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The background of the cover is a photograph of Earth from space, showing the curvature of the planet and city lights at night. Overlaid on the image are several thin, glowing lines in shades of blue and purple, representing orbital paths or data trajectories. These lines are most concentrated around a large, brightly lit landmass, likely South America, and extend across the frame.

Mid-Year Commodity Outlook *for* 2026

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INTRODUCTION

Global Themes



By **Chris Lawson**
VP, Market Intelligence & Prices, CRU

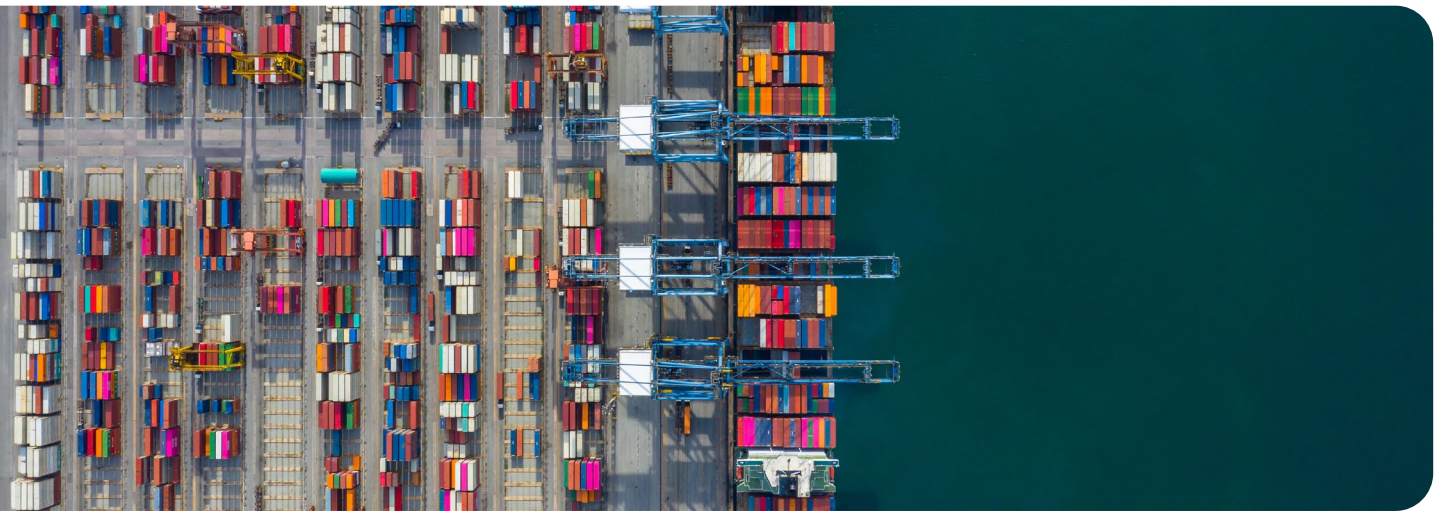
2026 has been a year like no other for commodity markets

War, AI infrastructure and protectionism have collided to produce extraordinary volatility, distorted regional price differentials, and a sudden strategic importance for markets once considered niche. Optical fibre prices have more than doubled due to the AI infrastructure revolution. Sulphuric acid has surged on second-order shocks of the Middle East conflict and Chinese protectionism – and so too has ferrotungsten, as export controls reshape global supply chains.

These are not isolated stories. The events of 2026 have

laid bare the interconnectedness of commodity markets. The links between copper, battery materials and phosphate fertilizers have never been stronger. The boundaries between mining, metals and fertilizers are converging, and understanding one increasingly means understanding all three.

In markets moving this fast, robust data and trusted intelligence are not optional. As pricing structures shift – as seen in copper concentrates – transparent and regular price assessments become the foundation on which day-to-day business decisions are made. CRU provides the full suite of data and insights the industrial ecosystem needs to navigate these turbulent times.

