GALT & TAGGART
CREATING OPPORTUNITIES

Commodities

Quarterly Outlook

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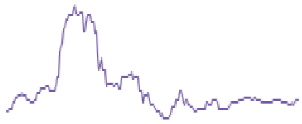
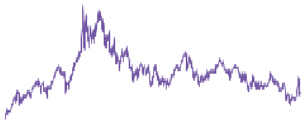
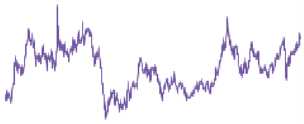
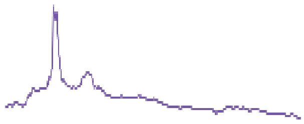
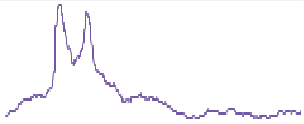
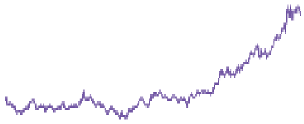
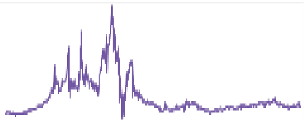
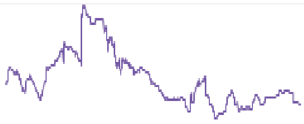
Commodity price dynamics

Commodity	Price	Change, q/q*	Change, YTD	Price change from Jan-2021
Ammonium Nitrate US$/ton	**230.0**	**+1.1%**	**+5.0%**	
Brent Oil US$/bbl	**67.6**	**-9.5%**	**-9.4%**	
Copper US$/ton	**10,050**	**+4.1%**	**+16.2%**	
Ferrosilicon (China) US$/ton	**1,055.0**	**-8.7%**	**-12.4%**	
Ferrosilicon (Europe) US$/ton	**1,499.8**	**+2.8%**	**+11.5%**	
Gold US$/troy oz	**3,303.1**	**+5.7%**	**+25.9%**	
Natural gas US$/mwh	**37.3**	**-15.9%**	**-28.8%**	
Wheat US$/ton	**219.0**	**-11.7%**	**-5.2%**	

Source: Bloomberg
Note: prices as of 30 June, 2025

*q/q prices reflect end of quarter figures

Energy

Brent oil

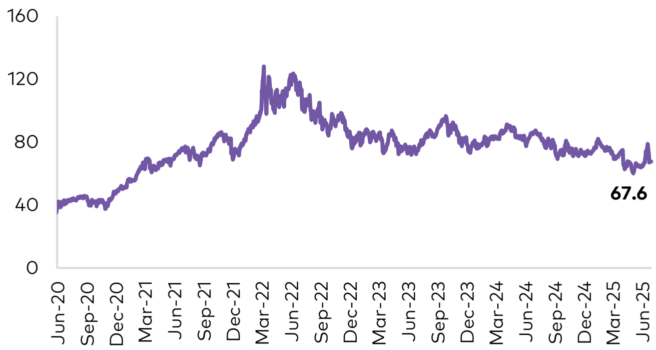
Brent oil price was down 9.5% over 2Q25. Despite this, prices were quite volatile during the period. Early in the quarter, price plunged as supply outpaced demand. Over April and the first week of May, Brent oil fell nearly 20%, briefly touching $60 per barrel - a 2-year low. This slump was driven by a combination of weak consumption (especially in China) and signals that OPEC+ would boost output by summer, adding to oversupply concerns. Heightened trade war anxieties - after the US imposed broad tariffs in April - further pressured market sentiment.

By late May, however, oil staged a recovery. As immediate fears of a full-blown trade war subsided, and global inventories drew down slightly, prices rallied through the end of May and into early June. Geopolitical tensions then took center stage. In mid-June, military conflict erupted between Israel and Iran, including US strikes on Iranian nuclear facilities. This injected a risk premium into oil: Brent jumped 14% to $80 per barrel (a 5-month high). Investors feared disruptions in Middle Eastern supply, given that a significant share of global oil flows through the Persian Gulf.

