

January 23, 2026 08:03 PM GMT

metal&ROCK | Europe

Gold: Bull Case in Play

Gold surpassed our \$4750/oz 2H forecast, but we don't think prices have peaked, with geopolitical risks, positive signals from central banks, and ETF buying. We highlight our bull case: \$5700/oz for 2H. Silver price momentum looks strong, with physical premiums in Shanghai highlighting tightness.

Key Takeaways

- Poland is now targeting an absolute tonnage of gold for its central bank holdings, rather than a share of reserves, suggesting less sensitivity to price.
- Precious metals ETF buying should remain supported by Fed cuts this year.
- Soaring physical silver prices in Shanghai suggest the squeeze may continue for now.

A central bank shift? A structural shift in central bank gold buying took place in 2022, and it is increasingly clear that **gold is the USD's biggest challenger** within reserves, growing in both value and volume terms. We have historically assumed that central banks mainly think of gold holdings as a percentage of reserves, implying less buying as prices rise. However, with Poland now targeting 700 tonnes of gold (from 550 currently), instead of its previous ambition of 30% of reserves, this may be changing. If this is reflective of other central banks' thinking, it could suggest price may become less important in purchase decisions, supporting continued elevated buying.

Geopolitics drives inflows: The geopolitical risk index has been rising since early December, supporting gold inflows (COMEX Gold net positioning is the highest since September) and driving prices higher. The World Gold Council estimates gold tends to rise 2.5% for every 100 point move in the GPR. **And ETFs still buying:** ETF buying was the highest outside of 2020 in 2025. If the Fed keeps cutting through 2026, we think this buying will continue, with recent inflows dominated by North America and Asia, absorbing physical metal.

Gold bull case in play: With the DXY falling, physical demand still good, and elevated geopolitical risk, the rally in gold is not over, in our view. We highlight our 2H26 bull case of \$5700/oz, implying a further 14% upside from current levels.

What about silver? Silver is trading at an all-time high of \$100/oz, with its precious metal characteristics in the driving seat. Strong ETF demand is absorbing limited inventories after several years of deficits. Shanghai silver prices (where more contracts are physically settled) are trading at a large premium to CME as physical tightness remains. While solar demand has likely peaked, which may bring weakness later in the year, other drivers are dominating for now.

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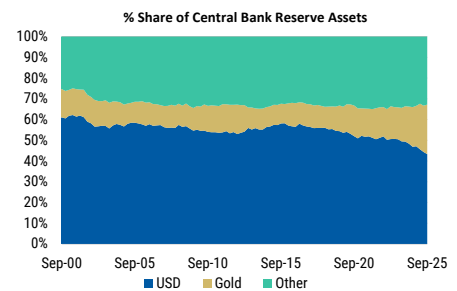
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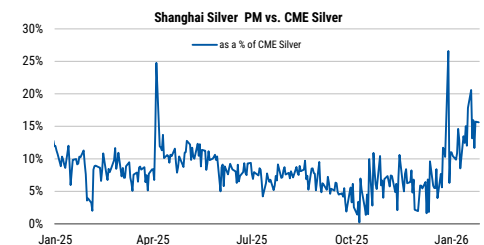
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Exhibit 2 : Gold is the USD's only challenger within central bank reserves



Source: IMF, Morgan Stanley Research

Exhibit 1 : Silver is trading at a large premium in Shanghai versus other benchmarks, suggesting physical tightness.



Source: Bloomberg, Morgan Stanley Research

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Gold

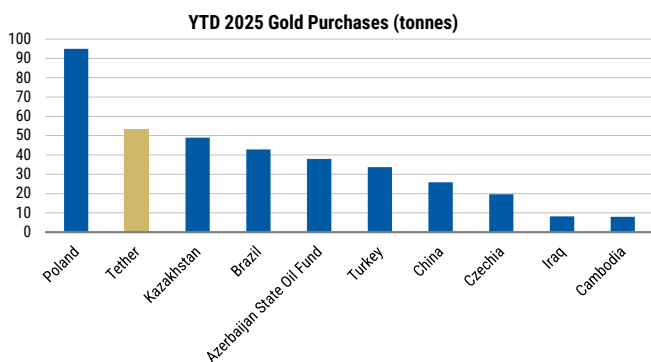
Another potential shift in central bank behaviour?

A structural shift in 2022: In our view, the start of the Russia-Ukraine conflict in 2022 drove a shift in central bank gold buying behaviour, with the annual purchase rate doubling to >1,000 tonnes/year versus the previous decade. Purchases have remained strong since then, albeit with some signs of slowdown in 2025 with higher prices.

Survey suggests that this will continue: The World Gold Council's annual central bank survey (from June 2025) suggests that central banks expect gold buying to continue. 43% of respondents expected their gold reserves to rise over the next 12 months, with no banks expecting a decline. We note Brazil also bought for the first time in four years in 2025, adding 43 tons over September to November, bringing it into the top five buyers for last year. Indonesia also resumed buying in late 2025, while Uzbekistan accelerated its purchase rate.

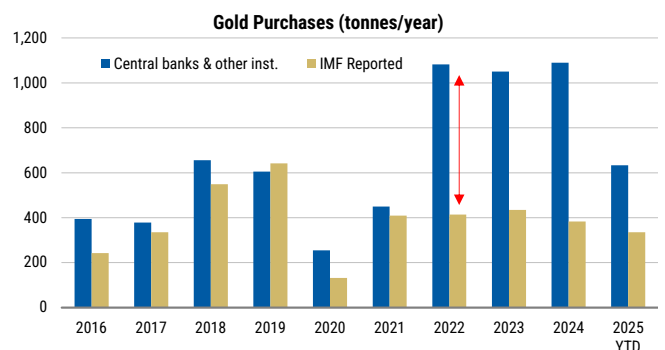
And recent targets from Poland suggest price may be less important: Historically, it has generally been assumed that central banks consider their target gold holdings as a proportion of total reserves. With gold prices rising, this would have resulted in a reduction in purchase requirements over time. For example, Poland's previous ambition, announced in August, of increasing the share of gold in its reserves from 21% to 30% would have been almost achieved by now at the current price. However, last week Poland's Central Bank [approved a plan](#) to increase holdings by 150 tons, which would take their total holdings to 700 tons. This shift to a target in absolute tonnage highlights Poland's intent to continue purchases despite a high price environment. If this shift to an absolute target is replicated across other central banks, this could lead to further growth in purchases in the years ahead, regardless of price.

Exhibit 3: Poland was the largest buyer in 2025



Source: World Gold Council, Tether, Morgan Stanley Research

Exhibit 4: The growing difference between total gold purchases and IMF country level reporting implies an increase in unreported buying



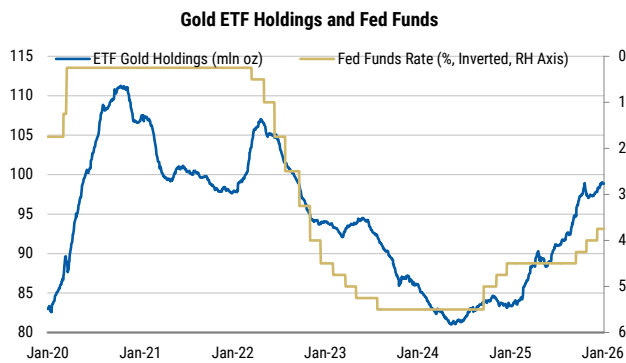
Source: World Gold Council

ETFs

Still buying: ETFs added 725t of gold in Jan to mid-Dec 2025, with this buying likely to continue as interest rates fall, although potentially at a slower pace with higher prices.

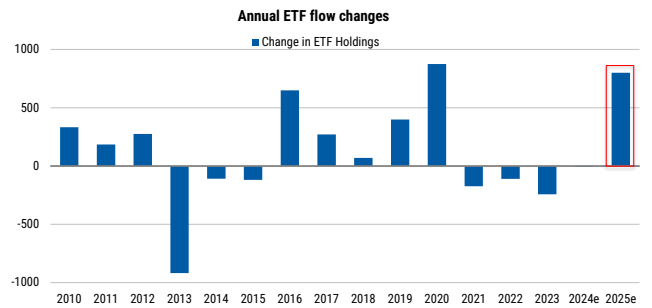
Rate cuts provide support later in the year: Our [US economists](#) now expect 25bp rate cuts from the Fed in June and September, as opposed to previous expectations for cuts in January and April. This follows improved economic momentum and a decline in unemployment rate in December, with cuts now expected when tariff pass through is complete and inflation is decelerating toward the 2.0% target.

Exhibit 5: ETF holdings have been rising with Fed cuts



Source: Bloomberg

Exhibit 6: 2025 marked a material shift in ETF behaviour with the strongest buying since 2020. We expect further strong buying in 2026.

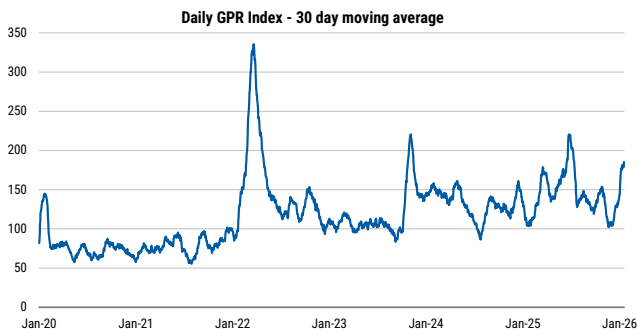


Source: World Gold Council

Geopolitical risk provides support

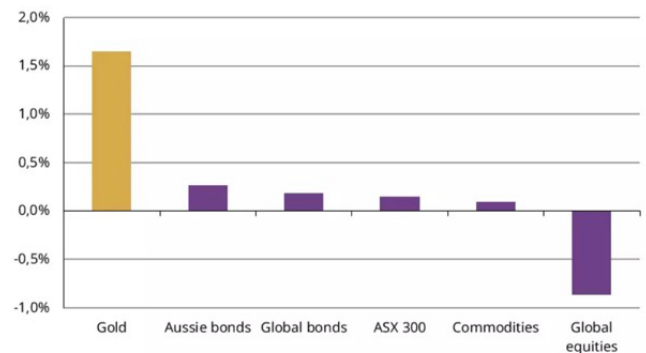
The current geopolitical climate has driven a 77% increase in the Matteo Iacoviello Geopolitical Risk Index (GPR) since early December. Historically, gold has significantly outperformed other asset classes during spikes in the GPR, with the World Gold Council attributing a 2.5% rise in the gold price for every 100 unit increase in GPR. Other assets show weaker gains, whilst equities show a negative correlation with the index. Net long COMEX gold positioning is now the highest since September, with short positions in particular at the lowest level since Jan 2025, suggesting rising participation.

Exhibit 7: The Geopolitical Risk Index has been rising since early December



Source: Matteo Iacoviello

Exhibit 8: Gold has historically outperformed other asset classes during a spike in GPR



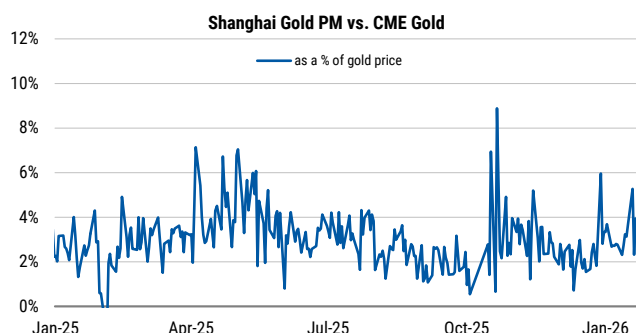
Source: World Gold Council

China/India demand more mixed

A mixed performance for gold in China: 2025 saw underlying demand drivers diverge in China with strong investment demand and weakening jewellery performance. Chinese ETF buying and futures trading volumes recorded their strongest years on record amid the gold price rally and increasing geopolitical risks. However, wholesale demand declined for the third consecutive year on weaker demand from the jewellery sector. December saw a slight MoM improvement in wholesale demand following an uplift in seasonal buying and as investors adapted to VAT reforms, introduced in November, which is encouraging, given further price increases during the month. Shanghai gold prices are trading at a premium to global benchmarks too.

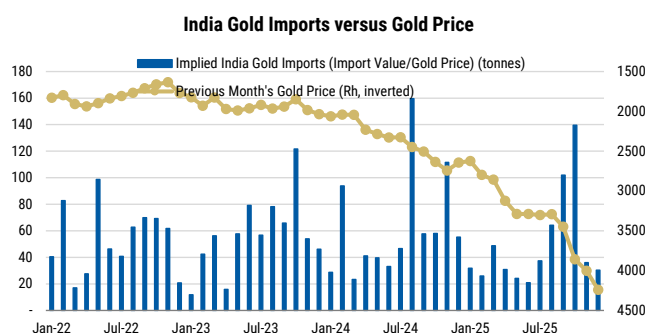
Higher value, lower volume in India: Restricted jewellery demand amid higher prices resulted in retailers relying predominantly on price led revenue growth as sales volumes fell in the final quarter of last year. This contributed to a widening of the domestic discount on gold prices from US\$11/oz at the start of November to US\$30/oz in mid-December. Indian imports also normalised over November and December from seasonal highs in prior months. However, import value increased 3% MoM to US\$4.1 billion, although still down 12% YoY. Similar to China, investment demand significantly outpaced wholesale consumption in 2025, with ETF gold holdings increasing to an annual record of 95 tons at the end of December.

Exhibit 9: Shanghai gold is holding a premium to London prices, suggesting still strong demand



Source: Bloomberg

Exhibit 10: India's gold imports plunged in November and December after near-record levels in October



Source: Bloomberg

Bull case in play

Gold has now surpassed our 2H price forecast of \$2750/oz, but we think the rally can continue and highlight our bull case of \$5700/oz. Scope for more interest rate cuts, continued demand for real assets, and structural trends supporting central bank buying all have the potential to drive prices higher. If the current momentum and geopolitical uncertainty continue and the USD weakens too, risks are more skewed to the upside than downside.

Silver

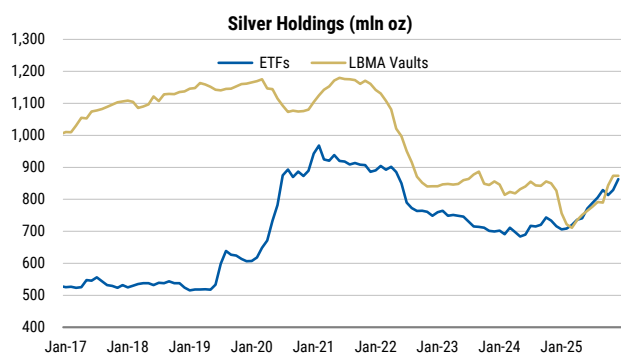
Robust despite negative catalysts

Silver holding strong: Silver has faced a number of challenges since mid December. For example, the [COMEX exchange](#) hiked margins on its 5,000oz contract (alongside other precious metals) in late December, driving a temporary pullback in prices. The annual BCOM index rebalance bought large, well publicised silver selling in the first two weeks of the year. With silver liquidity challenging, this could have been the driver for silver prices to pull back, but instead any pullbacks were swiftly bought. Silver also saw some weakness after the US against tariffs on critical minerals after its recent S232 investigation, even with uncertainty over whether it was even included. Despite all this, silver is trading at all-time highs.

Precious metals characteristics in focus

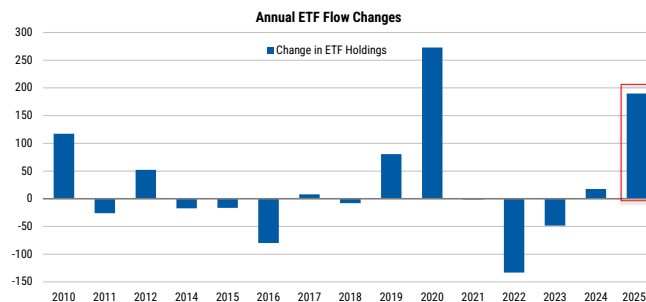
Silver is being driven more by its precious metal characteristics currently, but with support from industrial-driven deficits over the last few years. Large deficits since 2021 have eroded above-ground silver inventories, meaning when ETF inflows accelerated in 2025, reaching the highest outside of 2020 in 2025, they came up against limited inventory. [Exhibit 11](#) shows how any LBMA inventory increases have been matched by rising ETF holdings.

Exhibit 11: Silver ETF holdings are as large as available metal in LBMA Vaults, with a lot of metal having moved to the US



Source: LBMA, Bloomberg

Exhibit 12: Same chart as gold - so annual Silver ETF in/ outflows from silver model



Source: Bloomberg

No Section 232 tariffs: Metal likely to continue moving back to London: Silver was only added to the USGS critical minerals list in late 2025, meaning it may or may not have been included in the recent S232 investigation. Nonetheless, significant volumes of silver had moved to the US through 2025, driving LME tightness. With no tariffs on critical minerals for now, COMEX silver is trading in line with London prices. Metal has already been moving back to London (~100 mln oz of silver has come out of US warehouses, out of the 222 mln oz increase (at peak) seen in 2025), but this was absorbed by strong ETF buying during Q4.

We think this can continue for now, although if a minimum US import price were to be

introduced (as discussed in the [Fact Sheet](#)), COMEX silver could trade at a premium again. As such, we do not expect a full unwind of inventory.

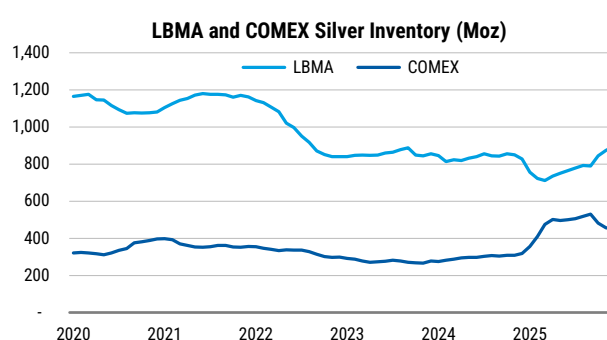
Very strong physical demand in China: Silver contracts on SGE are more linked to physical delivery, with investors placing increased emphasis on bullion ownership ([Seeking Alpha](#)). Amid strong physical demand in China and tight local supply, SGE silver is now trading at a ~15% premium to COMEX. This divergence between exchanges can be sustained as arbitrage opportunities are lowered by bullion import/export restrictions. Interestingly, ETF silver holdings have declined since the start of 2026 as investors take profits. However, this has not been reflected in prices, indicating that robust physical demand elsewhere in the market is quickly absorbing newly available metal.

Exhibit 13: Shanghai silver is trading at a large premium to other exchanges



Source: Bloomberg, Morgan Stanley Research

Exhibit 14: Metal moved from the LBMA to COMEX in 2025 but this has been reversing more recently



Source: LBMA, COMEX

Limited impact from China's export licenses so far: China released plans in late 2025 to extend its silver export license policy into 2026 and 2027, driving fears of reduced suppliers from the third largest producer. China exported a record 5100 tonnes or ~160 mln oz of silver in 2025. However, according to [Bloomberg](#) (22 Jan 2026), silver is mainly flowing as normal out of China for now, with most silver exports happening under existing arrangements, mainly through re-export structures that remove the need for VAT tax. However, we did see some slowdown in exports in November and December, albeit this may have been more related to seasonal demand.

Industrial demand softening

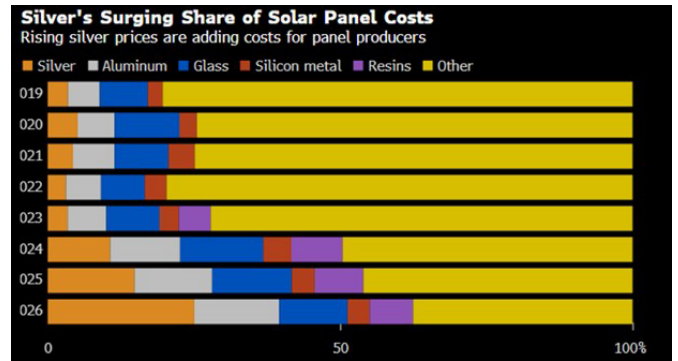
Solar demand from silver has likely peaked with big pressure for thrifting: The solar industry has been a key driver of silver demand in recent years, with a 250% increase between 2020 and 2025 as solar installations and the silver intensity of solar panels both increased. However, solar installations are expected to fall as power price reforms come through in China, while high prices are driving thrifting pressure. Silver is the most expensive component of a solar panel at ~30% of the total, vs 3% in 2023 (BNEF). Some progress is already being made, e.g. hybrid copper-silver use is already happening in some HJT cells ([pv-magazine](#)). However, some offset is coming from AI, where silver is used as solder, plating for copper busbars, relays and high-current contacts and for surfaces in switchgears.

Exhibit 15: China exported ~160 mln oz of silver in Jan-Dec 2025



Source: Bloomberg

Exhibit 16: Silver's share of solar panel costs has surged to ~30%

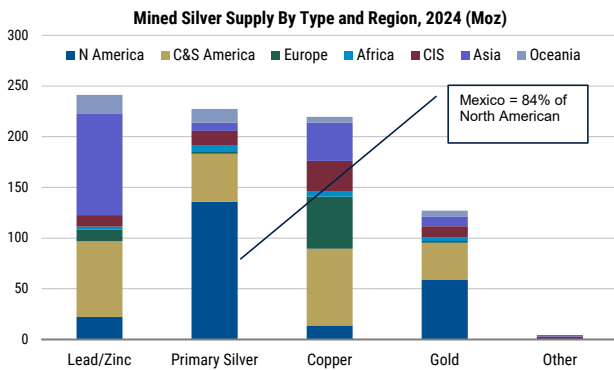


Source: BNEF

Supply response is not easy

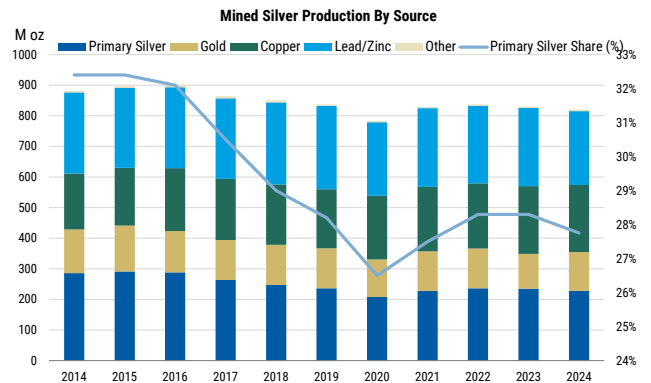
Almost three-quarters of global mined supply of silver comes as a by-product of other metal extraction, namely lead/zinc (29%), copper (27%) and gold (15.5%) mining. This means mine supply is less likely to react to silver price signals alone. Global mined output has in fact shown a flat to declining trend over the last decade (-0.7% CAGR), led by declines in Australia, Peru, and North America. Of the contributions to mine supply, only that from copper has seen growth over the last 10 years (+1.5% CAGR 2015-2024).

Exhibit 17: Mexico is the largest primary silver producer



Source: The Silver Survey

Exhibit 18: Over 70% of global silver production is by-product



Source: The Silver Survey

MS Outlook: Coming up with the "right" price for silver has become increasingly difficult, with the gold/silver ratio at the lowest level since 2011. We think 2025 marked the peak deficit from an industrial demand perspective, but with support for both precious metals and industrial metals strong (and silver sitting in between the two), the range of outcomes remains wide. Investment demand is likely to remain in the driving seat, with the possibility of physical squeezes with low inventories keeping volatility elevated. We see upside risks to our 2026 price forecasts, especially if the macro backdrop remains supportive. So far, any pullbacks are proving to be short-lived.

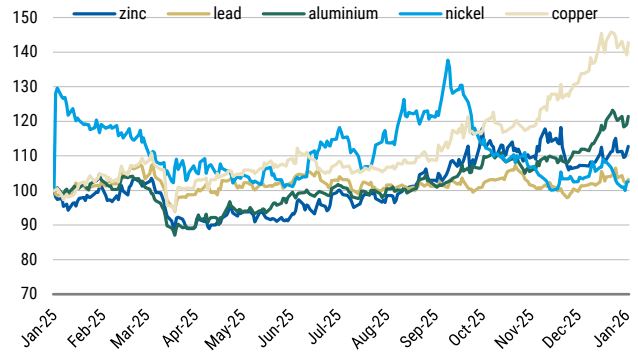
Week in Review

Base Metals: Base metals rose across the board last week, with the exception of lead. Nickel continued to rise on fears of Indonesian supply disruptions, outperforming the other base metals for the second consecutive week. LME and COMEX copper rose 2.5% and 1.6% respectively, despite midweek volatility. Aluminium posted marginal gains of 0.6%, with tightness looming ahead of the Mozal smelter shutdown in March.

Precious Metals: Precious metals were up across the board, recovering from losses in the week prior. Strong investment demand for gold and silver continues to provide price support, whilst a weaker DXY added further upward pressure. Platinum saw the strongest gain, rising 16.8% with palladium up 11.8%.

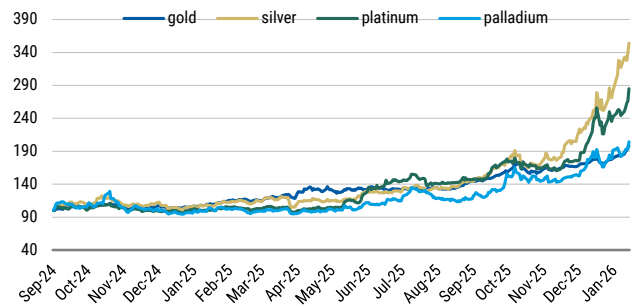
Bulks: Iron ore declined 1.4% WoW as Chinese port inventories rose to the highest level since 2022. Platts met coal was unchanged despite shipment disruptions. Thermal coal gained 1.1%, with natural gas also rallying as the US braces for a period of extreme cold weather.

