Commodity Outlook: Resilience amid realignment in the Year of the Snake

Published 4 September 2025

Nitesh Shah
Head of Commodities and Macroeconomic Research, WisdomTree Europe

Key Takeaways

- Gold's resilience: Consolidating near record highs, gold remains supported by US deficits, dollar weakness, and geopolitical risks. We see potential for a breakout to $3,850/oz by mid-2026.
- Metals in focus: Tariffs have distorted prices and boosted US stockpiles, but long-term drivers, energy transition, AI infrastructure, and defence spending, underscore strong structural demand for copper and aluminium.
- Energy volatility: The Organisation of the Petroleum Exporting Countries and partner countries accelerated supply unwind has pressured oil, keeping Brent range-bound at $60–$70/bbl. Meanwhile, dollar depreciation offers a broad tailwind across the commodity complex.

When we published "Finding Antivenoms in the Year of the Snake" in March 2025, we identified trade and geopolitics as the decisive pressure points for commodity markets. That view has been vindicated. Conflicts in Eastern Europe and the Middle East remain unresolved, while April's "Liberation Day" tariffs unleashed one of the most significant shocks to global trade in over a century. Yet despite this turbulence, commodities have not wilted. Quite the opposite: they have shown remarkable resilience.

So far in 2025, precious and industrial metals have led the charge, while energy markets, though volatile, have avoided outright collapse. Beneath the surface lies a deeper story – a weakening US dollar, disrupted supply chains, and long-term structural demand shifts extending far beyond today's headlines.

Precious metals: Gold holds its shine

Gold has once again assumed its classic role as a safe-haven asset. After peaking at $3,500 per ounce in April, prices have consolidated in a tight range, supported by geopolitical risks, fiscal imbalances, and concerns about central bank independence.

We view this consolidation as a "loading the spring" phase – a period of stability that often precedes a major breakout. Our forecast calls for gold to reach $3,850 per ounce by Q2 2026.

The reasons are straightforward:

- **Trade uncertainty:** Investors continue to hedge against the disruptive tariff environment.

- **Debt trajectory:** US deficits are set to rise by over $3 trillion in the coming decade, raising questions about fiscal sustainability.
- **Institutional fragility:** Political pressure on the Federal Reserve recalls episodes from the late 1970s, when gold staged historic rallies.
- **Geopolitical risk:** Tensions remain elevated, from Iran's standoff with the International Atomic Energy Agency to the grinding Russia-Ukraine conflict.
- **Dollar weakness:** A softening greenback makes gold more attractive globally.

In short, gold is more than just a defensive trade, it is becoming the clearest expression of systemic unease.

Industrial metals: Tariffs and transformation

Metals are the backbone of three major themes shaping the global economy:

- **The energy transition:** Renewables, electrification, and grid expansion require massive amounts of copper and aluminium.
- **Defence rearmament:** Europe's rising military budgets will translate into higher demand for metals in infrastructure, weapons, and equipment (Figure 1).

