Cable: Hollow core fibre ecosystem will expand, but it will remain early days for commercial rollout

Metallic Wire and Cable: Continued exports of cables from China as low domestic demand persists

Multi-year weakness in China's construction industry has plagued building wire demand while manufacturing and grid network expansion have continued at pace. Although new anti-involution measures aim to limit the hyper-competitiveness of the industry and try and avoid the continued erosion of margins, we still expect that producers will continue to rely on exports to make up for a poor domestic market. Smaller companies may struggle in this new paradigm of relying on international markets for returns. As a result, we also expect to see increased consolidation of smaller, distressed manufacturers.

Metallic Wire and Cable: Reshoring of manufacturing to the US as tariffs make imports prohibitive

Some copper and aluminium cables, and wirerod's exposure to 50% Section 232 duties, have made imports more prohibitive. Imports currently represent one quarter of US cable supply. As inventories are drawn down, onshoring will become more attractive.

Currently, only low-voltage copper cables are covered by the Section 232 ruling but there is scope for the tariffs to be broadened further to other key cable import categories such as power cables. Longer-term tariffs on refined copper, which are due to come in in 2027, will also fuel investments in more US wirerod manufacturing capacity.

Metallic Wire and Cable - Optical Fibre and Cable: Data centre demand to continue at pace as investments reach record highs

The data centre market has become a key driver of both the metallic and optical cable segments. Metallic cables are benefitting from the higher power requirements of data centres, and despite wariness around the sustainability of the investments, data centre demand continues to deliver the fastest y/y growth rates across applications. Power cables for energy applications as well as low-voltage cables for building construction are both receiving a boost from this demand area. We expect that data centres will account for roughly 8% of total US metallic cable demand in 2026.

On the fibre optic side, stronger pull from server room connectivity and data centre interconnect is driving a noticeable shift in demand patterns. Optical cable for data centres will reach around 16% of total global demand in 2026, with suppliers increasingly prioritising the requirements of this segment.

Optical Fibre and Cable: There will be more consolidation among European optical cable suppliers

Europe is likely to see a shrinking ecosystem of active optical cable suppliers in 2026 as consolidation accelerates. This is driven by current price pressure, subdued cable demand and aggressive Asian exports that are squeezing the margins of mid-tier players.

Optical Fibre and Cable: Hollow core fibre ecosystem will expand, but it will remain early days for commercial rollout

Hollow core fibre will gain momentum in 2026 with more suppliers, trials and technology partnerships emerging across the US, Europe and China. This is due to sustained interest from hyperscalers in its low latency and low attenuation capabilities that align with their data centre infrastructure needs.

Investment in hollow core will likely prompt new joint development programmes between hyperscalers, telcos and optical cable and fibre suppliers as well as accelerating the existing ones. There is also space for start-ups to emerge to serve this niche market and collaborate with established players.

Summary

There is a shared momentum across both metallic wire and cable and optical fibre and cable despite challenges in some specific applications. Metallic cable producers will have to navigate shifting global supply dynamics, most notably China's export recalibration under anti-involution policies and the accelerating pull of the US as tariffs and copper price differentials shape trade patterns.

On the optical side, competition across the supply chain is intensifying as manufacturers in many regions look for new avenues for growth across regions and applications to compensate for their subdued domestic demand and mounting price pressure. Despite elements of saturation and cyclical challenges, the combined wire and cable industry remains strategically indispensable, increasingly innovation-led and supported by long-term demand fundamentals that appear firmly intact for 2026.

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TOP CALLS

Speciality Materials: Carbon Products, Silicon, Tin top *calls* for **2026**

By: ***Chenfei Wang****, Head of Wire & Cable and Speciality Materials* / ***Elijah Santos****, Analyst, Carbon Products* / ***Sabrina Lu****, Lead, Silicon Metal* / ***Tom Langston****, Senior Market Analyst, International Tin Association*

We anticipate carbon products, silicon metal and tin to navigate divergent price trajectories, driven by underlying sector dynamics. Carbon product prices are expected to remain well-supported by solid underlying demand and specific supply constraints. In contrast, silicon metal is likely to stay under pressure from subdued global demand, with the US market a notable exception due to the impact of trade measures. Meanwhile, tin is set to continue its standout performance, with persistent supply disruptions, and strong speculative interest likely to keep prices elevated after a remarkable run in 2025.