Exhibit 19: Base metals price indices (12-month rolling)



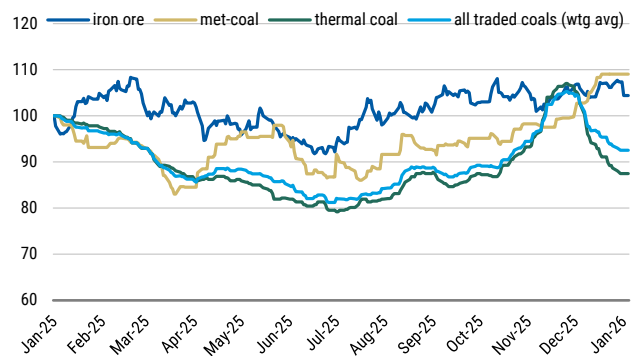
Source: Bloomberg, Morgan Stanley Research

Exhibit 20: Precious metals indices (12-month rolling)



Source: Bloomberg, Morgan Stanley Research

Exhibit 21: Bulk commodity price indices (12-month rolling)



Source: Platts, Bloomberg, Morgan Stanley Research

Morgan Stanley Price Forecasts

Exhibit 22: Summary of Morgan Stanley's commodity price forecasts (set on 15 December 2025)

commodity group	unit	4Q 25e	1Q 26a	2Q 26e	3Q 26e	4Q 26e	1Q 27e	2Q 27e	3Q 27e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	LT real	LT nom.
Base Metals																		
LME Aluminium	US\$/lb	1.27	1.41	1.47	1.36	1.36	1.32	1.32	1.32	1.19	1.40	1.32	1.32	1.32	1.32	1.32	1.13	1.30
	US\$/t	2,800	3,100	3,250	3,000	3,000	2,900	2,900	2,900	2,622	3,088	2,900	2,900	2,900	2,900	2,900	2,500	2,871
LME Copper	US\$/lb	4.94	5.22	5.53	5.40	5.22	4.90	4.85	4.76	4.49	5.34	4.82	4.57	4.67	4.76	4.76	4.40	5.05
	US\$/t	10,900	11,500	12,200	11,900	11,500	10,800	10,700	10,500	9,890	11,775	10,625	10,075	10,300	10,500	10,500	9,700	11,141
COMEX Copper	US\$/lb	5.14	5.48	5.87	5.67	5.40	5.07	5.02	4.93	4.84	5.60	4.99	4.73	4.81	4.91	4.86	4.49	5.15
	US\$/t	11,336	12,075	12,932	12,495	11,903	11,178	11,075	10,868	10,660	12,351	10,997	10,428	10,609	10,815	10,710	9,894	11,364
LME Nickel	US\$/lb	6.76	6.80	7.03	7.03	7.03	7.26	7.26	7.26	6.88	6.97	7.26	7.48	7.71	8.16	8.16	7.44	8.54
	US\$/t	14,900	15,000	15,500	15,500	15,500	16,000	16,000	16,000	15,167	15,375	16,000	16,500	17,000	18,000	18,000	16,400	18,836
LME Zinc	US\$/lb	1.45	1.36	1.32	1.32	1.32	1.32	1.32	1.32	1.30	1.33	1.32	1.32	1.32	1.36	1.36	1.27	1.46
	US\$/t	3,200	3,000	2,900	2,900	2,900	2,900	2,900	2,900	2,876	2,925	2,900	2,900	2,900	3,000	3,000	2,801	3,217
LME Lead	US\$/lb	0.90	0.91	0.91	0.91	0.93	0.95	0.95	0.95	0.89	0.91	0.95	1.00	1.01	1.13	1.13	1.02	1.17
	US\$/t	1,980	2,000	2,000	2,000	2,050	2,100	2,100	2,100	1,965	2,013	2,100	2,200	2,238	2,500	2,500	2,250	2,584
Precious Metals																		
Gold	US\$/oz	4,070	4,400	4,500	4,700	4,800	4,700	4,000	3,800	3,416	4,600	4,075	3,650	3,500	3,000	2,836	2,500	2,871
Silver	US\$/oz	52.0	56.4	57.7	58.8	58.5	56.6	48.2	47.5	39.3	57.8	50.0	45.6	43.8	37.5	35.5	31.3	35.9
Platinum	US\$/oz	1,600	1,700	1,750	1,800	1,850	1,800	1,800	1,750	1,261	1,775	1,775	1,710	1,740	1,770	1,764	1,600	1,838
Palladium	US\$/oz	1,430	1,400	1,350	1,300	1,250	1,200	1,150	1,100	1,145	1,325	1,125	1,000	1,000	1,100	1,358	1,225	1,407
Bitliks																		
Iron Ore (fines 61% Fe, cfr N.China)	US\$/t	106	103	100	95	100	95	95	95	102	100	95	96	100	100	102	90	103
Hard Coking Coal (spot, fob Aus)	US\$/t	194	205	210	210	220	220	200	200	187	211	213	214	215	215	217	191	219
Thermal coal (spot, fob Newc)	US\$/t	108	116	114	116	119	120	120	120	107	116	120	125	130	135	136	120	138
Other																		
Manganese ore (44%)	US\$/mtu	4.6	4.8	4.8	5.0	5.0	5.3	5.4	5.5	4.6	4.9	5.4	5.6	5.7	5.8	5.9	5.2	6.0
Alumina (spot, fob Aus)	US\$/t	320	315	320	350	350	350	350	350	387	334	350	350	350	380	400	380	436
Lithium carbonate (spot China, ex-VAT)	US\$/t	10,500	12,500	13,500	15,000	15,000	15,000	15,000	15,000	9,150	14,000	15,000	15,000	14,000	15,000	16,000	14,800	16,998
Cobalt	US\$/lb	22.5	25.0	25.0	25.0	25.0	25.0	25.0	25.0	17.3	25.0	25.0	17.5	15.0	15.0	15.9	14.0	16.1
Uranium - spot	US\$/lb	80.0	85.0	87.0	90.0	90.0	85.0	80.0	75.0	73.8	88.0	78.8	70.0	66.5	67.8	69.2	61.0	70.1
Exchange Rates																		
1 AUD = USD		0.66	0.69	0.70	0.68	0.67	0.67	0.68	0.68	0.65	0.69	0.68	0.68	0.68	0.67	0.67	0.71	0.70
1 USD = BRL		5.37	5.43	5.48	5.55	5.61	5.64	5.66	5.69	5.58	5.52	5.67	5.77	5.87	5.98	6.08	5.65	6.70
1 USD = CAD		1.40	1.40	1.39	1.38	1.39	1.39	1.39	1.39	1.40	1.39	1.39	1.28	1.28	1.28	1.28	1.29	1.28
1 USD = ZAR		17.25	17.35	17.50	17.87	18.08	18.29	18.54	18.80	17.91	17.70	18.67	19.70	20.73	21.76	22.79	18.00	23.43
1 EUR = USD		1.16	1.17	1.17	1.17	1.18	1.18	1.18	1.18	1.13	1.17	1.18	1.19	1.20	1.21	1.22	1.27	1.23
1 USD = CNY		7.10	7.05	7.00	7.03	7.05	7.03	7.00	6.98	7.19	7.03	6.99	7.15	7.12	7.01	6.89	7.90	6.92

Source: LME, Bloomberg, Platts, Morgan Stanley Research estimates(e). Note: Exchange rate forecasts are the assumptions that are compiled and used by Global Resources Equity Team: all prices are nominal, unless otherwise indicated.

Commodity Thermometer

Exhibit 23: Metals & Mining Commodity Thermometer

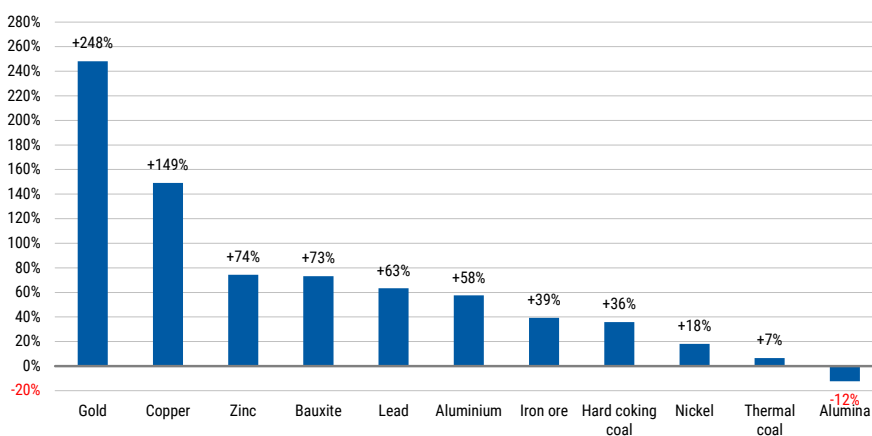
Commodity	Bearish	Neutral	Bullish	Thesis
Uranium				Contracting activity is rising strongly, with more to come in 2026, we think. Spot buying has also been supported, while production continues to disappoint, bringing upside to prices, especially if the US talks more about stockpiling.
Lithium carbonate				An acceleration in ESS battery output marks a meaningful uplift for lithium demand, bringing the market into a small deficit in 2026, versus previous expectations of a surplus.
Aluminium				Aluminium can rise further, catching up to copper, as China's capacity cap, slower Indonesian growth and challenges restarting capacity in Europe and the US mean it is well supported at current levels, with room to rise modestly further.
COMEX Copper				Copper markets are tightening with supply disruptions accelerating, while macro factors are also supportive. COMEX copper should outperform LME if the US announces tariffs for 2027.
Gold				Gold should rise but at a slower pace in 2026, as central bank and ETF buying slows down. Fed rate cuts are supportive, while any further DXY weakness would also be a tailwind.
LME Copper				LME inventories continue to draw, as constrained supply and strong US imports tighten the ex-US market. China demand remains a concern, but ESS and data centres are supportive.
Nickel				Nickel is likely to remain rangebound, with elevated inventories but the threat of supply disruptions from Indonesia brings upside risks after the recent sell-off.
Platinum				The market is in a structural deficit, and lease rates remain tight. However, there may be some demand impact from Chinese tax changes, while some metal has been released from ETFs at higher prices.
Cobalt				The impact of the DRC export ban is starting to be felt and new export quotas will likely leave the market in large deficits in the years ahead. However, inventories will likely build onshore.
Thermal coal				We see prices grinding slowly higher on supply disruptions and firmer Chinese import demand.
Lead				Lead is likely to lag in any macro-driven rallies.
Hard Coking Coal				Met coal has already been rallying on support from anti-involution policies in China, supporting imports. India may also see stronger demand in 2026.
Alumina				Alumina has weakened significantly and is approaching cost support, which will likely limit supply growth and allow prices to rebound modestly.
Manganese Ore				The market is in balance with GEMCO producing again. We expect prices to remain at marginal cost until South African and Ghanaian supply adjusts.
Silver				Silver should be supported by a weaker USD and ETF buying, but recent outperformance means we see it lagging gold from here, especially as solar slows, making 2025 the peak deficit.
Iron Ore				Blast furnace output has remained resilient in China, boosting iron ore demand, while we see the seaborne market able to absorb volumes from Simandou, limiting downside. Any China steel export restrictions would be a downside risk.
Palladium				We see a widening discount to platinum with weakening fundamentals ahead. Macro factors have lifted prices recently.
Zinc				Very tight LME inventories have supported prices but these are starting to rise as China exports zinc, while mine supply growth is coming through strongly.

Source: Morgan Stanley Research. Note: Order of preference based on 1Q25 forecasts vs last two weeks' average prices ending 6 October 2025 .

Recent Reports

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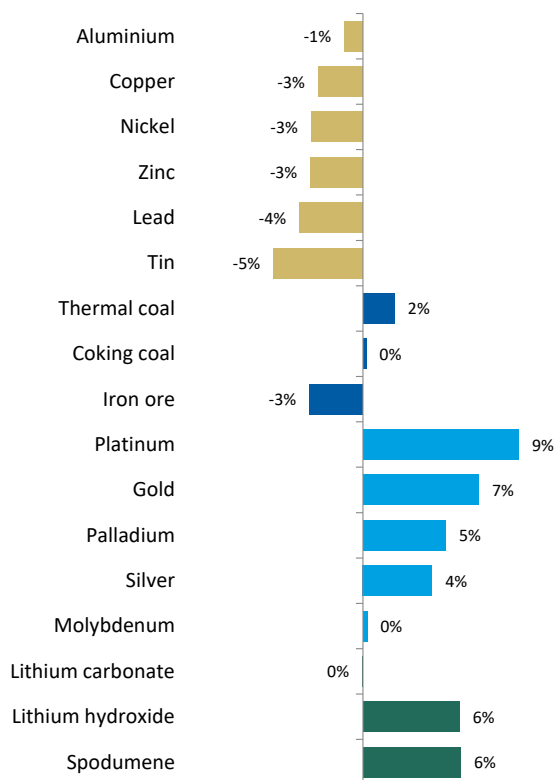
Exhibit 24: Spot commodity prices vs. the marginal cost of production



Source: Wood Mackenzie, Bloomberg, Morgan Stanley Research. Note: Marginal cost (year 2024); dataset Q1 2025; C1 cash costs.

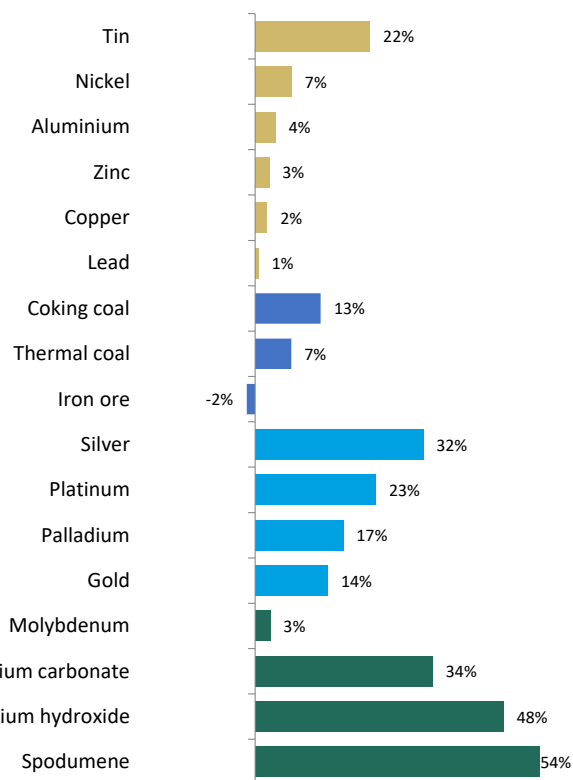
Commodity Price Snapshot

Exhibit 25: Key metals: one-week absolute performance



Source: Bloomberg, Morgan Stanley Research

Exhibit 26: Key metals: YTD absolute performance



Source: Bloomberg, Morgan Stanley Research

Exhibit 27:
Base Metals: Price Snapshot

Base Metals	22-Jan-26	15-Jan-26	WoW Change (%)
Copper	12,756	13,106	-2.7%
Aluminium	3,133	3,168	-1.1%
Nickel	17,996	18,569	-3.1%
Zinc	3,211	3,315	-3.1%
Lead	2,020	2,100	-3.8%
Tin	51,300	54,200	-5.4%

Source: Bloomberg, Morgan Stanley Research; WoW = Week on week

Exhibit 28: Precious Metals: Price Snapshot

Precious	22-Jan-26	15-Jan-26	WoW Change (%)	02-Jan-26	YtD (%)
Gold	4,936	4,616	6.9%	4332.29	13.9%
Silver	96	92	4.1%	72.8181	32.2%
Platinum	2,638	2,413	9.3%	2142.88	23.1%
Palladium	1,913	1,822	5.0%	1636.36	16.9%

Source: Bloomberg, Morgan Stanley Research; WoW = Week on week

Exhibit 29: Bulks: price snapshot

Bulks	22-Jan-26	15-Jan-26	WoW Change (%)
Iron ore	104	107	-3.2%
Thermal coal	113	111	1.9%
Coking coal	247	246	0.2%

Source: Bloomberg, Morgan Stanley Research; WoW = Week on week

Exhibit 30: Other Metals: price snapshot

Other metals	22-Jan-26	15-Jan-26	WoW Change (%)
Molybdenum	23	23	0.3%
Lithium carbonate	19,667	19,674	0
Lithium hydroxide	18,912	17,880	0
China Spodumene 6% min CIF	2,245	2,121	6%

Source: Bloomberg, Morgan Stanley Research; WoW = Week on week

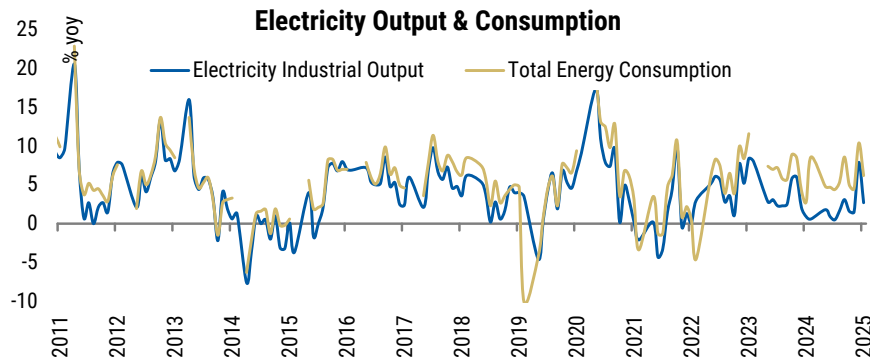
Exhibit 31: Exchange rate snapshot of major metal producing countries

Currency	22-Jan-26	15-Jan-26	WoW Change (%)
1 AUD = USD (Australian \$)	0.7	0.7	2%
1 EUR = USD (Euro)	1.2	1.2	1%
1 USD = BRL (Brazilian Real)	5.3	5.4	-2%
1 USD = CAD (Canadian \$)	1.4	1.4	-1%
1 USD = CLP (Chilean Peso)	869.7	883.0	-2%
1 USD = CNY (Chinese Renmimbi)	7.0	7.0	0.0
1 USD = KZT (Kazakh Tenge)	506.5	511.0	-1%
1 USD = MXN (Mexican Peso)	17.5	17.7	-1%
1 USD = NOK (Norwegian Krone)	9.9	10.1	-3%
1 USD = PEN (Peruvian New Sol)	3.4	3.4	0%
1 USD = SEK (Swedish Krona)	9.0	9.2	-2%
1 USD = ZAR (S. African Rand)	16.1	16.3	-1%
1 USD = ZMW (Zambian Kwacha)	20.3	20.0	2%

Source: Bloomberg, Morgan Stanley Research; WoW = Week on week

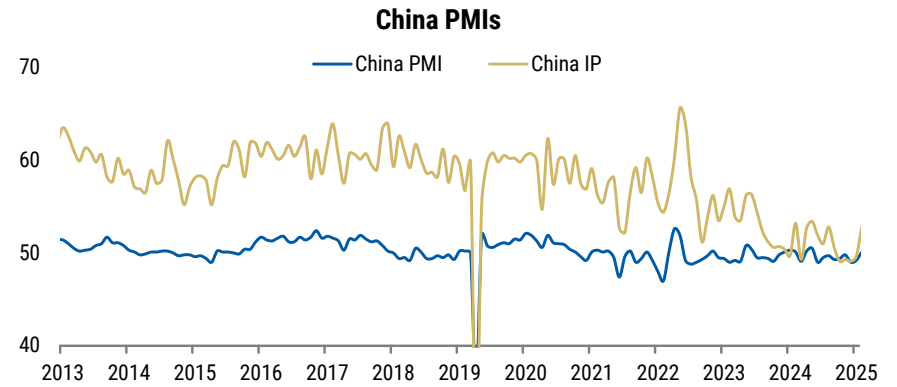
China's Macro Indicators

Exhibit 32: China's Electricity Output & Consumption



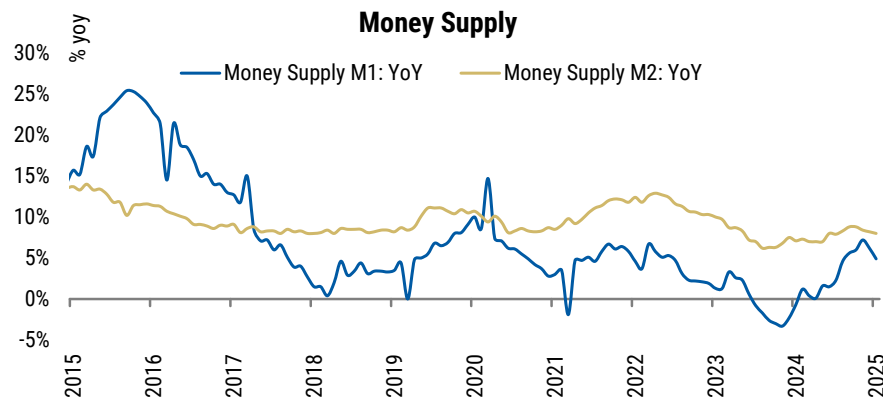
Source: CEIC, Morgan Stanley Research

Exhibit 33: China's Purchasing Managers Index and Industrial Production (IP)



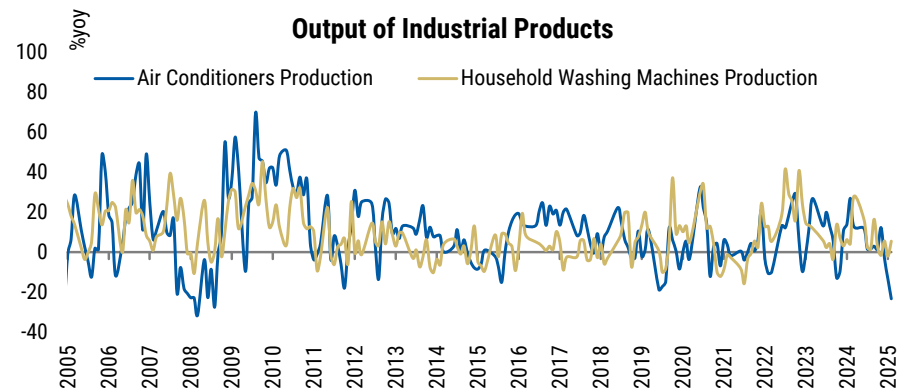
Source: CEIC, Morgan Stanley Research

Exhibit 34: China's Money Supply



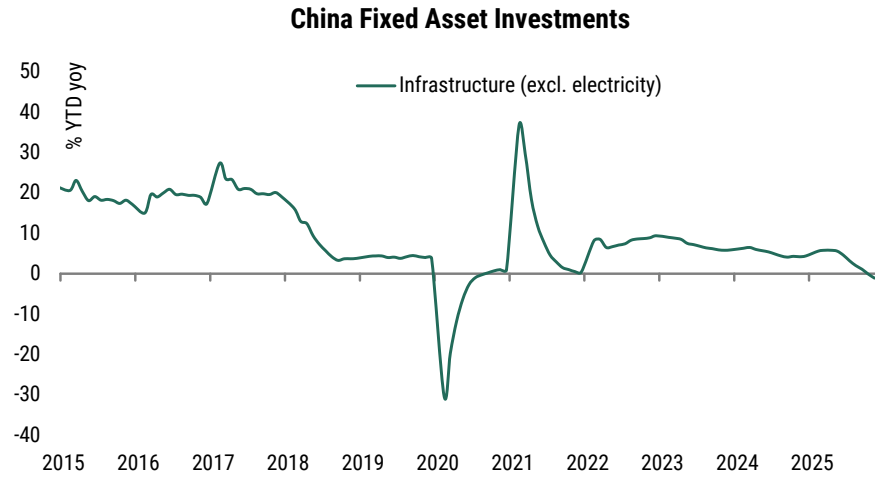
Source: CEIC, Morgan Stanley Research

Exhibit 35: China's Output of Industrial Products



Source: CEIC, Morgan Stanley Research

Exhibit 36: China's Infrastructure Fixed Asset Investments (FAI)



