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CREATING OPPORTUNITIES



# Commodities

## Quarterly Outlook

4 April 2025

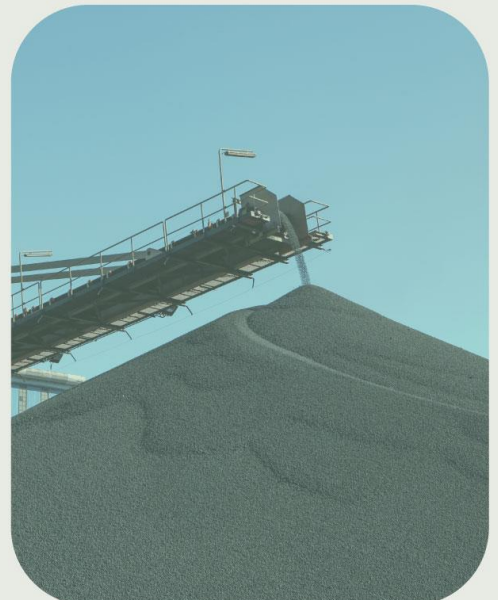


**Eva Bochorishvili**

Head of Research | [evabochorishvili@gt.ge](mailto:evabochorishvili@gt.ge)


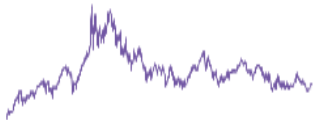

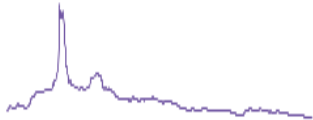
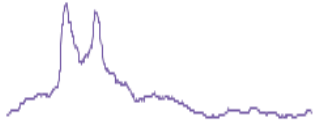

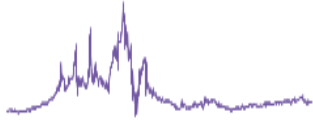

**Sergi Kurashvili**

Capital Markets Research Associate | [s.kurashvili@gt.ge](mailto:s.kurashvili@gt.ge)





## Commodity price dynamics

Commodity	Price	Change, m/m*	Change, YTD	Price change from Jan-2021
<b>Ammonium Nitrate</b> US\$/ton	<b>227.5</b>	<b>-4.2%</b>	<b>+3.9%</b>	
<b>Brent Oil</b> US\$/bbl	<b>74.7</b>	<b>+2.1%</b>	<b>+0.1%</b>	
<b>Copper</b> US\$/ton	<b>9,658.7</b>	<b>+3.4%</b>	<b>+11.6%</b>	
<b>Ferrosilicon (China)</b> US\$/ton	<b>1,155.0</b>	<b>-1.7%</b>	<b>-4.1%</b>	
<b>Ferrosilicon (Europe)</b> US\$/ton	<b>1,459.6</b>	<b>+1.7%</b>	<b>+8.5%</b>	
<b>Gold</b> US\$/troy oz	<b>3,123.6</b>	<b>+9.3%</b>	<b>+19.0%</b>	
<b>Natural gas</b> US\$/mwh	<b>44.3</b>	<b>-4.8%</b>	<b>-15.4%</b>	
<b>Wheat</b> US\$/ton	<b>248.0</b>	<b>+1.2%</b>	<b>+7.4%</b>	

Source: Bloomberg

Note: prices as of 31 March, 2025

\*m/m prices reflect end of month figures



# Energy

## Brent oil

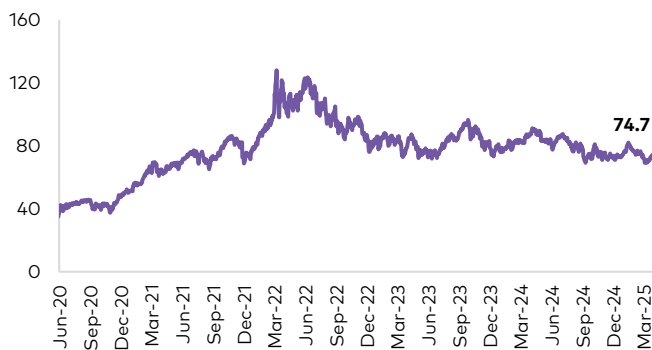
Brent oil price was flat (+0.1%) over the 1Q25 at US\$ 74.7 per barrel. However, the quarter itself and the following few days into April was far from stable. Middle East conflict and the OPEC decisions continued to play a crucial role, while a few new factors emerged coming from the Trump administration (primarily, tariffs and renewed tensions with Iran).

