



THE WORLD AT UNREST:

How global turbulence is shaping
commodities markets in 2025



INTRODUCTION

The global commodity landscape in 2024 was marked by heightened turbulence spanning Agriculture, Metals, and Fuel. An historically volatile market was further bolstered by geopolitical upheaval, environmental crises, political events and government policy decisions – all aside from the continued structural 'green' transition.

Amidst this perfect storm of disruption, it is almost surprising that price action was not more pronounced than the **25% feed wheat swings, 20% ranges for many base metals and 35% crude oil price fluctuations.**

The global macroeconomic outlook for 2025 will be characterised by slow growth, easing inflation and cautious monetary policy amid a horizon laden with risk. The OECD expects the UK's economy to grow by 1.7% in 2025 – faster than Europe (0.7%) but slower than the US or China (2.8% and 4.9%, respectively). This picture of moderate growth masks an extremely challenging landscape for mid cap and privately-owned UK companies, who were perhaps the hardest hit by fiscal measures announced in the Autumn Budget 2024.

With this stream of challenges and headwinds, companies exposed to commodities must now, more than ever, ensure they understand and manage risk. Attara's inaugural Trends report looks at the complexities of the agricultural, base metals and fuel markets; in each case, we take a look back at 2024 and provide insight into 2025's challenges and opportunities.

Richard de Meo, CEO of Attara



FUEL TRENDS 2025



LOOKING BACK

The global oil market in 2024 has been influenced by geopolitical, economic, and energy-transition dynamics. Key developments in production, demand, pricing, and policy reflect recovery trends and a shift towards cleaner energy sources.

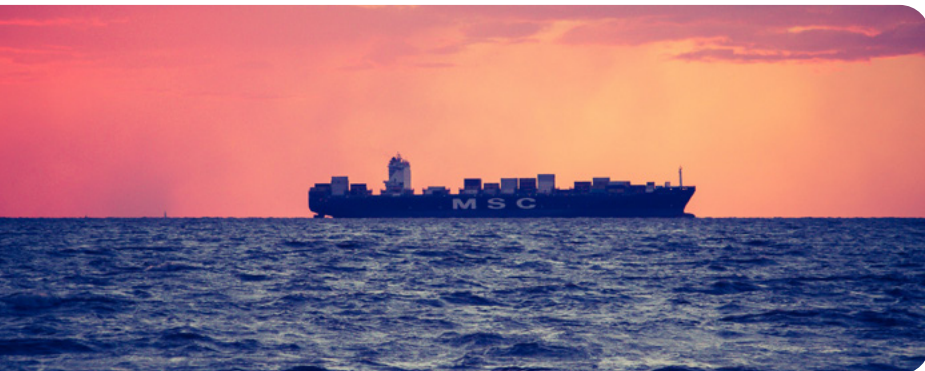
Since January 2024, crude prices swung between \$91/bbl in April and \$68/bbl in September, with a \$20/bbl range driven by geopolitical factors.

Global oil demand grew by about 1 million bpd compared to 2023, with estimates placing total demand at 102–106 million bpd by 2030. This growth, slower than in prior years, stems from increased EV adoption, improved fuel efficiency, and evolving energy policies. Regionally, demand growth was led by Asia, particularly India and China, where industrial expansion and travel recovery bolstered consumption.

For UK businesses reliant on fossil fuels, price fluctuations remain a challenge. Even alternatives like HVO, LPG, and biofuels face volatility due to evolving policies and market

dynamics. Attara offers support in managing transitions and hedging greener initiatives.

Global oil production capacity surged, led by the U.S. and Americas, with capacity projected at 114 million bpd by 2030. OPEC+ continues managing production to stabilize prices, though its influence is challenged by rising U.S. shale output and new market entrants. Geopolitical events, including sanctions on Russian oil and tanker disruptions near the Red Sea, have reshaped trade patterns and created volatility.



Oil prices this year have fluctuated below 2022 peaks. While increased production has offset some demand growth, concerns about a global economic slowdown and tighter monetary policies have limited price rallies.

The shift to cleaner energy continues to reshape oil dynamics. Stricter efficiency measures and EV adoption are reducing dependence on oil, especially for transportation. However, oil-based feedstocks for petrochemicals remain in demand, driven by industrial growth in Asia and continued Western dependence.

Geopolitical and trade shifts have further impacted the market. Sanctions on Russian oil have rerouted global flows, with Asia becoming a key importer of discounted crude. The Atlantic Basin has a surplus, while Asia faces structural deficits, fostering increased shipments from the U.S. and Middle East to Asia.

