

28 November 2025

# Markets Shift as Geopolitical Risk Fades

## Precious metals rally on Fed-cut momentum, base metals tighten on supply constraints, while oil & gas weaken amid oversupply and peace-deal progress.

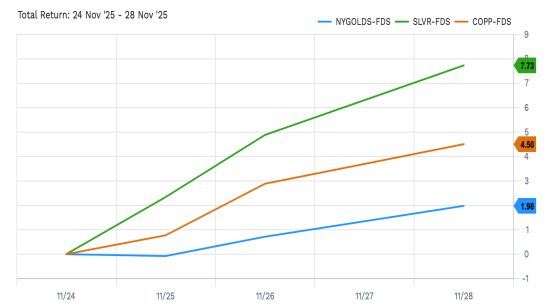
- Gold and silver rose on Fed-cut expectations and safe-haven demand, with silver boosted by supply deficits and strong industrial use.
- Copper outperformed as a weaker dollar, supply cuts, and electrification-driven demand tightened the market.
- Oil and gas eased or moved sideways amid warm weather, soft LNG demand, rising U.S. supply, and reduced geopolitical risk.

Precious metals maintained their strong momentum through this week, mainly driven by the growing prospect of a rate cut in December by the Federal Reserve and a softer macro backdrop. The gold price remained close to a two-week high and looked set for its fourth successive monthly gain, rising 3% this week as dovish comments from several Federal Reserve officials pushed the odds of a cut to the 85-90% range. Lower expected real yields boosted demand for the non-yielding asset, while heightened geopolitical uncertainty around fragile Russia-Ukraine peace efforts added a further safe-haven bid. Silver outperformed gold, hitting a new record high above \$55/oz, driven not only by the same macro tailwinds but also by the growing structural scarcity of supplies. Industrial demand, especially from the renewable energy and solar panel manufacturing sectors, continues to grow extensively, while the silver market enters one of its largest physical deficits in years, strengthening its upside momentum.

Base metals also strengthened, with copper emerging as a standout performer. A weaker dollar, declining Chilean output, and planned production cuts by Chinese smelters all contributed to LME three-month copper's rise to a newly recorded all-time high above \$11,200/ton, reinforcing concerns around tightening near-term supply. The bullish structural narrative remains intact, as Deutsche Bank raised its copper price forecast for 2026 to \$10,600 per ton, based on limited supply growth and strong demand driven by electrification, grid expansion, and battery technologies. Moreover, macroeconomic trends contributed to the base metal price surge, as growing optimism about Fed easing revived risk appetite and prompted new industrial metals positioning.

This week's oil and gas markets were dominated by a collapse in geopolitical risk premia and a reinforcement of oversupply narratives. European natural gas prices slid as warmer-than-normal forecasts sharply reduced expected heating demand, Asian LNG demand stayed soft, and U.S. LNG feed gas flows surged—while even the possibility of a Russia-Ukraine peace agreement added future-supply pressure. In oil, prices mostly drifted sideways despite bearish U.S. inventory data, reflecting a market already conditioned to oversupply: crude and product stocks are building, OPEC+ output is steady, and analysts widely flag a growing surplus into 2026. The central macro driver has been diplomacy—every signal of progress on a U.S.-brokered Russia-Ukraine peace plan weighs on prices by threatening the return of sanctioned Russian barrels. As a result, WTI and Brent traded in tight ranges around \$58–63/bbl, moving only marginally on data releases, with holiday-thinned liquidity further muting volatility. Overall, both markets are behaving as if geopolitical risk is fading faster than fundamentals can tighten, leaving the short- and medium-term outlook skewed to the downside.

Figure 1: Weekly Returns of Gold, Silver, Copper (24–28 Nov 2025)



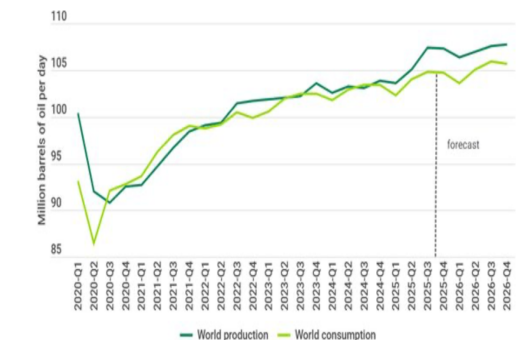
Source: Factset

Figure 2: Gold Daily Chart-Symmetrical Triangle Breakout Attempt



Source: FXStreet

Figure 3: Quarterly world production and consumption of oil



Source: US Energy Information Administration

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