In mid-January 2025, ceasefire agreement reached between Israel and Hamas dragged oil prices lower. However, the agreement proved not to be lasting. Ground operations inside Gaza strip were renewed in March 2025, reintroducing geopolitical risk premium in prices. Additionally, another potential conflict may be emerging in the region, this time between the US and Iran. President Trump set a deadline of circa mid-May for Iran to reach a new nuclear deal that should constrain its nuclear program. Meanwhile, the US is upping its military presence in the region. Per Trump, unless there is a new deal, "there will be bombing". It could potentially provide a significant escalation in Middle Eastern conflict, but the oil market seems to be dismissing it so far. Investors are more focused on current weak fundamentals, driven by new tariffs and latest OPEC decision.

On April 2nd, "Liberation Day" as the President calls it, Trump announced long-awaited far-reaching tariffs on almost every country around the globe. These tariffs, designed to reshape trade dynamics, raised concerns regarding potential slowdowns in global economic growth, and therefore oil demand. The potential for reduced industrial activity, particularly in major economies like China, contributed to market nervousness. While direct tariffs on crude oil were not the primary focus, the broader economic consequences, including inflationary pressures, played a role in market price volatility.

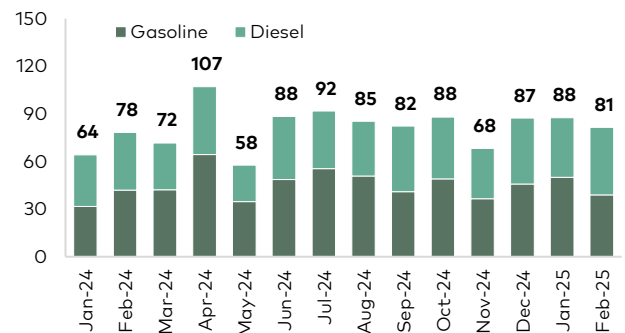
On April 3rd, oil price was already down c. 4% following the tariff effects, when OPEC+ announced larger-than-expected increase in output. The group was expected to up the production by 122k barrels per day, but the announcement confirmed increase of 411k bpd starting from May 2025. These two-day dynamics provide significant pressure for the prices, driven by fundamental weakness. The pressure may be large enough to provide price-buffer for any potential US-Iran escalation over the next quarter.

**Figure 1: Brent oil Continuous Contract (BRN00), US\$/bbl**



Source: Bloomberg

**Figure 2: Oil products import to Georgia, US\$ mn**



Source: Geostat



# Energy

## Natural gas

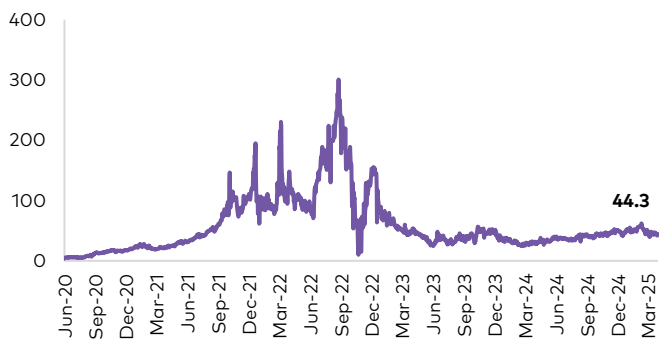
Natural gas price was down 15.4% over the 1Q25. Despite the quarterly drop, 2025 started with some volatility, driven by ceased Ukraine-Russia transit deal and cold weather.

Hopes for the continuing flows were still up until the very end, but no new deal was made and the transit stopped on January 1, 2025. At first, market's reaction was subdued as the Europe's gas storage was ample. However, due to the colder-than expected weather, they were depleting quicker than usual. Worries intensified over the future supply. Europe would exit the heating season with significantly low underground storage, that would have been filled over the summer. As the continent competes with Asia for the liquified natural gas (LNG) purchases, expectations of higher demand increased prices of summer futures.

Later though, hopes of the ceasefire in Russia-Ukraine war contributed to lowering prices. Furthermore, some reports emerged claiming the possibility of bringing Russian gas to the continent after the war. However, neither the claims nor the technical details were officially confirmed. The topic remains unlikely, at least in the short term.