Carbon Products: Green Petroleum Coke (GPC) and Calcined Petroleum Coke (CPC) prices to remain elevated

Carbon Products: Coal Tar Pitch (CTP) margins will remain tight through 2026

Carbon Products: Aluminium anode prices to remain elevated as Chinese supply dominance continues

Silicon Metal: Chinese supply to remain constrained due to weak demand versus 2024 peak

Silicon Metal: Trade measures needed for EU production restart

Silicon Metal: US market better positioned on a global scale in 2026

Tin: Mine supply to recover but only partially

Tin: Indonesia will remain a policy-led supply wildcard

Tin: Fund interest to remain at record highs, reshaping tin market volatility

Tin: Centre of demand growth will shift further away from China

Tin: Lead-acid batteries to remain the fastest-growing tin use sector

Carbon Products: Green Petroleum Coke (GPC) and Calcined Petroleum Coke (CPC) prices to remain elevated

Strong battery production is expected through 2026, which will keep Green Petroleum Coke (GPC) prices firm as demand for low-sulphur GPC rises in China. With limited domestic supply, Chinese battery suppliers will continue importing the product, and their strong buying power will translate into higher prices for both GPC and CPC. Growing aluminium demand will also contribute to higher prices across all sulphur levels of GPC and CPC as demand for anodes increases.

Carbon Products: Coal Tar Pitch (CTP) margins will remain tight through 2026

Prices are expected to stay stable in the first half of 2026 amid steady supply before rising modestly in H2, with expected aluminium smelter restarts and a recovery in graphite electrode demand. The transition to electric arc furnaces for steel production in 2026 by some North American producers will be partially offset by blast furnace restarts in the US, driven by government policy. This will limit the upside for coal tar prices in the region as supply is maintained. India's increased exports of low-cost CTP will help keep margins low, with China losing further market share to Indian exporters.

Carbon Products: Aluminium anode prices to remain elevated as Chinese supply dominance continues

Delays in new third-party aluminium anode capacity from Sunstone and EGA (alongside higher GPC costs and rising global aluminium smelting capacity) will keep the anode market tight and prices elevated through 2026. Inert anodes will not affect the pricing of traditional anodes during this period, as industry-wide commercial production remains far away.

Silicon Metal: Chinese supply to remain constrained due to weak demand versus 2024 peak

We expect production to stay at relatively low levels as silicon metal demand remains subdued amid ongoing solar sector restructuring and demand adjustment. Destocking is also needed before silicon margin recovery can occur.

Silicon Metal: Trade measures needed for EU production restart

All EU silicon metal plants have currently halted production, as European price levels are unsustainably low, relative to cost structures. Given demand is expected to remain weak in 2026, trade protections are critical to restore domestic prices to profitable levels. However, silicon metal is not included in the EU safeguard measures. It remains uncertain whether further action will be taken by the block.

Silicon Metal: US market better positioned on a global scale in 2026

Ongoing trade investigations and measures should support US prices and reshape global trade flows. While uncertainties remain, the US shows stronger demand recovery potential

compared to other regions, driven by expanding domestic manufacturing in downstream sectors, such as solar.

Tin: Mine supply to recover but only partially

The significantly delayed mining restart in Wa, Myanmar meant any recovery in global mine output was deferred to 2026. We expect momentum to build gradually as major supply disruptions in Indonesia, Myanmar and the DRC begin to ease, returning a meaningful (though incomplete) share of global mine supply to the market.

However, this is likely to be a bumpy ride, with tin being structurally vulnerable to further policy-lead disruption. Neither Indonesia nor Myanmar are expected to return to pre-2024 disruption volumes; and security risks in the eastern DRC remain despite recently signed peace agreements. Tin is likely to continue trading with a 'supply risk' premium.