The spike proved short-lived. By late June, a ceasefire between Israel and Iran was announced. With an easing of Middle East supply fears, the earlier risk premium evaporated. Brent prices tumbled over 14% in the 2nd half of June. This retreat effectively erased the conflict-driven gains. Additional factors, such as rising output from non-OPEC sources and softening US demand, also weighed on prices. By the end of 2Q25, Brent hovered in the high-60s, down roughly 10 percent from the end of 1Q25.

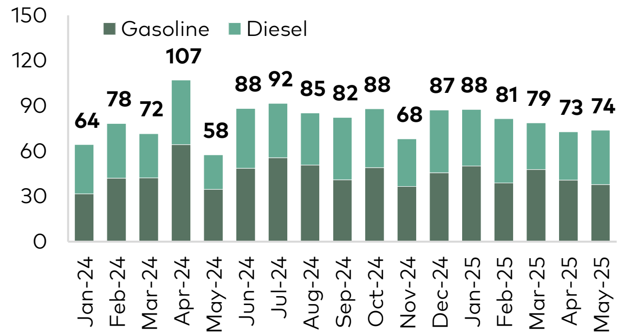
Despite interim volatility, the overall trend reflected oversupply and weak demand. Analysts note that the geopolitical risk premium built up after the first Israeli strike on June 13 has entirely vanished with the ceasefire, refocusing the market on fundamentals. Looking ahead, concerns over slow global growth and robust non-OPEC production are expected to cap any price gains in the near term.

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

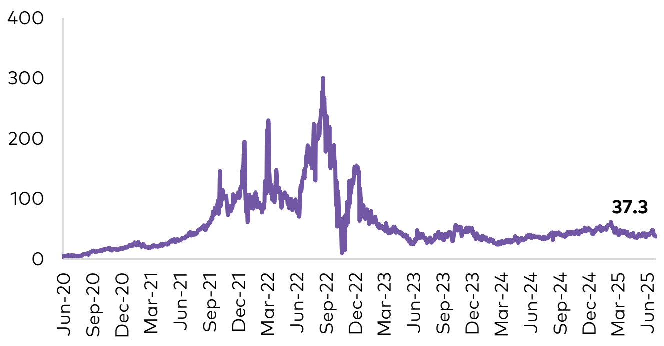
Natural gas price was down 15.9% over 2Q25, extending the downtrend seen in 1Q25. Despite starting the quarter with historically low inventories (after a heavy winter drawdown), several developments eased supply concerns and put downward pressure on prices in Europe.

Importantly, the EU moved to relax its gas storage rules to avoid summer price spikes. In April, EU member states agreed in principle to allow up to a 10pp deviation from the mandatory 90% storage fullness target if market conditions are unfavorable. They may also permit reaching the 90% target later - at any point in October or November rather than strictly by October's start. This added flexibility, expected to be formalized by mid-year, helped calm the market by signaling European buyers could pace their injections more freely. Meanwhile, Europe steadily rebuilt its gas stocks through the quarter (58.6% full as of end-June vs 33.8% on 31 March). While inventories remain lower than last year at this time (roughly 25% below Jun-24 levels), the refill progress has been strong.

Global gas supply-demand dynamics also turned more favorable for Europe. Asian LNG demand remained soft, led by an ongoing downturn in China. It is expected, that China's LNG imports will fall by 6-11% in 2025, marking the first annual decline in 3 years. Weaker industrial consumption, a mild winter, and ample domestic gas have curbed China's appetite for LNG. Through the first 5 months of 2025, Asia's LNG imports were around 6% lower y/y.

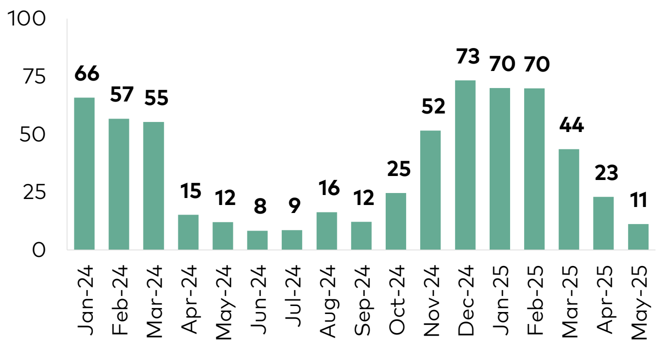
In summary, Europe's gas supply fundamentals improved in Q2. Flexible EU policy, strong LNG supply, and weak Asian demand all contributed to a more balanced market. Natural gas prices in Europe fell accordingly, ending 2Q25 significantly lower than where they began. Assuming no extreme weather event or major geopolitical shock, analysts expect the European gas market to stay comparatively well-supplied over the summer. The EU is still targeting a healthy 90% storage fill before next winter, and so far, it is on track to meet that goal without the major price spike.