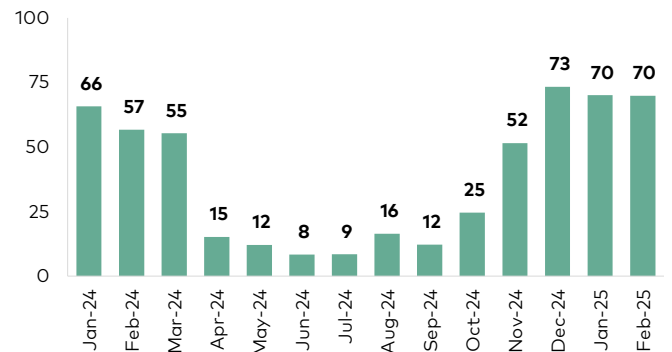
By the end of quarter, the weather warmed, prompting lower demand across Europe. Additionally, the outlook of Asian demand worsened, alleviating fears of intense LNG competition. Per the current expectations, Europe could have easier-than-expected months of purchasing LNG as the imports in Chinese terminals are already dropping.

**Figure 3: Natural gas price (ICE Endex Dutch TTF), US\$/mwh**



Source: Bloomberg

**Figure 4: Natural gas import to Georgia, US\$ mn**



Source: Geostat



# Precious metals

## Gold

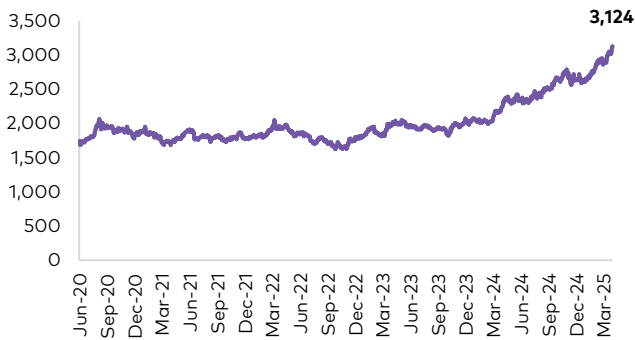
Gold price was up 19.0% over the 1Q25. The precious metal continued to break records (almost every week) in 2025, driven by the same factors that have been elevating it over the past three years – central banks and hedging risks.

Central banks have long been buying gold as an instrument for diversifying their reserves. Their total purchases topped 1,000 tons in each of the past three years. According to the World Gold Council (WGC), the trend is far from over. Per their data, central banks around the world stayed bullish in 2025, continuing large purchases over January and February. Additionally, Trump’s policies, that may weaken dollar, should provide additional incentive for the banks to diversify their US dollar holdings using the precious metal.

Trump’s policies are also affecting the portfolios of other types of buyers and investors. The demand for gold as a hedging instrument is rising. The real possibility of tariff war is adversely affecting investors’ sentiment towards equity markets, as many of the companies can be significantly exposed to the inherent risks. Therefore, investors may prefer to move some portion of the investments into safer assets, such as gold.

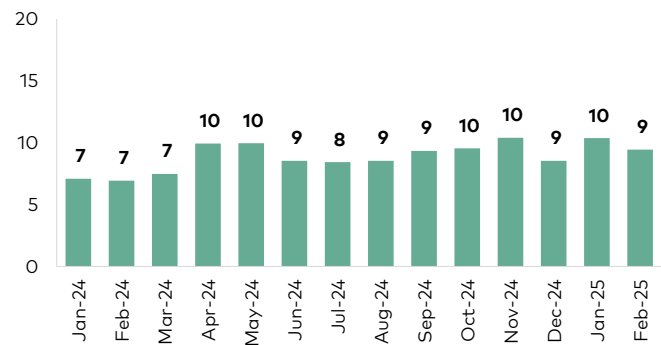
The years-long rally of the gold prices has been happening during the high interest rate environment, which, in theory, should have been a negative factor for the metal. One of the most significant competitors of gold, in terms of attractiveness, are less-risky sovereign bonds (mostly referring to US treasuries), which have been paying high interests for the past several years. However, now the rate-cutting cycle is well underway. Yields on the US treasuries are likely to be down by year-end, giving additional boos to gold attractiveness.