Tin: Indonesia will remain a policy-led supply wildcard

As the world's leading exporter of tin, Indonesia continues to play a pivotal role in shaping the global market outlook. Recent shipment volatility has been driven primarily by policy, regulatory, and administrative factors rather than by resource availability or capacity constraints.

Following the government's crackdown on illegal mining launched in late September, regulatory uncertainty is expected to persist in the near term – particularly as RKAB licences revert from three-year to annual approvals – raising the risk of renewed disruption in 2026 Q2. As a result, Indonesia is likely to remain a key trigger for price volatility in 2026. That said, we expect refined tin production to match, or marginally exceed 2025 levels, with output trending towards around 60 kta.

Tin: Fund interest to remain at record highs, reshaping tin market volatility

Tin's strong price performance over the past two years has attracted sustained speculative interest, with financial flows playing an increasingly important role in short-term price formation. LME net fund positioning repeatedly reached record bullish levels in 2025, underscoring tin's growing appeal to investors.

This interest reflects both tin's long-term structural demand outlook – linked to the energy transition, electrification and AI – and the market's relatively small and illiquid nature, which makes prices more sensitive to shifts in sentiment, and easier to drive compared to larger base metals. Under these conditions, inventory builds are unlikely to cap prices decisively in the absence of clear confirmation of supply easing.

Looking ahead to 2026, tin is therefore likely to remain structurally volatile, with price action increasingly influenced by speculative positioning and evolving supply narratives, placing higher demands on risk management across the supply chain.

Tin: Centre of demand growth will shift further away from China

After acting as the engine of global tin demand over the past

decade, we expect Chinese consumption to flatten in 2026, as slower industrial output, weak manufacturing activity, as well as ongoing tariff and deflationary pressures weigh on demand. Several key end-use sectors, such as consumer electronics, have already experienced demand front-loading during 2024–25, limiting the scope for near-term growth. In the absence of a clearly defined new stimulus package, Chinese demand is likely to remain broadly flat, with ongoing structural adjustments rather than growth. A continued slowdown in the solar PV sector represents a notable potential headwind.

In a departure from established industry trends, growth in 2026 is expected to be driven by consumption in the rest of world, with recovery underway in the US and Europe.

Tin: Lead-acid batteries to remain the fastest-growing tin use sector

The battery sector was the strongest performer for tin outside China in 2025, with usage growing an estimated 7.3% y/y. In recent years, the shift towards AGM battery technology, used in start-stop hybrid vehicles, has increased tin's intensity of use in lead-acid batteries.

Meanwhile, in China a pivot away from lithium-ion batteries, due to safety concerns, may allow lead-acid batteries to regain market share in the country's expanding e-bike sector. In addition, there is potential for significant new tin demand from sodium-ion and thermal battery technologies, although the high cost of tin remains a key constraint.

Summary

For 2026, we anticipate divergent paths for the speciality materials complex. Carbon product prices (GPC, CPC, anodes) will remain elevated, supported by strong battery and aluminium demand, though coal tar pitch margins will stay tight. Silicon metal faces a subdued outlook, with constrained Chinese supply due to weak demand, and EU production offline pending trade measures, leaving the US as the only well-positioned market. Tin will continue to be shaped by a supply-constrained narrative. A partial recovery in mine supply, vulnerable to policy-led disruptions, will keep speculative fund interest at record highs and reshape market volatility.

TOP CALLS

Fertilizers top *calls* for **2026**

By: ***Peter Harrisson,*** *Principal Analyst, Sulphur and Sulphuric Acid* / ***Gavin Ju,*** *Research Principal, Fertilizers* / ***Charlie Stephen,*** *Head of Nitrogen* / ***Mariana Fortuna,*** *Analyst, Phosphate* / ***Alex Chreky,*** *Analyst, Potash*

Heading into 2026, the fertiliser market is set to remain highly price sensitive, with EU affordability pressures increasing the likelihood of lower import duties and CBAM carve-outs. European nitrogen producers are also expected to pivot towards securing lower-emission ammonia, particularly from the US, while phosphate investment builds in higher-risk jurisdictions, backed by less traditional capital. Sulphur prices should ease after a strong first half as supply returns, and potash faces a wave of new capacity tempered by delays and cost overruns.

