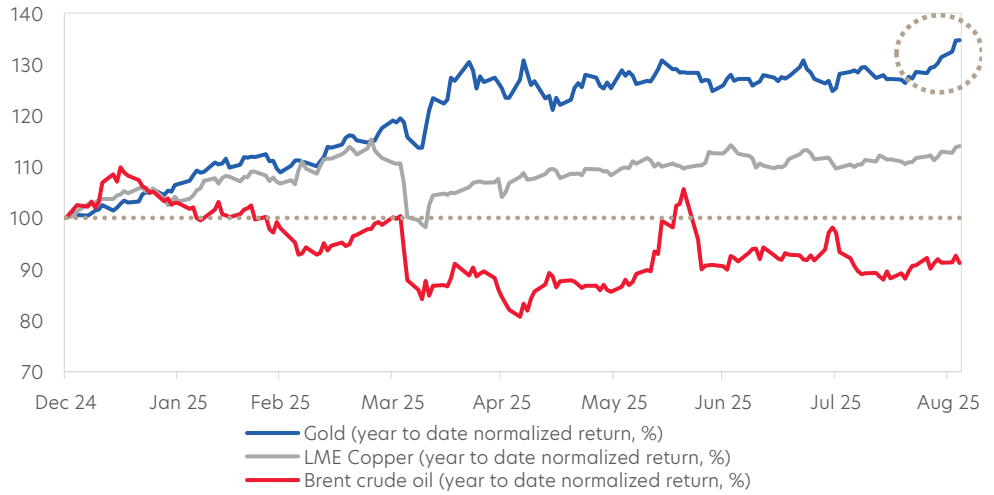
COMMODITIES STRATEGY

Raising our long term positive gold forecast further to USD 4,000 / oz by 3Q26

Gold continues to lead with its explosive rally while LME Copper has recovered all of its Liberation Day losses

Source: Bloomberg, UOB Global Economics & Markets Research



It has been a very interesting and exciting year so far for the commodity complex with many surprising twists and turns for key commodities like Gold, Brent Crude Oil and LME Copper.

Chinese investors now seen actively joining the rally as evidenced by the doubling of gold inventory on Shanghai Futures Exchange (SHFE) over the past two months. The technical chart points higher as well after this decisive break above USD 3,500 / oz.

After consolidating under USD 3,400 / oz since May, Gold finally broke higher in a decisive fashion in this latest leg of its long-term rally. Long term fundamental drivers like on-going safe haven buying from central banks and retail investors, are in sync as well with liquidity drivers. Chinese investors now seen actively joining the rally as evidenced by the doubling of gold inventory on Shanghai Futures Exchange (SHFE) over the past two months. The technical chart points higher as well after this decisive break above USD 3,500 / oz. As such, we raise our long-term forecast to USD 4,000 / oz by 3Q26.

As for Brent crude oil, it has gone nowhere and has pulled back into the "boring" medium term trading range from USD 60 to 80 / bbl, albeit with a downward bias. The acute geopolitical event risk of the Israel-Iran conflict is but a distant memory. What's next for Brent crude oil?

Finally, despite President Trump's reassurance that the US will not impose import tariffs on refined Copper, US investors and global manufacturers alike remain worried and unconvinced. As such, LME Copper continues to grind higher towards the psychological resistance of USD 10,000 / MT. But this move higher is in contrast with weak global manufacturing PMIs and renewed worries of a 4Q25 global exports and manufacturing slowdown after the pre-tariff export rush tapers off. How will this dilemma be resolved for LME Copper?

Gold
Raising our positive forecast further to USD 4,000 / oz by 3Q26

UOB's Forecast	4Q25	1Q26	2Q26	3Q26
Gold (USD/oz)	3,700	3,800	3,900	4,000

After consolidating under USD 3,400 / oz since May, gold finally broke higher in late Aug and shot up to a new record high of USD 3,578 / oz. On the technical chart, the strength of the breakout indicates that gold could continue setting fresh record highs. The immediate levels to monitor are $3,600 and $3,650. To sustain the current momentum, gold must hold above the key support at $3,451.

