

Geopolitics and the new commodities supercycle

March 2026

Geopolitical shifts underpin a new commodities supercycle

Over the past month, commodity markets have been jolted by escalating geopolitical tensions, especially those in the Middle East ([see Slide 6](#)).

In particular, oil markets are volatile, with investors witnessing a stark jump in prices ([see Slide 5](#)). But the link between geopolitics and commodities has broader implications beyond fossil fuels ([see Slide 9](#)).

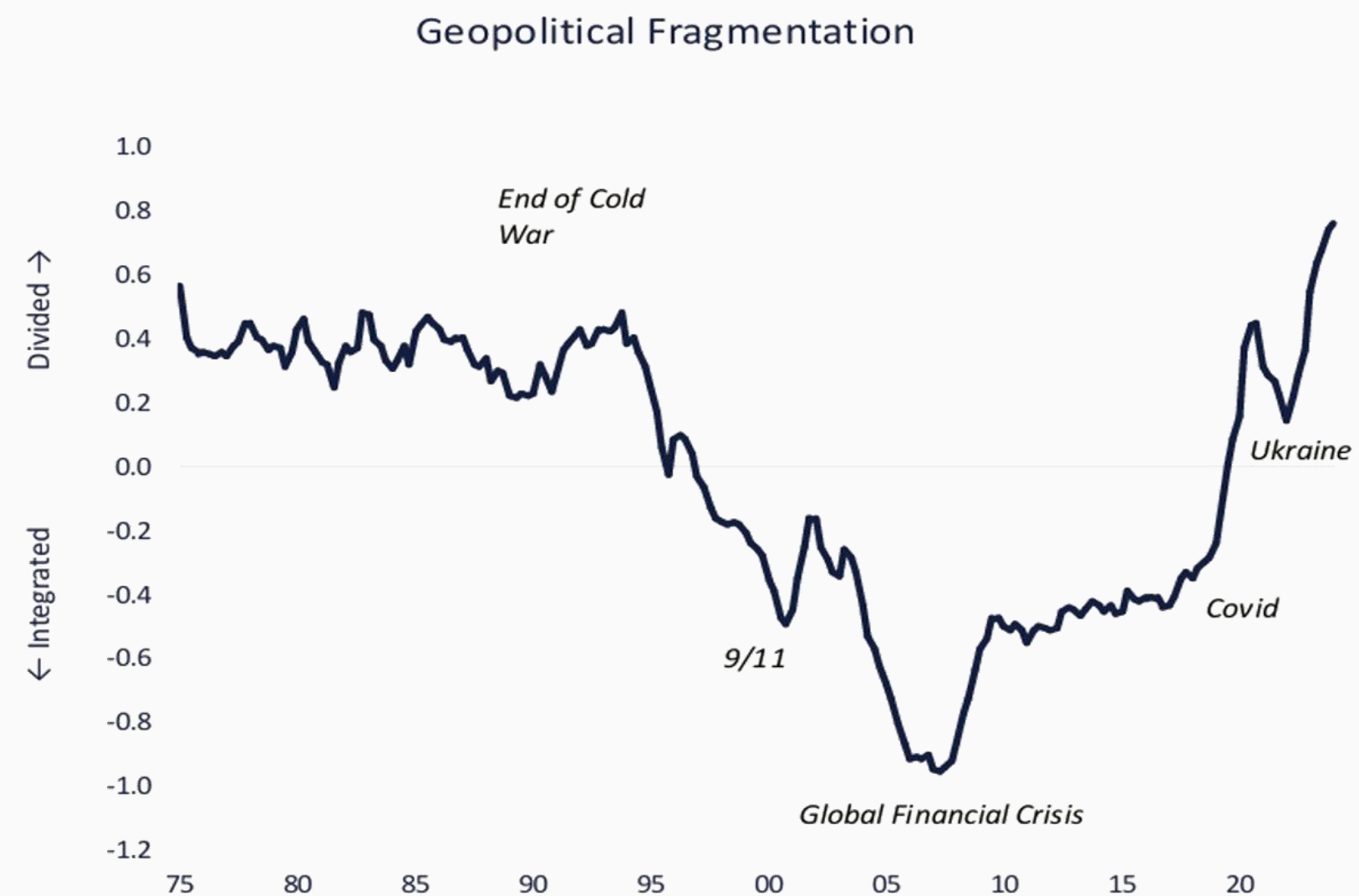
Some market participants argue that the recent geopolitical shifts have given way to a new commodities supercycle ([see Slide 3](#)).

Against this backdrop, gold has been heralded as a hedge against uncertainty, despite its own recent price increases ([see Slide 12](#)).

“[Further reading](#)”, found at the end of this pack, features insights from the likes of PGIM, Principal Asset Management, and PIMCO.