European affordability pressures will lead to lower import duties and CBAM carve-outs

European nitrogen majors to invest in US ammonia capacity and offtake, pivoting away from existing high emission sources

Phosphate investment builds momentum, but capital originates from less traditional sources for projects in riskier jurisdictions

Sulphur prices remain above historically-typical levels in H1, but H2 sees price relief as supply tightness **eases**

Potash projects will face further delays and capital overruns, while Russia continues to explore further projects and expansions

European affordability pressures will lead to lower import duties and CBAM carve-outs

Fertilizer affordability remains challenging for European farmers, with 2025 crop price indices flat and fertilizer price indices up 25%, relative to pre-2023 averages. An additional tariff of €40/t was added to imports of Russian nitrogen fertilizers from July 2025, which will increase to €60/t from July 2026. From 1 January 2026, the EU's CBAM will impose additional costs on the import of all nitrogen-containing fertilizers, with urea expected to see an annual average CBAM cost of ~$52/t. To provide relief for farmers, the EU could consider targeted exemptions, softening of CBAM rules for fertilizers, or the removal/ lowering of tariffs to entice more supply from potential trade partners, such as Nigeria or the US.

European nitrogen majors to invest in US ammonia capacity and offtake, pivoting away from existing high emission sources

EU grey ammonia production and imports will come under increasing pressure from 2026 as the EU phases out ETS free allowances and phases in CBAM. To avoid the significant cost escalation expected from 2030 onwards, EU nitrogen producers will act in 2026 to secure strategic, long-term sources of low emission ammonia. This will be either through investment in capacity or offtake agreements. The US benefits from low-priced natural gas, a strong nitrogen industry, advanced CCS infrastructure and generous 45Q tax credits for CCS operations. These factors, along with relative proximity, make the US a natural partner for EU nitrogen producers seeking low carbon ammonia volumes to hedge against increasing carbon costs.

Phosphate investment builds momentum, but capital originates from less traditional sources for projects in riskier jurisdictions

Markets have not recovered from the shock of Chinese export restrictions, and supply in the market remains tight. With restrictions unlikely to lift, phosphate prices have remained incredibly high compared to historical norms, making investment an attractive prospect. While large capacity projects are expected in Morocco and Saudi Arabia, we believe most other investment will come into riskier jurisdictions, with significant foreign investment, especially from Chinese companies. While no major project has entered our base case yet, announcements of significant investments in phosphate projects in Algeria, Egypt, Iraq, and Uzbekistan have been made.

Sulphur prices remain above historically-typical levels in H1, but H2 sees price relief as supply tightness eases

Sulphur prices have increased by 200% in 2025 due to a series of supply outages in a market where demand has remained robust. The most recent surge in prices – which accounts for 51% of the annual increase since end-September – has strained affordability and pushed consumers to start cutting demand. In 2026, the global sulphur market is expected to remain in deficit, but the return of supply and slowdown of demand is expected

to trigger a price correction in 2026 Q1. Supply growth in China and the Middle East, along with returning production in Russia, are expected to bring prices lower, but a continued need for inventory drawdown will provide a floor to prices.

Potash projects will face further delays and capital overruns, while Russia continues to explore further projects and expansions

Potash is set to see an extremely large amount of new brown and greenfield capacity over the medium term to 2030. Up to 16.2 Mt/y of additional effective capacity could ramp up and enter the market by the end of the decade; the majority of new additions would come from Canada and Russia, while other projects are scattered in a mix of traditional and non-traditional potash-producing countries as far afield as the Republic of Congo.

Some projects may see further cost overruns and both non-intentional and intentional delays as the market comes to grips with the wave of new supply, and companies adjust their expectations.

Summary

The 2026 fertilizer market will remain price-sensitive. Affordability pressures in the EU may force tariff reductions or CBAM carve-outs, while European nitrogen majors pivot to secure lower-carbon ammonia, notably from the US. Phosphate investment will grow but remain concentrated in higher-risk jurisdictions and non-traditional capital sources. Sulphur prices should peak in 2026 H1, then ease as supply returns. Potash faces a wave of capacity additions, accompanied by delays and cost overruns.

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