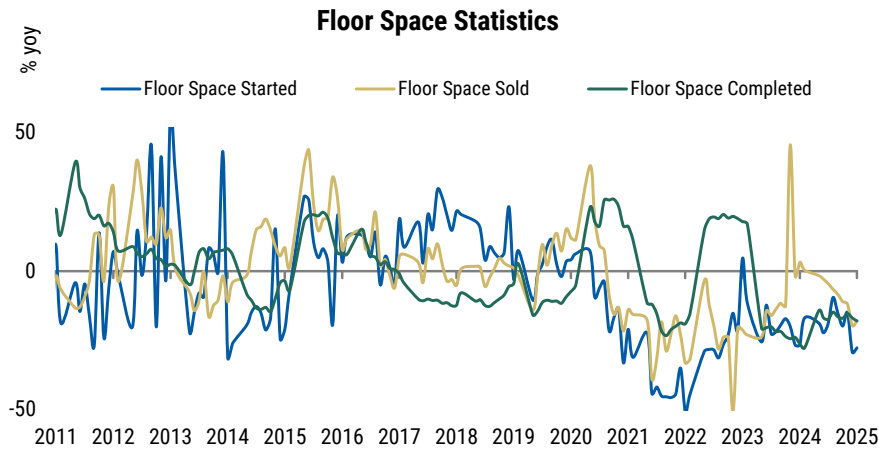
Source: CEIC, Morgan Stanley Research

Exhibit 37: China's Fixed Asset Investments



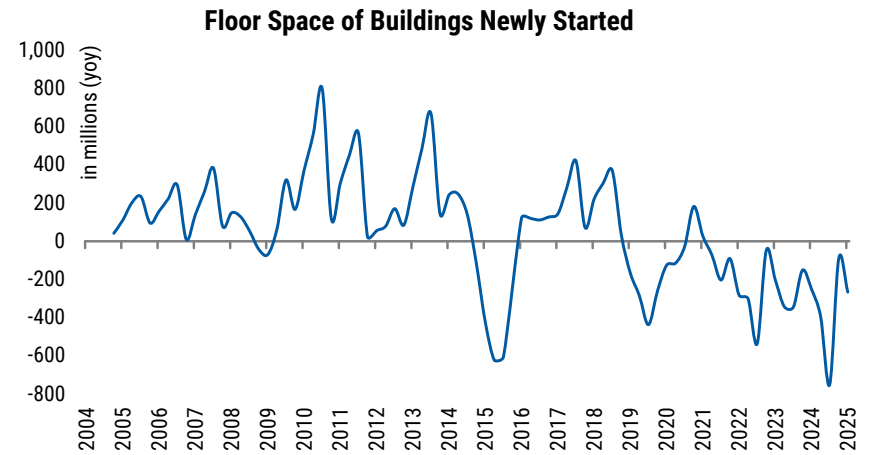
Source: CEIC, Morgan Stanley Research

Exhibit 38: China's Floor Space Started, Sold and Completed



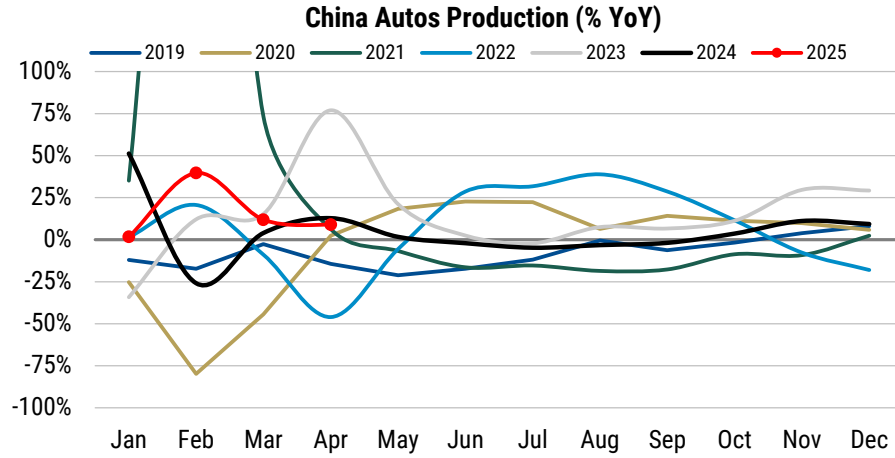
Source: CEIC, Morgan Stanley Research

Exhibit 39: Floor Space of Buildings Newly Started



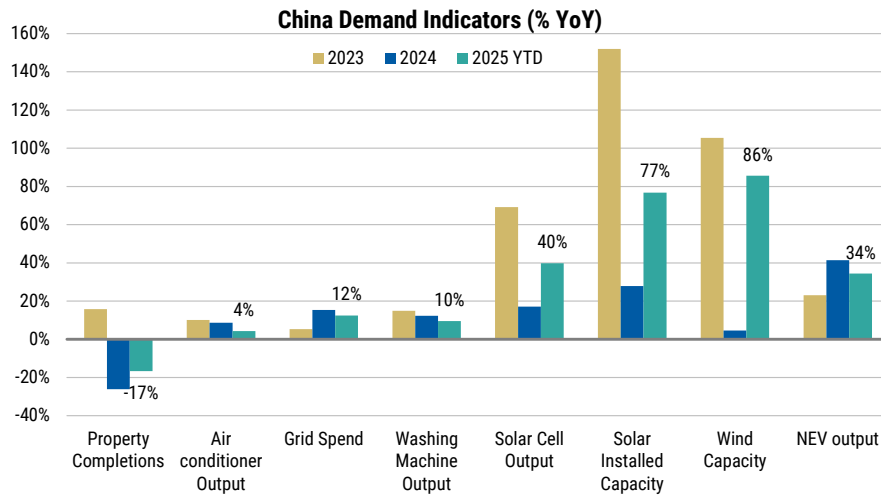
Source: CEIC, Morgan Stanley Research

Exhibit 40: China Autos Production



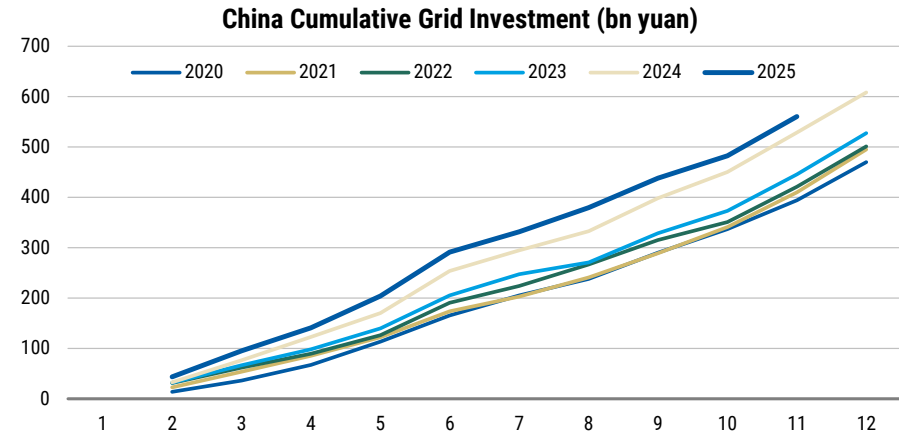
Source: CEIC, CAAM

Exhibit 42: China Demand Indicators



Source: Bloomberg, CEIC

Exhibit 41: China Cumulative Grid Investment



Source: Bloomberg

Exhibit 43: China Excavator Sales



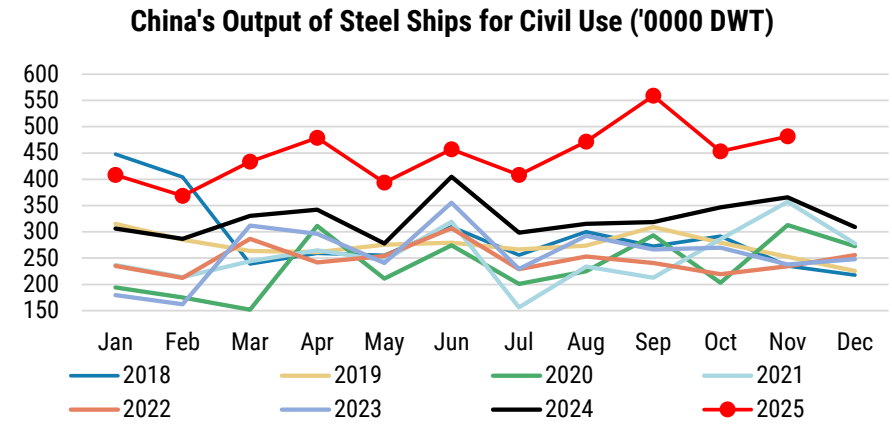
Source: CEIC

Exhibit 44: China Railway FAI YTD



Source: CEIC

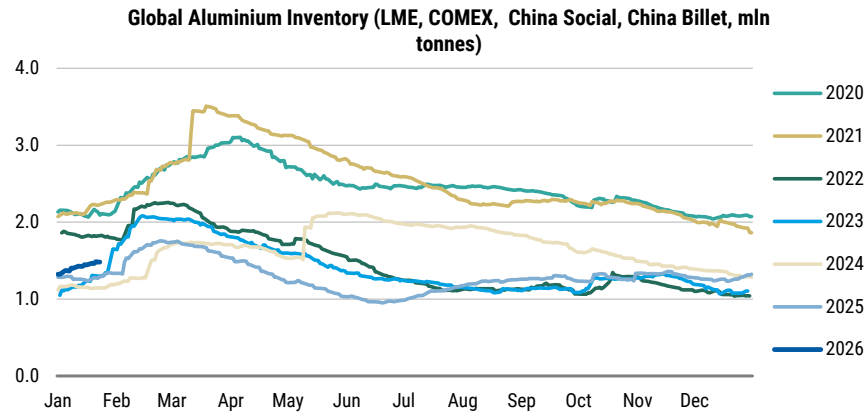
Exhibit 45: China Shipbuilding Output



Source: NBS

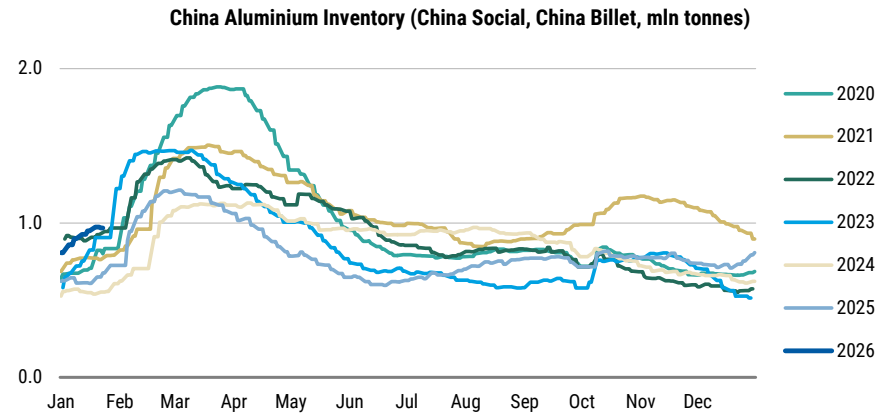
Aluminium

Exhibit 46: Global Aluminium Inventories



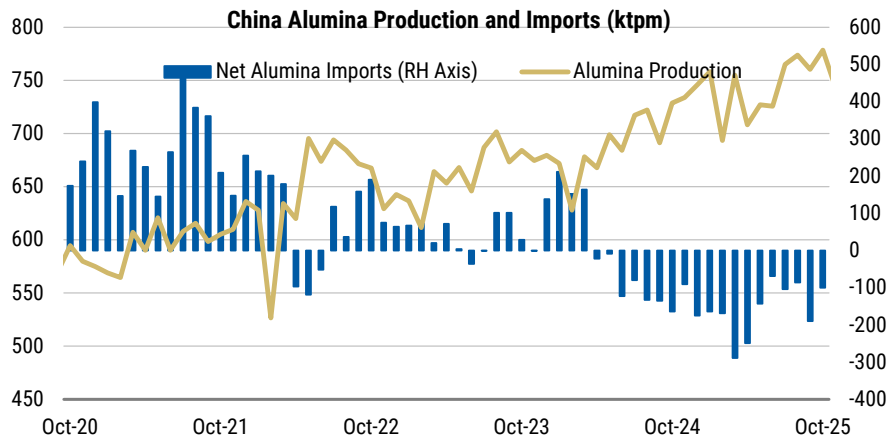
Source: Bloomberg

Exhibit 47: China Aluminium Inventories



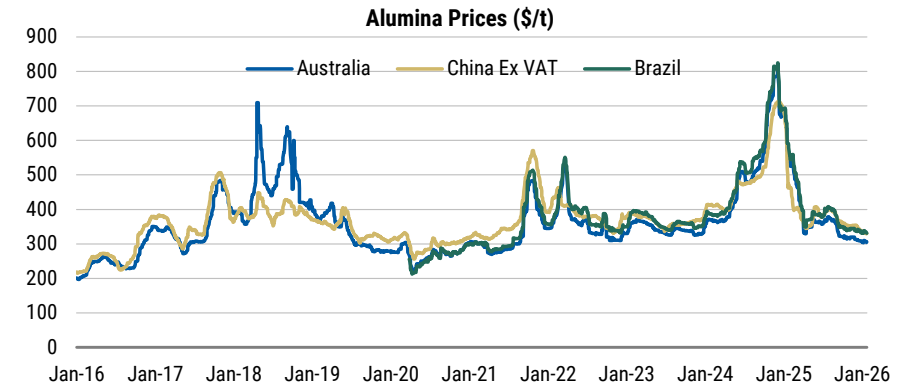
Source: Bloomberg

Exhibit 48: China Alumina Production vs Imports



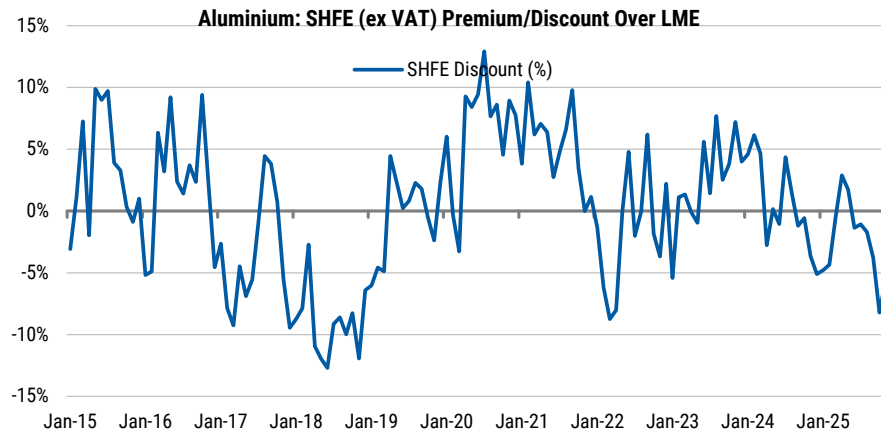
Source: Bloomberg, Antaika

Exhibit 49: Raw Materials: Spot Alumina vs China Domestic Price



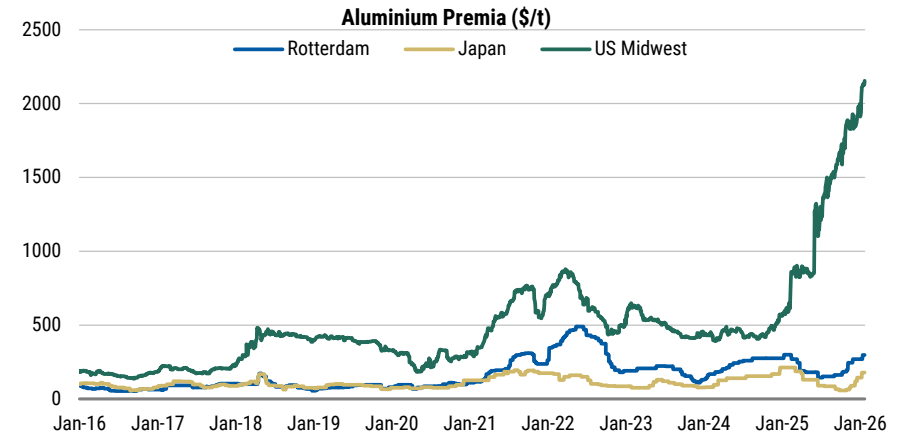
Source: Platts, Bloomberg

Exhibit 50: Price Differentials: SHFE vs LME



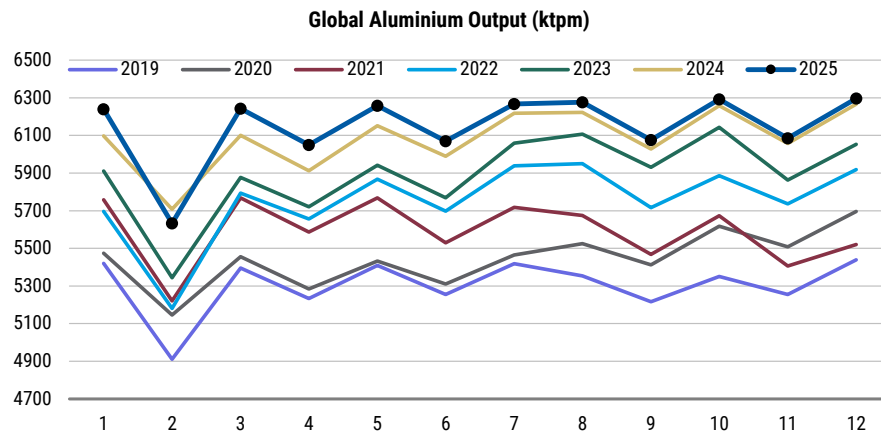
Source: Bloomberg

Exhibit 51: Physical demand: aluminium premia, by region



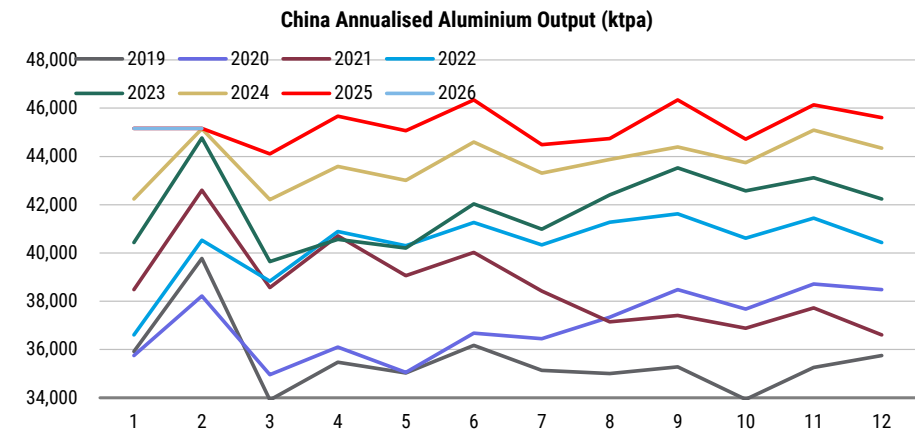
Source: Platts, Bloomberg

Exhibit 52: IAI Global Aluminium Production



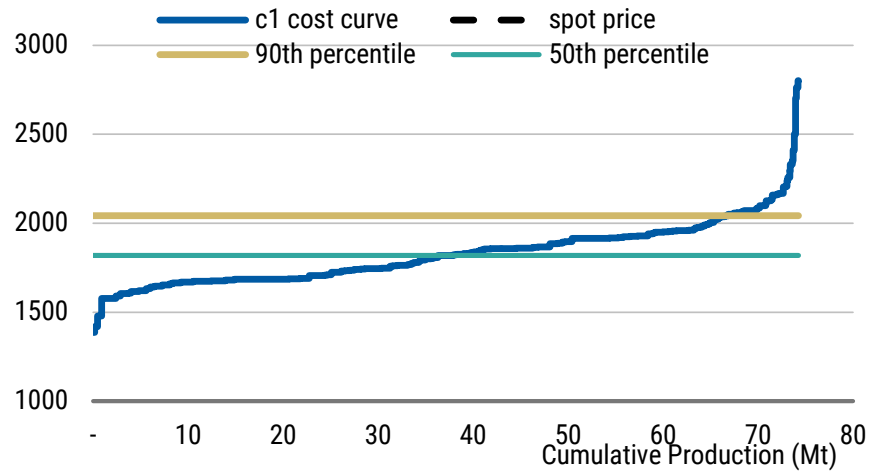
Source: IAI

Exhibit 53: China Aluminium Production



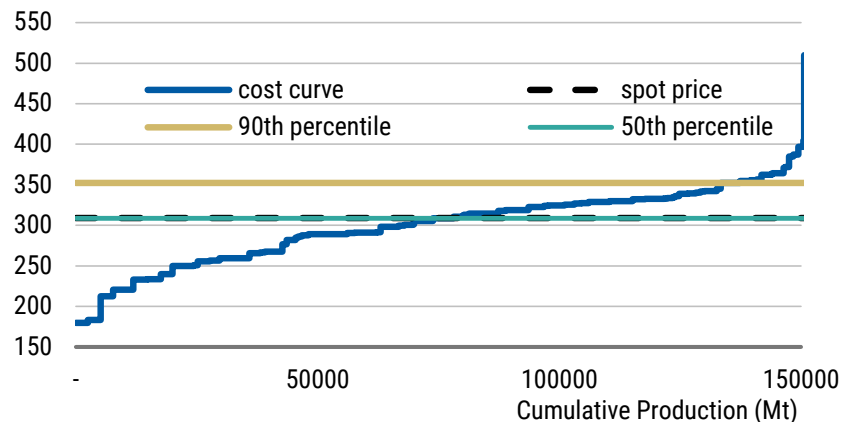
Source: Bloomberg

Exhibit 54: Aluminium C1 Cost Curve vs Spot (\$/t)



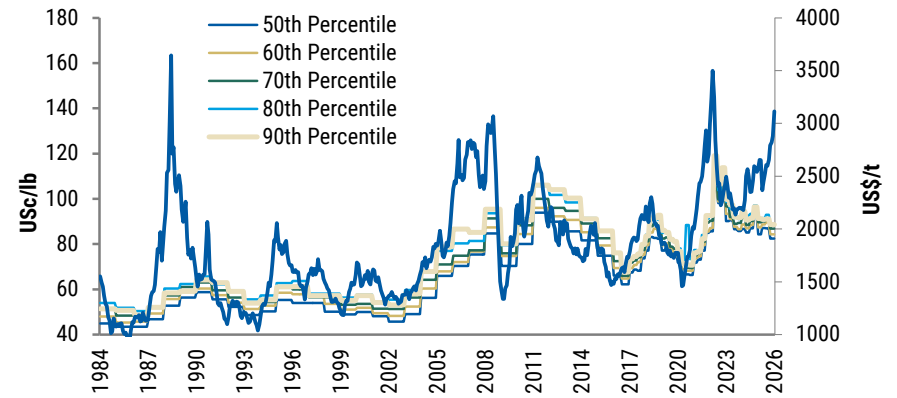
Source: Wood Mackenzie

Exhibit 56: Alumina Total Cost Curve vs Spot (\$/t)



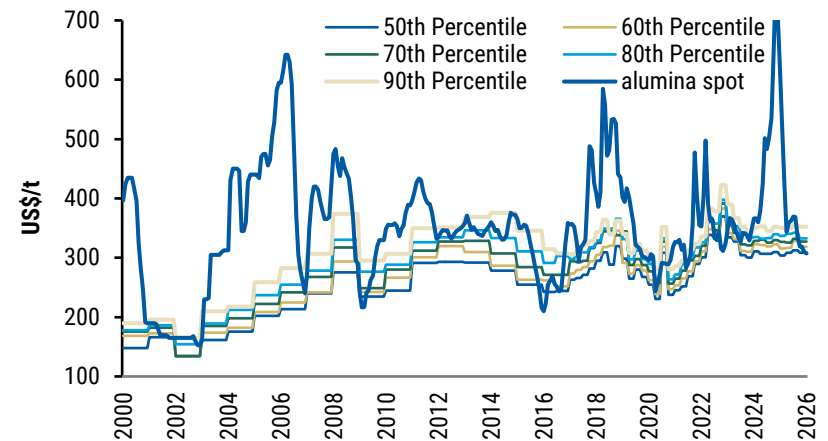
Source: Wood Mackenzie

Exhibit 55: Aluminium Cost Curve Evolution



Source: Wood Mackenzie

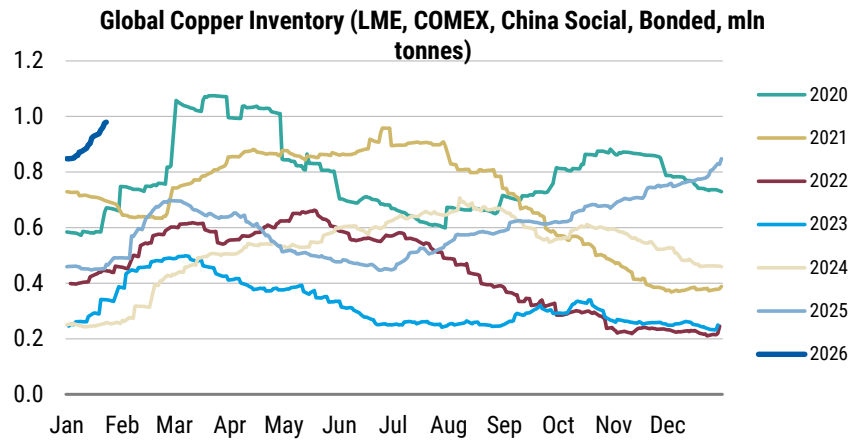
Exhibit 57: Alumina Cost Curve Evolution



Source: Wood Mackenzie

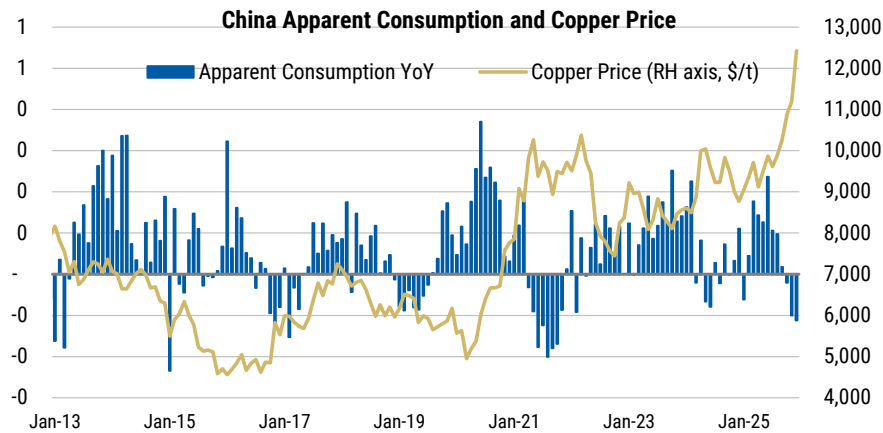
Copper

Exhibit 58: Global Copper Inventories



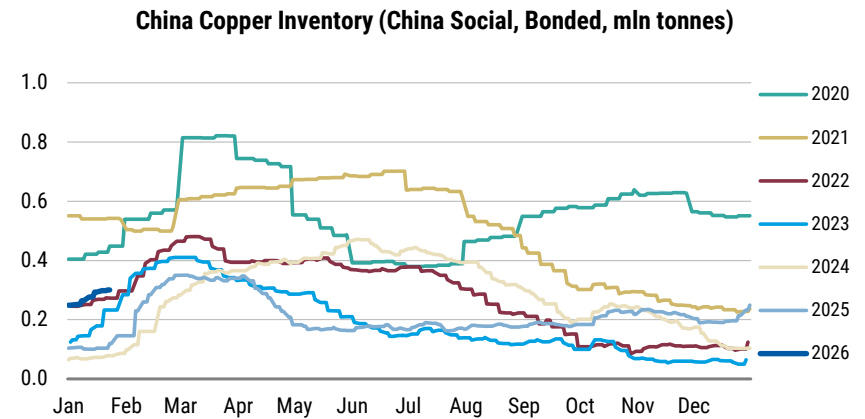
Source: Bloomberg

Exhibit 60: Copper Price versus China Apparent Consumption



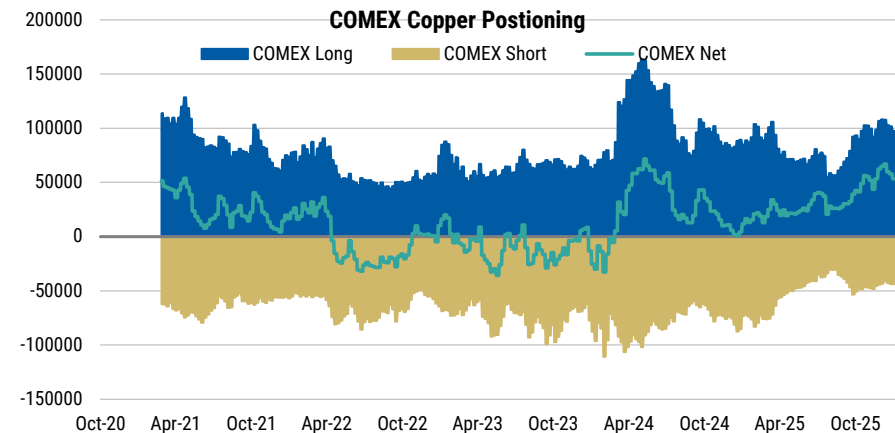
Source: Bloomberg, Morgan Stanley Research

Exhibit 59: China Copper Inventories



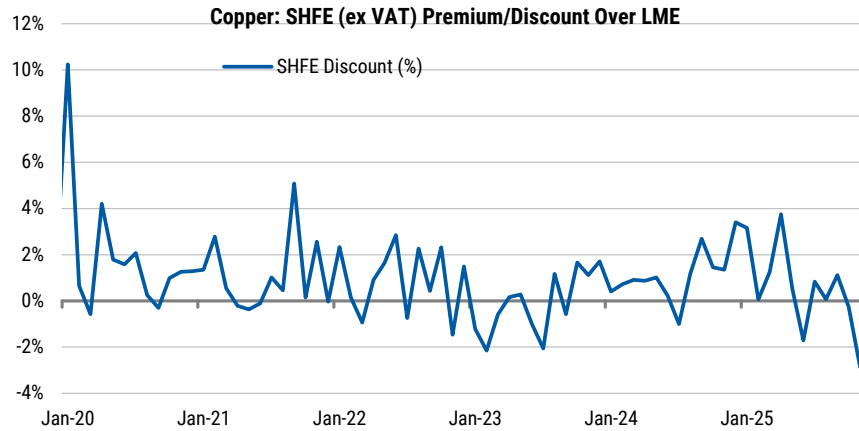
Source: Bloomberg

Exhibit 61: Copper CFTC Positioning



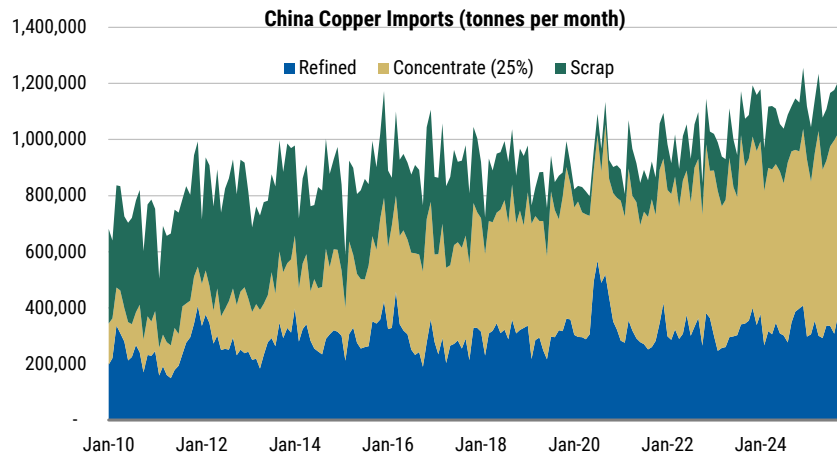
Source: COMEX

Exhibit 62: Price Differentials: SHFE vs LME



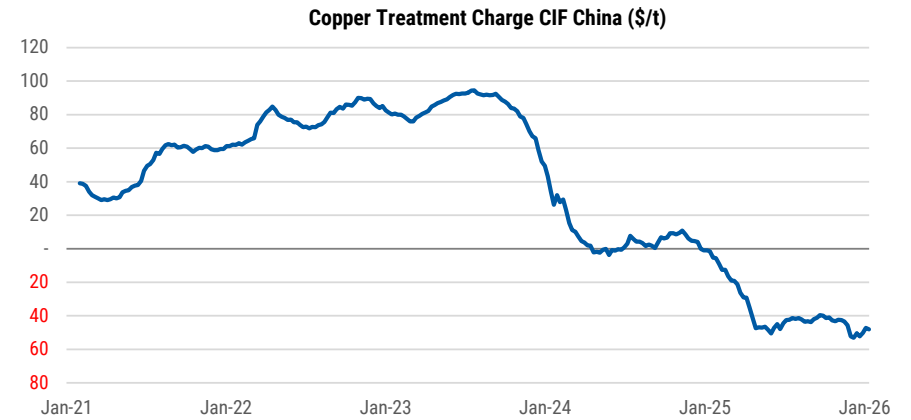
Source: Bloomberg

Exhibit 64: Raw materials: China's copper concentrate, refined and scrap monthly import