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

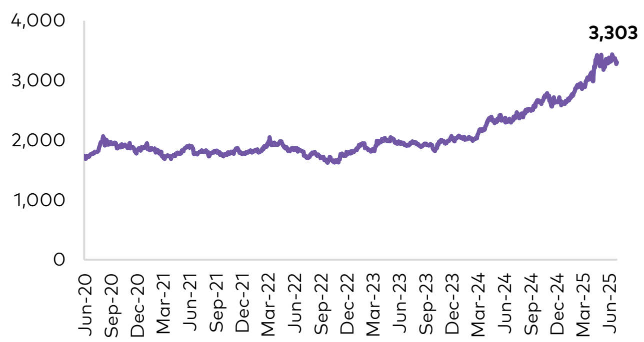
Gold price was up 5.7% over 2Q25, extending its remarkable rally and firmly underscoring its status as a safe-haven asset. In early April, gold claimed another historic high - briefly trading above $3,500 per troy ounce. This milestone, achieved amid escalating geopolitical tensions, marked a nearly 30% surge YTD by that point. Although gold pulled back slightly from the peak, it remained elevated throughout the quarter, fluctuating in the $3,200-3,300 range in June.

Several factors continued to propel gold's rise. Central banks worldwide maintained their appetite for bullion, extending a multi-year trend of reserve diversification. 2025 is on track to be the 4th consecutive year in which official sector gold purchases top 1,000 tonnes. This persistent demand floor has been a key support for prices. Notably, the drivers behind central banks' gold appetite - de-dollarization and hedging against geopolitical risk - have only strengthened. President Trump's unpredictable policy stance and public conflicts with the Federal Reserve have weakened confidence in US dollar assets. Concerns about the long-term US fiscal outlook, amid rising debt and deficits, are also pushing central bankers toward gold.

At the same time, investor demand for gold remained robust. The escalation of conflict in the Middle East during June, combined with the ever-present trade war risks, have kept risk-aversion high. Many investors see gold as an effective hedge against the twin threats of geopolitical turmoil and a potential economic downturn. The quarter also saw hints that US monetary policy could ease later in the year, which increases gold's appeal. Indeed, gold has powered higher despite a high-interest-rate environment in previous years, and now the prospect of eventual rate cuts is an additional tailwind.

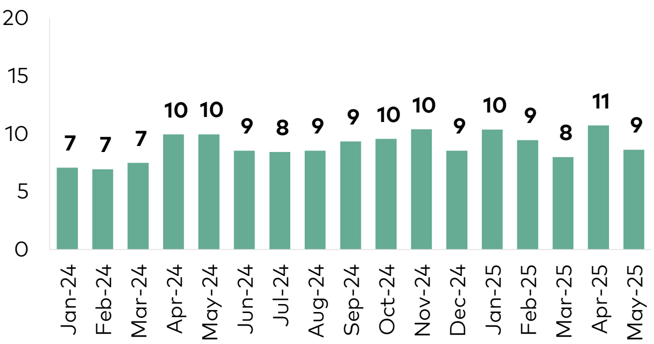
Meanwhile, record-high prices have started to crimp jewelry consumption. Traditional buyers in markets like China and India showed some price resistance. Global jewelry fabrication is projected to fall sharply (down about 16% in 2025) as consumers adjust to expensive gold. However, lower jewelry offtake is more than offset by investment and official purchases. Overall, gold's 2Q25 performance reinforced its safe haven status. It repeatedly broke records on the back of haven flows and is on pace for one of its best years in decades. Unless there is a major easing of geopolitical tensions or an unexpected shift in central bank behavior, gold is expected to remain well-supported. Analysts now forecast the average gold price for full-year 2025 to be around $3,200 per ounce, which would be 30-35% higher than last year. Few assets globally have matched gold's performance in the first half of 2025.