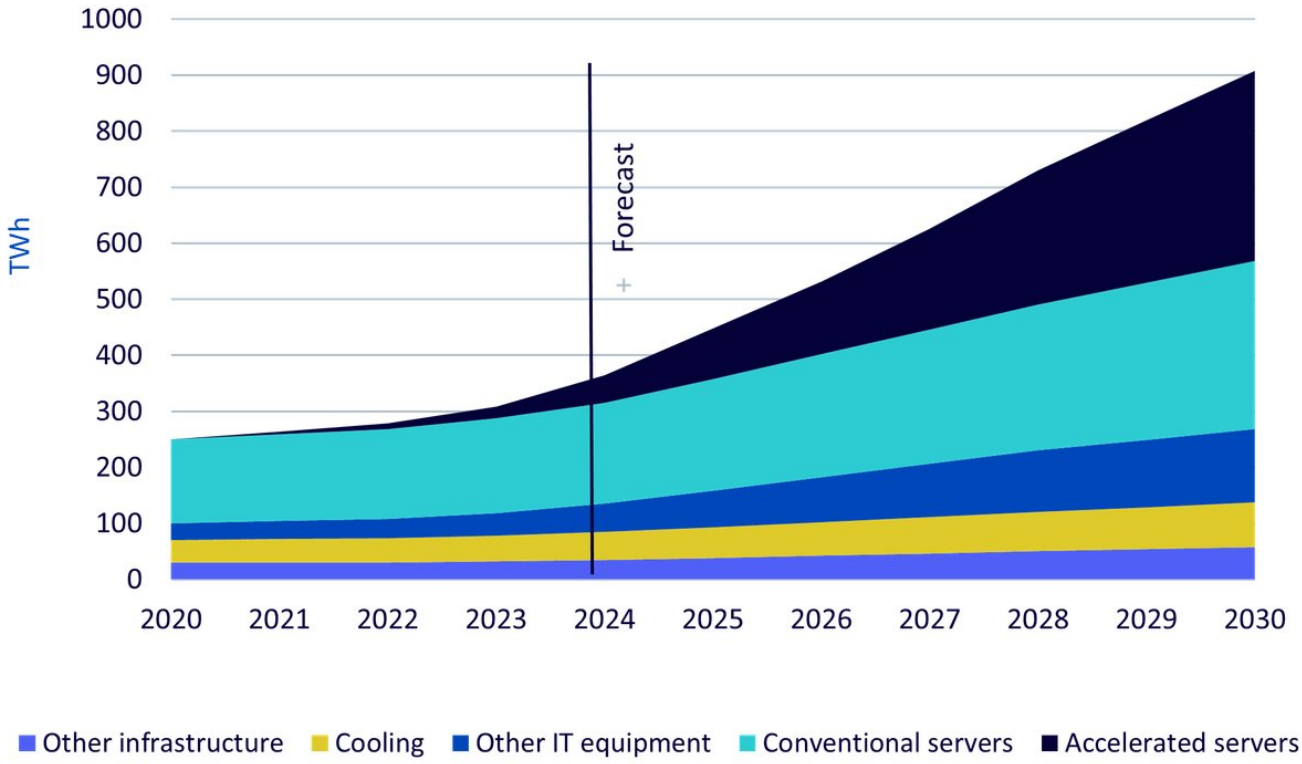
Figure 1: Global copper and aluminium demand from defence



Source: Bank of America, From mine to missile: the metals behind modern defence, 15 July 2025. **Historical performance is not an indication of future performance, and any investments may go down in value.**

- **AI and digital infrastructure:** Data centres are power-hungry (Figure 2), indirectly driving demand for metals that enable sustainable electricity generation.

Figure 2: Global data centre electricity consumption by equipment



Source: WisdomTree, International Energy Agency, Energy demand from AI, 2025. **Historical performance is not an indication of future performance, and any investments may go down in value.**

The near-term noise of tariffs should not distract from these longer-term supply constraints. Exploration spending has stalled, and aluminium smelting faces acute challenges due to its energy intensity and rising competition for grid resources. The result: a persistent supply-side squeeze that will underpin prices over the medium term.

Energy: OPEC+ unwinds, markets react

If metals have been resilient, energy has been volatile. Brent crude surged nearly 20% in June before dropping by 11% in two weeks. This turbulence is not an anomaly; it has become the defining feature of oil markets in 2025.

The key driver has been the Organisation of the Petroleum Exporting Countries and partner countries (OPEC+), which has accelerated the unwinding of its voluntary production cuts. By September 2025, a full year ahead of schedule, the group is expected to remove 2.2 million barrels per day of supply. Motivations

vary, from Saudi Arabia's frustration with quota cheating, to geopolitical bargaining with Washington, to efforts to claw back market share from US shale and Brazilian production.

Even so, the outlook remains capped. With China's demand stagnating and electrification advancing, Brent crude will likely remain range-bound at $60–$70 per barrel. Short-term spikes will occur, but they are unlikely to be sustained.