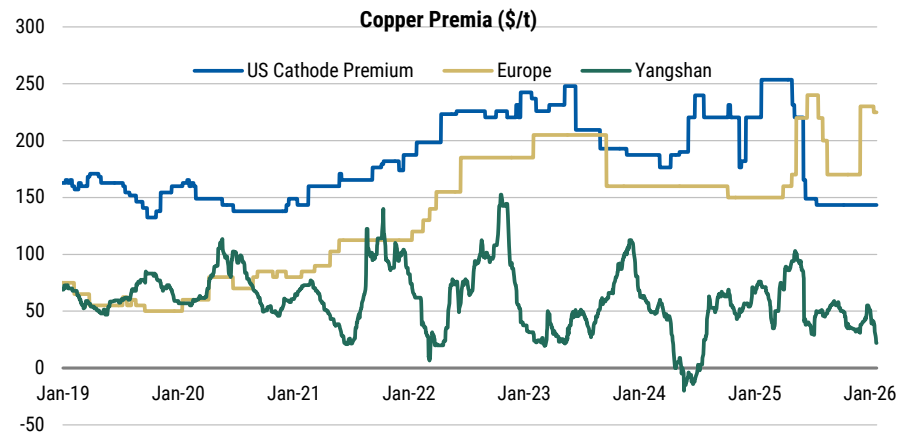
Source: China Customs, Morgan Stanley Research

Exhibit 63: Copper treatment charges (TCs)



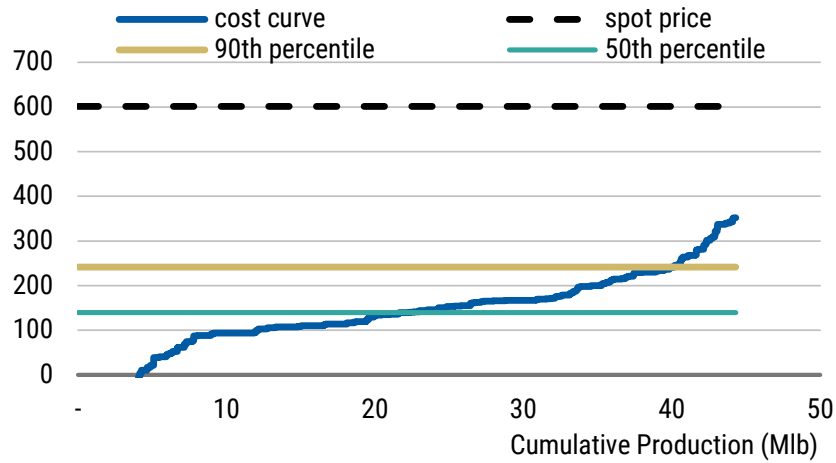
Source: Platts, Bloomberg

Exhibit 65: Physical Demand: Copper Premia By Region



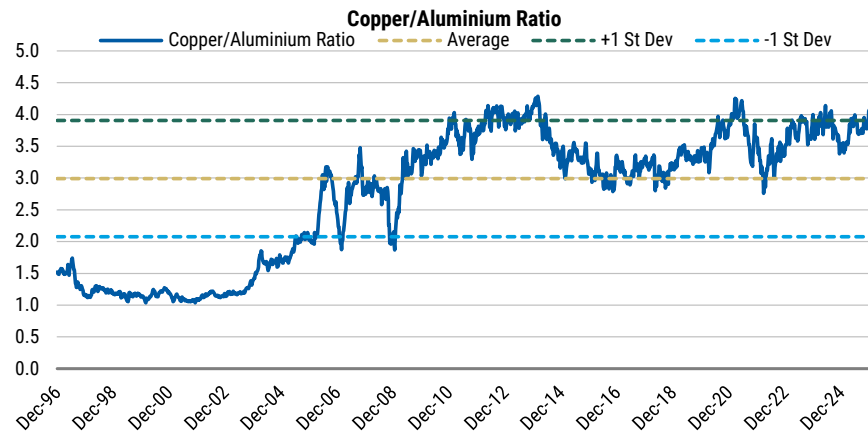
Source: Argus, Bloomberg

Exhibit 66: Copper C1 Cost Curve vs Spot (USc/lb)



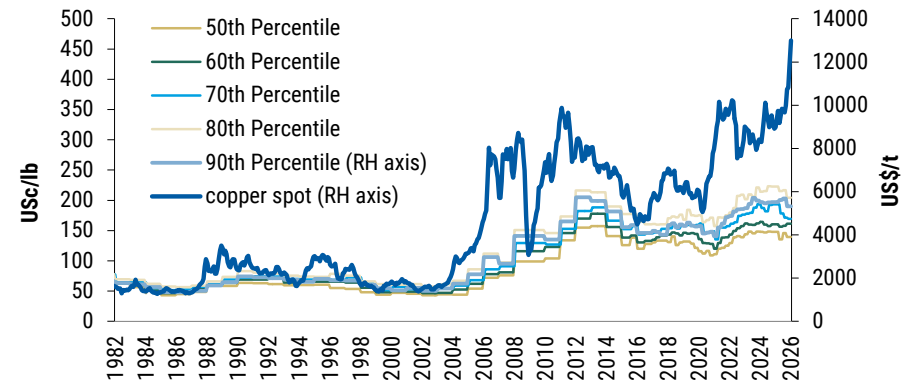
Source: Wood Mackenzie

Exhibit 68: Copper: Aluminium Ratio



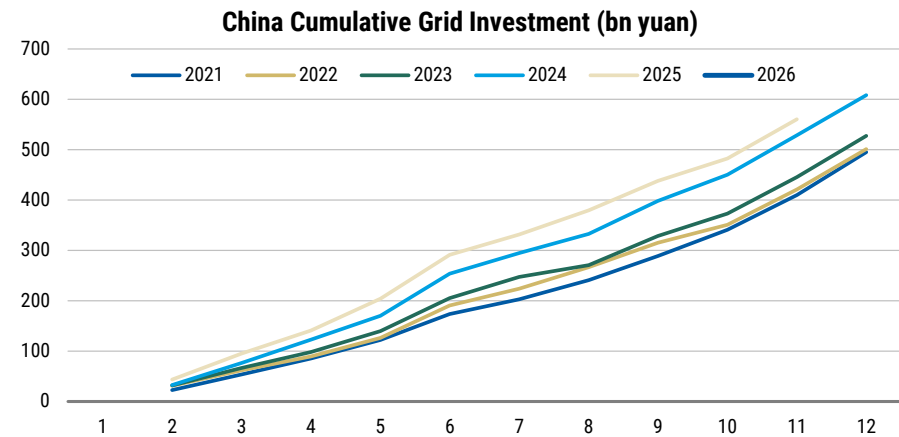
Source: Bloomberg, Morgan Stanley Research

Exhibit 67: Copper Cost Curve Evolution



Source: Wood Mackenzie

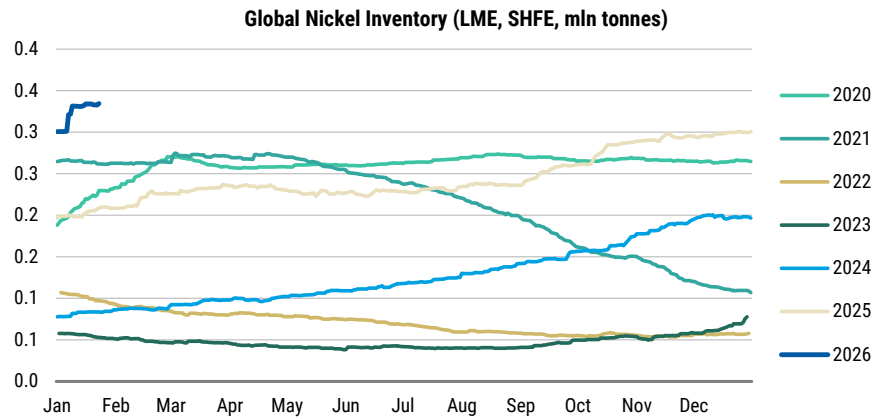
Exhibit 69: China Grid Investment



Source: Bloomberg, Morgan Stanley Research

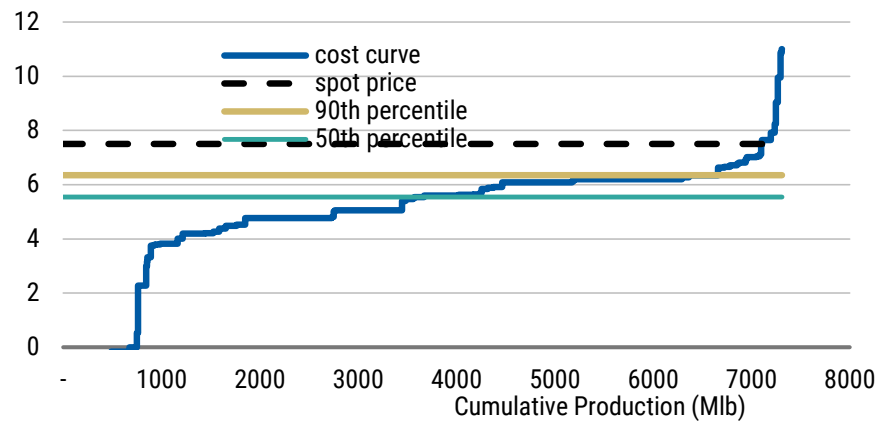
Nickel

Exhibit 70: Global Nickel Inventories



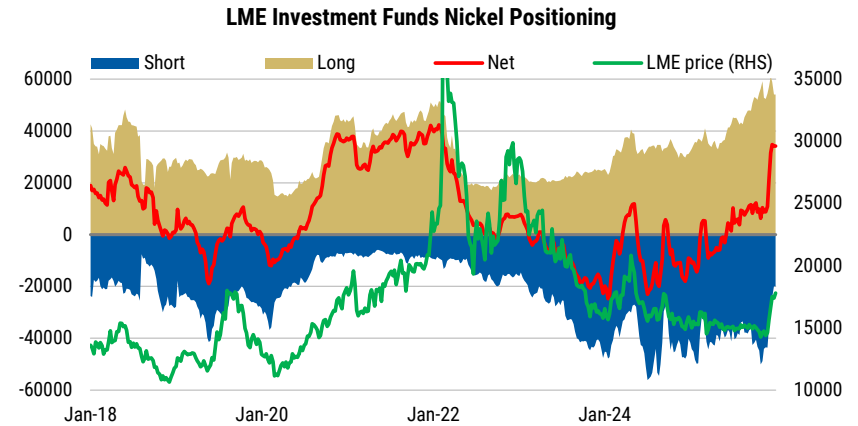
Source: Bloomberg

Exhibit 72: Nickel C1 Cost Curve vs Spot (US\$/lb)



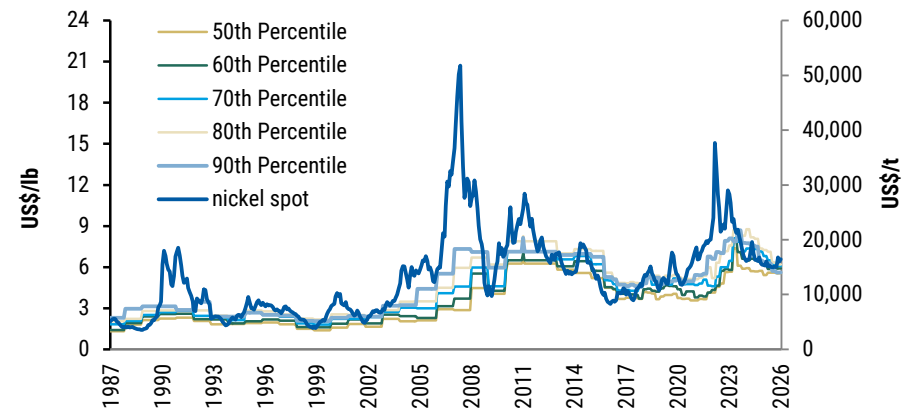
Source: Wood Mackenzie

Exhibit 71: LME Nickel Positioning



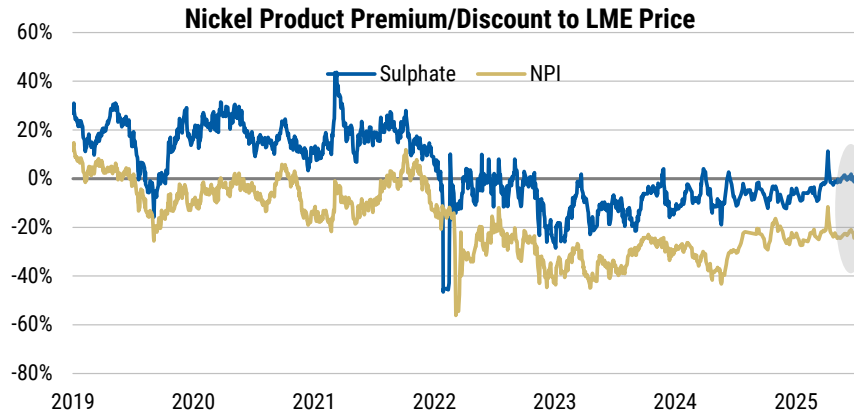
Source: Bloomberg

Exhibit 73: Nickel Cost Curve Evolution



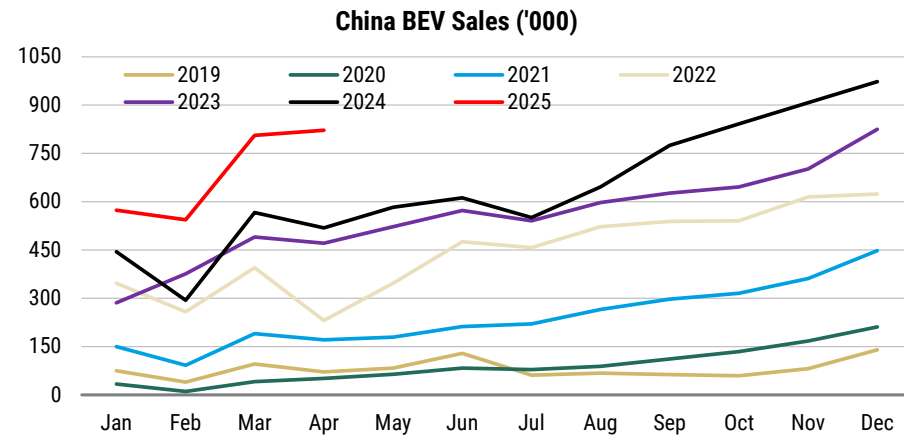
Source: Wood Mackenzie

Exhibit 74: Nickel Product Spreads vs LME Price



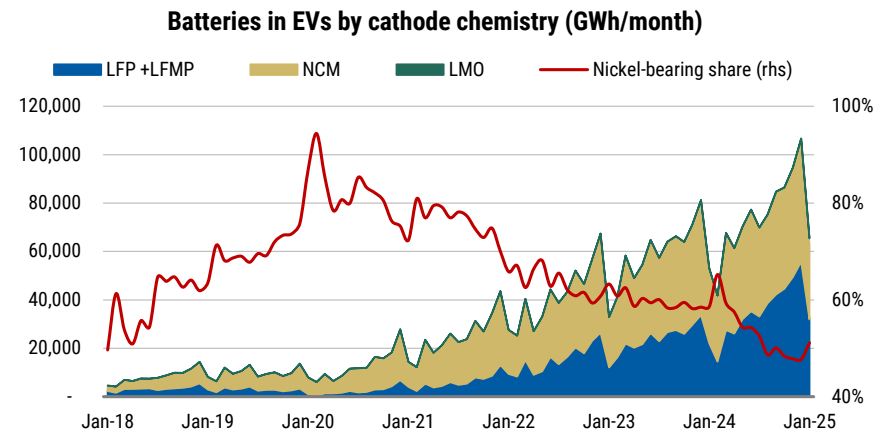
Source: Argus Metals

Exhibit 76: China NEV Sales



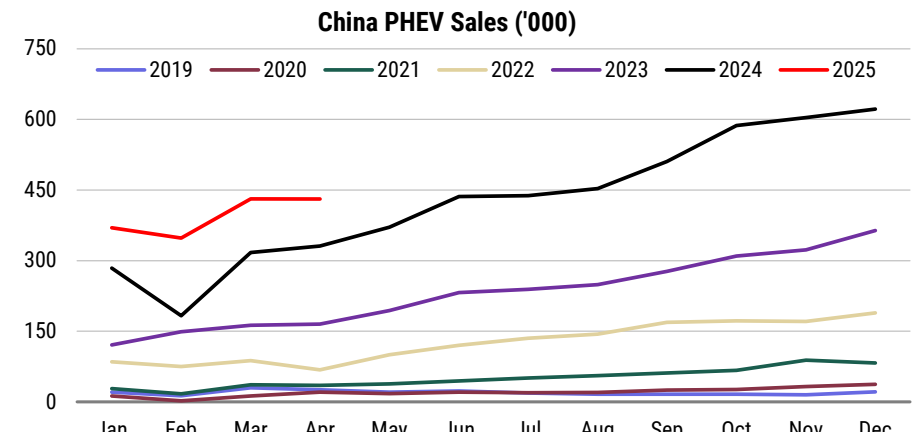
Source: CEIC, CAAM

Exhibit 75: Global Battery Deployment by Chemistry



Source: Rho Motion

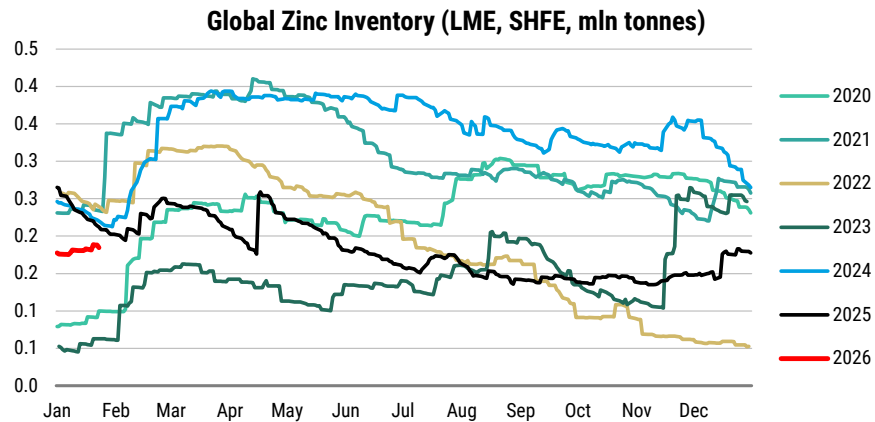
Exhibit 77: China PHEV Sales



Source: CEIC, CAAM

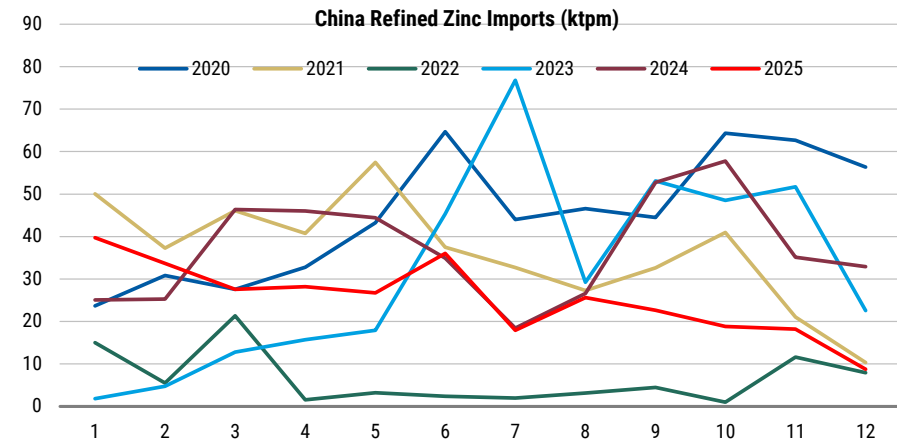
Zinc

Exhibit 78: Global Zinc Inventories



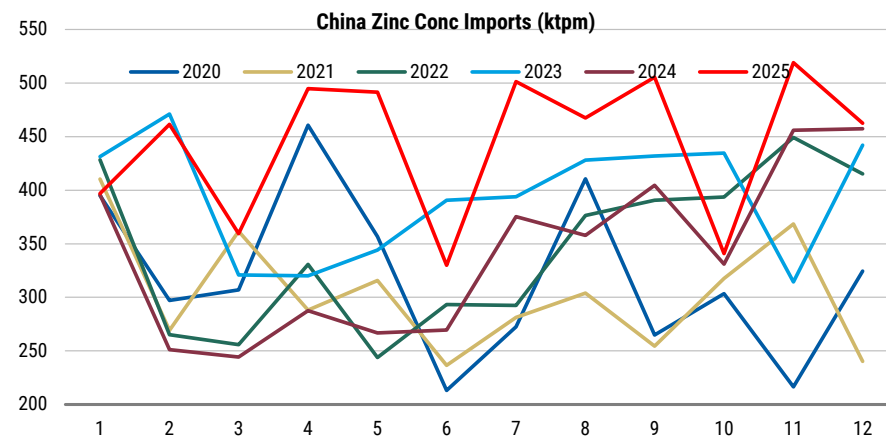
Source: Bloomberg

Exhibit 79: China Refined Zinc Imports



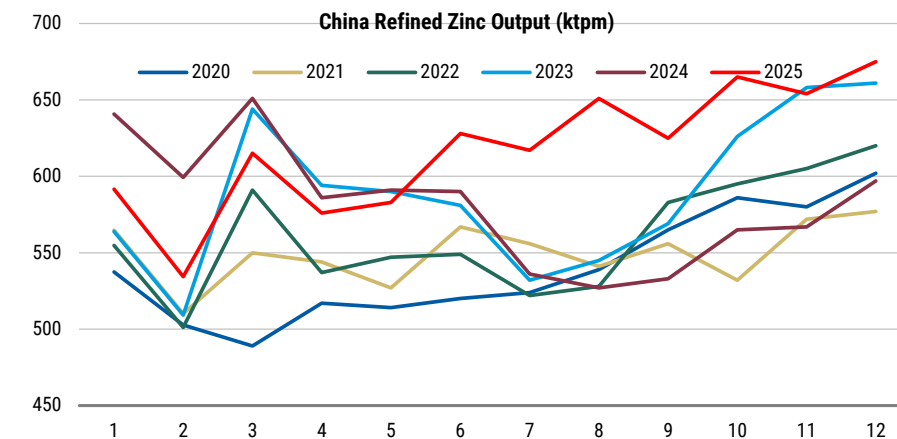
Source: Bloomberg

Exhibit 80: China Zinc Concentrate Imports



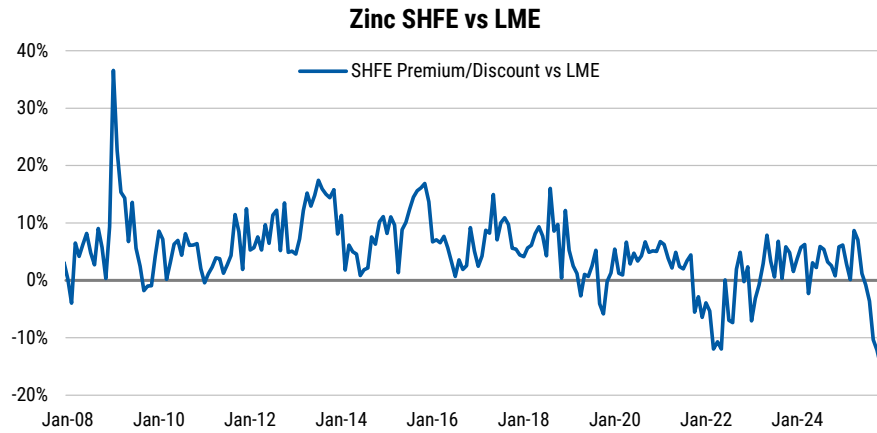
Source: Bloomberg

Exhibit 81: China Refined Zinc Output



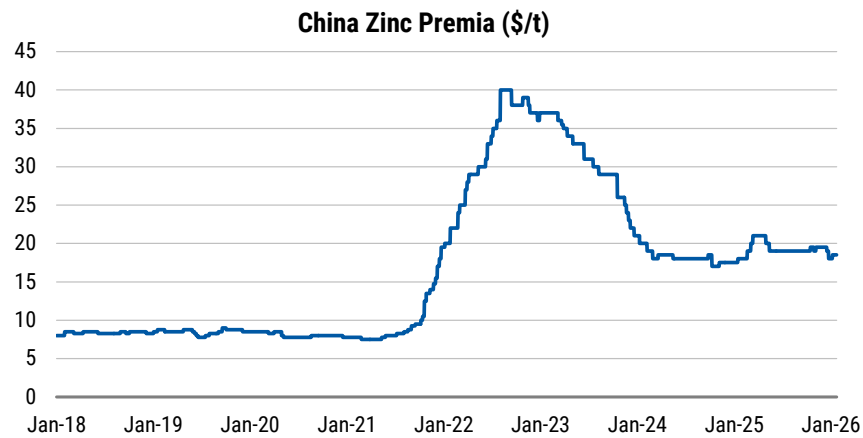
Source: Bloomberg

Exhibit 82: Price Differentials: SHFE vs LME



Source: Bloomberg

Exhibit 84: Zinc Premia



Source: Bloomberg

Exhibit 83: Zinc Treatment Charges



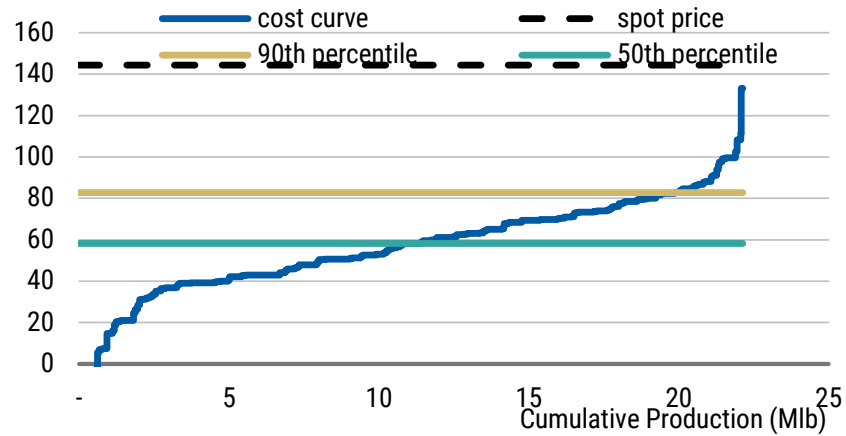
Source: Bloomberg

Exhibit 85: Zinc/Lead Ratio



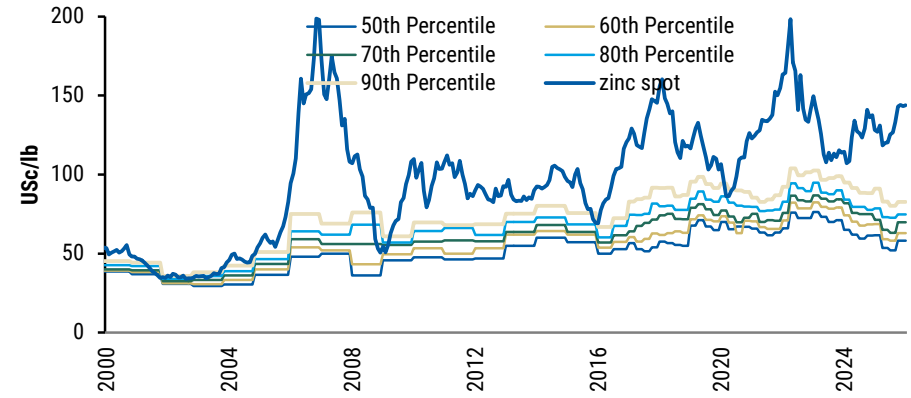
Source: Bloomberg

Exhibit 86: Zinc C1 Cost Curve vs Spot (\$/t)