Geopolitical fragmentation is powering a new supercycle

The world is more politically, economically and financially divided than during the cold war



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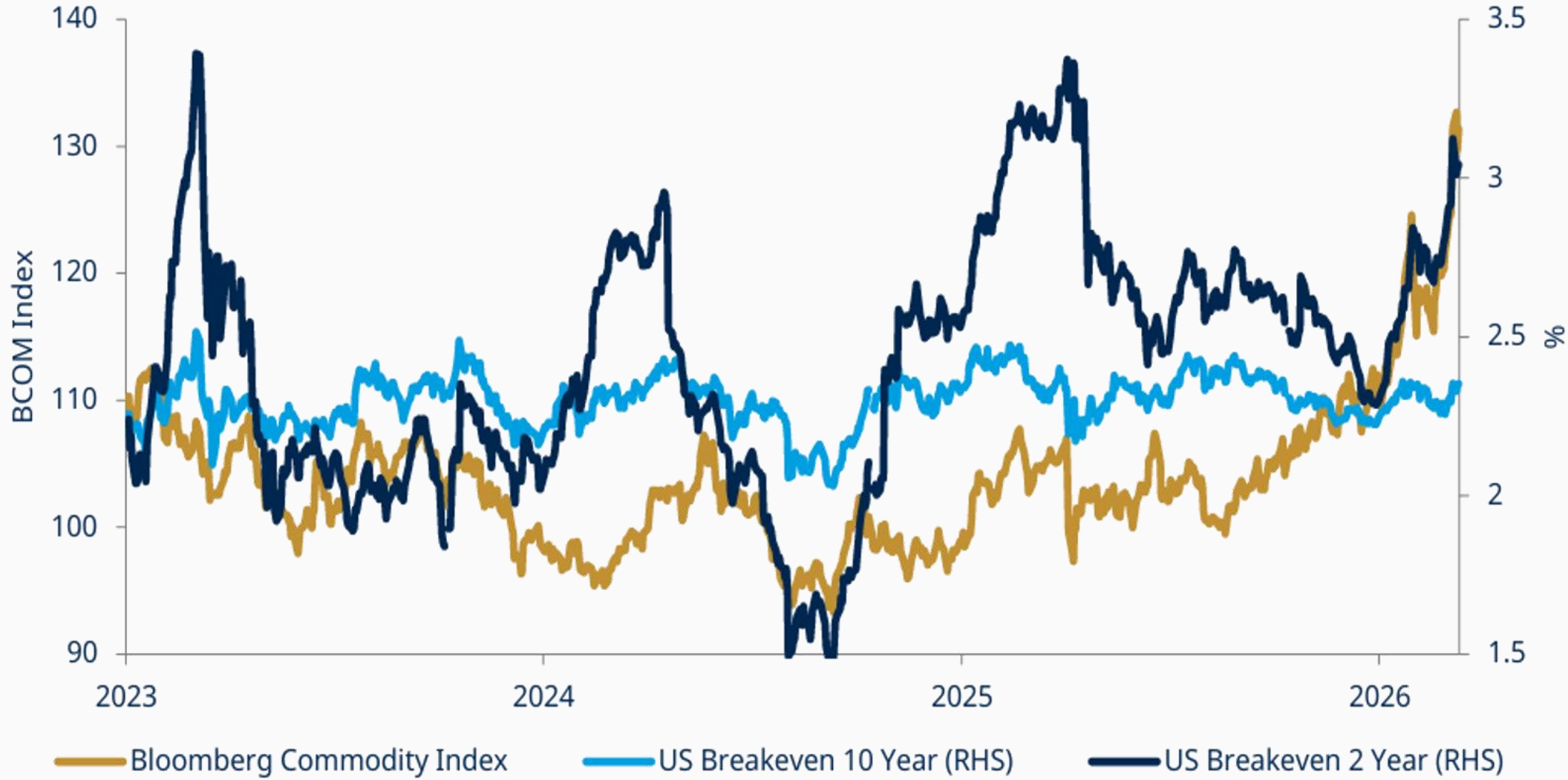
Every major geopolitical inflection point of the past fifty years — the end of the Cold War, 9/11, the global financial crisis, Ukraine — has triggered a rotation in capital allocation between asset-light and asset-heavy sectors. [...] When the dust settles and the ships sail, the price may likely retrace — today we have market prices for energy, not the administered prices of the 1970s. But the security premium means it may not return to the status quo ante bellum. [...] A commodity super cycle is characterised by price spikes and volatility with higher highs and higher lows.”

Read Carlyle’s full article:

[A Crude Awakening \(Carlyle\), Mar 26](#)