The dollar's slide: A quiet tailwind

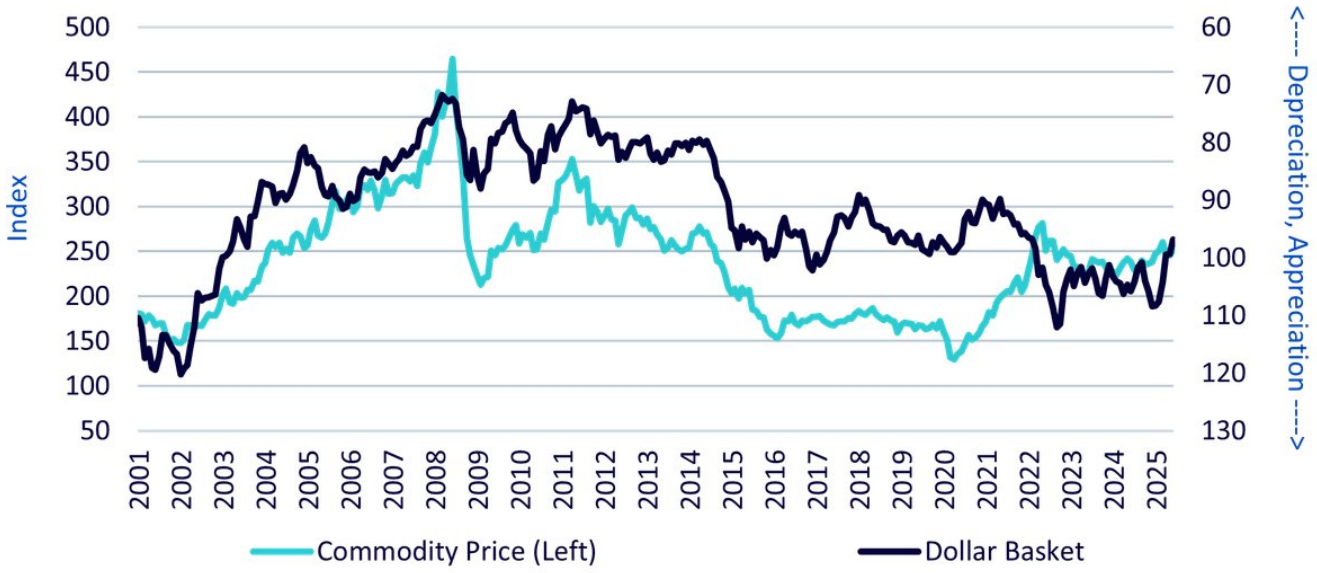
Perhaps the US dollar's reversal is the most underappreciated driver of commodity strength. After rising to 110 in January, its strongest since 2022, the dollar index has fallen to 97 by mid-year, a decline of 12%. This represents the steepest depreciation since the onset of the pandemic.

A weaker dollar boosts commodities in multiple ways:

- Prices become cheaper in local currencies, lifting global demand.
- Emerging markets, in particular, benefit from improved affordability.
- Real assets like commodities attract flows as an inflation hedge.
- Lower dollar revenues discourage supply growth, tightening balances.

Market consensus points to further declines into 2026. While not an official policy, Washington's tolerance for a soft dollar reinforces the supportive backdrop for commodities.

Figure 3: Commodities and the US dollar



Source: WisdomTree, Bloomberg, January 2001- June 2025. Bloomberg Commodity Index Total Return and Dollar Basket (DXY).
Historical performance is not an indication of future performance, and any investments may go down in value.

Trade wars and supply chains: The serpent strikes

Tariffs remain the single largest source of disruption to global commodity flows. The April "Liberation Day" announcement marked the most aggressive escalation in US tariffs in over a century. Aluminium, steel, and semi-finished copper products were hit with 50% duties, while agriculture also faced new barriers, including a 30% tariff on Brazilian exports.

For now, energy flows have been spared, reflecting the administration's desire to shield consumers from higher fuel costs. However, the ripple effects are felt in refined products such as diesel, where Canada-to-US flows are under scrutiny.

These policy shocks fragment supply chains, forcing producers and consumers to rewire sourcing strategies. The uncertainty has added a risk premium to metals like platinum, palladium, and silver, which markets fear could face tariffs in the future.

The bigger picture: Scarcity, security, strategy

Looking across sectors, three themes dominate:

- **Scarcity:** Years of underinvestment in exploration and infrastructure mean supply struggles to keep up with structural demand.
- **Security:** Geopolitics, defence spending, and tariff wars reshape supply chains, forcing investors to factor resilience into allocations.
- **Strategy:** The dual-track energy system, the rise of AI, and fiscal stress in the US are all elevating commodities from a cyclical trade to a strategic allocation.