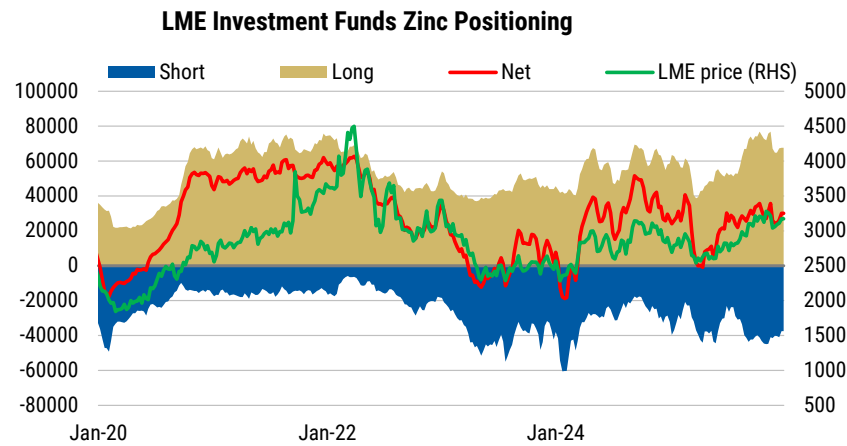
Source: Woodmac

Exhibit 87: Zinc Cost Curve Evolution



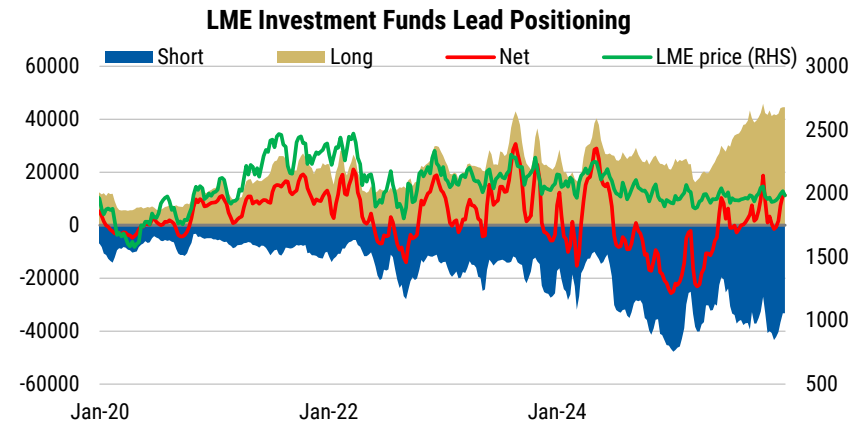
Source: Woodmac

Exhibit 88: Zinc Positioning



Source: Bloomberg

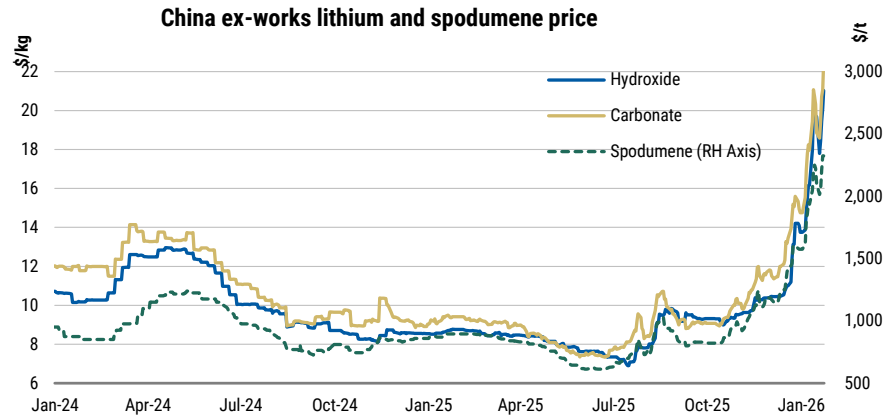
Exhibit 89: Lead Positioning



Source: Bloomberg

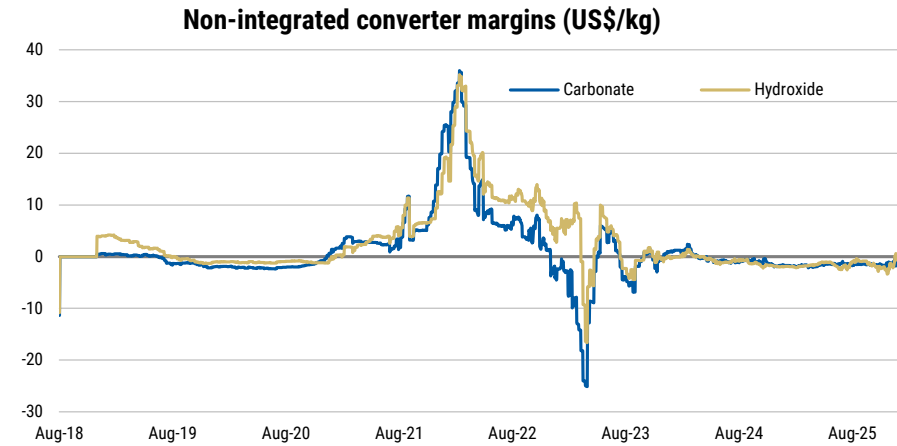
Lithium

Exhibit 90: Lithium Chemical Prices



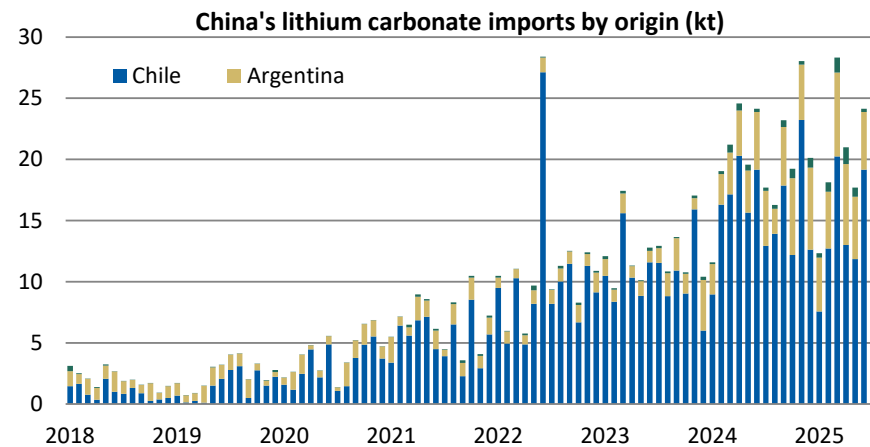
Source: Fastmarkets, Morgan Stanley Research

Exhibit 91: Non-integrated Converter Margins



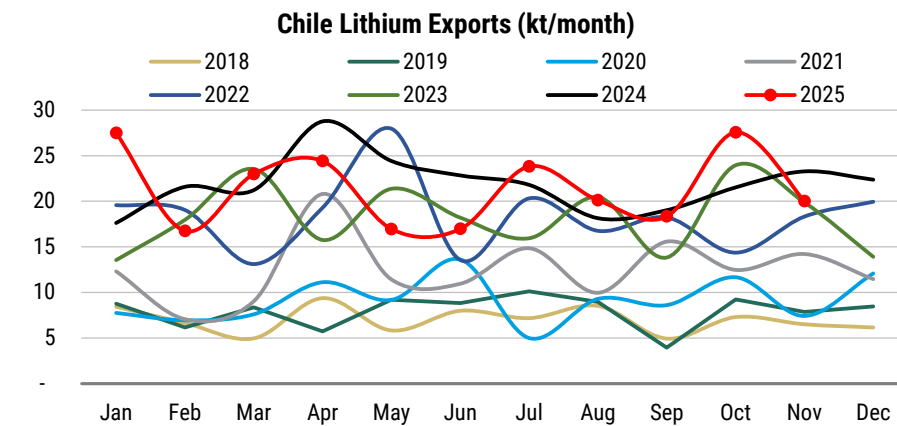
Source: Fastmarkets, Morgans Stanley Research

Exhibit 92: China Lithium Carbonate Imports



Source: Rystad, Morgan Stanley Research

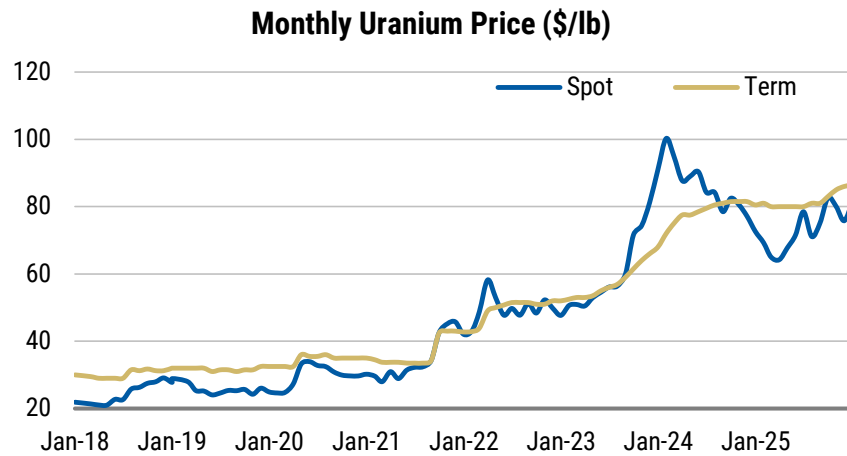
Exhibit 93: Chile Lithium Exports



Source: Chile Customs, Morgan Stanley Research

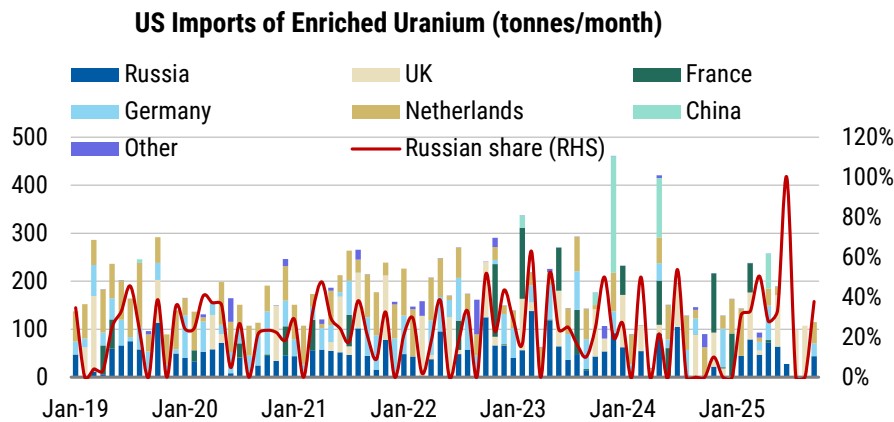
Uranium

Exhibit 94: Uranium Price (Spot and Term)



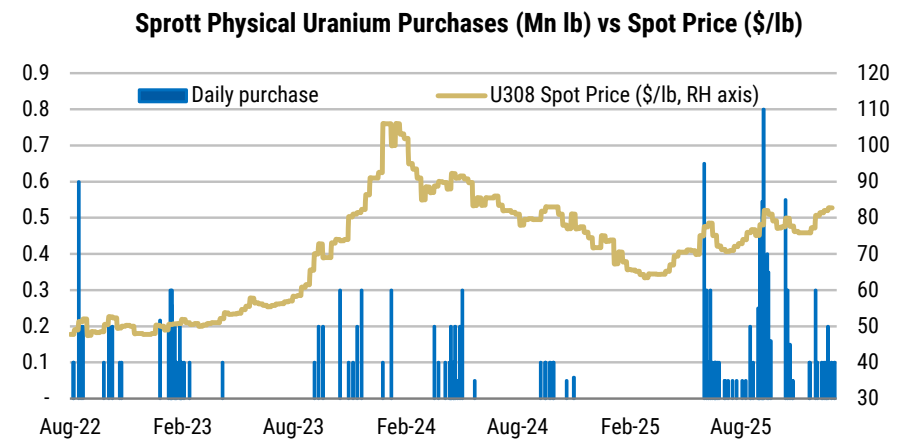
Source: Cameco

Exhibit 96: US Enriched Uranium Imports



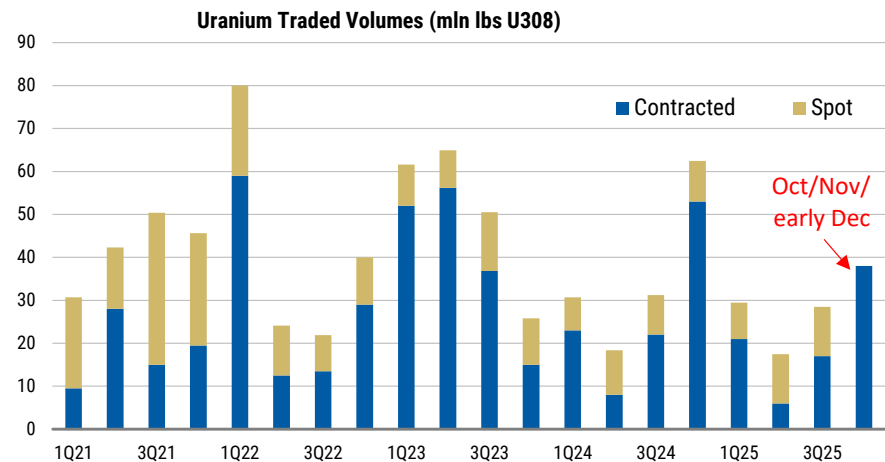
Source: Trademap

Exhibit 95: Sprott ETF Purchases



Source: Sprott, UxC, Morgan Stanley Research

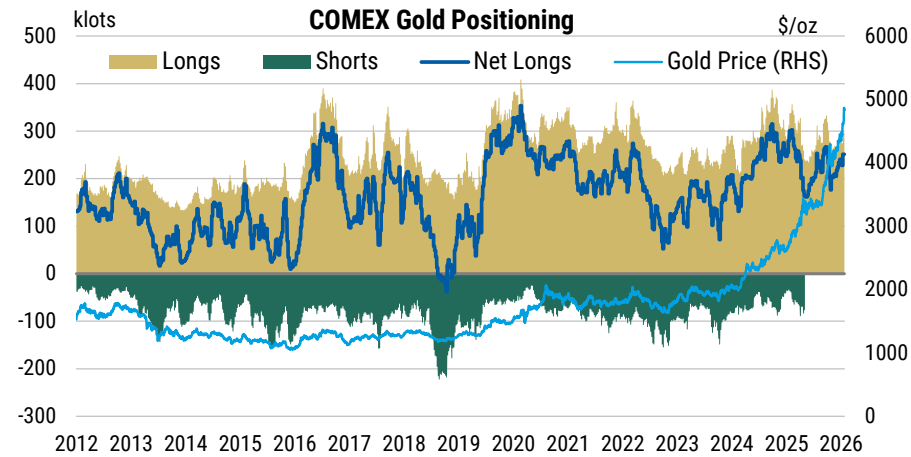
Exhibit 97: Quarterly contracting volumes