Figure 5: Gold price, US\$/troy ounce



Source: Bloomberg

Figure 6: Gold export from Georgia, US\$ mn



Source: Geostat



# Agriculture

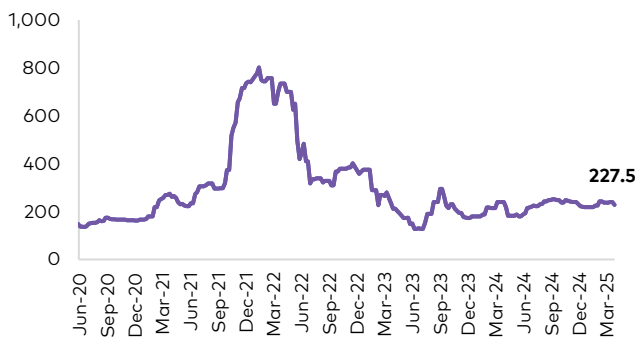
## Ammonium nitrate

Ammonium nitrate price was up 3.9% over the 1Q25. The price dynamics are strongly correlated with the natural gas market (key ingredient of nitrogenous fertilizer production) albeit with a certain lag. As the gas prices increased in the beginning of the year, ammonium nitrate prices jumped to \$242.5 per ton, but has been on a downward trend since then. Over the following months, increased spring demand and decreasing input costs are likely to balance each other.

## Wheat

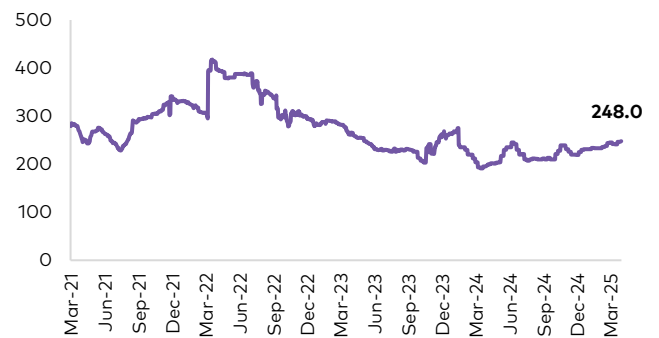
Wheat price was up 7.4% over the 1Q25. Market remained sensitive to weather patterns and any indications of potential supply disruptions. Concerns regarding the impact of new US tariffs on agricultural trade also contributed to market unease, as the potential for retaliatory measures raised questions about future flows. Traders in 2Q25 will be closely watching planting and early crop development process to find clues about future price moves.

