

COMMODITIES WEEKLY

William Alexander
1-(802)-353-9773 • William.Alexander@dal.ca
www.linkedin.com/in/william-g-alexander



Jan 26 • Feb 1 Volatility Concentrated in Metals

Source: Trading Economics (as of February 1, 2026)

All figures in USD unless stated otherwise. Returns in %

Commodity	Week %	Month %	YoY %
Natural Gas	10.31%	18.85%	28.28%
Brent	5%	13.92%	-8.39%
WTI	8%	14.43%	-9.41%
Uranium	12%	21.56%	39.10%
Gold	-2.02%	13.13%	74.72%
Silver	-18%	18.77%	170.58%
Copper	-1.60%	4.09%	37.32%
Platinum	-22.61%	2.49%	105.48%
Steel	-0.13%	0.94%	-4.08%
Lumber	-0.17%	10.31%	0.26%
Aluminum	-1.82%	4.06%	20.13%
Corn	0.06%	0.06%	-12.33%
Wheat	1.75%	6.26%	-3.71%
Tin	6.18%	31.30%	81.98%

EXECUTIVE SUMMARY

This week, commodity markets traded with clear dispersion, with precious metals driving volatility as USD and real-yield expectations shifted, while energy and agriculture remained more anchored to sector-specific catalysts. The key takeaway is that macro pressure was concentrated rather than broad-based, and relative performance across sectors was the signal.

This report is structured to track that dispersion each week using three layers: a broad market snapshot, a commodity-of-the-week deep dive, and a week-ahead setup that highlights what matters next. The goal is to separate noise from drivers and make the weekly story easy to scan and repeat.

Brent and WTI both posted positive weekly returns, with WTI (+8.0%) slightly above Brent (+5.0%), while broader commodity dispersion remained the theme. Precious metals stayed at the center of volatility, and copper plus the broader industrial complex remain best interpreted through China activity data and inventory signals. Next week, the checklist is straightforward. If DXY and real yields cool, metals should stabilize. If they keep pushing higher, conditions likely stay choppy and downside pressure can persist.

Into next week, the focus is whether USD and yields stabilize and allow metals volatility to compress, while energy remains sensitive to geopolitical headlines and industrial metals hinge on China demand signals. The watchlist and catalyst sections summarize the specific indicators that would confirm stabilization versus renewed stress.

Prevalent News

Precious Metals Plunge on Fed Chair shock and USD surge

- **Impact:** Markets reprice to “higher-for-longer”; USD and real yields jump; hitting gold and silver
- **Watch:** 2Y yield, real yields, DXY, **Data:** Gold (-12%), Silver (-36%)

US-Iran tensions reprice Middle East risk premium; WTI rises to 6-month highs

- **Impact:** Higher disruption odds for Iranian supply and Gulf flows lift Brent structure and front-end pricing
- **Watch:** Brent-WTI spread, Brent prompt timespreads(backwardation), **Data:** Brent ~ \$70, WTI mid ~\$60s

China growth anxiety returns as factory activity contracts

- **Impact:** Weaker factory output pressures base metals and bulks, limits rebound potential
- **Watch:** Next PMI prints, stimulus headlines, copper inventories, **Data:** PMI <50

Commodity of the Week: Gold (XAU) | As of Jan 30

Key stats (Jan 30 close): High ~\$5,600/oz | Low ~\$4,900/oz | Peak-to-trough ~-12% | Driver: USD + real yields repricing

Overview

No surprise this week, the commodity of the week is Gold, but the metal saw enough volatility in one week to last a whole year. Gold started the week just above \$5,000/oz and climbed as the week progressed, eventually topping out just shy of \$5,600/oz before sliding about 12% to around \$4,900/oz. The speed of the drop suggests positioning and forced de-risking played a role, especially as silver amplified the move.