This uncertainty is yet to translate into economic uncertainty, however

Commodity price gains not showing up in long-term inflation expectations



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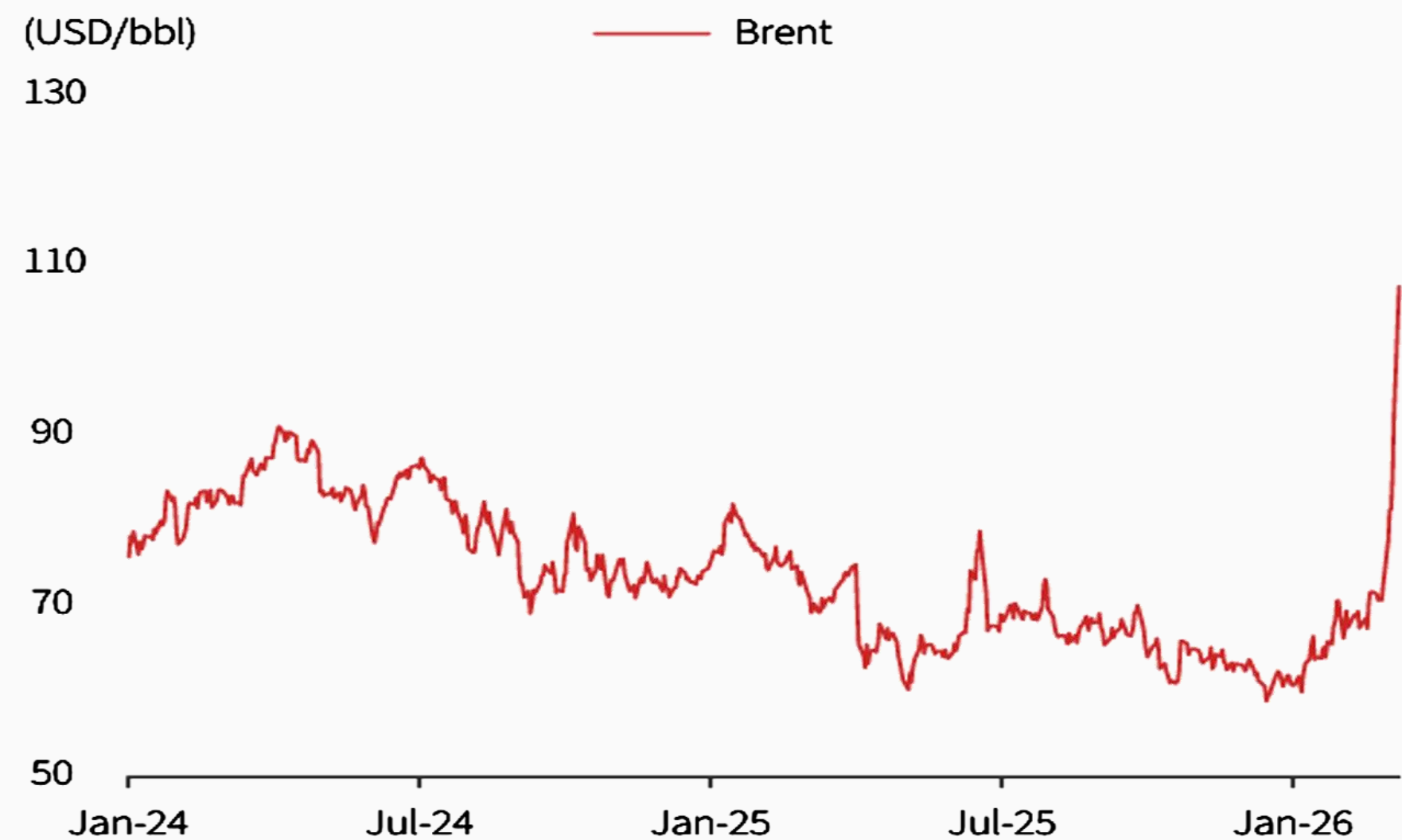
Following the US-Israel strikes on Iran, the markets have responded logically so far, repricing to reflect a higher risk of stagflation due to the energy price action. Brent oil and European natural gas futures rose sharply due to supply risks. As a result, breakevens and bond yields rose, and yield curves flattened.”

Read Amundi’s full paper:
[Mapping the Fallout: Iran, Oil, and Global Markets \(Amundi\), Mar 26](#)

Source: Amundi
Note: The paper is geo-targeted.

Nevertheless, given the oil price spike, inflation may soon rise

Brent crude oil prices spiking above USD100/bbl as war rages on in the Middle East



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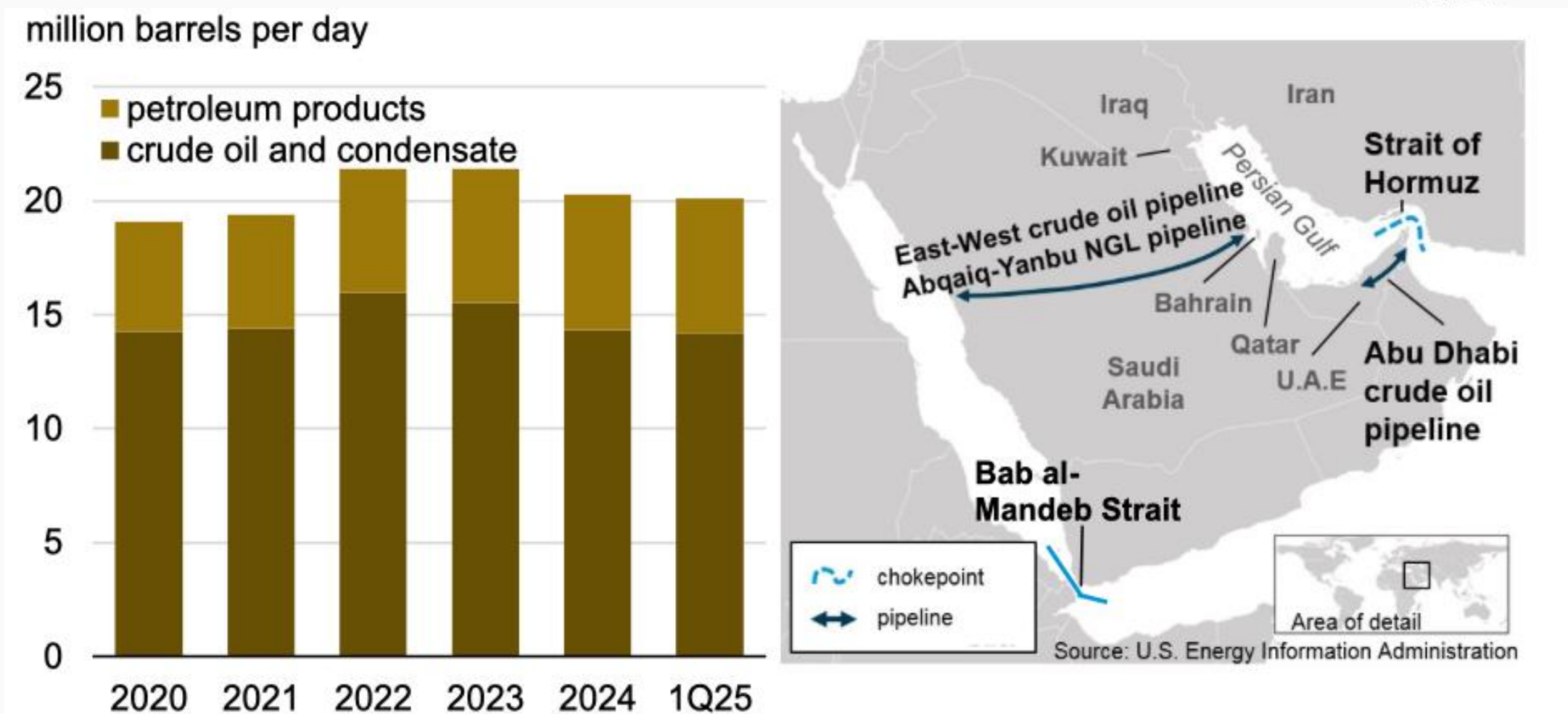
Thus, we are now projecting Brent crude oil prices to average between USD75-80/bbl for 2026 (from USD62-67/bbl earlier) and USD65-70/bbl for 2027 (again from USD62-67/bbl earlier). These assumptions indicate that prices will moderate once the current tensions blow over but still remain at elevated levels compared to the pre-war period.”