**MID-YEAR UPDATE**

Economic top *calls* for 2026

By **Alex Tuckett**, Head of Economics

What is new?

Most of our Top Ten calls are broadly on track. Growth will likely be slower this year, but only marginally. China has continued to build export market share, and the AI investment boom continues to be an important driver of commodities and macroeconomic performance. Global trade has been slowed but not entirely derailed by protectionism.

The big change has been energy prices. At the end of 2025, when we made our Top Ten Calls, we expected oil prices to average below \$60/bbl in 2026. The oil market appeared to be in structural oversupply, with demand stagnant in the West, and China (previously the biggest driver of incremental demand) slowing demand growth as electrification gathered momentum. However, the US-Iran conflict and disruption to Hormuz traffic saw oil and gas prices spike; although they have since retraced most of the rise, oil prices remain above 2025 levels (at around \$73/bbl). We expect stock-rebuilding and residual geopolitical risk will keep prices above 2025 levels for the rest of the year.

This has fed into our other CRU calls. With higher inflation, and a more solid-looking labour market, we no longer expect the Fed to continue cutting rates this year (although unlike the ECB, it has not raised them – yet). More costly

natural gas have boosted coal consumption in Asia, making our prediction that 2025 saw peak power generation from thermal coal less likely. However, it also strengthens our bullish view on Chinese exports – after the second major energy crisis in five years, cheap Chinese solar panels, batteries and EVs will only grow in attractiveness.

What has changed?

Higher oil and gas prices

Why?

The US-Iran conflict

What does it mean?

Modestly higher inflation, some upward pressure on interest rates, and greater emphasis on electrification going forward

Energy shocks are reshaping the macro landscape.

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MID-YEAR UPDATE

Steel top *calls* for 2026

By **Josh Spoore**, Research Principal, Steel | **Erik Hedborg**, Head of Steel Raw Materials |
James Campbell, Head of Steel Products

CBAM and tighter import quotas reshape European steel in 2026 H1

Europe's steel import market became significantly more restrictive in the first half of 2026. The definitive phase of the EU's Carbon Border Adjustment Mechanism (CBAM) and a sharply tightened Tariff Rate Quota (TRQ) system combined to raise costs and constrain supply. Our January 2026 Top Calls identified CBAM as a structural turning point for European steel – and the first half of the year confirmed this prediction.

What has changed?

From the start of its definitive phase, CBAM's raised the landed cost of imported steel, with buyers rapidly shifting to Delivered Duty Paid (DDP) terms to transfer carbon cost risk to sellers. This inflated the DDP premium over CIF import prices by as much as €90/t. Simultaneously, the EU's revised TRQ system – adopted in June and effective from 1 July – cut tariff-free import volumes to nearly 50% below 2025 levels and doubled the out-of-quota tariff to 50%.

Why?

The combined effect of CBAM and the revised TRQ rules is to restrict import access and raise the cost floor for EU steel imports, supporting domestic production and future investment. The effect on prices was clear – German HR coil rose by over 10% between January and April, before demand weakness reversed part of the gain.

What does it mean?

CRU expects a structurally higher price floor for European steel in 2026 H2, as domestic mills – currently operating at approximately 60% utilisation – ramp up to fill the import gap. Supply tightness is possible in Q3 before capacity restarts fully ramp up.

The next step in this policy trajectory is already visible.

Volatile energy and trade policy create a challenging H2.

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The EU Council has agreed to extend CBAM coverage to nearly 400 downstream products from 2028, deepening the scope of the mechanism – a direction consistent with the downstream tariff approach adopted in US trade policy.

Section 232 (S232): Recently enacted trade barriers for steel in the US will find limited relief in 2026

In the 2026 Commodity Outlook, we expected the S232 tariffs to remain in place for most countries. That said, we also saw a chance that the measure might be relaxed slightly for a limited number of trading partners. One source of this potential easing was the USMCA review.

What has changed?