The market faces challenges, including supply security risks from geopolitical tensions and extreme weather, a slowing global economy, and China's uneven recovery post-COVID. Policies to reduce carbon emissions and accelerate the energy transition may further dampen long-term demand.

THIS YEAR'S OIL MARKET HIGHLIGHTS THE COMPLEXITIES OF NAVIGATING AN EVOLVING ENERGY LANDSCAPE, WITH SIGNIFICANT PRICE SWINGS AFFECTING BOTH CONSUMERS AND PRODUCERS.

FORECASTS

Financial institutions regularly publish their market forecasts. We have compiled a sample of key names with corresponding Brent predictions (directly representative of the broader data), presented in a summary table. All prices are in USD per barrel (\$/bbl). These indicate percentage changes that might be useful when considering possible changes to diesel prices, which are driven by changes in Brent crude oil.

Ref Today's Prices (26.11.24): \$73.5/bbl

INSTITUTION	Q1,25 (\$/BBL)	Q2,25 (\$/BBL)	Q3,25 (\$/BBL)
JP Morgan	82	82	82
Wood Mackenzie	80	80	80
Commerzbank	75	75	75
Price Futures Group	94	94	94
Saxo Bank	75	75	75
Deutsche Bank	75	75	75
BMO	75	75	75
Emirates NBD	75	75	75
	Q1,25 (\$/BBL)	Q2,25 (\$/BBL)	Q3,25 (\$/BBL)
AVERAGE FORECAST (\$/BBL)	78.9	79.1	79.4
CHANGE FROM TODAY	7%	8%	8%

LOOKING FORWARD

While demand stabilisation and the energy transition suggest a moderated long-term outlook, short-to medium-term dynamics could exert upward pressure.

Geopolitical tensions and supply disruptions remain key risks. Instability in oil-producing regions like the Middle East could disrupt production and export routes. Renewed conflicts, particularly in the Strait of Hormuz or Yemen, threaten global supply. Sanctions on Russian oil exports increase reliance on OPEC+ and other producers, which could drive prices higher. Security threats to key chokepoints, such as the Suez Canal, heighten vulnerability to disruptions and price spikes.

Tight spare capacity and OPEC+ strategies also shape oil prices. While global supply has expanded, much of the growth stems from non-OPEC producers like the U.S. OPEC+ faces challenges in maintaining sufficient spare capacity to cushion supply shocks, potentially tightening markets. Production cuts by OPEC+ to stabilise prices have historically driven up costs, especially during geopolitical disruptions.

Underinvestment in oil supply could further constrain production growth. Pressured by energy transition goals, many oil companies are channeling capital into renewable energy, reducing upstream investment. This prolonged underinvestment risks creating supply gaps. Growth in U.S. shale production—a key flexibility driver—may slow due to capital discipline and regulatory hurdles, limiting the market's ability to meet surging demand.

Accelerated economic recovery of emerging markets, particularly in India and Southeast Asia, are expected to drive demand for transportation fuels and industrial products, elevating prices. Aviation demand will continue to rebound post-pandemic, and a faster recovery in China could significantly boost crude demand, all amplified by stimulus efforts in infrastructure and industry.

Weather-related factors pose risks; rising sea temperatures increase

chances of hurricanes in the Gulf of Mexico or harsh winters in Europe and North America, which could disrupt production and refining or increase demand for heating fuels.

Currency fluctuations and market dynamics will also influence prices. A weaker U.S. dollar could make oil cheaper for non-dollar buyers, increasing demand. Speculative trading in oil futures could add further

volatility, with perceptions of supply tightness driving prices higher, even without substantial shifts in fundamentals.

While long-term trends suggest a moderated outlook, 2025 could bring significant price risks. Geopolitical instability, stronger demand, strategic OPEC+ cuts, extreme weather, and currency shifts all point to upward pressures.

HEDGING SOLUTIONS:

- **Fuel Consumers:** For UK businesses, hedging remains an effective strategy to mitigate price risks. Many adopt simple solutions, such as protecting 50% of aggregated volume against price increases for 12 months, to stabilise profit margins. This approach reduces the burden of daily or weekly price management. Companies who have mechanisms in place to pass on costs to customers also look to remove that burden and apply a fixed rate across individual customers or across business as a whole.
- **Fuel Distributors:** As companies look to diversify product offerings in a competitive space, we are seeing fuel distributors add fixed fuel pricing to their repertoire. They may have a handful of clients who wish to obtain fixed prices, guaranteeing volume through the company. By entering a hedge with Attara, based on a customer's volumes, they can extend the fixed price to customers with mark up and profit guaranteed for that period.
- **Target Price:** We help a large % of our customers with achieving fuel prices for the next year under, or at target prices (i.e. 100pp), leaving an effective accounting process for the calendar year. In some cases, companies can be ambitious and look for levels that are currently not in line with markets. We can take market orders (i.e. 97pp), and enter hedging agreements once the market allows us to achieve these levels for the business.