Source: Kazatomprom

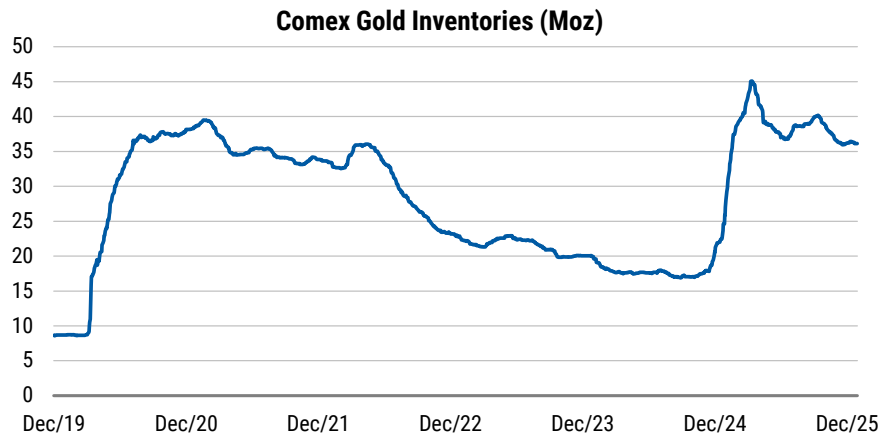
Gold and Other Precious Metals

Exhibit 98: CFTC Gold Futures Positioning



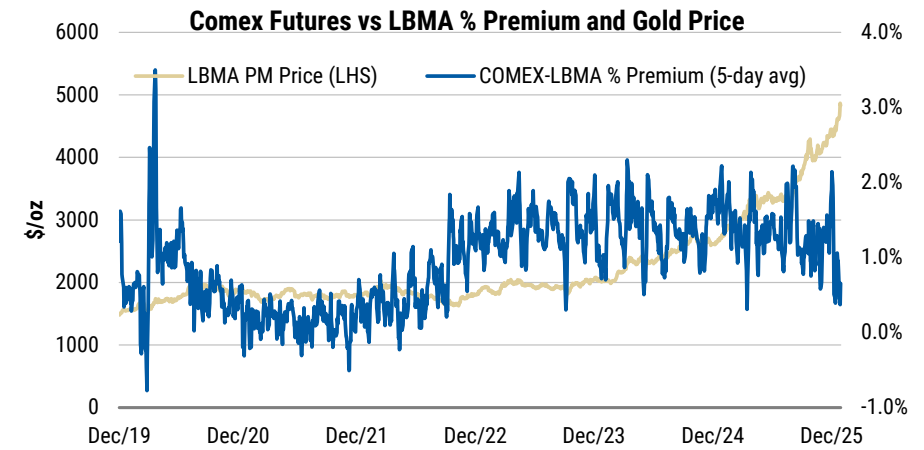
Source: Bloomberg

Exhibit 100: COMEX Gold Inventories



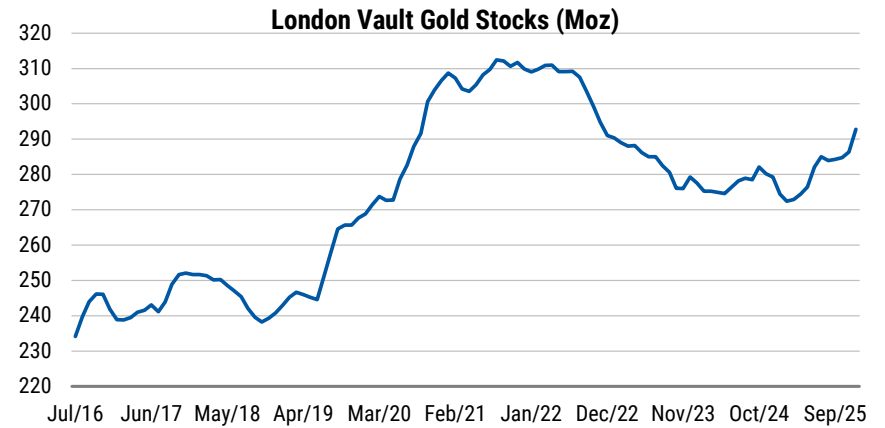
Source: Bloomberg

Exhibit 99: COMEX-LBMA Gold Premium



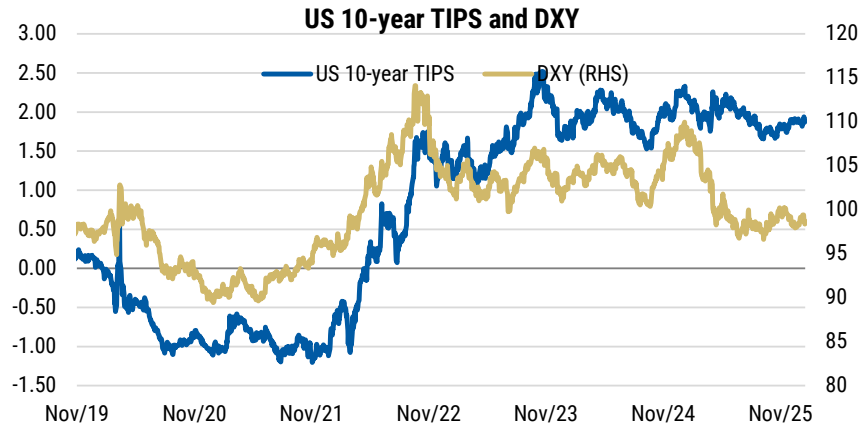
Source: Bloomberg

Exhibit 101: London Gold Vault Stocks



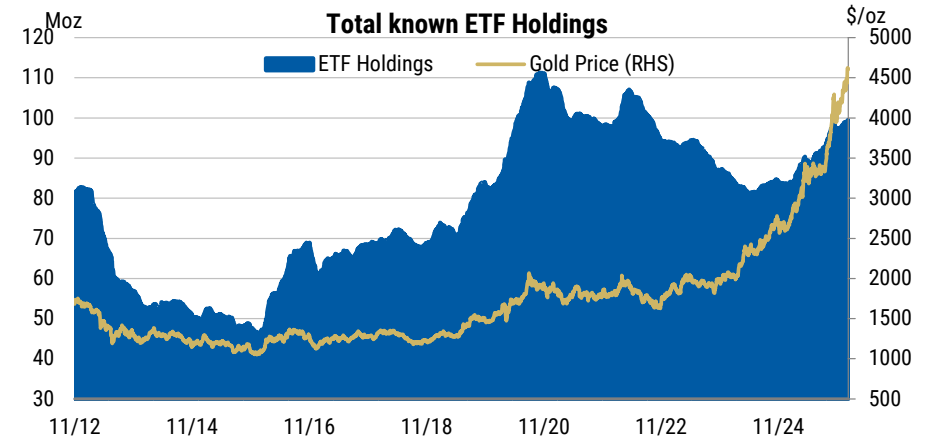
Source: LBMA

Exhibit 102: US 10 Year TIPS and DXY



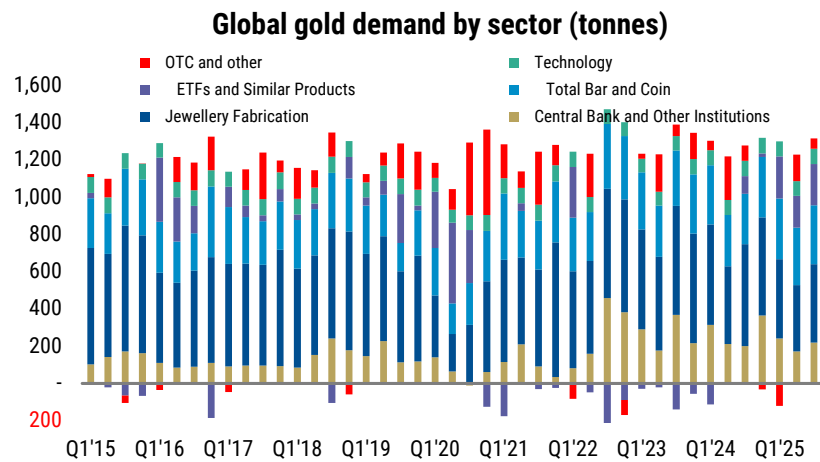
Source: Bloomberg

Exhibit 103: ETF Holdings vs Gold Price



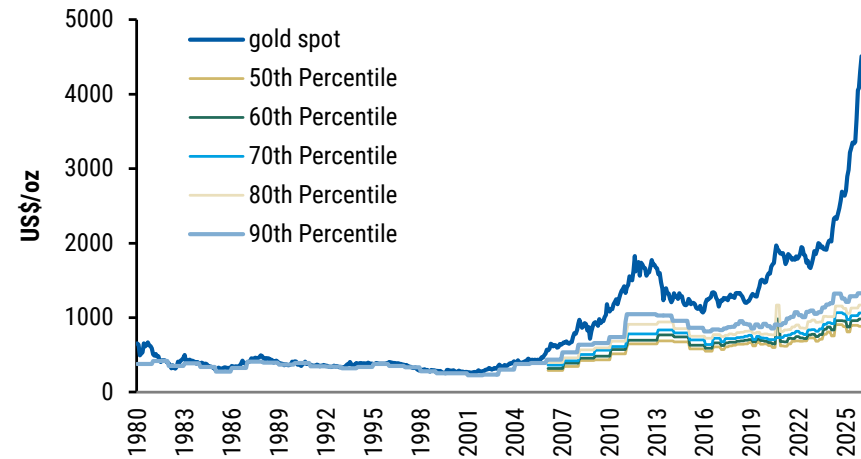
Source: Bloomberg

Exhibit 104: Global Gold Demand by Sector



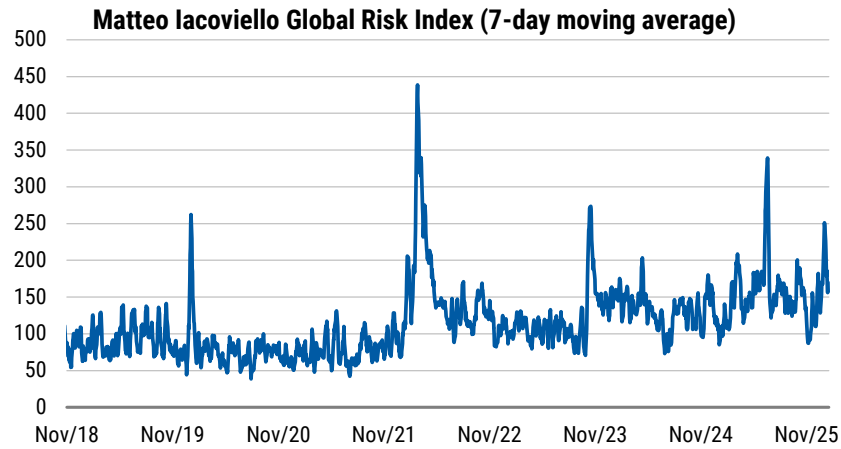
Source: World Gold Council

Exhibit 105: Gold Cost Curve Evolution



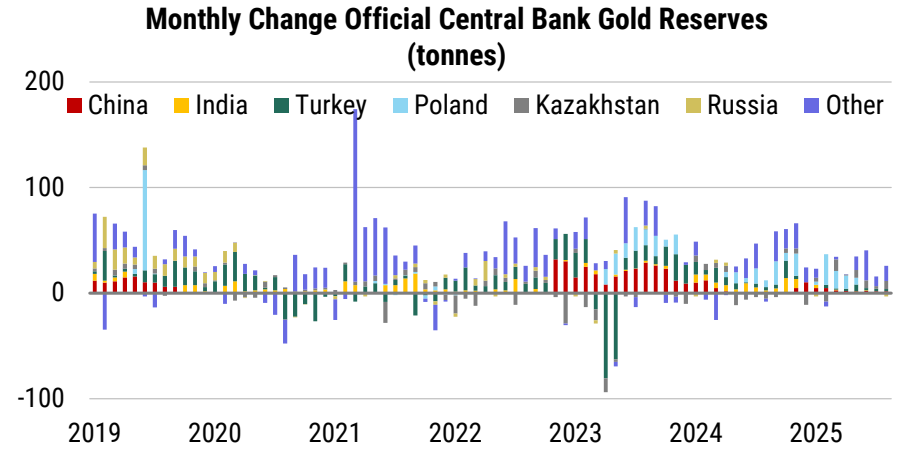
Source: Woodmac

Exhibit 106: Geopolitical Risk Index



Source: Mateo Iacoviello

Exhibit 107: Monthly Central Bank Purchasing



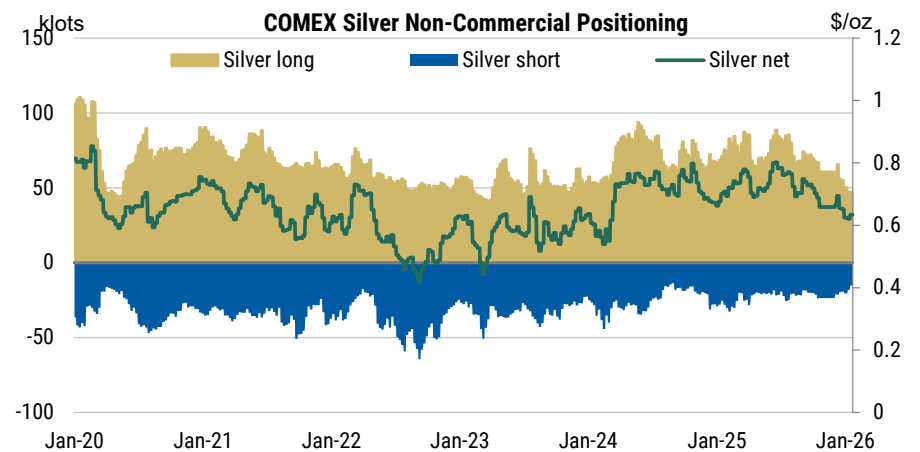
Source: World Gold Council

Exhibit 108: Gold/Silver Ratio



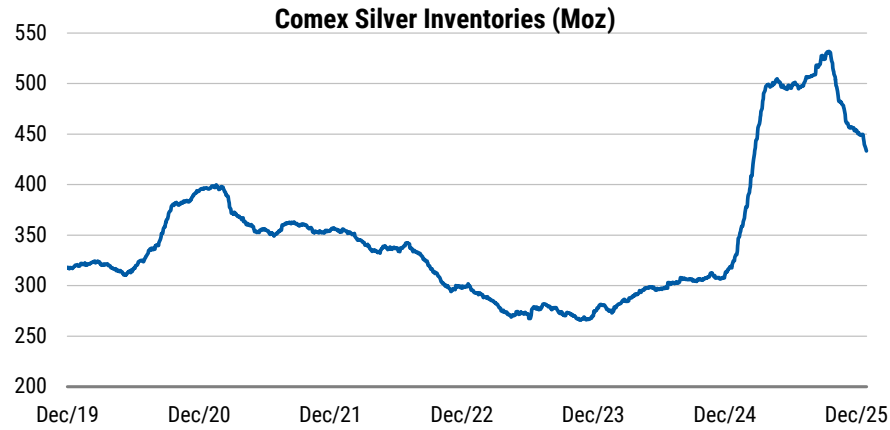
Source: Bloomberg

Exhibit 109: CFTC Silver Futures Positioning



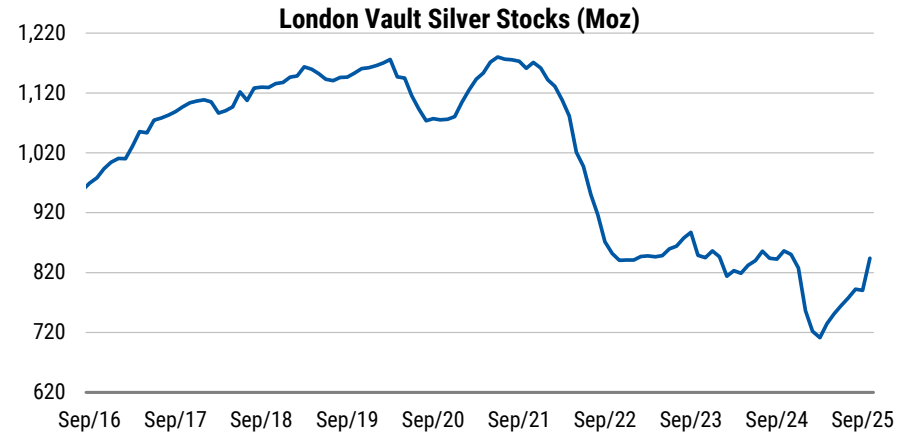
Source: Bloomberg

Exhibit 110: COMEX Silver Inventories



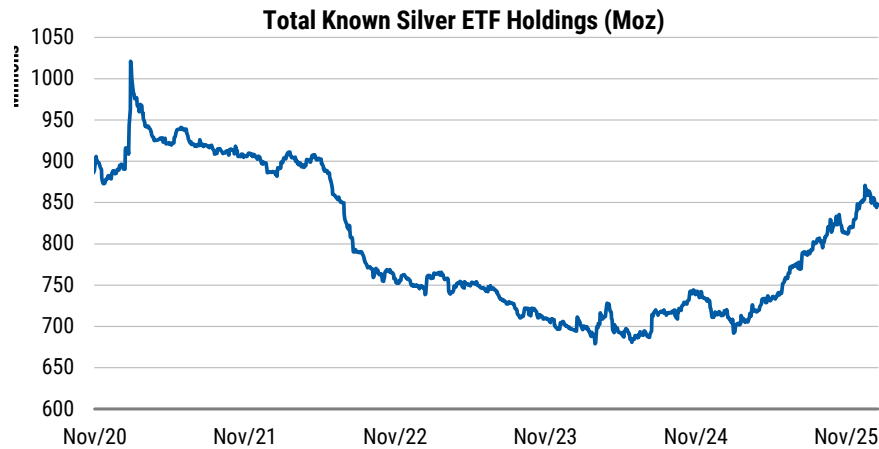
Source: Bloomberg

Exhibit 111: London Vault Silver Stocks



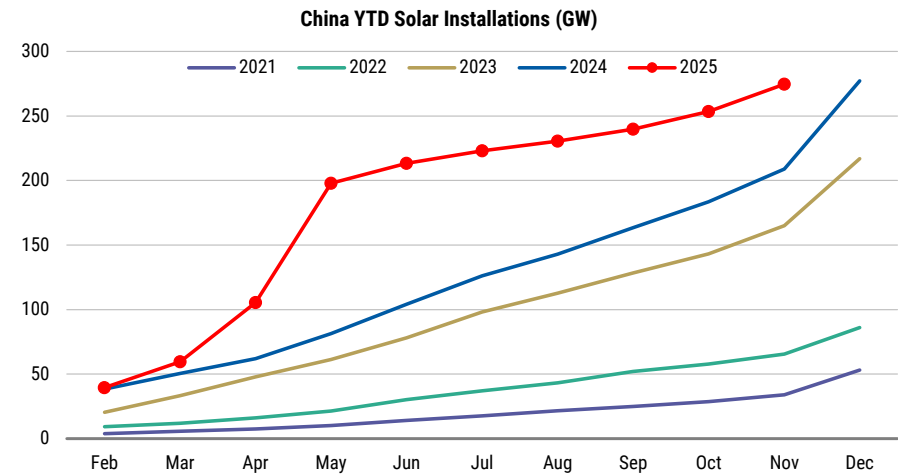
Source: LBMA

Exhibit 112: Total ETF Holdings



Source: Bloomberg

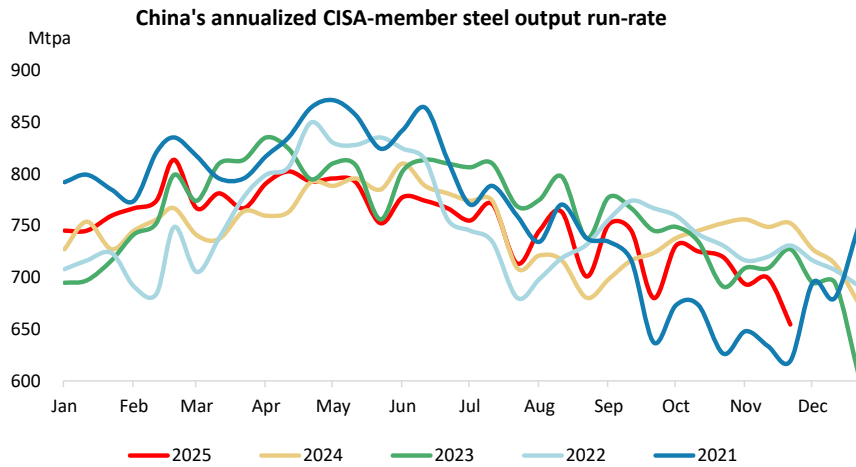
Exhibit 113: China Solar Installations



Source: Bloomberg

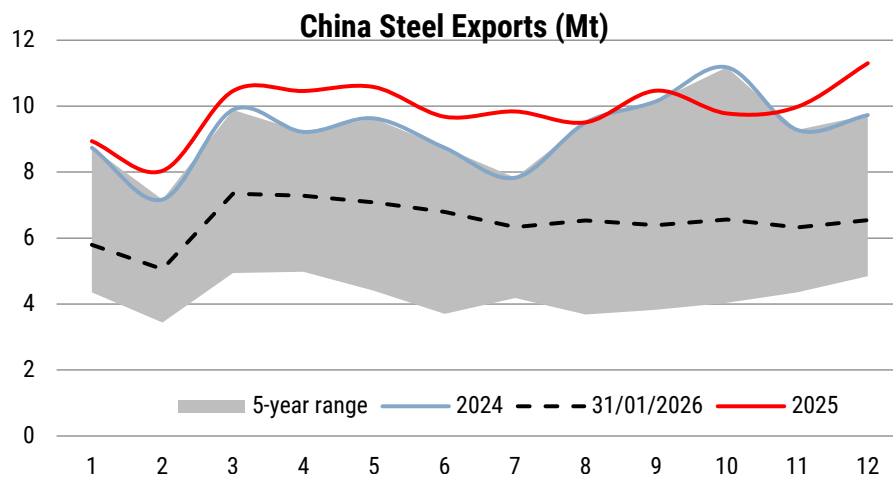
Iron Ore & Steel

Exhibit 114: China CISA Steel Production



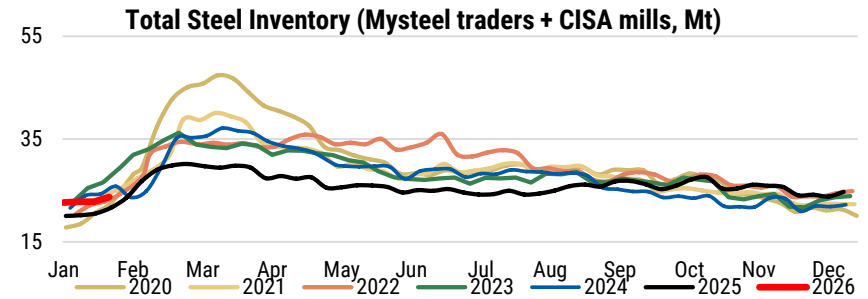
Source: CISA

Exhibit 116: China Steel Exports



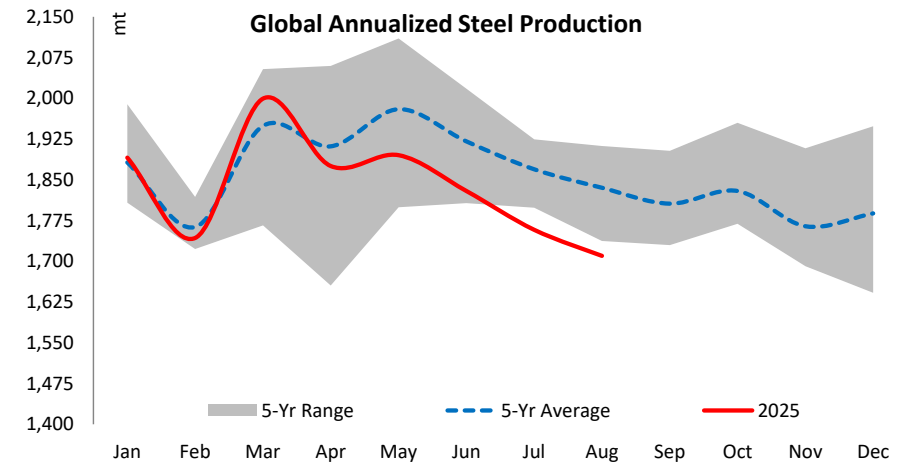
Source: Bloomberg

Exhibit 115: China Steel Inventory



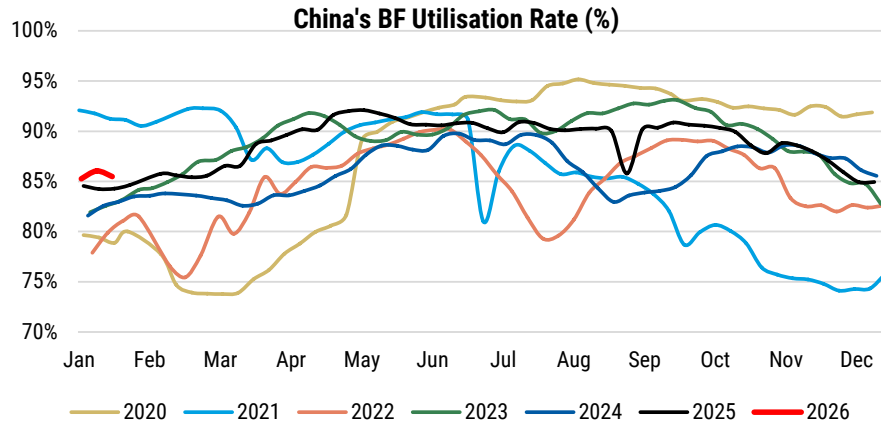
Source: Mysteel

Exhibit 117: Global Steel Production



Source: WSA

Exhibit 118: China BF Utilisation Rate



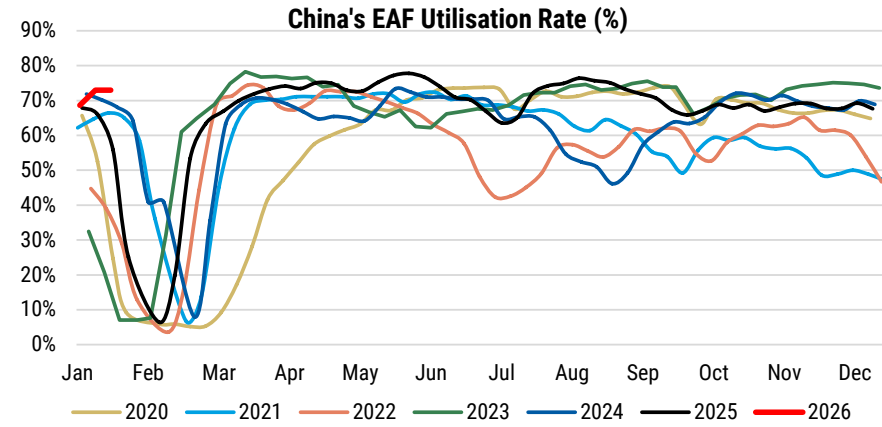
Source: Mysteel

Exhibit 120: China Steel Scrap Ratio



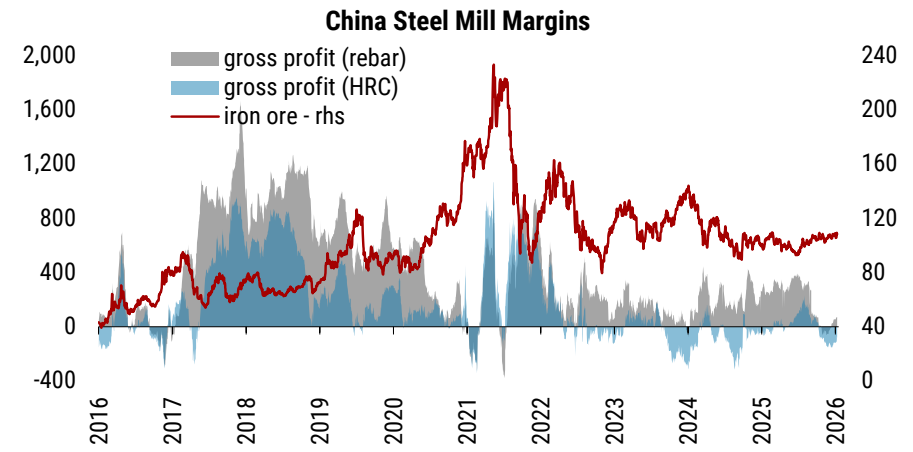
Source: Bloomberg

Exhibit 119: China EAF Utilisation Rate



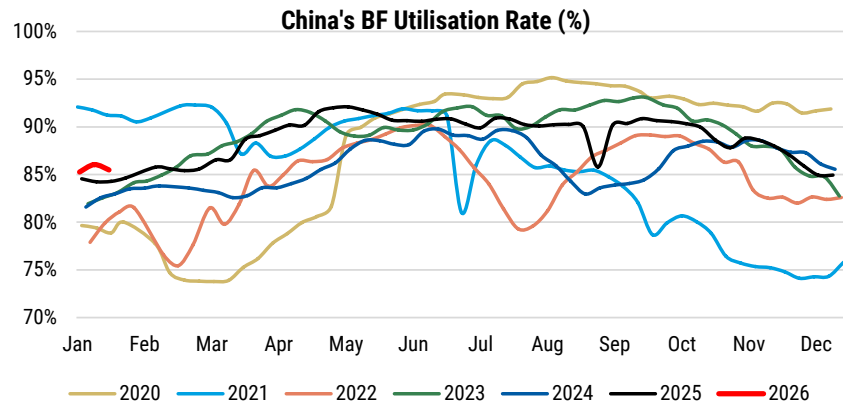
Source: Mysteel

Exhibit 121: China Steel Mill Margins



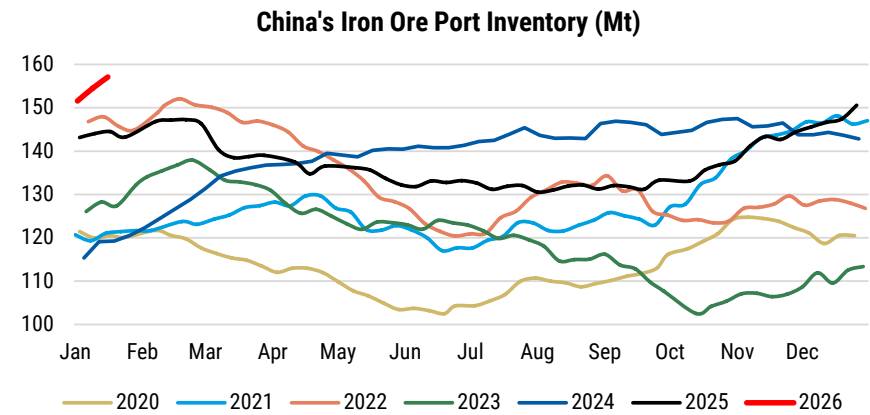
Source: Mysteel

Exhibit 122: China BF utilisation