Read DBS Private Bank’s full paper:

[CIO Insights 2Q26: Resilience in Chaos \(DBS\), Mar 26](#)

The conflict in the Middle East lies behind this price action

Volume of petroleum transported through the Strait of Hormuz



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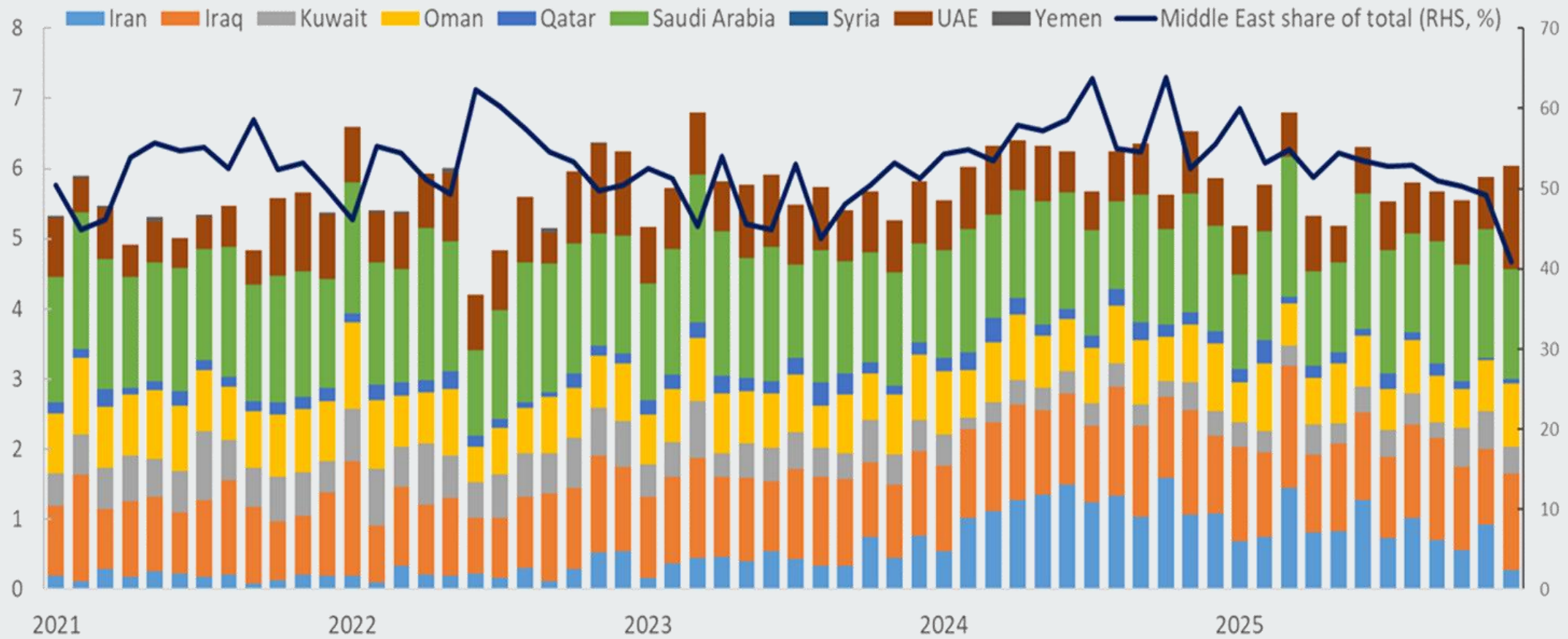
Saudi Aramco’s East-West oil pipeline was temporarily expanded in 2019 from 5 million barrels per day to 7.0 million barrels per day by converting some natural gas liquids pipelines to accept crude oil. The UAE operates a 1.8 million-barrel-per-day pipeline that bypasses the Strait.”