Conclusion: Coiled potential

As we head deeper into the Year of the Snake, commodities are not just reacting to shocks; they are expressing the underlying fragilities of the global system. Gold is consolidating before another potential breakout. Industrial metals face near-term headwinds but are structurally indispensable. Oil is volatile but capped. The weakening dollar provides a broad tailwind to the entire complex.

For investors, the lesson is clear: volatility is the new normal, but so is opportunity. In a world defined by fragmentation and uncertainty, commodities remain not just a hedge but a reflection of the age itself.

For WisdomTree's full Market Outlook, please click here.

Important Risks Related to this Article

IMPORTANT INFORMATION

Marketing communications issued in the European Economic Area ("EEA"): This document has been issued and approved by WisdomTree Ireland Limited, which is authorised and regulated by the Central Bank of Ireland. **Marketing communications issued in jurisdictions outside of the EEA:** This document has been issued and approved by WisdomTree UK Limited, which is authorised and regulated by the United Kingdom Financial Conduct Authority. WisdomTree Ireland Limited and WisdomTree UK Limited are each referred to as "WisdomTree" (as applicable). Our Conflicts of Interest Policy and Inventory are available on request. This marketing communication has been prepared for professional investors, but the WisdomTree products set out in this document may be available in some jurisdictions to any investors, subject to applicable laws and regulations. As the product may not be authorised or its oering may be restricted in your jurisdiction, it is the responsibility of every person or entity to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction. Prior to any application investors are advised to take all necessary legal, regulatory, tax and investment advice on the suitability and consequences of an investment in the products. Past performance is not a reliable indicator of future performance. Any historical performance included in this document may be based on back testing. Back testing is the process of evaluating an investment strategy by applying it to historical data to simulate what the performance of such strategy would have been. Back tested performance is purely hypothetical and is provided in this document solely for informational purposes. Back tested data does not represent actual performance and should not be interpreted as an indication of actual or future performance. The value of any investment may be aected by exchange rate movements. Any decision to invest should be based on the information contained in the appropriate prospectus and aer seeking independent investment, tax and legal advice. These products may not be available in your market or suitable for you. The content of this document does not constitute investment advice nor an oer for sale nor a solicitation of an oer to buy any product or make any investment. An investment in exchange-traded products ("ETPs") is dependent on the performance of the underlying index, less costs, but it is not expected to match that performance precisely. ETPs involve numerous risks including among others, general market risks relating to the relevant underlying index, credit risks on the provider of index swaps utilised in the ETP, exchange rate risks, interest rate risks, inflationary risks, liquidity risks and legal and regulatory risks. The information contained in this document is not, and under no circumstances is to be construed as, an advertisement or any other step in furtherance of a public oering of shares in the United States or any province or territory thereof, where none of the issuers or their products are authorised or registered for distribution and where no prospectus of any of the issuers has been filed with any securities commission or regulatory authority. No document or information in this document should be taken, transmitted or distributed (directly or indirectly) into the United States. None of the issuers, nor any securities issued by them, have been or will be registered under the United States Securities Act of 1933 or the Investment Company Act of 1940 or qualified under any applicable state securities statutes. This document may contain independent market commentary prepared by WisdomTree based on publicly available information. Although WisdomTree endeavours to ensure the accuracy of the content in this document, WisdomTree does not warrant or

guarantee its accuracy or correctness. Any third party data providers used to source the information in this document make no warranties or representation of any kind relating to such data. Where WisdomTree has expressed its own opinions related to product or market activity, these views may change. Neither WisdomTree, nor any ailiate, nor any of their respective oicers, directors, partners, or employees accepts any liability whatsoever for any direct or consequential loss arising from any use of this document or its contents. This document may contain forward looking statements including statements regarding our belief or current expectations with regards to the performance of certain assets classes and/or sectors. Forward looking statements are subject to certain risks, uncertainties and assumptions. There can be no assurance that such statements will be accurate and actual results could dier materially from those anticipated in such statements. WisdomTree strongly recommends that you do not place undue reliance on these forward-looking statements. Jersey ETCs The products discussed in this document are issued by WisdomTree Metal Securities Limited, WisdomTree Hedged Metal Securities Limited, WisdomTree Commodity Securities Limited, and WisdomTree Hedged Commodity Securities Limited (the "Issuer"). The Issuer is regulated by the Jersey Financial Services Commission. Investors should read the prospectus of the Issuer before investing and should refer to the section of the prospectus entitled »Risk Factors¼ for further details of risks associated with an investment in the securities oered by the Issuer