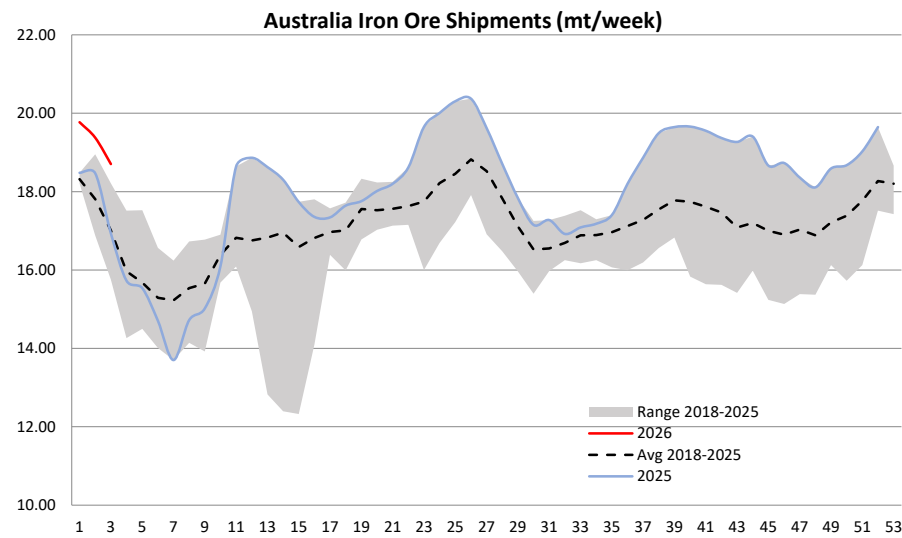
Source: Bloomberg

Exhibit 123: China Iron Ore Port Inventory



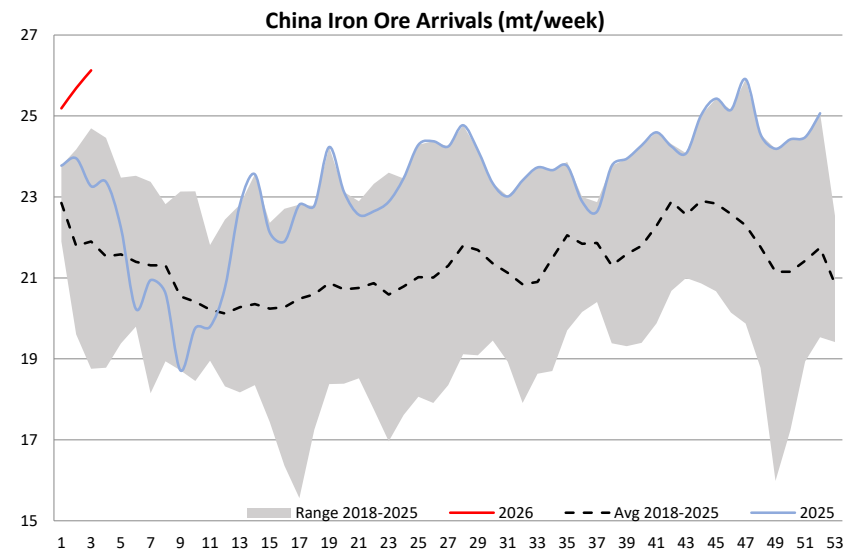
Source: Mysteel

Exhibit 124: Australia Iron Ore Shipments



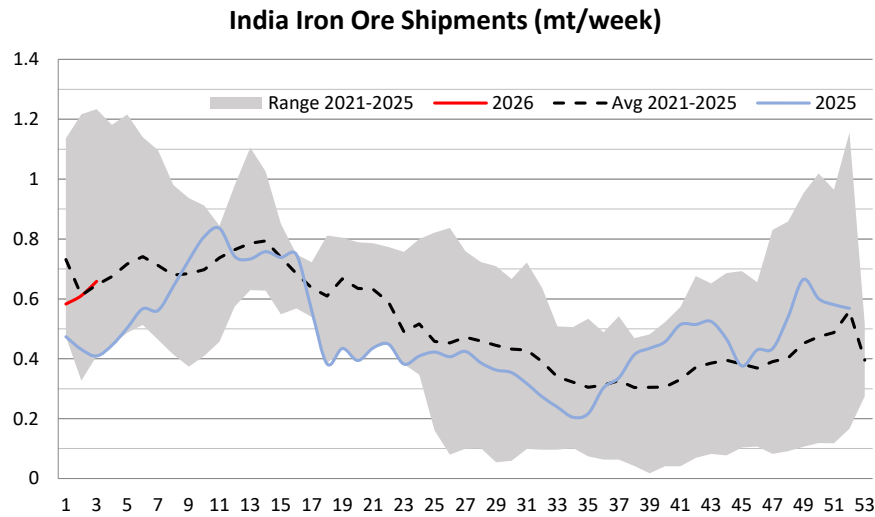
Source: Eikon

Exhibit 125: China Iron Ore Arrivals



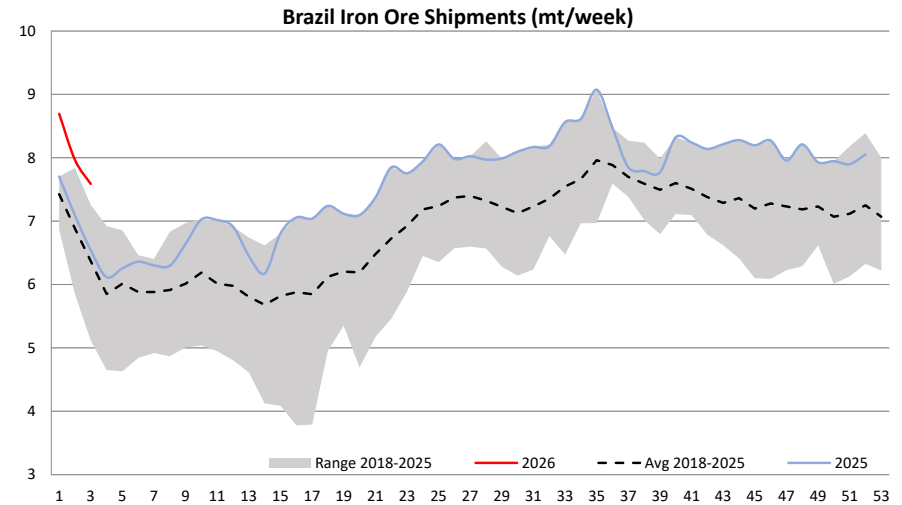
Source: Eikon

Exhibit 126: India Iron Ore Shipments



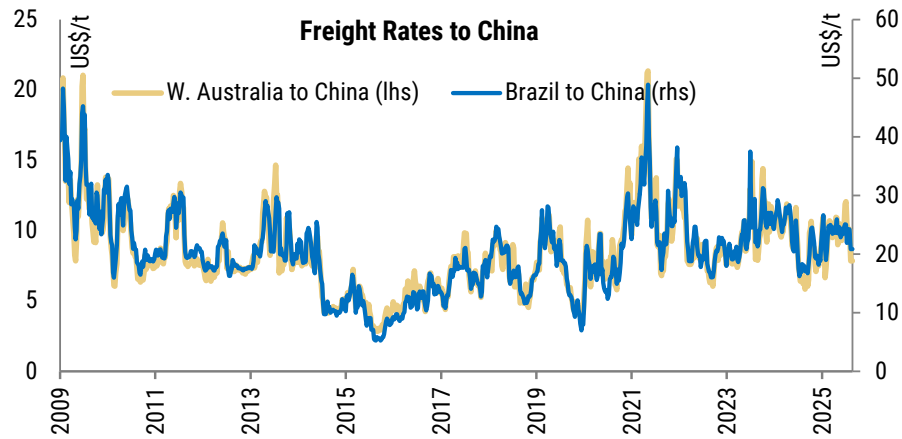
Source: Eikon

Exhibit 127: Brazil Iron Ore Shipments



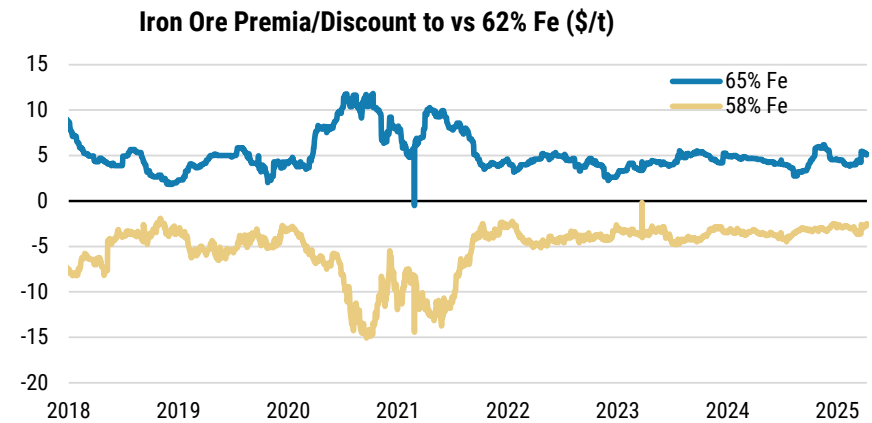
Source: Eikon

Exhibit 128: Freight Rates to China



Source: Bloomberg

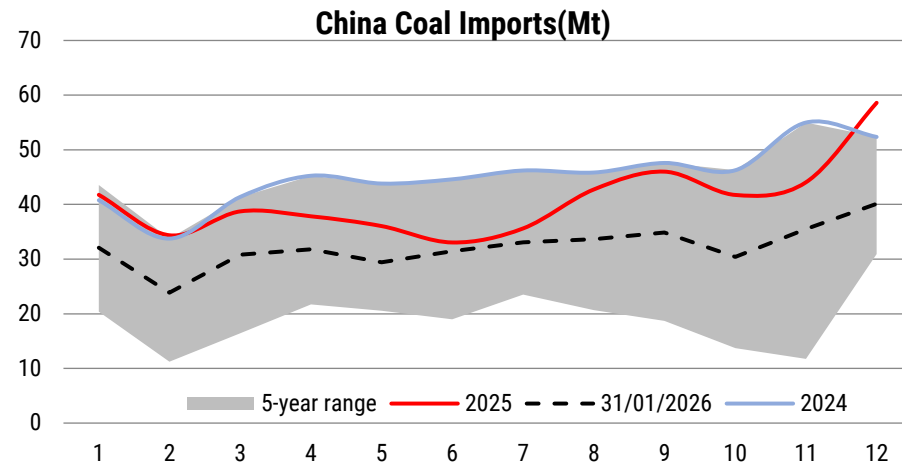
Exhibit 129: Iron Ore Premia/Discount



Source: Platts

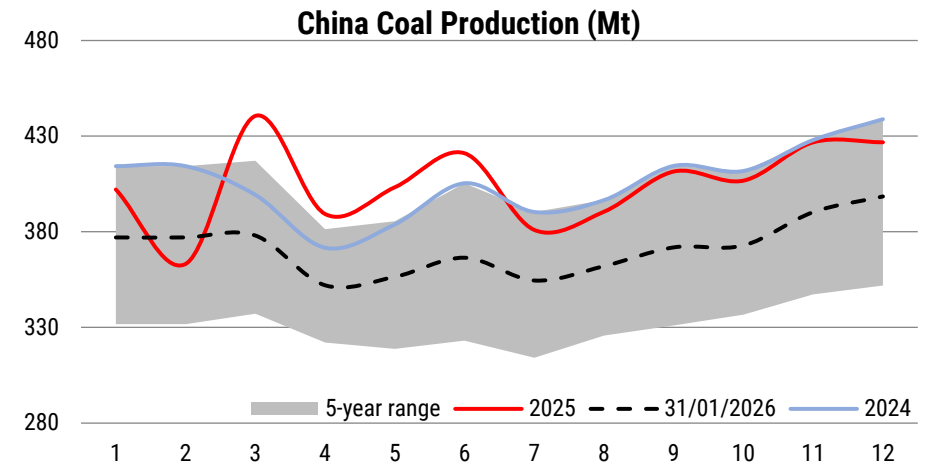
Coal

Exhibit 130: China Coal Imports



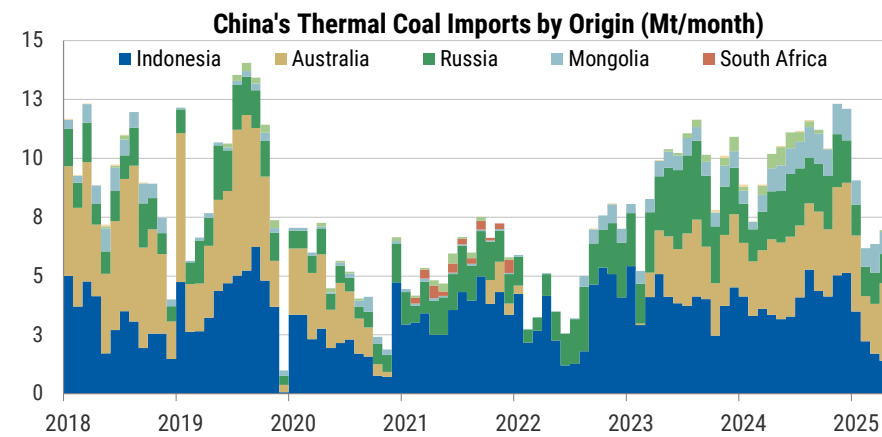
Source: Bloomberg

Exhibit 131: China Coal Production



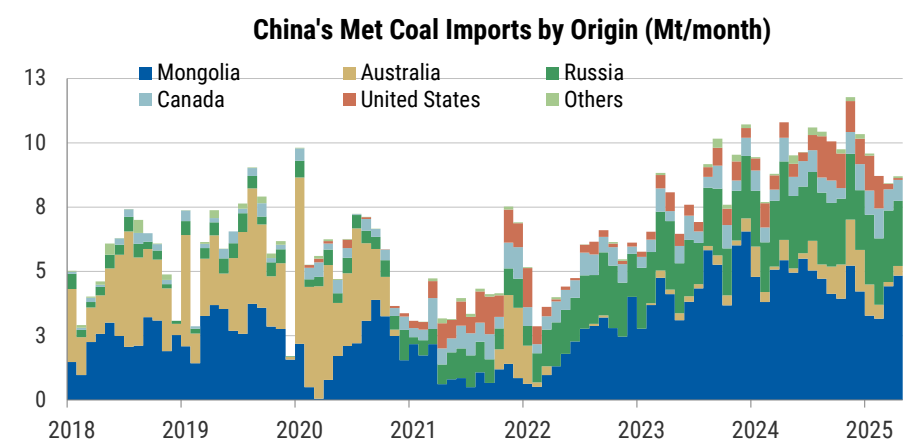
Source: Bloomberg

Exhibit 132: China Thermal Coal Imports



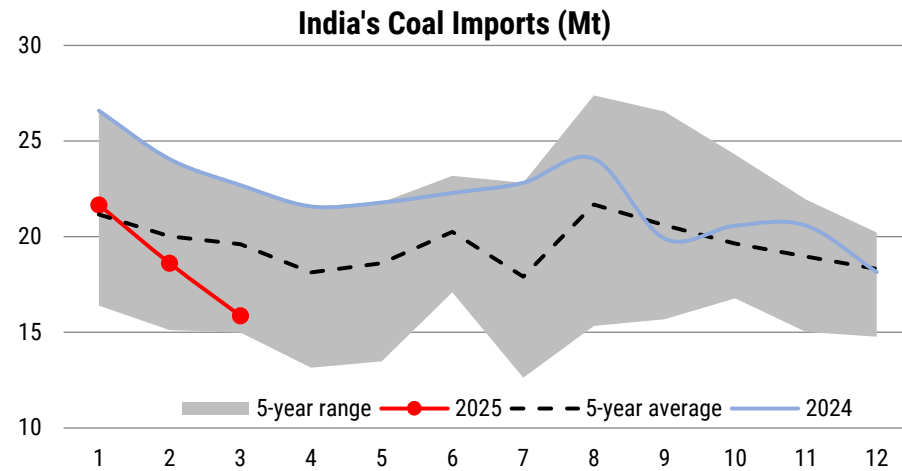
Source: McCloskey

Exhibit 133: China Met Coal Imports



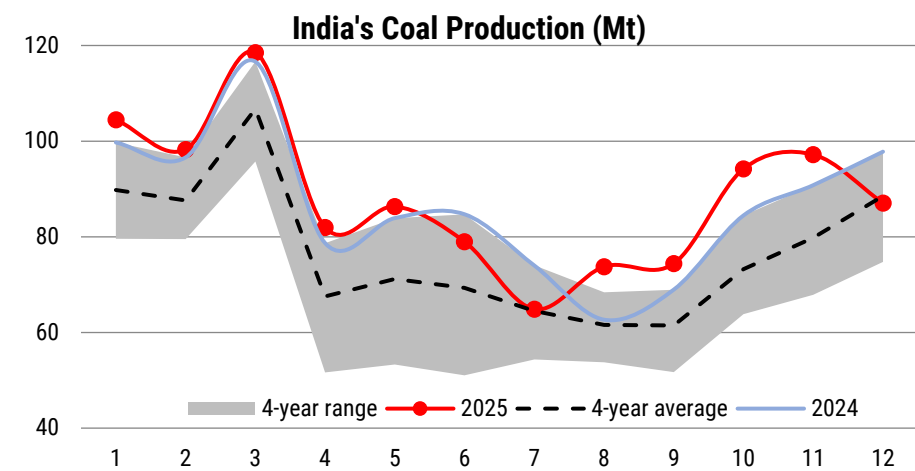
Source: McCloskey

Exhibit 134: India Coal Imports



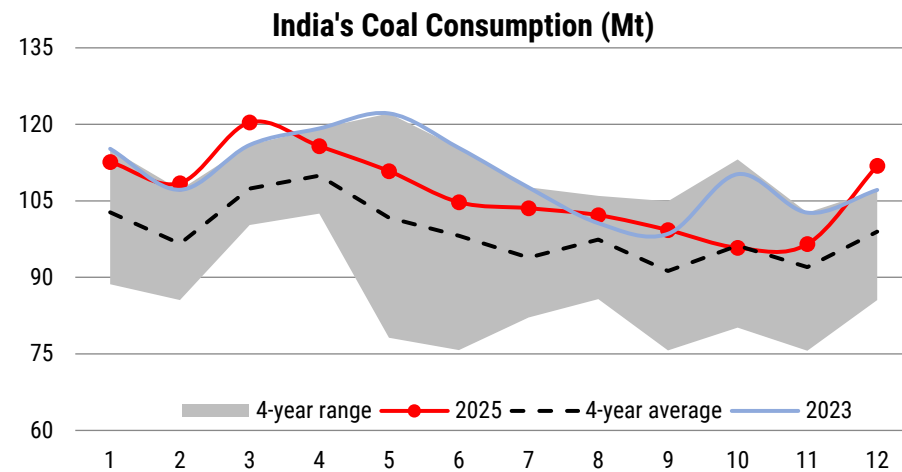
Source: McCloskey

Exhibit 135: India Coal Production



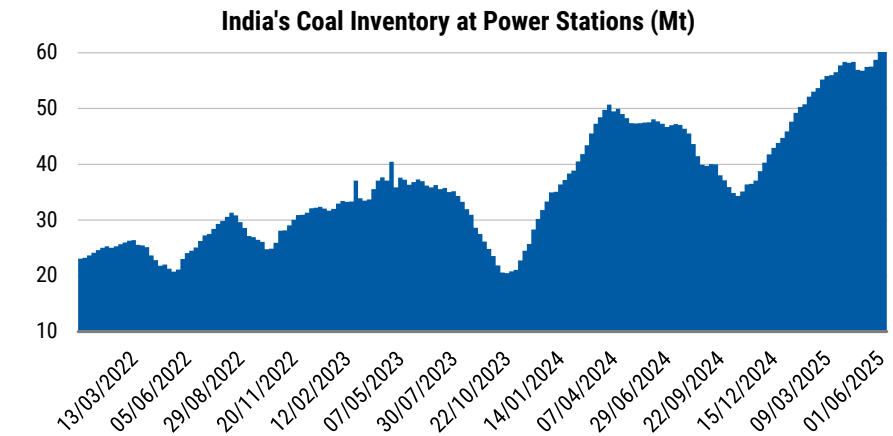
Source: Ministry of Coal, Government of India

Exhibit 136: India Coal Consumption



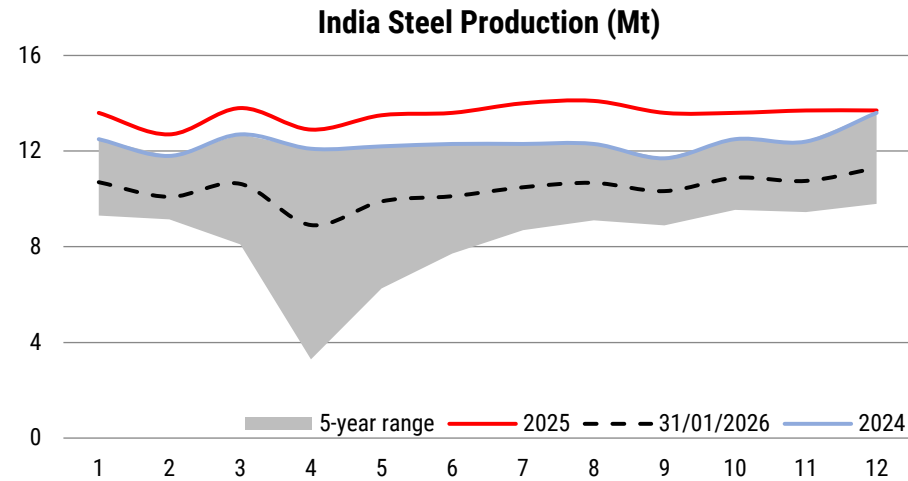
Source: Ministry of Coal, Government of India

Exhibit 137: India Coal Inventory at Power Station



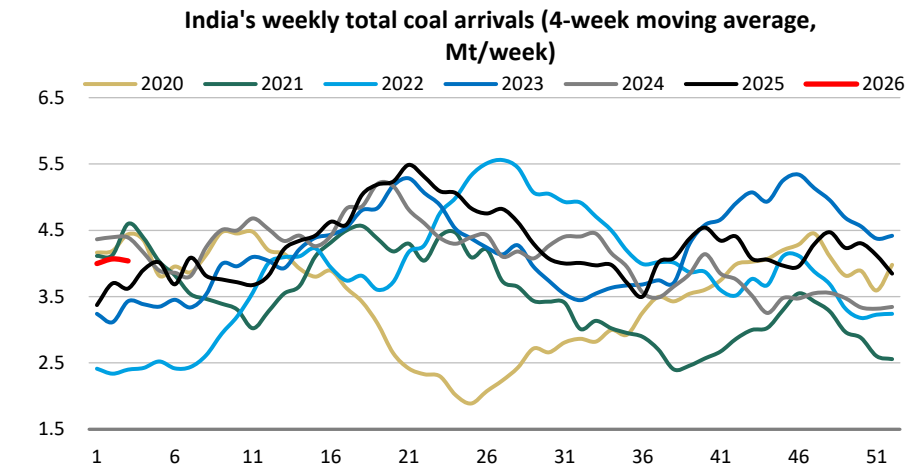
Source: McCloskey

Exhibit 138: India Steel Production



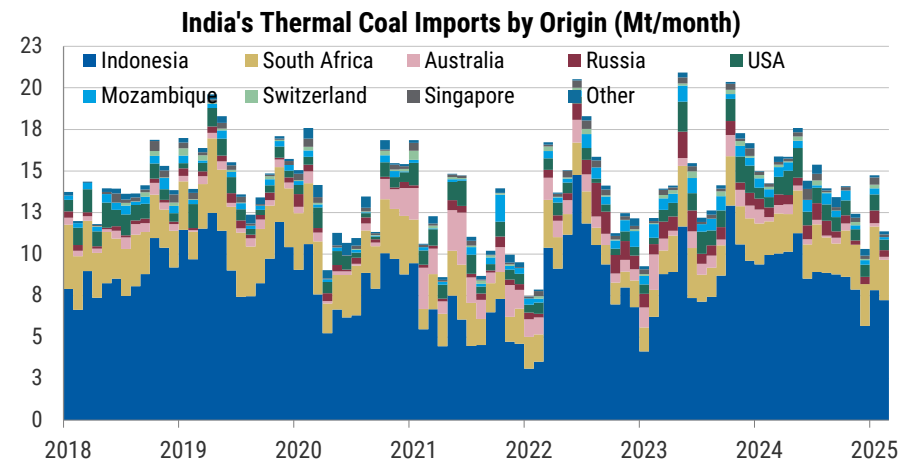
Source: Bloomberg

Exhibit 139: India Coal Arrivals



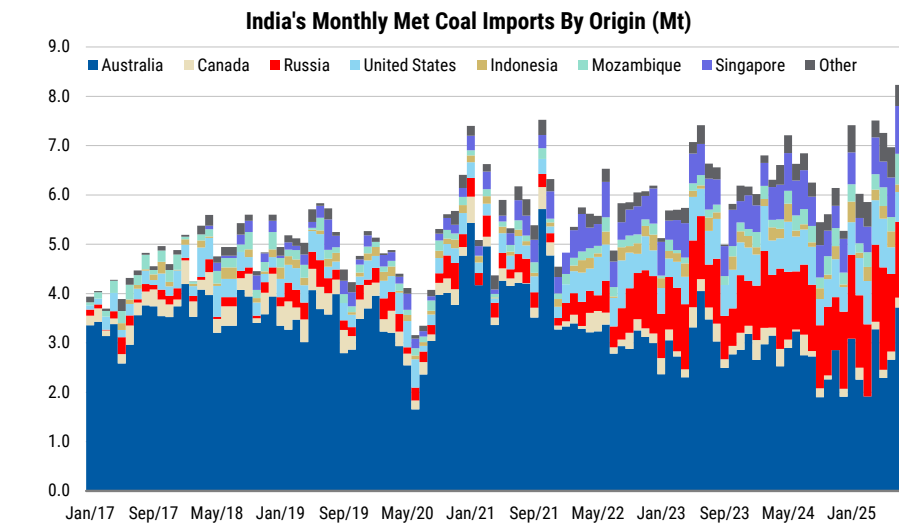
Source: Eikon

Exhibit 140: India Thermal Coal Imports



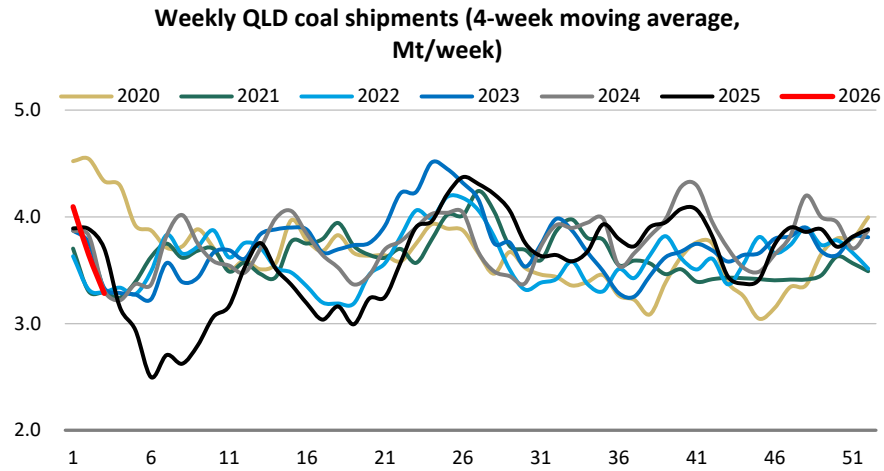
Source: McCloskey

Exhibit 141: India Met-coal Imports



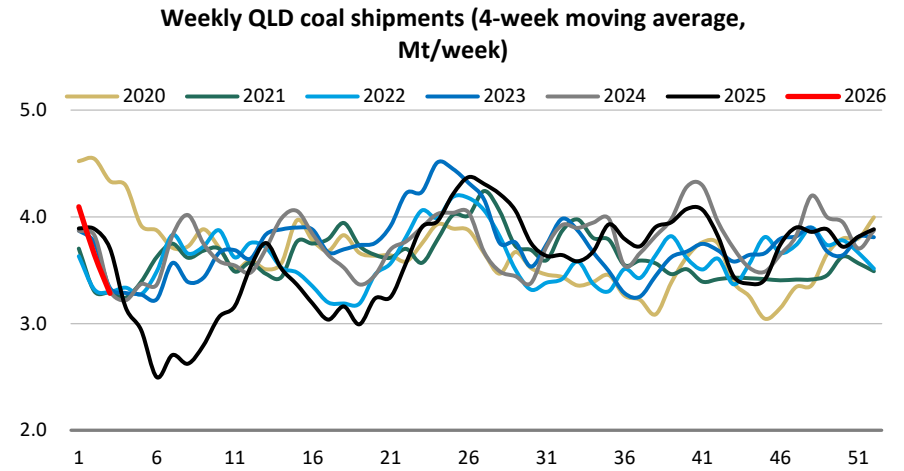
Source: McCloskey

Exhibit 142: Queensland Coal Shipments



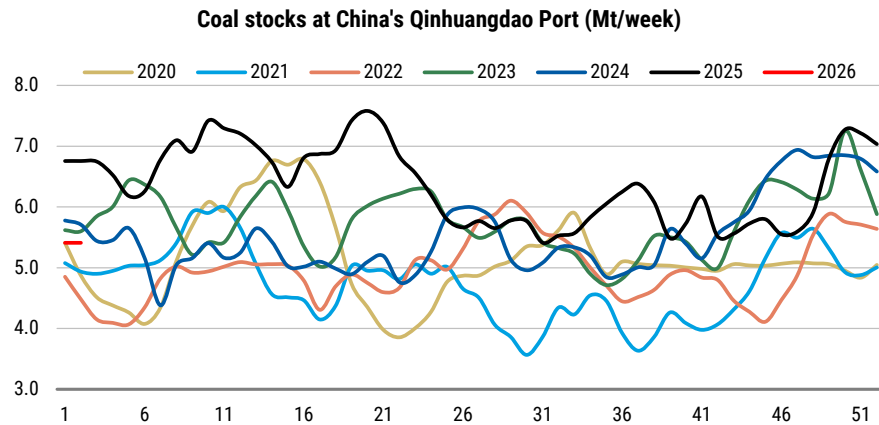
Source: Eikon

Exhibit 143: Australia Thermal Coal Shipments



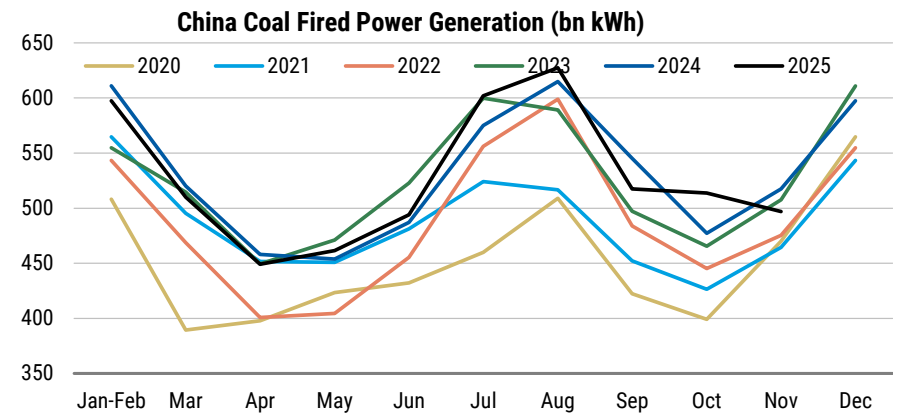
Source: Eikon

Exhibit 144: Coal Stocks at Qinhuangdao Port



Source: Bloomberg

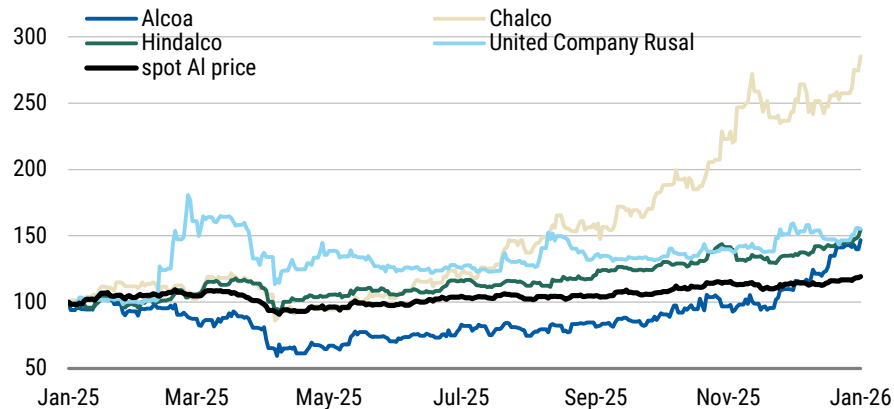
Exhibit 145: China Coal-fired Power Generation



Source: Bloomberg

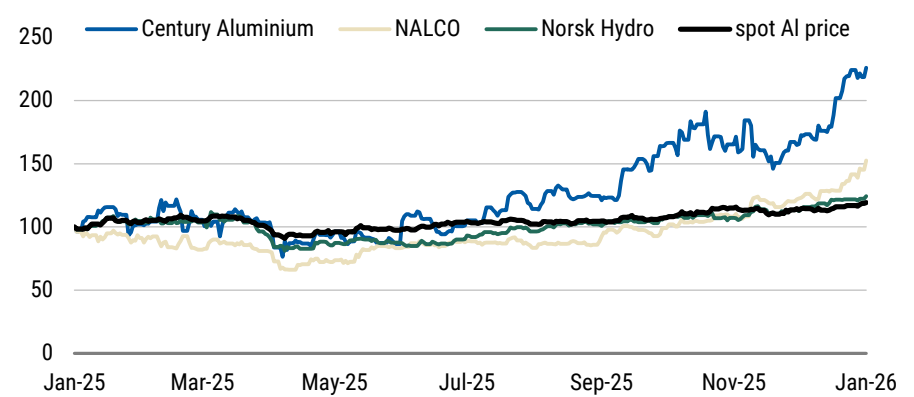
Equity vs. Commodity – Relative One-Year Performance

Exhibit 146: Aluminium (large cap)