While long-term trends suggest a moderated outlook, 2025 could bring significant price risks. Geopolitical instability, stronger demand, strategic OPEC+ cuts, extreme weather, and currency shifts all point to upward pressures. Businesses must closely monitor these factors and explore strategies to manage price volatility and safeguard margins.

AGRICULTURE TRENDS 2025



LOOKING BACK

The year 2024 was defined by a complex mix of policy changes, environmental challenges, and evolving market dynamics, creating significant uncertainty for the agricultural sector. Feed wheat prices fluctuated between £180 and £220 per tonne, a range reflecting movements of over 20% throughout the year.

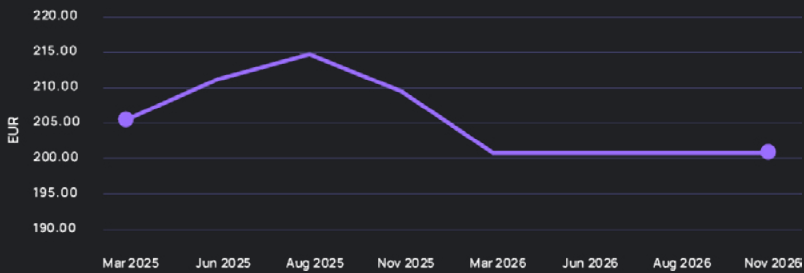
The mid-year rally, driven by tight global supply and geopolitical tensions, underscored the importance of managing price exposure.

The Sustainable Farming Incentives (SFI) payment rate increase of 10% provided some stability, but broader concerns loomed. Tax reforms to Agricultural Property Relief (APR) and Business Property Relief (BPR), which will cap exemptions on estates over £1 million from 2026, added to the pressures on the sector. Environmental challenges, including widespread flooding that triggered over £60 million in Farming Recovery Fund payouts, and rising input costs, significantly impacted farm profitability. While government grants helped drive adoption of automation and precision farming, labour shortages persisted, further underscoring the need for efficiency in managing operations under increasingly uncertain conditions.

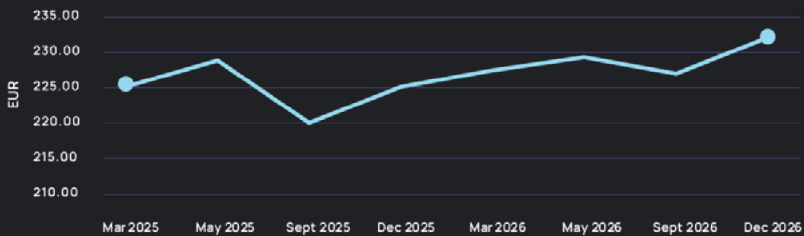


FORECASTS

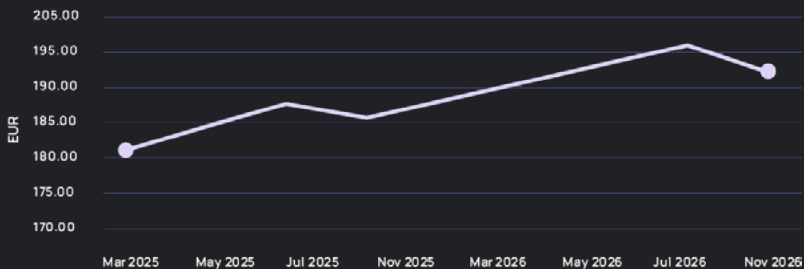
Futures Prices Paris Maize as of 02/12/24



Futures Prices Paris Milling Wheat as of 02/12/24



Futures Pricing for London Feed Wheat as of 02/12/24



LOOKING FORWARD

As we move into 2025, price uncertainty looks set to remain a defining challenge for the agricultural sector.

ONGOING UNPREDICTABILITY IN CLIMATE EVENTS COULD DRIVE VOLATILITY IN COMMODITY MARKETS, FURTHER COMPLICATING FINANCIAL PLANNING FOR FARMERS.


The strength of the pound adds another layer of risk, potentially eroding export competitiveness for smaller farms reliant on EU trade. New environmental regulations, such as stricter water pollution controls and the introduction of a carbon tax on fertilisers, may also elevate costs. However, with the government's continued focus on precision farming technologies and incentives for environmental schemes, there are opportunities to mitigate risks through diversification and improved efficiency.