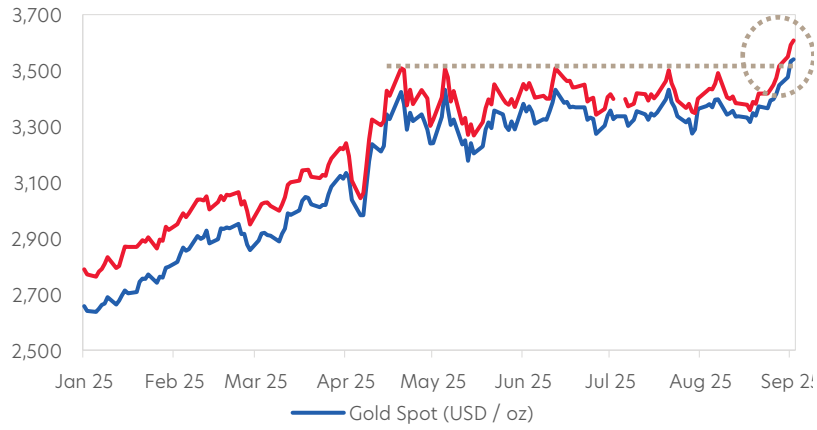
A confluence of explosive factors triggered this latest leg of gold's rally. First, there is now widespread expectations of a 25-bps rate cut at the upcoming FOMC on 16/17 Sep. Second, with France experiencing political pressure and UK suffering from deteriorating fiscal prospects, their long term bond yields have shot up. Third, Chinese investors have lately upped their frenzied buying of gold.

All the above-mentioned developments reinforced the long term positive drivers for gold. Specifically, the resumption of the Fed rate cuts will steepen the US yield curve further, drive the US Dollar lower and remains a key positive for gold. In addition, the fiscal issues in Europe reinforce the long term safe haven attributes of gold. Finally, the strong surge in Chinese buying has momentum. The amount of gold inventory held on the Shanghai Futures Exchange (SHFE) has doubled in just two months to above 40 tonnes.

Our previous forecast of USD 3,500 / oz for 4Q25 has been reached. Overall, we reiterate our positive long-term view for gold. In light of the reinforcement of key long term positive drivers and the strong technical breakout higher, we raise our gold forecast further to USD 3,700 / oz for 4Q25, USD 3,800 / oz for 1Q26, USD 3,900 / oz for 2Q26 and USD 4,000 / oz for 3Q26.

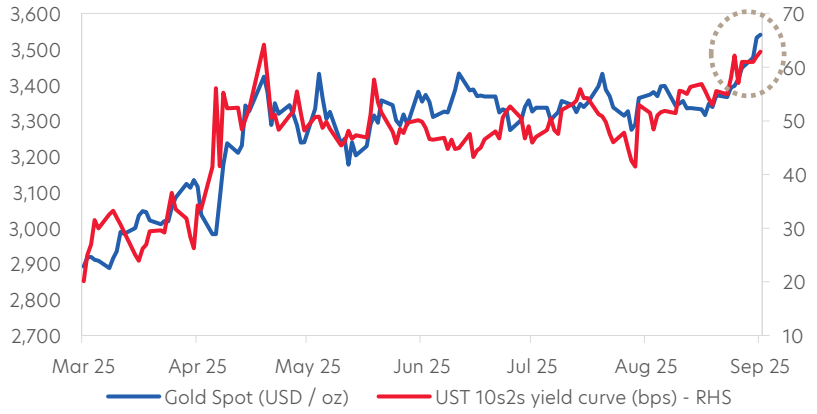
Gold breaks out of its consolidation since May and rallies decisvely above USD 3,500 / oz