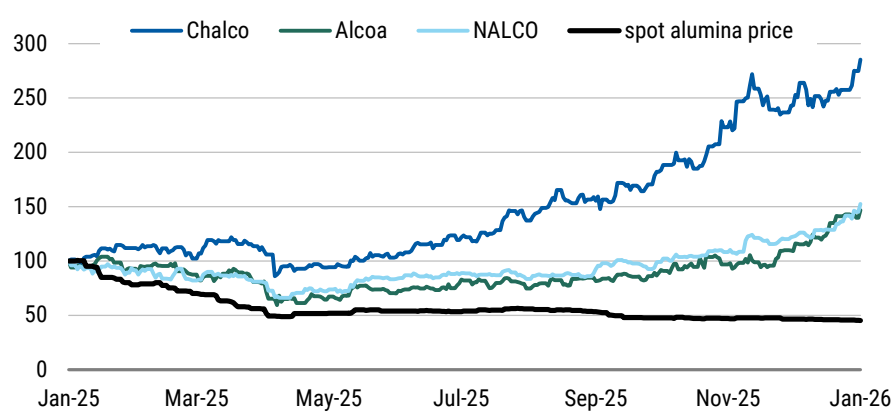
Source: Bloomberg, Morgan Stanley Research

Exhibit 147: Aluminium (small-medium cap)



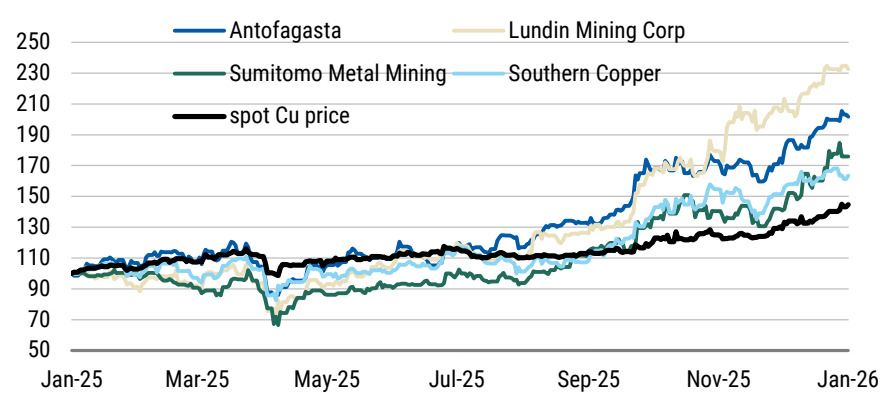
Source: Bloomberg, Morgan Stanley Research

Exhibit 148: Alumina



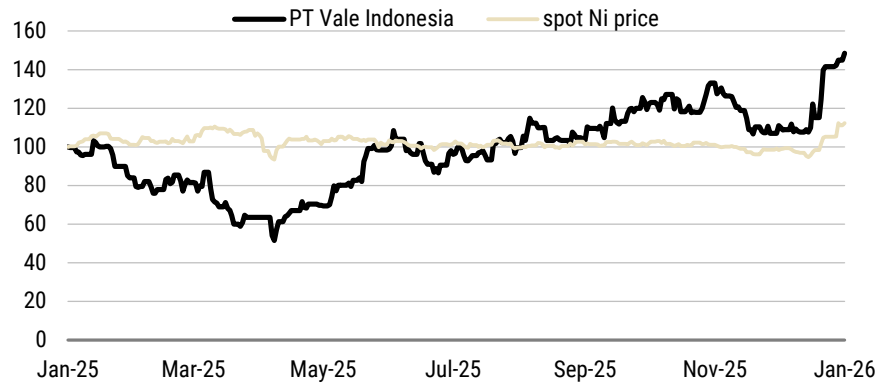
Source: Bloomberg, Morgan Stanley Research

Exhibit 149: Copper



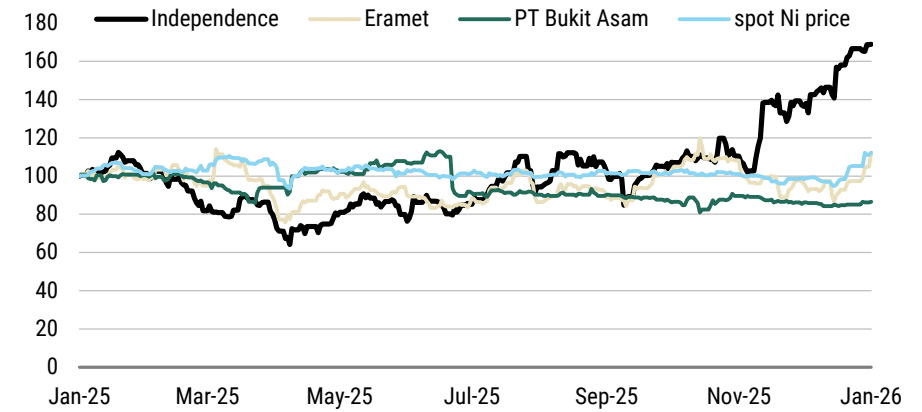
Source: Bloomberg, Morgan Stanley Research

Exhibit150: Nickel (large cap)



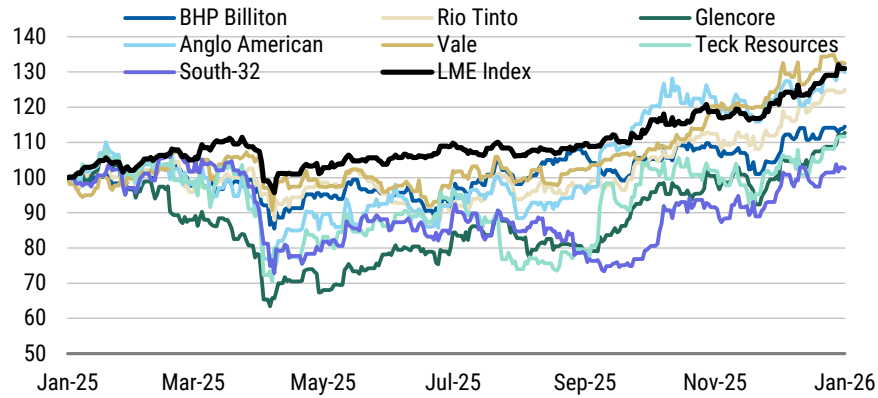
Source: Bloomberg, Morgan Stanley Research

Exhibit 151: Nickel (small-medium cap)



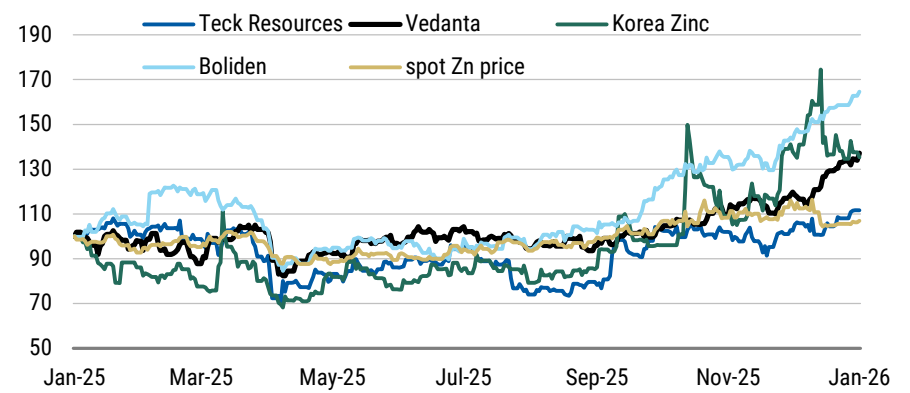
Source: Bloomberg, Morgan Stanley Research

Exhibit152: Diversified



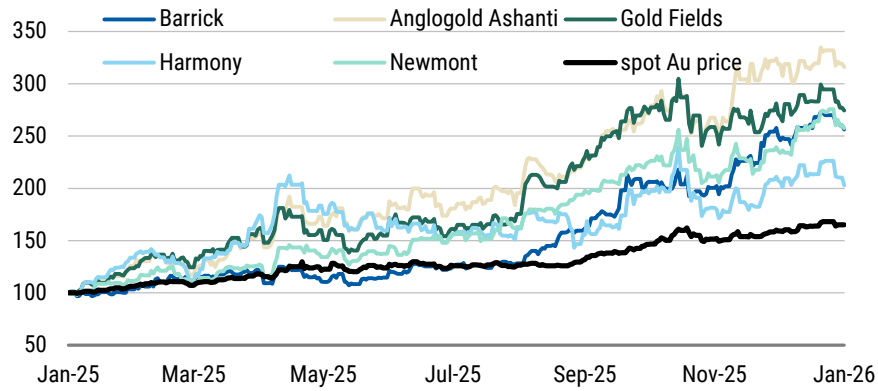
Source: Bloomberg, Morgan Stanley Research

Exhibit 153: Zinc



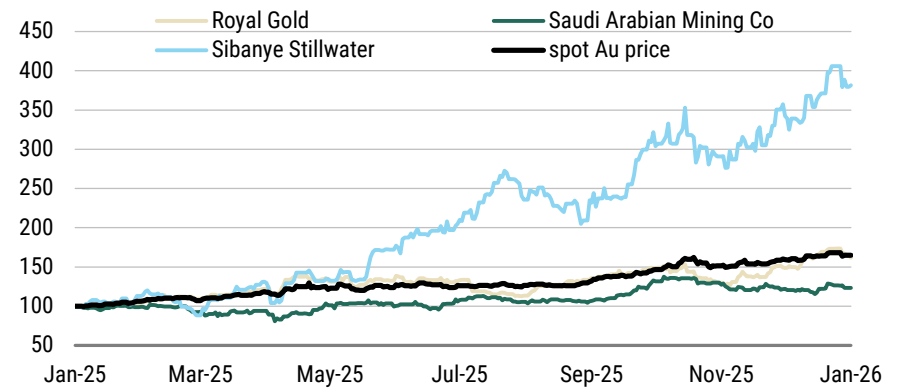
Source: Bloomberg, Morgan Stanley Research

Exhibit154: Gold (large cap)



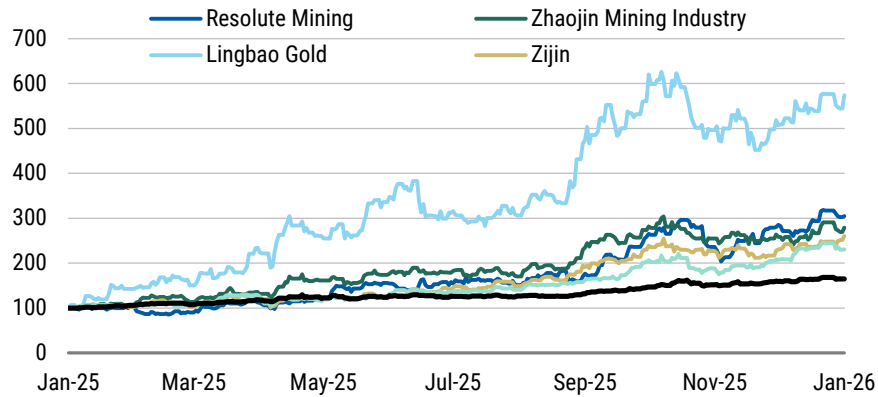
Source: Bloomberg, Morgan Stanley Research

Exhibit155: Gold (small/medium cap)



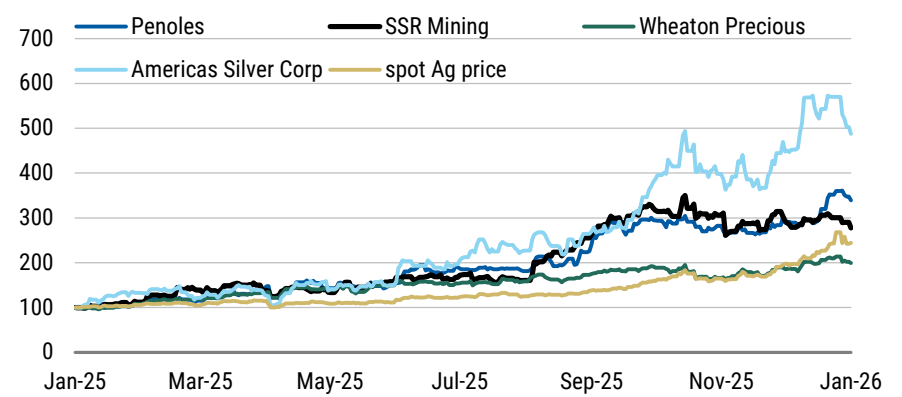
Source: Bloomberg, Morgan Stanley Research

Exhibit156: Gold (small / medium cap)



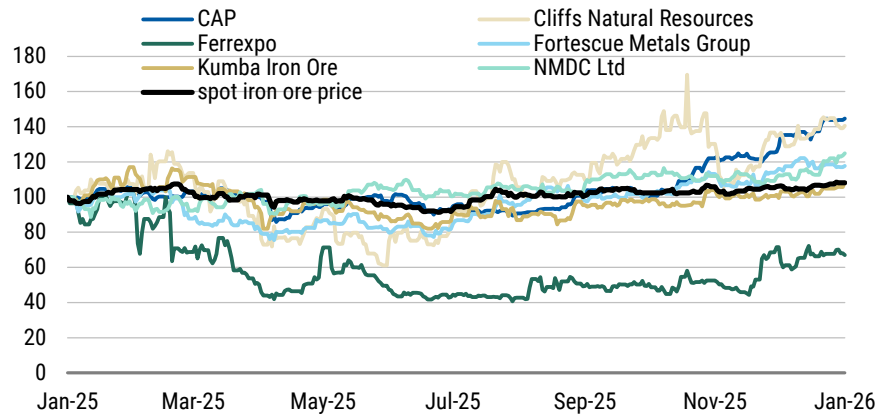
Source: Bloomberg, Morgan Stanley Research

Exhibit157: Silver



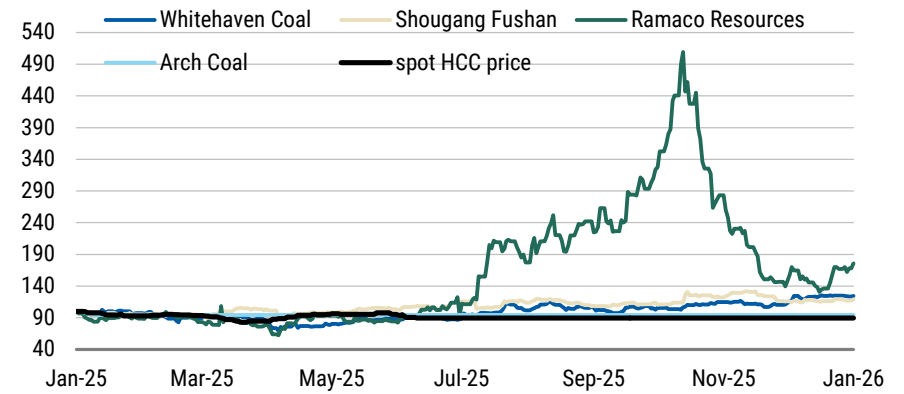
Source: Bloomberg, Morgan Stanley Research

Exhibit158: Iron ore



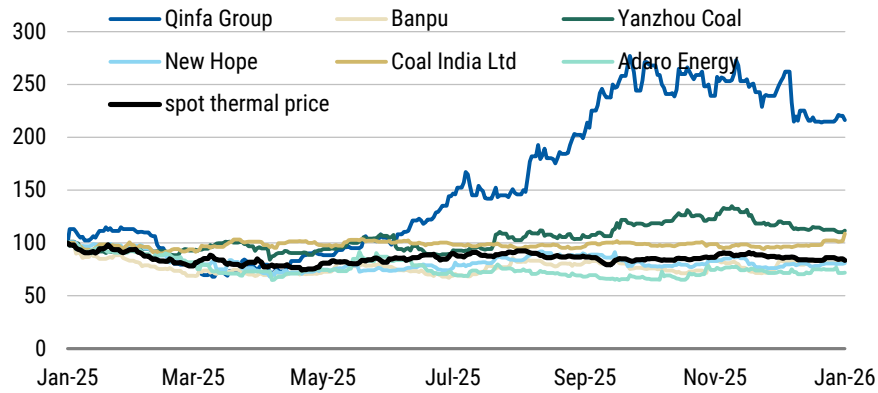
Source: Bloomberg, Morgan Stanley Research

Exhibit159: Metallurgical coal



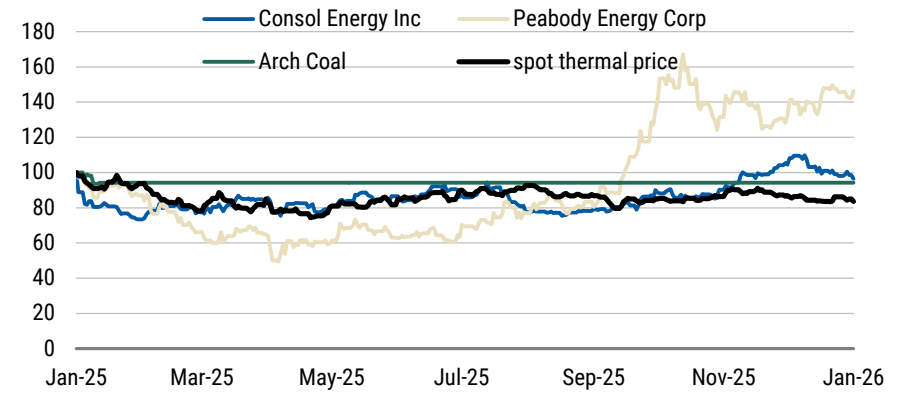
Source: Bloomberg, Morgan Stanley Research

Exhibit160: Thermal coal – Asia



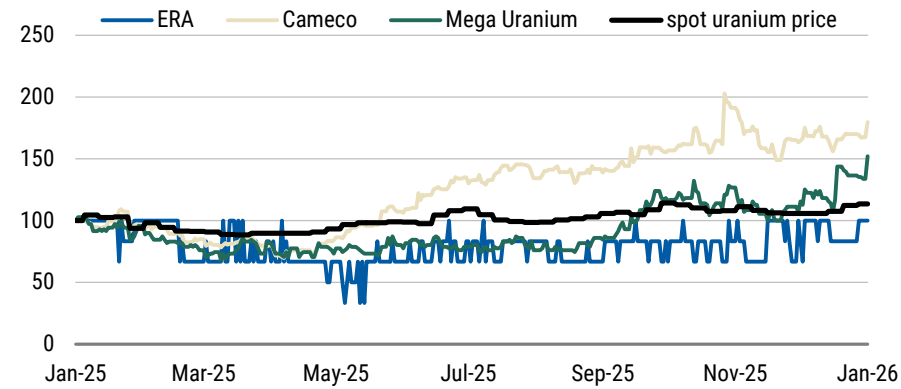
Source: Bloomberg, Morgan Stanley Research

Exhibit 161: Thermal coal – North America



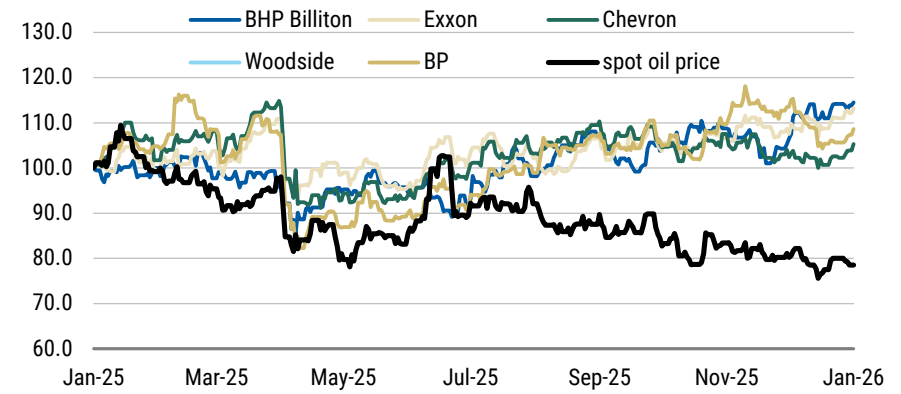
Source: Bloomberg, Morgan Stanley Research

Exhibit162: Uranium



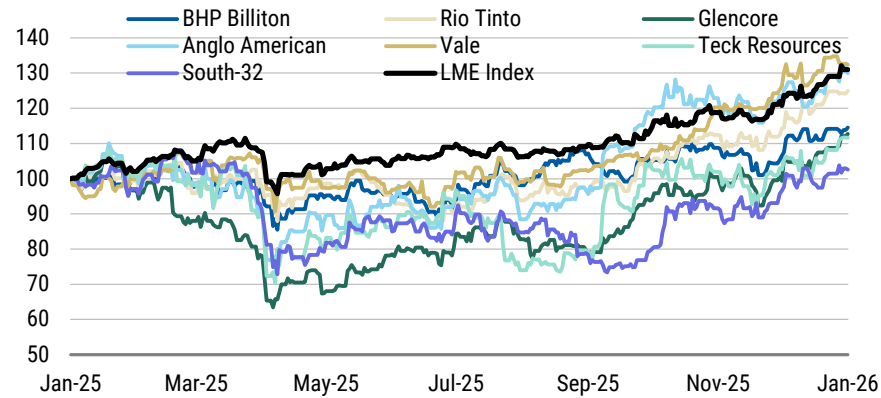
Source: Bloomberg, Morgan Stanley Research

Exhibit163: Oil



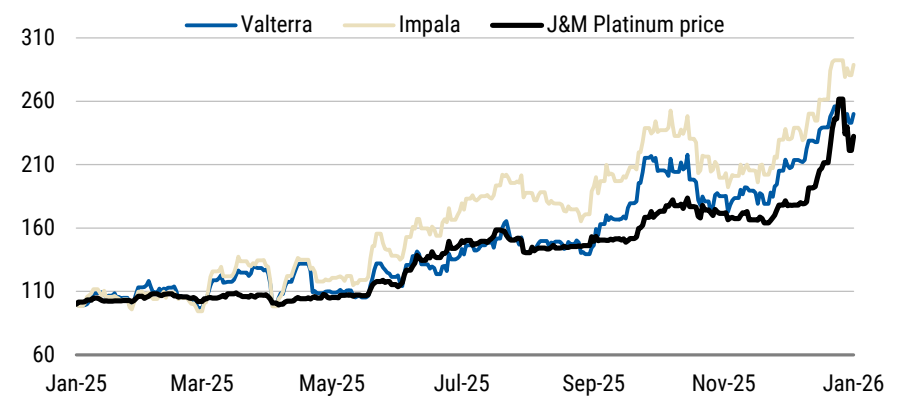
Source: Bloomberg, Morgan Stanley Research

Exhibit164: Diversified



Source: Bloomberg, Morgan Stanley Research

Exhibit 165: PGM



Source: Bloomberg

Key Morgan Stanley Forecasts

Exhibit 166: Base metals price forecasts

Period	Aluminium			Copper			Nickel			Zinc			Lead		
	Bull	Base US\$/lb	Bear	Bull	Base US\$/lb	Bear	Bull	Base US\$/lb	Bear	Bull	Base US\$/lb	Bear	Bull	Base US\$/lb	Bear
2025e	1.19	1.19	1.19	4.49	4.49	4.49	6.88	6.88	6.88	1.30	1.30	1.30	0.89	0.89	0.89
2026e	1.68	1.40	1.12	6.41	5.34	4.38	8.72	6.97	5.58	1.59	1.33	1.19	1.02	0.91	0.82
2027e	1.58	1.32	1.08	5.78	4.82	4.10	9.43	7.26	5.44	1.64	1.32	1.18	1.14	0.95	0.86
2028e	1.64	1.32	1.12	5.94	4.57	4.11	9.73	7.48	5.24	1.64	1.32	1.18	1.20	1.00	0.90
2029e	1.64	1.32	1.12	6.31	4.67	4.20	10.02	7.71	5.40	1.64	1.32	1.18	1.22	1.01	0.91
2030e	1.64	1.32	1.12	6.43	4.76	4.29	10.61	8.16	5.72	1.63	1.36	1.16	1.36	1.13	1.02
LT nom.	1.50	1.30	1.17	6.57	5.05	4.30	11.11	8.54	5.98	1.61	1.46	1.17	1.29	1.17	0.94

Source: Morgan Stanley Commodities Research estimates(e)

Exhibit 167: Precious metals price forecasts

Period	Gold			Silver			Platinum			Palladium			Rhodium		
	Bull	Base US\$/oz	Bear	Bull	Base US\$/oz	Bear	Bull	Base US\$/oz	Bear	Bull	Base US\$/oz	Bear	Bull	Base US\$/oz	Bear
2025e	3,416	3,416	3,416	39.27	39.27	39.27	1,261	1,261	1,261	1,145	1,145	1,145	6,238	6,238	6,238
2026e	5,520	4,600	3,910	69.42	57.85	46.28	2,130	1,775	1,420	1,723	1,325	928	15,975	8,875	6,213
2027e	5,094	4,075	3,464	62.44	49.95	42.46	2,308	1,775	1,598	1,350	1,125	788	24,750	8,250	5,775
2028e	4,745	3,650	3,103	59.31	45.63	38.78	2,223	1,710	1,539	1,200	1,000	700	24,000	8,000	5,600
2029e	4,725	3,500	2,975	59.06	43.75	37.19	2,262	1,740	1,566	1,200	1,000	700	24,600	8,200	5,740
2030e	4,050	3,000	2,550	50.63	37.50	31.88	2,301	1,770	1,593	1,320	1,100	880	24,600	8,200	5,740
LT nom.	3,876	2,871	2,441	48.45	35.89	30.51	2,389	1,838	1,654	1,688	1,407	1,126	24,981	8,327	5,829

Source: Morgan Stanley Commodities Research estimates(e)

Exhibit 168: Bulks price forecasts

Period	Iron Ore (spot)			Hard Coking Coal (spot)			Thermal Coal			Manganese ore (44%)			Lithium (Job LatAm)			Uranium (spot)		
	Bull	Base US\$/t	Bear	Bull	Base US\$/t	Bear	Bull	Base US\$/t	Bear	Bull	Base US\$/t	Bear	Bull	Base US\$/lb	Bear	Bull	Base US\$/lb	Bear
2025e	102	102	102	187	187	187	107	107	107	4.6	4.6	4.6	8,870	8,870	8,870	74	74	74
2026e	129	100	80	275	211	169	151	116	93	5.9	4.9	3.9	21,280	13,300	7,980	123	88	62
2027e	128	95	71	287	213	159	156	120	90	6.5	5.4	4.3	28,500	14,250	8,550	118	79	59
2028e	130	96	72	289	214	160	163	125	94	6.7	5.6	4.5	28,500	14,250	9,975	105	70	56
2029e	135	100	75	290	215	161	169	130	98	6.9	5.7	4.6	28,000	14,000	9,800	105	70	56
2030e	135	100	75	290	215	161	176	135	101	7.0	5.8	4.7	30,000	15,000	10,500	105	70	56
LT nom.	140	103	78	296	219	165	179	138	103	6.6	5.5	4.4	33,996	16,998	10,199	105	70	56

Source: Morgan Stanley Commodities Research estimates(e)

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(as of December 31, 2025)

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	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
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Equal-weight/Hold	1583	43%	362	42%	23%	720	45%
Not-Rated/Hold	4	0%	1	0%	25%	1	0%
Underweight/Sell	564	15%	87	10%	15%	216	13%
Total	3,670		865			1,611	

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