HEDGING SOLUTIONS:

Given these dynamics, hedging strategies are critical for navigating the volatile market landscape:

- **For Arable Farming:** Farmers can sell forward contracts before harvest to lock in favourable prices, protecting against potential declines during harvest season. Post-harvest, many opt to buy forward contracts and sell physical stock, freeing up storage capacity while maintaining exposure to potential price increases.
- **For Livestock Farming:** Feed wheat buyers, such as swine farmers, are increasingly buying forward contracts to protect against adverse price movements. This approach mitigates the risk of feed cost spikes, ensuring predictable budgeting and operational stability.



Market volatility, driven by unpredictable weather, geopolitical tensions, and currency fluctuations, can erode margins overnight. Without robust hedging strategies, farmers leave their businesses vulnerable to sharp cost increases or revenue shortfalls. By locking in prices through forwards, options, and other risk management tools, farmers can secure stability, safeguard their bottom lines, and focus on long-term planning. Hedging is no longer just an option – it is a vital strategy for ensuring financial resilience in today's agricultural sector.

METALS TRENDS 2025



LOOKING BACK

In 2024, base metals saw mixed results amid fluctuating global demand and supply challenges.

Copper experienced volatility due to weak industrial activity and geopolitical risks, while nickel and zinc struggled with oversupply and soft demand. Aluminium remained relatively resilient, supported by energy-related production constraints.



ALUMINIUM:

2024 Prices ranged between \$2,150-\$2,741/ton, pressured by weak demand and high inventories but supported by decarbonization and energy costs.

2025 Demand will rise with green initiatives and EV growth, but supply constraints may lead to price volatility.

COPPER:

2024 Prices ranged from \$8,200-\$10,950/ton in 2024, affected by weak demand and supply disruptions.

2025 Recovery in renewable energy and infrastructure is expected to drive demand, but mining challenges and macro risks may cap price growth.

NICKEL:

Prices Ranged from \$15,550-\$22,000/ton in 2024, impacted by oversupply and weak stainless steel demand.

2025 EV growth will drive demand, but oversupply from Indonesia and geopolitical risks may weigh on prices.

ZINC:

Prices ranged from \$2,300-\$3,140/ton in 2024 due to weak industrial demand and rising supply.

2025: A moderate price increase is expected to be driven by renewable energy and infrastructure, though macro risks will limit gains.

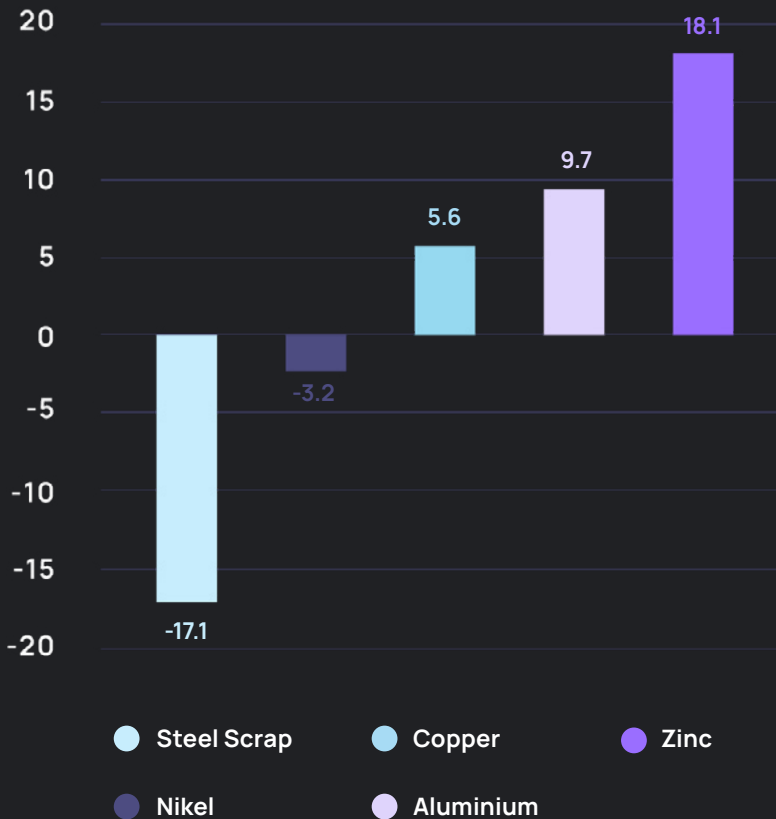
STEEL SCRAP:

Turkey's steel scrap prices ranged from \$353-\$423/ton in 2024, with weak demand and supply disruptions.