**Figure 7: Black Sea ammonium nitrate spot price, US\$/ton**



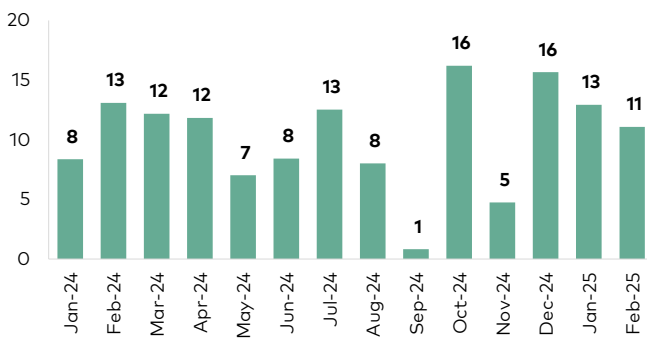
Source: Bloomberg

**Figure 8: Black Sea Wheat Financially Settled (Platts) Futures, US\$/ton**



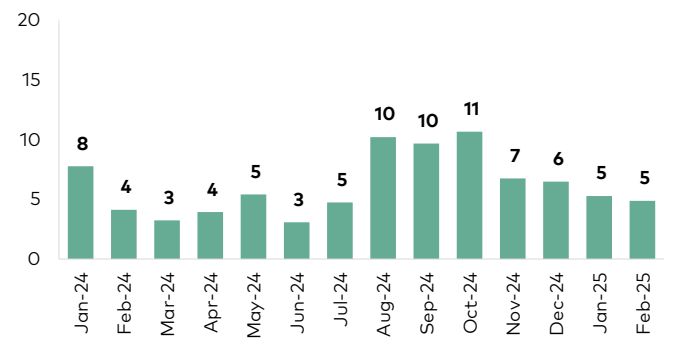
Source: Bloomberg

**Figure 9: Nitrogenous fertilizers export from Georgia, US\$ mn**



Source: Geostat

**Figure 10: Wheat import to Georgia, US\$ mn**



Source: Geostat



# Metals & ores

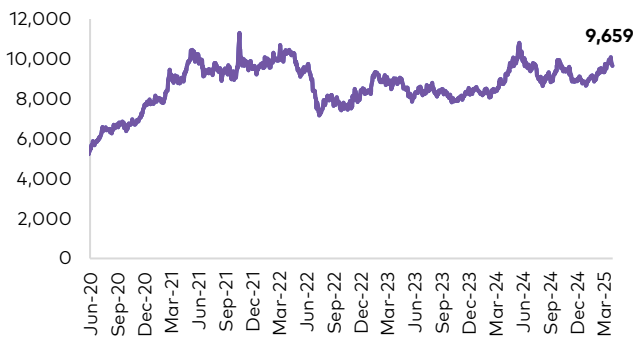
## Copper ores and concentrates

Copper price was up 11.6% over the 1Q25. The price as well as physical flows of the red metal was volatile over the quarter. Traders rushed to bring copper from London to New York in anticipation of the tariffs, driving prices up on both exchanges. The demand is likely to keep increasing. Per traders, US and EU will require vast amount of the metal for upgrading their electricity grids. Additionally, the re-militarization process of Europe should have a positive impact on metal as it is widely used in many military equipment.

## Ferrosilicon

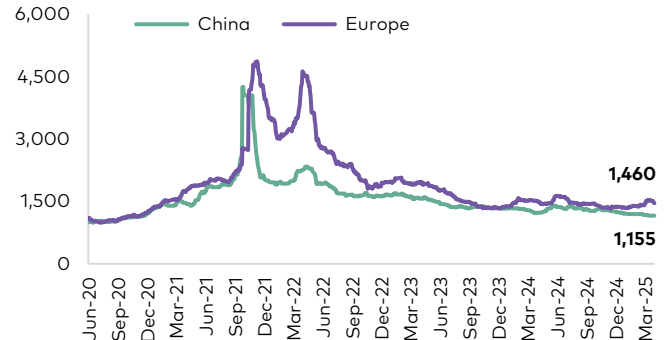
European ferrosilicon price was up 8.5% over the 1Q25, while its Chinese counterpart lost 4.1%. In Europe, expectations (or hope) of increasing factory activity and of the end to the Russia-Ukraine war is playing a positive role. Meanwhile, in China real estate sector still remains in deep crisis. Although the government has announced several far-reaching stimulus measures, the actual timeline of implementation and, more importantly, effect remains to be seen.

**Figure 11: LME copper spot price, US\$/ton**



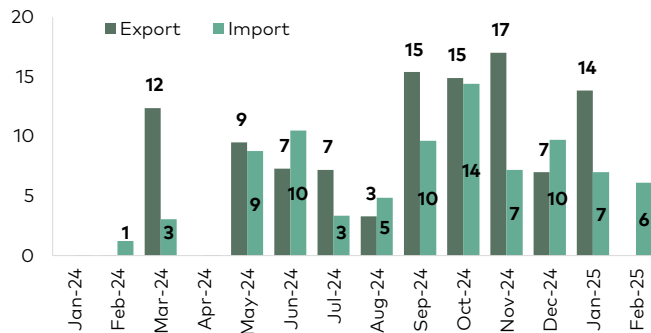
Source: Bloomberg

**Figure 12: Ferrosilicon (75% grade) price, US\$/ton**



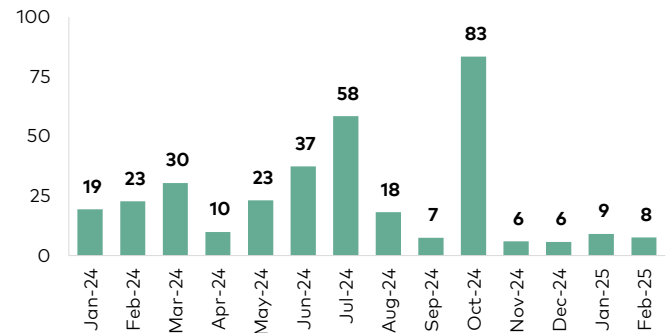
Source: Bloomberg

**Figure 13: Copper (including ores) external trade of Georgia, US\$ mn**



Source: Geostat

**Figure 14: Ferroalloy export from Georgia, US\$ mn**



Source: Geostat



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**Address:** 3 Pushkin Street, Tbilisi 0105, Georgia

**Tel:** + (995) 32 2401 111

**Email:** research@gt.ge