Read IER’s full paper:

[Energy Supplies Under a Prolonged Middle East Conflict \(IER\), Mar 26](#)

China's economy may suffer from this conflict – but only comparatively slightly

China's crude imports from the Middle East (mb/d) and share of total (%)



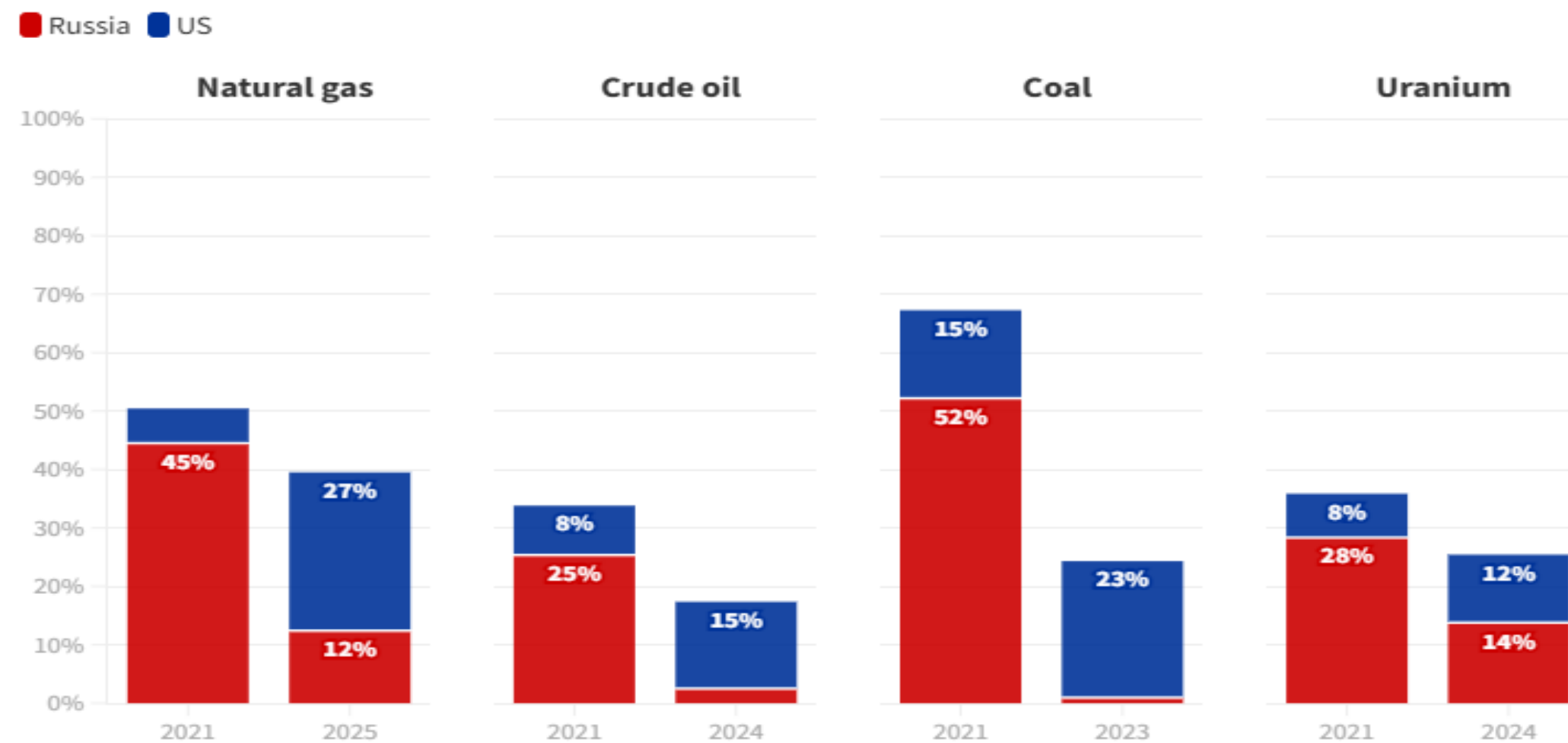
Although the import exposure numbers are high, when framed in the broader context of China's energy system, the reliance is slightly more limited. For example, Middle Eastern crude imports are 50% of supplies. While a very high proportion, it is limited when compared to Japan, India or Korea. What is more, as a share of refining needs, the Middle East accounts for a third of crude demand, when taking into account domestic production and non-Middle Eastern grades."

Read OIES's full paper:
[Disruption in the Strait of Hormuz: Implications for China's Energy Markets and Policies \(OIES\), Mar 26](#)

Source: OIES

Within DMs, Europe is particularly exposed to uncertainty and high fuel prices

The share of US and Russian fuel in total EU fuel imports, 2021 vs the most recent year available