WisdomTree Metal Securities Limited Securities issued by the Issuer are direct, limited recourse obligations of the Issuer alone and are not obligations of or guaranteed by any of HSBC Bank plc and JP Morgan Chase Bank, N.A. any of their ailiates or anyone else or any of their ailiates. Each of HSBC Bank plc and JP Morgan Chase Bank, N.A. disclaims all and any liability whether arising in tort, contract or otherwise which it might have in respect of this document or its contents otherwise arising in connection herewith. WisdomTree Hedged Metal Securities Limited Securities issued by the Issuer are direct, limited recourse obligations of the Issuer alone and are not obligations of or guaranteed by any of Morgan Stanley & Co International plc, Morgan Stanley & Co. LLC and JP Morgan Chase Bank, N.A. any of their ailiates or anyone else or any of their ailiates. Each of Morgan Stanley & Co International plc, Morgan Stanley & Co. LLC and JP Morgan Chase Bank, N.A. disclaims all and any liability whether arising in tort, contract or otherwise which it might have in respect of this document or its contents otherwise arising in connection herewith. The Morgan Stanley Indices are the exclusive property of Morgan Stanley & Co. LLC ("Morgan Stanley"). Morgan Stanley and the Morgan Stanley index names are service mark(s) of Morgan Stanley or its ailiates and have been licensed for use for certain purposes by WisdomTree Management Jersey Limited in respect of the securities issued by the Issuer. The securities issued by the Issuer are not sponsored, endorsed, or promoted by Morgan Stanley, and Morgan Stanley bears no liability with respect to any such financial securities. The prospectus of the Issuer contains a more detailed description of the limited relationship Morgan Stanley has with the Issuer and any related financial securities. No purchaser, seller or holder of securities issued by the Issuer, or any other person or entity, should use or refer to any Morgan Stanley trade name, trademark or service mark to sponsor, endorse, market or promote this product without first contacting Morgan Stanley to determine whether Morgan Stanley's permission is required. Under no circumstances may any person or entity claim any ailiation with Morgan Stanley without the prior written permission of Morgan Stanley. WisdomTree Commodity Securities Limited & WisdomTree Hedged Commodity Securities Limited

Securities issued by the Issuer are direct, limited recourse obligations of the relevant Issuer alone and are not obligations of or guaranteed by Citigroup Global Markets Limited (“CGML”), Citigroup Global Markets Holdings Inc. (“CGMH”), Merrill Lynch International ("MLI"), Bank of America Corporation ("BAC") or any of their ailiates. Each of CGML, CGMH, MLI and BAC disclaim all and any liability whether arising in tort, contract or otherwise which they might have in respect of this document or its contents otherwise arising in connection herewith. “Bloomberg®” and the Bloomberg Commodity Index(es)SM referenced herein are service marks of Bloomberg Finance L.P. and its ailiates, including Bloomberg Index Services Limited (“BISL”), the administrator of the indices (collectively, “Bloomberg”) and have been licensed for use for certain purposes by WisdomTree UK Limited and its permitted ailiates including WisdomTree Commodity Securities Limited (together, WisdomTree). Bloomberg is not ailiated with WisdomTree, and Bloomberg does not approve, endorse, review, or recommend the exchange-traded product(s) referenced herein. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to the index(es). WisdomTree Multi Asset Issuer PLC WisdomTree Multi Asset Issuer PLC (the “Issuer”) issues products under a Prospectus (“WTMA Prospectus”) approved by the Central Bank of Ireland, drawn up in accordance with the Directive 2003/71/EC. The WTMA Prospectus has been passported to various European jurisdictions including the UK, Italy and Germany and is available on this document. WisdomTree Issuer ICAV The products discussed in this document are issued by WisdomTree Issuer ICAV (“WT Issuer”). WT Issuer is an umbrella investment company with variable capital having segregated liability between its funds organised under the laws of Ireland as an Irish Collective Asset-management Vehicle and authorised by the Central Bank of Ireland (“CBI”). WT Issuer is organised as an Undertaking for Collective Investment in Transferable Securities (“UCITS”) under the laws of Ireland and shall issue a separate class of shares ("Shares”) representing each fund. The Fund is described in a Key Information Document (KID) or Key Investor Information Document (KIID) for UK investors, and the prospectus of WT Issuer (“WT Prospectus”). A copy of the WT Prospectus and the KID / KIID is available, for EEA/UK only, in English at www.wisdomtree.eu. Where required under national rules, the KID will also be available in the local language of the relevant EEA Member State. Investors should read the WT Prospectus before investing and should refer to the section of the WT Prospectus entitled »Risk Factors¼ for further details of risks associated with an investment in the Shares.