Figure 5: Gold price, US$/troy ounce



Source: Bloomberg

Figure 6: Gold export from Georgia, US$ mn



Source: Geostat

Agriculture

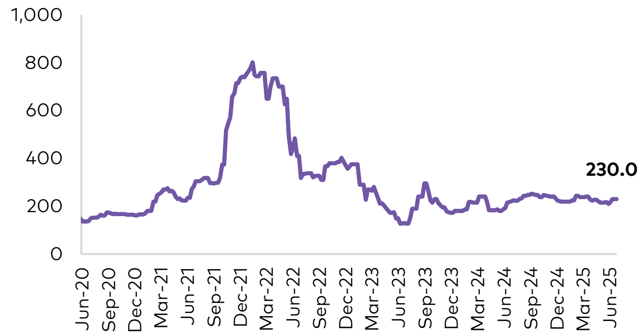
Ammonium nitrate

Ammonium nitrate price was up 1.1% over 2Q25. The fertilizer market balanced lower production costs with strong seasonal demand. Falling natural gas prices, a key input for ammonia production, eased cost pressures for producers. However, peak spring planting in the Northern Hemisphere kept demand high, preventing prices from declining significantly. Fertilizer inventories built up during earlier high-price periods also helped stabilize the market. Looking ahead, prices are expected to hold steady, with softer summer demand likely balanced by possible supply adjustments if gas prices drop further.

Wheat

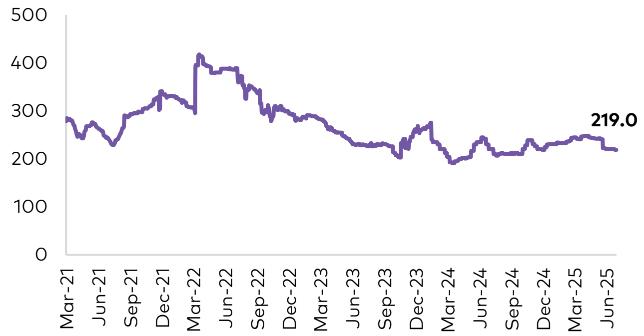
Wheat price was down 11.7% over 2Q25. Favorable weather and strong planting across key regions supported expectations for a solid Northern Hemisphere harvest, easing supply concerns. Geopolitical risks lingered, particularly around trade tensions and the US-China relationship, but no major disruptions materialized. Global wheat trade flowed smoothly, and export capacity from the Black Sea remained steady. Although risks from weather and El Niño remain, forecasted increase in global supply suggests cap at prices.

