

Can commodities rally in 2026?

UBS House View Briefcase

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Key message

Commodities are set to play a more prominent role in portfolios in 2026. Our forecasts point to attractive returns, supported by supply-demand imbalances, heightened geopolitical risks, and long-term trends like the global energy transition. Within the asset class, we see particular opportunities in copper, aluminum, and agriculture, while gold remains a valuable portfolio diversifier.

01 Tight supply and rising demand should support many commodities this year.

- Both copper and aluminum are projected to encounter further supply shortages that may push prices higher. The global transition to clean energy and electrification continues to drive demand for these metals, making them a key structural investment.
- For crude oil, we expect prices to start recovering in the second half of the year. The current surplus should diminish with solid demand growth and moderating non-OPEC+ supply amid limited OPEC+ spare capacity.
- Gold should post further gains, in our view, supported by central bank buying, large fiscal deficits, lower US real interest rates, and ongoing geopolitical risks.

02 Commodities can help diversify portfolios.

- Commodities can play a valuable role in portfolios, but they can face periodic volatility.
- Returns are generally strongest when supply-demand imbalances or macroeconomic risks—like inflation or geopolitical events—are elevated. In such periods, broad commodity exposure can help diversify portfolios and protect against shocks.
- When the outlook is favorable, we typically suggest an up-to-5% portfolio allocation to a diversified commodity index.

03 We see many ways to invest in commodities.

- Investors can access commodities through diversified indices, ETFs, exchange-traded commodities (ETCs) or structured investments.
- However, they should be aware of unique risks such as price swings and costs associated with futures or physical holdings.
- Commodities have also experienced long periods of strong out- and underperformance versus equities. Hence, we generally see them as a tactical, not permanent, component of a long-term portfolio.

New this week

Copper prices rose above USD 13,000 per metric ton briefly last week as markets focused on supply-side risks. Brent crude oil, meanwhile, has been supported as the ongoing protests in Iran have raised concerns, while investors continue to assess the impact of Trump's Venezuela raid.

One liner

Commodities could rally in 2026 and may also help diversify portfolios.

Did you know?

- Major economies' shift toward renewable energy, along with emerging demand from data centers, is expected to drive strong, long-term copper demand. We therefore now expect 2.8% global copper consumption growth (up from 2.2%) in both 2025 and 2026.
- We now expect gold prices to rally to USD 5,000/oz by March, stay there till September, and ease toward USD 4,800/oz by the end of 2026.

Investment view

Commodities are poised for attractive returns in 2026, in our view, offering portfolio diversification amid supply-demand imbalances, geopolitical risks, and the global energy transition. We like broad commodities exposure, gold, and select commodity-linked equities.

Non-Traditional Assets

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