Source: Bloomberg, UOB Global Economics & Markets Research



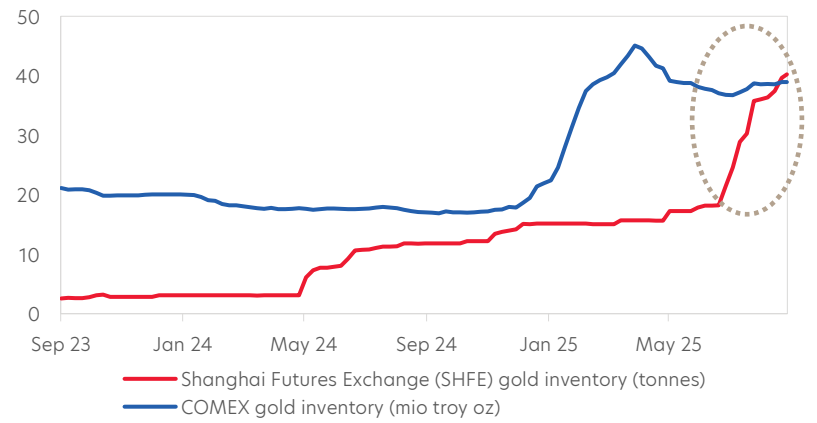
Gold advances alongside steepening of US 10s2s yield curve

Source: Bloomberg, UOB Global Economics & Markets Research



Gold inventory on SHFE shot up and doubled over past 2 months as COMEX inventory stays elevated

Source: Bloomberg, UOB Global Economics & Markets Research



Brent Crude Oil
Back in "boring" trading range, albeit with a downward bias

UOB's Forecast	4Q25	1Q26	2Q26	3Q26
Brent crude oil (USD/bbl)	70	65	60	60

The volatile events of the two quarters have now given way to a "boring" trading range for Brent crude oil. In early April, Brent crude oil collapsed from USD 75 to USD 65 / bbl after President Trump announced reciprocal tariffs on Liberation Day. Then in late Jun, Brent crude oil shot up from USD 65 to almost USD 80 / bbl as US bombed the nuclear sites in Iran and risk escalating the Israel-Iran conflict further.

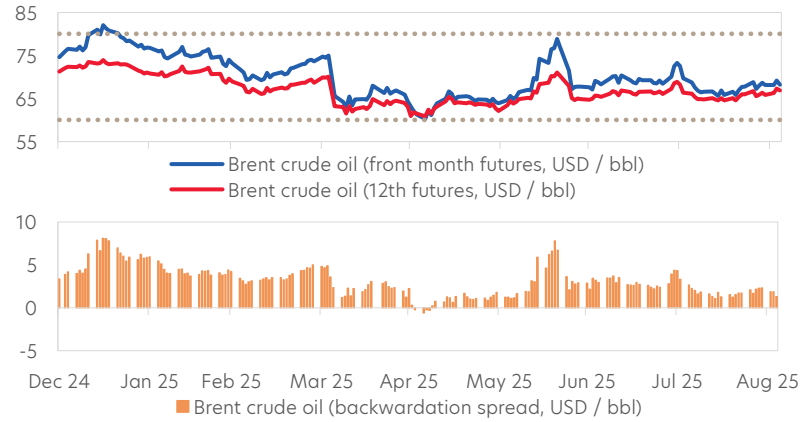
Remarkably and fortuitously for the global economy, both significant event risks have since dissipated and calmed down and Brent crude oil has managed to stay within its medium-term broad trading range from USD 60 to 80 / bbl. The technical chart also suggests that there is no clear trend right now.

With the passage of acute geopolitical risks, the focus for Brent crude oil reverts back to the traditional fundamental demand and supply drivers. In the background, Saudi Arabia and OPEC+ have returned about 2 mio bpd of production and is expected to continue their eager unwinding of production cuts. This will cap any strong upside in crude oil price. On the other hand, the US is carefully replenishing its much-depleted Strategic Petroleum Reserve (SPR) and mindful not to inject any more unnecessary volatility. This may add some support to the floor in crude oil price.