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



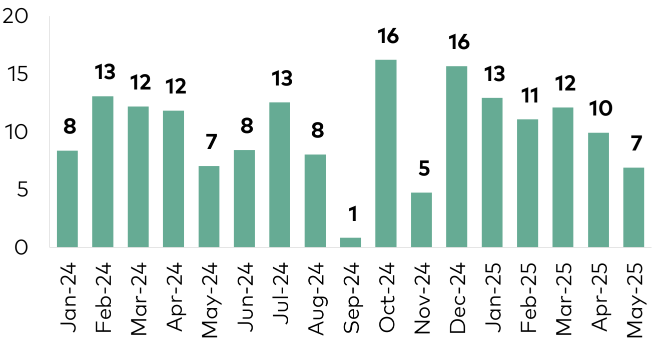
Source: Bloomberg

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



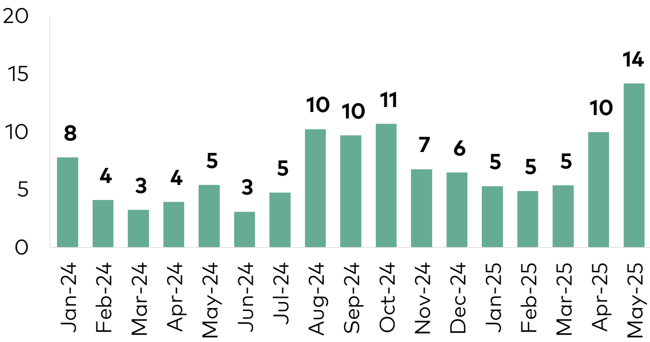
Source: Bloomberg

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



Source: Geostat

Figure 10: Wheat import to Georgia, US$ mn



Source: Geostat

Metals & ores

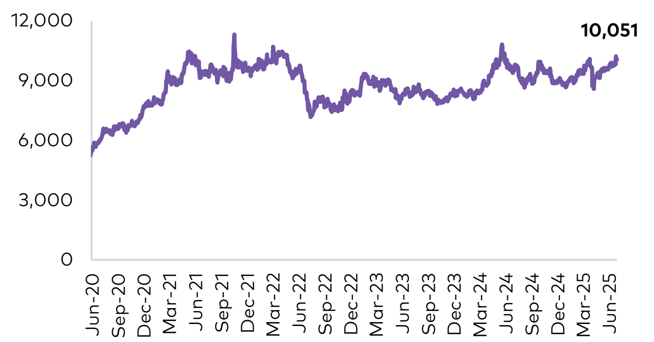
Copper ores and concentrates

Copper price was up 4.1% over 2Q25, but the market was defined by extreme volatility driven by US trade policy. New tariffs led to a surge in copper imports to the US, diverting metal from global markets and draining LME warehouse stocks to multi-year lows. This tightness triggered sharp backwardations and prompted the LME to impose emergency trading limits. Despite sufficient global supply, logistical distortions created price dislocations. Strong demand for electrification and infrastructure lent support, while China's weak property sector capped gains.

Ferrosilicon

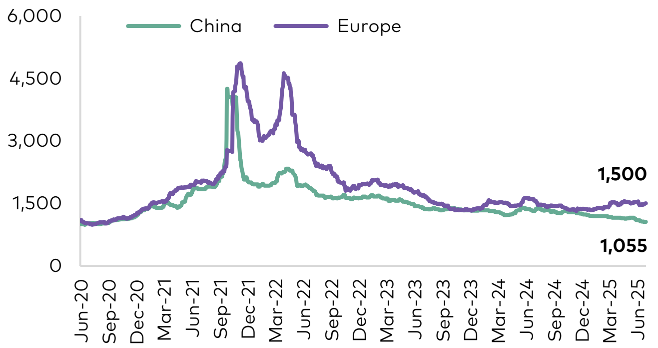
European ferrosilicon price was up 2.8% over 2Q25, while its Chinese counterpart lost 8.7%. European prices edged higher on hopes of rising steel demand, improved manufacturing sentiment, and potential post-war reconstruction in Ukraine. In contrast, Chinese prices remained flat near multi-year lows amid weak domestic steel demand, overcapacity, and limited impact from government stimulus. This pattern of strong European and subdued Chinese pricing is likely to continue into the next quarter.

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



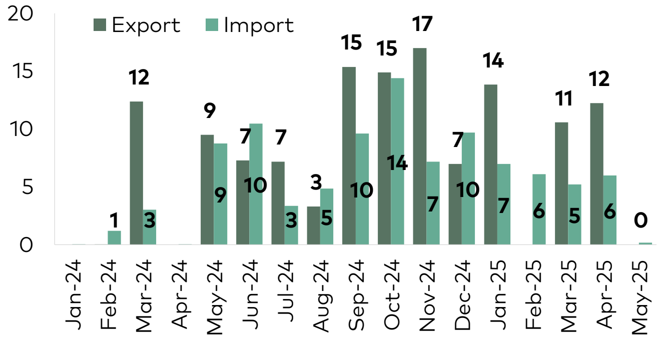
Source: Bloomberg

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



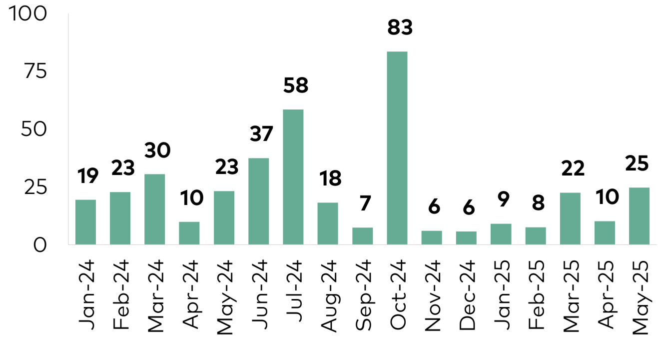
Source: Bloomberg

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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