The summary of investor rights associated with an investment in the fund is available in English on WisdomTree Europe¼s website. WisdomTree Management Limited may decide to terminate the arrangements made for the marketing of its collective investment undertakings. In such circumstances, shareholders in the aected EEA Member State will be notified of this decision and will be provided with the opportunity to redeem their shareholding in the fund free of any charges or deductions for at least 30 working days from the date of such notification. WisdomTree Enhanced Commodity UCITS ETF – Index Disclaimer The methodology of and rules governing the index (the "Index Methodology" and the "Index") are proprietary and shall not be reproduced or disseminated without the prior written consent of the “Index Sponsor” (as defined in the “Index Rules” **available on http:** //www.wisdomtree.eu/home). None of the Index Sponsor, the index calculation agent (where such party is not also the Index Sponsor, the "Index Calculation Agent") nor, where applicable, the index Investment Advisor (the "Index Investment Advisor") guarantee that there will be no errors or omissions in computing or disseminating the Index. The Index Methodology

is based on certain assumptions, certain pricing models and calculation methods adopted by the Index Sponsor, the Index Calculation Agent and, where applicable, the Index Investment Advisor, and may have certain inherent limitations. Information prepared on the basis of dierent models, calculation methods or assumptions may yield dierent results. You have no authority to use or reproduce the Index Methodology in any way, and neither the Index Sponsor nor any of its ailiates shall be liable for any loss whatsoever, whether arising directly or indirectly from the use of the Index or Index Methodology or otherwise in connection therewith. The Index Sponsor reserves the right to amend or adjust the Index Methodology from time to time in accordance with the rules governing the Index and accepts no liability for any such amendment or adjustment. Neither the Index Sponsor nor the Index Calculation Agent are under any obligation to continue the calculation, publication or dissemination of the Index and accept no liability for any suspension or interruption in the calculation thereof which is made in accordance with the rules governing the Index. None of the Index Sponsor, the Index Calculation Agent nor, where applicable, the Index Investment Advisor accept any liability in connection with the publication or use of the level of the Index at any given time. The Index Methodology embeds certain costs in the strategy which cover amongst other things, friction, replication and repo costs in running the Index. The levels of such costs (if any) may vary over time in accordance with market conditions as determined by the Index Sponsor acting in a commercially reasonable manner. The Index Sponsor and its ailiates may enter into derivative transactions or issue financial instruments (together, the "Products") linked to the Index. The Products are not in any way sponsored, endorsed, sold or promoted by the sponsor of any index component (or part thereof) which may comprise the Index (each a "Reference Index") that is not ailiated with BNP Paribas (each such sponsor, a "Reference Index Sponsor"). The Reference Index Sponsors make no representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the relevant Reference Index and/or the levels at which the relevant Reference Index stands at any particular time on any particular date or otherwise. No Reference Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the relevant Reference Index and the relevant Reference Index Sponsor is under no obligation to advise any person of any error therein. None of the Reference Index Sponsors makes any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Products. The Index Sponsor and its ailiates have no rights against or recourse to any Reference Index Sponsor should any Reference Index not be published or for any errors in the calculation thereof or on any other basis whatsoever in relation to any Reference Index, its production, or the level or constituents thereof. The Index Sponsor and its ailiates shall have no liability to any party for any act or failure to act by any Reference Index Sponsor in connection with the calculation, adjustment or maintenance of the relevant Reference Index and have no ailiation with or control over any Reference Index or the relevant Reference Index Sponsor or the computation, composition or dissemination of any Reference Index. Although the Index Calculation Agent will obtain information concerning each Reference Index from publicly available sources that it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Index Sponsor or any of its ailiates nor the Index Calculation Agent as to the accuracy, completeness and timeliness of information concerning any Reference Index. The Index Sponsor and/or its ailiates may act in a number of dierent capacities in relation to the Index and/or products linked to the