2025: Recovery in 2025 will be supported by Turkish infrastructure projects and low-carbon steel initiatives, though volatility remains due to energy costs and global trade changes.

FORECASTS

LME 3 Month Futures Price Moves YTD 2024



LOOKING FORWARD

The 2025 outlook for base metals is cautiously optimistic, driven by demand growth from green technologies, EVs, construction, and industrial recovery.

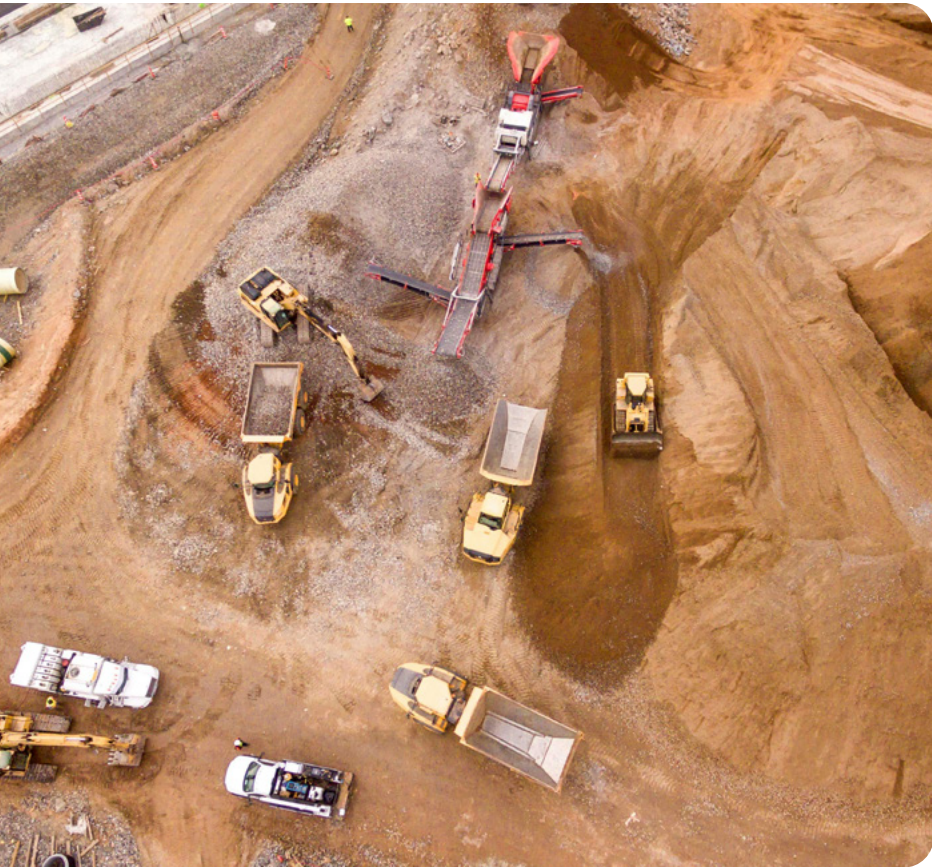
Aluminium and copper are set to benefit from decarbonization and renewable energy projects, though supply constraints and a strong U.S. dollar may introduce volatility. Nickel demand will be fuelled by EV growth, but oversupply from Indonesia and geopolitical risks may cap price gains. Zinc is expected to see moderate growth, supported by industrial recovery and renewable energy demand. The Steel Scrap CFR Turkey market is forecast to recover gradually, influenced by sustainability trends and infrastructure projects, but high energy costs and currency volatility may limit price increases. Lastly, a more unpredictable US dollar and further geopolitical risks may increase price volatility across the metal's spectrum.

HEDGING SOLUTIONS:

Given the current market volatility, effective hedging strategies are essential:

- **For Producers:** Producers, Mills, and Recyclers can sell forward contracts to lock in favourable prices before selling materials, safeguarding against potential price declines during the manufacturing or repurposing process.
- **For Consumers:** Companies exposed to material and product price fluctuations are increasingly buying forward contracts to hedge against adverse price spike movements. This strategy helps mitigate cost spikes, enabling predictable budgeting and operational stability.

Market volatility from unpredictable supply constraints, geopolitical tensions, and currency shifts can quickly erode margins. Without effective hedging strategies, both Producers and Consumers risk sharp cost increases or revenue losses. By using tools like forwards they can protect their bottom line, maintain stability, and focus on long-term growth. In today's metals sector, hedging is essential for financial resilience.





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