The move came in reaction to the Trump administration's pick for Fed Chair, Kevin Walsh, who broader markets view as more hawkish, more skeptical of aggressive easing, and more focused on inflation credibility. So, even though Trump signaled he wants a Fed Chair who would cut rates, markets took their own stance and repriced expectations. The shock was a classic gold setup: "higher-for-longer" expectations pushed real yields and the dollar higher, raising the opportunity cost of holding non-yielding metals. In turn, the USD strengthened and real yields rose more than expected. Gold and other metals responded with a historic drop, and as the sell-off carried through the day on Friday, the metals complex took a major hit. This resets the near-term narrative from "gold as inflation hedge" to "gold as a real-yield and USD trade," making next week's rates and dollar data the key drivers.

Economic linkage

Gold in the global economy has long acted as a safe-haven where capital tends to flow during periods of uncertainty and financial stress. Gold prices are primarily influenced by several key factors: interest rates (especially real yields), inflation expectations, U.S. dollar strength, and broader market sentiment. Because gold does not generate cash flow, changes in real yields and the dollar often drive the opportunity cost of holding it, which can quickly shift investor demand. Central bank buying is another important pillar of support, as sustained official-sector demand can help underpin the market and contribute to a price floor over time. So, in the current economy, gold is watched not just as a trade, but as a signal for financial conditions and confidence in monetary policy.

Key country exposure

The United States remains the dominant country influencing gold, as U.S. monetary policy expectations play a central role in shaping real yields, dollar strength, and broader financial conditions. Given gold's sensitivity to changes in the opportunity cost of holding non-yielding assets, shifts in the Federal Reserve's perceived policy path tend to have an outsized impact on price behavior. This week, market focus has returned squarely to U.S. rate expectations and monetary credibility, reinforcing the role of the United States as the primary transmission channel for gold. As investors reassess the likelihood and timing of future rate cuts, movements in real yields and the U.S. dollar have once again become the key drivers of gold's direction, making U.S. policy signals and market pricing the central factors to monitor in the near term.