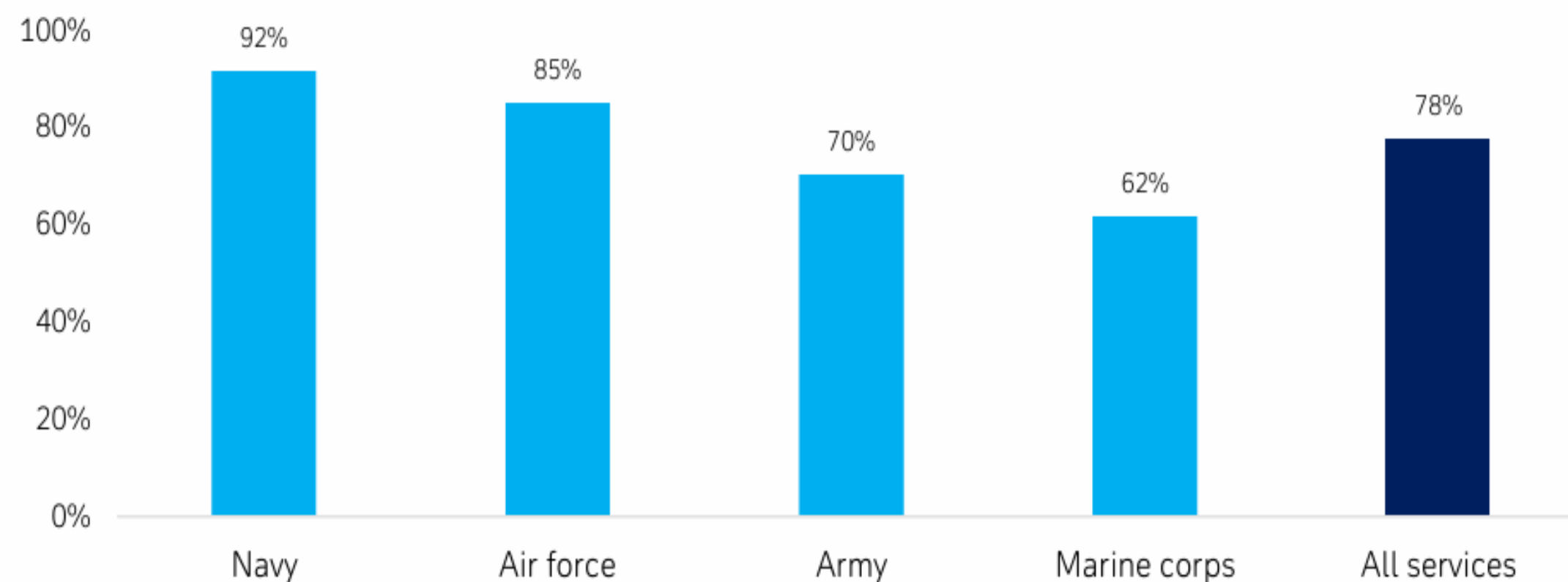
[...] the EU's overall reliance on imported energy continues to entail vulnerabilities. Supply security depends on global markets and political developments beyond Europe's control. Disruptions in major producing regions, shipping routes or energy infrastructure – illustrated by the March 2026 closure of the Strait of Hormuz and damage to energy facilities [...] can quickly tighten markets and push up prices."

Read Bruegel's full paper:

[Dependence on Fossil Fuels, Not on the United States, Is Europe's Worry \(Bruegel\), Mar 26](#)

Meanwhile, rare earths have become increasingly important for the U.S. military

Critical minerals in U.S. weapons systems, 2025



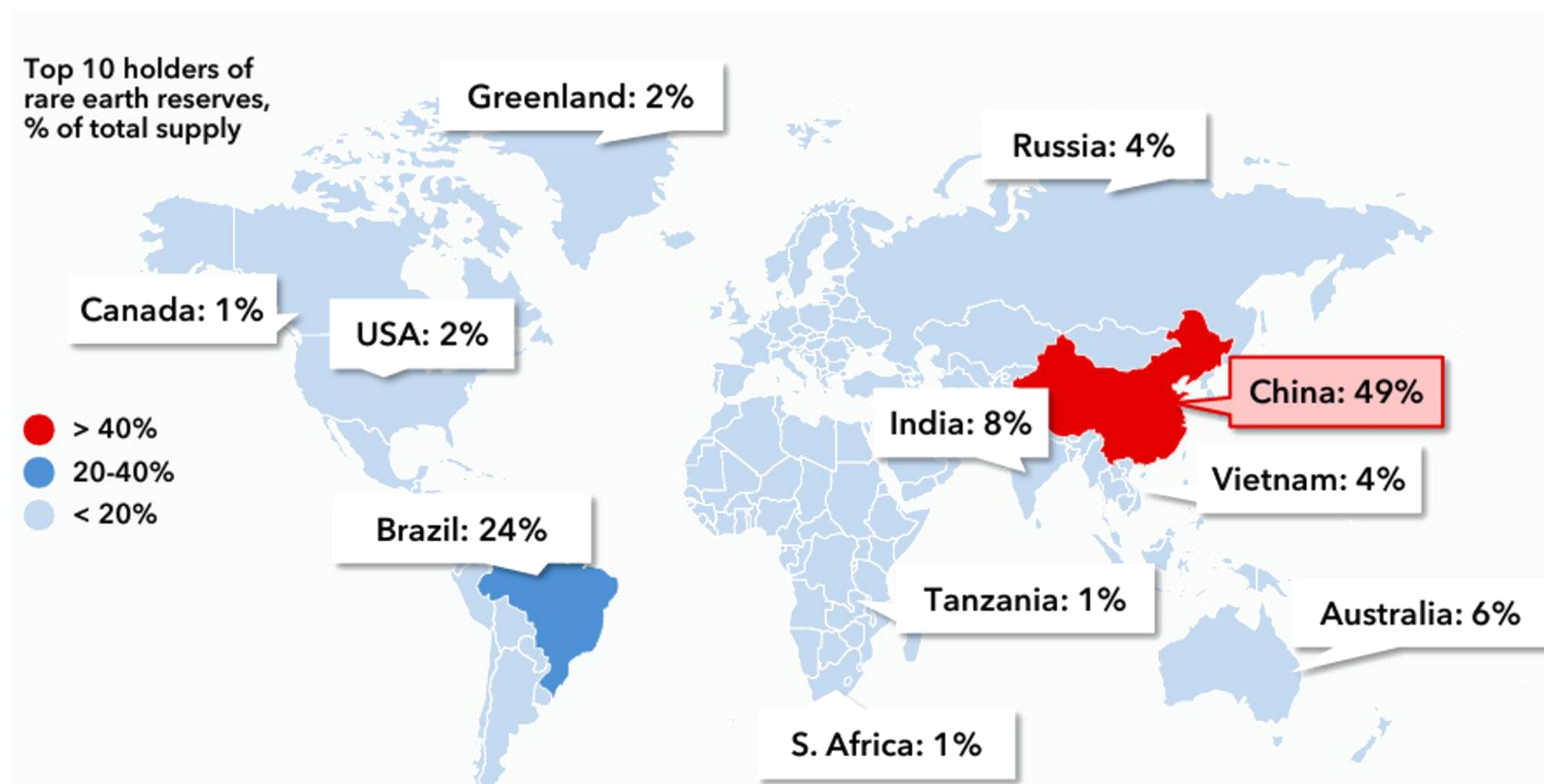
Ultimately, critical minerals are a foundational layer of modern economic, technological, and military power. Demand for these materials tends to rise in tandem with geopolitical tension, as access becomes constrained. This dynamic is central to the current era, as nations like the US seek to reinforce their industrial and defense capabilities. Rare earth metals, a subset of critical minerals [...].”