Index, which may include, but not be limited to, acting as market-maker, hedging counterparty, issuer of components of the Index, Index Sponsor and/or Index Calculation Agent. Such activities could result in potential conflicts of interest that could influence the price or value of a Product. WisdomTree Enhanced Commodity ex-Agriculture UCITS ETF – Index Disclaimer The Morgan Stanley RADAR ex Agriculture & Livestock Commodity Index (the "Index") is the exclusive property of Morgan Stanley Capital Group Inc. and/or its ailiates (collectively, "Morgan Stanley"), which has contracted with S&P Opco, LLC (a subsidiary of S&P Dow Jones Indices LLC) ("S&P Dow Jones Indices") to maintain and calculate the Index. The Index

Components comprising the Index are the property of S&P Dow Jones Indices, its ailiates and/or their third party licensors and has been licensed by S&P Dow Jones Indices for use by Morgan Stanley in connection with the Index. S&P Dow Jones Indices, its ailiates and their third party licensors shall have no liability for any errors or omissions in calculating the Index. The Index is not sponsored, endorsed, sold or promoted by S&P Dow Jones Indices, its ailiates or their third party licensors and neither S&P Dow Jones Indices, its ailiates nor their its third party licensors make any representation regarding the advisability of investing in the Index. Morgan Stanley and the Index names are service mark(s) of Morgan Stanley and have been licensed for use for certain purposes by WisdomTree. The Fund referred to herein is not sponsored, endorsed, or promoted by Morgan Stanley. Neither Morgan Stanley nor any other party (including without limitation any calculation agents or data providers) make any express or implied warranties, and hereby expressly disclaim all warranties of merchantability or fitness for a particular purpose, with respect to the Index or any Index related data. Without limiting any of the foregoing, in no event shall Morgan Stanley or any other party (including without limitation any calculation agents or data providers) have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) with respect to the Index, Index related data, the Fund, or any shares or investment units, even if notified of the possibility of such damages. The assessment of UCITS compliance is made solely by WisdomTree and not made in reliance on any representations, warranties, undertakings or statements by Morgan Stanley or any of its ailiates. WisdomTree Broad Commodities UCITS ETF – Index Disclaimer "Bloomberg®" and the Bloomberg Commodity Index(es)SM referenced herein are service marks of Bloomberg Finance L.P. and its ailiates, including Bloomberg Index Services Limited ("BISL"), the administrator of the indices (collectively, "Bloomberg") and have been licensed for use for certain purposes by WisdomTree UK Limited and its permitted ailiates including WisdomTree Management Limited and WisdomTree Issuer ICAV (together, WisdomTree). Bloomberg is not ailiated with WisdomTree, and Bloomberg does not approve, endorse, review, or recommend the WisdomTree Broad Commodities UCITS ETF. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to the index(es). For Investors in Switzerland This document constitutes an advertisement of the financial product(s) mentioned herein. In Switzerland, this communication is only targeted at Qualified Investors. The prospectus and the key investor information documents (KID) are available from WisdomTree¼s website https://www.wisdomtree.eu/en-ch/resource-library/prospectus-and-regulatory-reports For Investors in Monaco This communication is only intended for duly registered banks and/or licensed portfolio management companies in Monaco. This communication must not be sent to the public in Monaco. **For Investors in Malta:** This document does not constitute or form part of any oer or invitation to the public to subscribe for or purchase shares in the Fund and shall not be construed as such and no person other than the person to whom

this document has been addressed or delivered shall be eligible to subscribe for or purchase shares in the Fund. Shares in the Fund will not in any event be marketed to the public in Malta without the prior authorisation of the Maltese Financial Services Authority.