Overall, baring a renewed surge in acute political risk, it does looks like Brent crude oil has fallen back to its medium-term trading range. We update our cautiously neutral forecast of USD 70 / bbl for 4Q25, USD 65 / bbl for 1Q26 and USD 60 / bbl for 2Q26 and 3Q26.

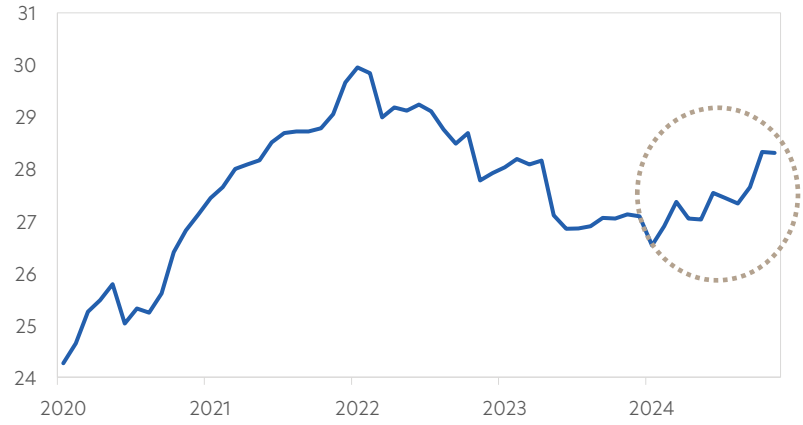
Brent pulls back into broader $60 to $80 trading range

Source: Bloomberg, UOB Global Economics & Markets Research



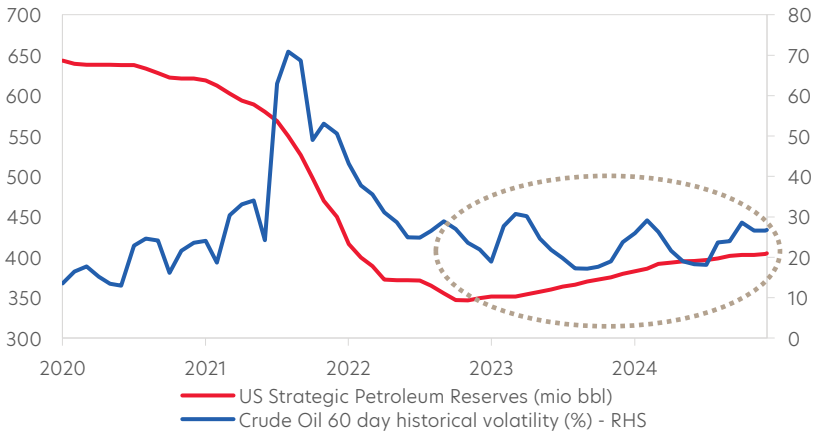
OPEC has been unwinding its production cuts

Source: Bloomberg, UOB Global Economics & Markets Research



US has been cautiously replenishing its SPR as crude oil volatlity continue to stabilize

Source: Bloomberg, UOB Global Economics & Markets Research



Copper

Testing the key USD 10,000 / MT resistance amidst contrasting drivers

UOB's Forecast	4Q25	1Q26	2Q26	3Q26
LME Copper (USD/mt)	10,000	9,500	9,000	9,000

While Gold's long term positive trend is reinforced and Brent crude oil has fallen back into a clearly defined trading range, the outlook for LME Copper in contrast appears decidedly mixed.