Read Deutsche Bank’s full paper:

[Chapter 2: Critical Minerals \(Deutsche Bank\), Mar 26](#)

And most of the world's rare earths come from China

China's leadership on rare earth reserves



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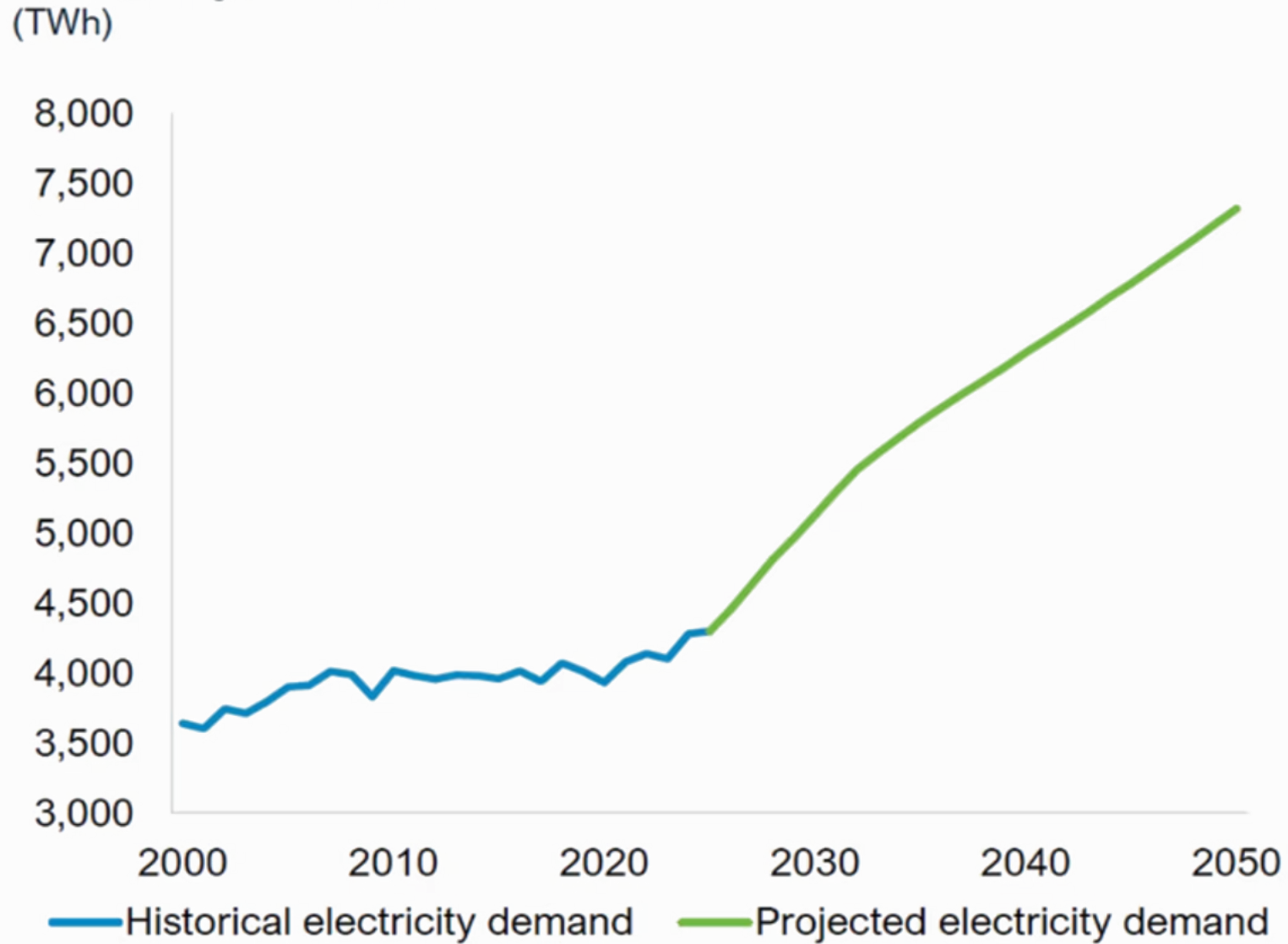
China holds a commanding lead in rare earth reserves, though many of the most important critical minerals for technology and AI exist in significant scale outside of China. China's true dominance on strategic minerals lies further up the value chain in production and refining.”