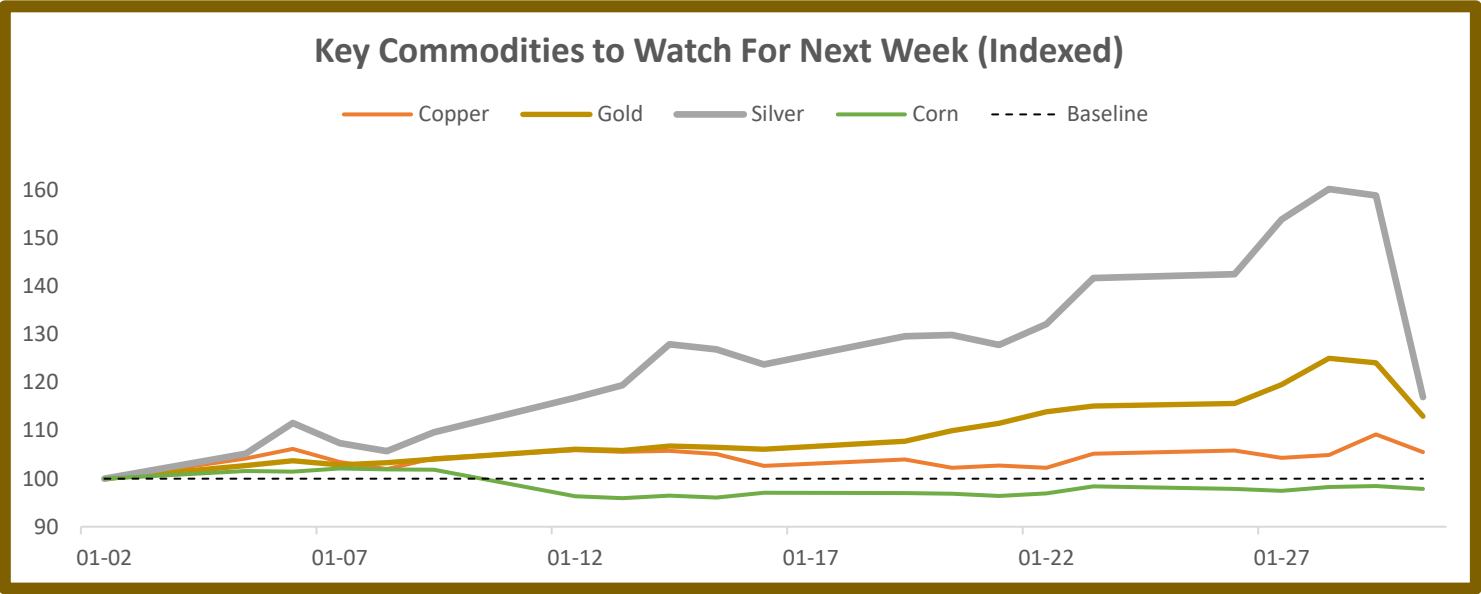
Key developments

- **Price action and regime shift:** A strong early-week rally reversed sharply, with gold selling off aggressively late in the week and resetting short-term positioning from trend-following to rates-driven price action.
- **Macro transmission:** The reversal aligned with a repricing of the U.S. policy path, as higher yields and a firmer dollar raised the opportunity cost of holding non-yielding metals.
- **Data anchor:** 2Y yield peaked near 3.58% before settling around 3.52% | 10Y yield traded in a wide ~70 bp range | DXY rebounded from ~96.2 toward ~97.0.

My view

I think the move was partly overshoot, and the market is trading gold primarily as a USD and rates expression rather than weighing its longer-term role as a safe haven asset. If real yields keep rising, gold likely stays under pressure, but if yields stabilize and the USD fades, gold has room to mean-revert. Where I disagree with the market is on the idea that gold's safe-haven role should be sidelined just because prices have already risen so much. Economic uncertainty is still present, and recent political and policy decisions have reinforced how quickly "market calm" can break, which keeps demand for hedges like gold relevant even in a higher-rate regime. I'd reassess the downside risk if DXY and real yields extend higher and gold continues making lower lows, which would signal the market is still in forced de-risking mode.

Week Ahead | Market Setup



All series are sourced from Bloomberg and indexed to 100 as of Jan 2, allowing relative performance across key commodities. The Chart highlights a sharp dispersion across the commodity complex, with precious metals driving volatility while industrial metals and agriculture remain comparatively insulated. Silver’s outsized move reflects its higher beta to macro shocks, while gold has begun to trade more tightly as a rates and USD proxy.

Commodity Watchlist		
Commodity	Bias	What to Watch
Gold	Bullish	DXY + 2Y
Brent	Upside Risk	Brent Spreads
WTI	Neutral	EIA inventories
Copper	Neutral	China PMI
Natural Gas	Downside Risk	Weather
Corn	Neutral	Exports
Silver	Volatile	Gold Beta + Vol

Key Catalysts Next Week

- **US Rates + USD:** 2Y/Real yields and DXY direction set the tone for precious metals follow-through
- **Middle East Headlines:** Any escalation/de-escalation shifts brent risk premium and prompts spreads.
- **China Activity signals:** PMI/stimulus headlines drive copper and bulk demand expectations.
- **Positioning/Vol in Metals:** Watch for volatility compression or renewed liquidation in gold/silver.

Final Notes

This week reinforced that the commodity side of markets are not moving as a single trade, with dispersion across sectors remaining the dominant theme. Precious metals continue to trade primarily as a function of USD and real-yield dynamics, while at the same time energy and agriculture are still driven more by their own headlines and geopolitical catalysts. Into next week, the key question is whether volatility in metals begins to compress as rates and the dollar stabilize, allowing for mean reversion, or whether continued strength in real yields and the USD keeps pressure on the complex. In that setup, the most useful read is the relative move between gold and silver versus copper and the ags, because it tells you whether macro stress is spreading or staying contained. If the dollar and yields cool off, metals should trade more “normally” again, but if they keep grinding higher, it will be hard for the space to find a clean bottom and price action will likely stay choppy.