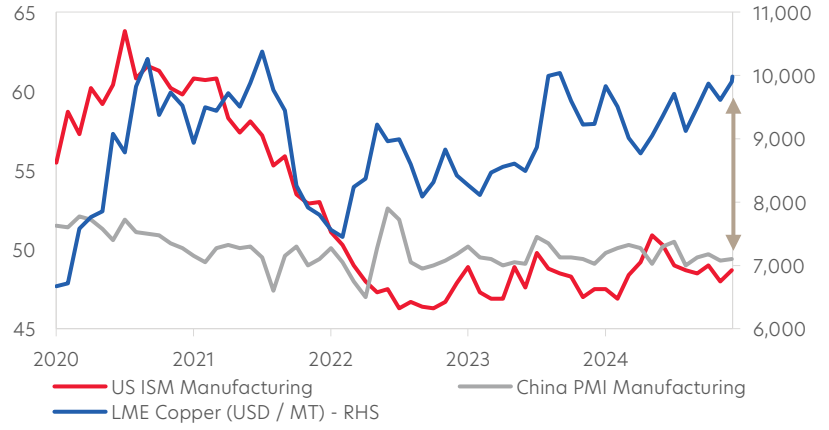
On one hand, despite President Trump in late Jul ruling out imposing import tariffs on refined Copper, both US investors and global manufacturers remained worried and unconvinced. While the COMEX Copper premium over LME Copper has since been largely unwound, there is evidence of renewed exports of refined Copper and various downstream products into the US. This has supported LME Copper price which has gradually grinded higher from USD 9,700 / MT in Jul to the high of USD 9,975 / MT in end Aug. Our technical analysis notes that there is a chance for copper to break above $10,021 / MT, potentially revisiting the year-to-date high of $10,165 / MT.

On the other hand, further strength in LME Copper price is not in line with the weakening global economic backdrop. While most economies have done much better than expected in 2Q25, this pre-tariff export rush is set to taper off in 4Q25. There is increasing concern that global manufacturing and exports may weaken anew in 4Q25. Adding to this is increasing signs of job market weakness in the US as well. So far, the strength in LME Copper price is not supported by soft global manufacturing PMI particular that of China and US. Key demand indicators like China's Yangshan premium and LME's cash spread have also pulled back.

As such, we are not convinced of a premature sustained break in LME Copper price above USD 10,000 / MT. Our updated cautiously neutral forecast is USD 10,000 / MT for 4Q25, USD 9,500 / MT for 1Q26 and USD 9,000 / MT for 2Q26 and 3Q26.

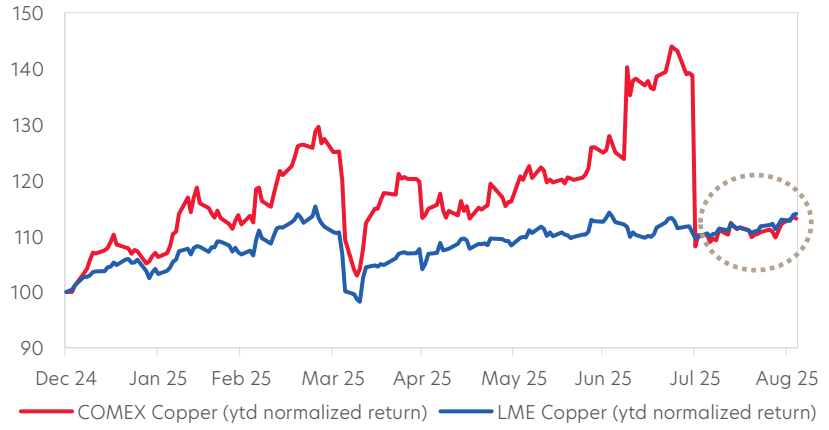
Ongoing price strength does not gel with weak China and US manfuacturing PMIs

Source: Bloomberg, UOB Global Economics & Markets Research



COMEX Copper has given up all of its premium over LME Copper

Source: Bloomberg, UOB Global Economics & Markets Research



Both Yangshan premium and LME Cash spread have now pulled back

Source: Bloomberg, UOB Global Economics & Markets Research