Read MUF^G's full paper:

[The AI Industrial Revolution: The AI Arms Race \(MUF^G\), Mar 26](#)

Moreover, energy demand is set to increase, leading to potentially more volatility in commodity markets

Electricity demand set to surge in coming decades



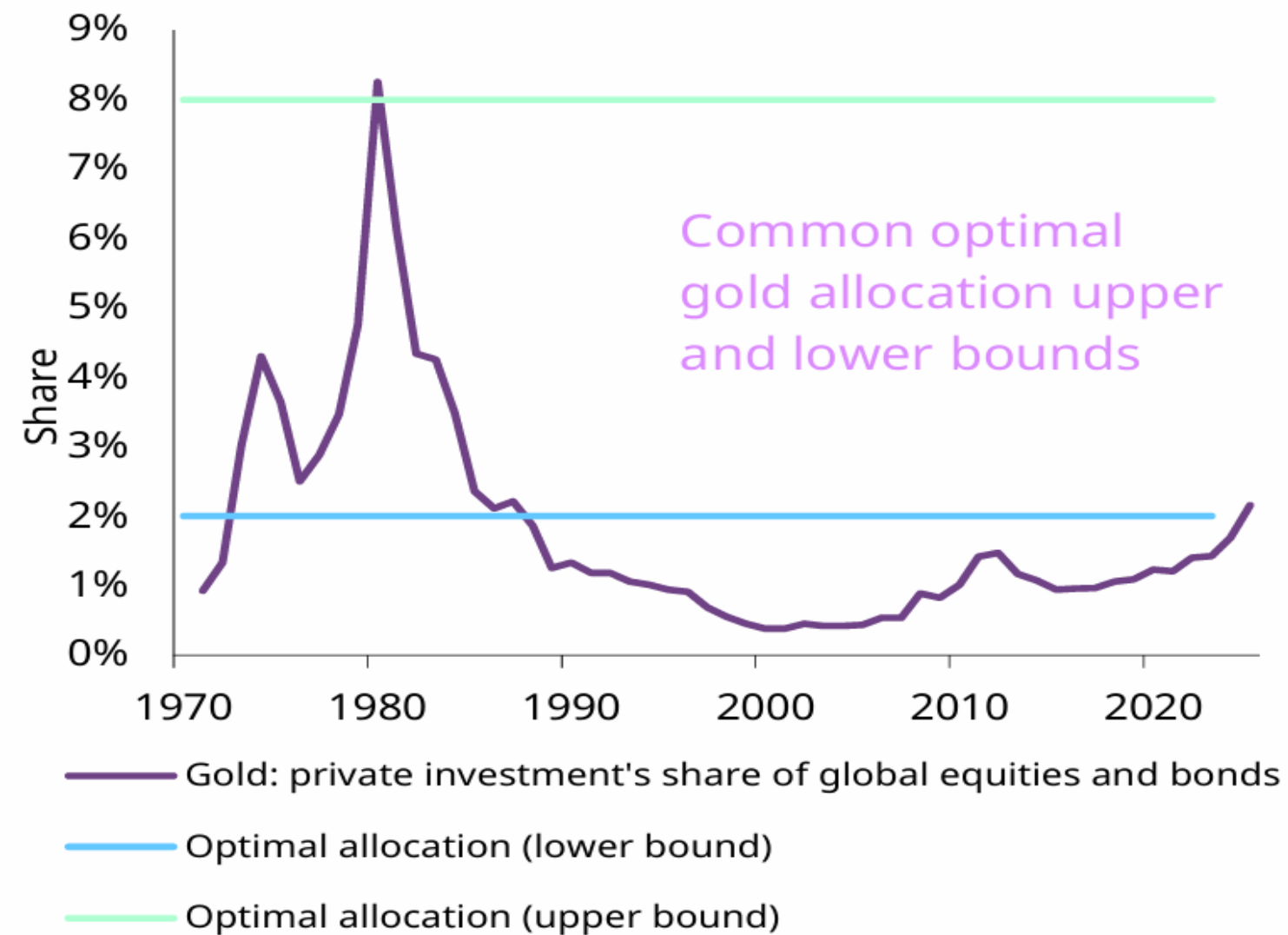
The US is at the epicenter of this acceleration, with power demand in the next decade expected to increase almost three times the pace of the last two. This will bring its total consumption from 4,100 TWh in 2024 to 5,300 TWh in 2035. Such an increase is equivalent to the combined annual consumption of France, Germany and Italy.”

Read Robeco’s full paper:
[Power Demand Is Surging: Who Will Benefit from a New Electricity Supercycle? \(Robeco\), Nov 25](#)

Source: Robeco

Gold may offer a hedge against volatility, alongside other precious metals

Gold remains strategically under-owned



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[...] while there is perhaps a concern that gold looks overbought and might struggle to find marginal investment buyers, it remains strategically under-owned.”

Read World Gold Council's full paper:

[Why Gold in 2026? A Cross-Asset Perspective \(World Gold Council\), Mar 26](#)

Further reading

Navigating a new commodity super cycle

[Monthly Oil Market Report March 2026 \(OPEC\)](#)

The global oil demand growth forecast for 2026 remains at a healthy 1.4 mb/d, y-o-y, unchanged from last month's assessment.

[The War in Iran \(PGIM\)](#)

The ongoing military operations in Iran have profound implications for investors across the globe.

[Iran Conflict Triggers Energy Shock \(Principal Asset Management\)](#)

Energy shock hits markets as Iran conflict disrupts oil and LNG flows through the Strait of Hormuz.

[Alchemist Issue 120 \(LBMA\)](#)

Welcome to issue 120 of the Alchemist, bringing you the latest insights in the precious metals industry.

[Material Matters: Digging into Commodities \(PIMCO\)](#)

From gold's surge to oil's evolving dynamics, commodities are once again commanding investors' attention.

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