As of early July, there has not been any easing of the S232 tariffs, and the USMCA review remains active. Reduced S232 tariffs on steel and aluminium remain a key topic

during these USMCA discussions, yet our research suggests a final agreement may take longer than previously expected, potentially not until 2027.

Why?

Due to the complex negotiations surrounding the USMCA agreement between Canada, Mexico and the US, we may see separate addendums emerge as part of a final agreement.

What does it mean?

Until an agreement is finalised, steel prices for most products in the US will continue to be set by a tariffed import, keeping them significantly higher than global markets. For example, the benchmark US Midwest HR coil price in July reached \$1,147 /s.ton – a 67% increase from January 2025, before the S232 was fully reinstated. Over the same period, HR coil in Germany and South-east Asian import markets have increased by just 21% and 10%, respectively.



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MID-YEAR UPDATE

Stainless Steel Value Chain top *calls* for 2026

By **Yuriy Vlasov**, Senior Analyst, Stainless Steel | **Nikhil Shah**, Principal Analyst, Nickel |
Biagio Olivieri, Lead, Chrome | **Tong Tong**, Lead, Molybdenum

At the beginning of 2026, we presented five Top Calls which we thought would shape the Stainless Steel Value Chain this year. Our expectations have proved correct. In the following sections, we discuss how these five expectations have materialised across nickel, chrome, molybdenum and stainless steel; and we provide an update on what they mean for the future.

Nickel: Cost challenges will catalyse innovation, ensuring costs remain low for HPAL operations



As we anticipated, rising sulphur prices have prompted Indonesian HPAL producers to focus on new technologies that can recover up to 30% of sulphur from tailings. Sulphur prices have climbed to around \$1,150 /t CFR Indonesia as of end-June, up from \$523 /t before the Middle East conflict, with Indonesia sourcing three quarters of its sulphur imports from the Middle East. Around 10 t of sulphur are required to produce one tonne of nickel in MHP, so this has added over \$6,000 /t to HPAL operating costs.

CRU understands Huayou Cobalt has developed a pilot plant using a melting process to recover sulphur, while other producers are testing similar approaches. If proven at scale, the technology could help lower operating costs and cut the volume of HPAL tailings – a significant environmental challenge associated with the process.

Chrome: South Africa will stop short of major restrictions on chrome ore exports



No restrictions on unprocessed ores have been introduced, and ore exports have continued without new taxes, reaching another record high so far this year. That said, the government's underlying ambition has not

Policy, input costs, and trade are driving the market.

Analyse the stainless steel outlook >

evaporated, as the intention is to retain more value-added activity domestically and reverse the long-standing trend of miners exporting ores and concentrates rather than beneficiating them into FeCr within South Africa. Rather than export restrictions, the policy solution offered has taken the form of a much-lower, multi-year electricity price agreement with local FeCr producers. This is a game-changer that significantly improves operating conditions for South African FeCr smelters, and one that will materially change supply and trade dynamics in the coming months.

Molybdenum: By-product supply growth will remain pivotal while uncertainty persists



In line with our expectations at the beginning of 2026, global molybdenum mine supply has grown only modestly so far this year, as output growth from primary mines remains constrained and by-product mine supply has stalled. Indeed, molybdenum mine production in South America was flat y/y in the first four months of this year. Regarding demand, ferromolybdenum tender volumes in China increased 12% y/y during the first five months. To some extent, robust demand growth has amplified the existing supply deficit in the global market in 2026. We retain our view that the rebound of by-product supply remains pivotal for the second half of the year.

Stainless Steel: European stainless prices to reverse their decline on regulatory support



As we predicted, European stainless prices had a strong run in 2026 H1, supported by reduced imports and elevated costs. The introduction of CBAM and the announcement of new, reduced European safeguard quotas resulted in one of the strongest price appreciations on record. The price of German CR 304 increased by €438 /t (+19%) during 2026 H1, as CRC imports into the EU declined by 50% y/y during the first four months of 2026. European stainless prices have now ended their strong run and are expected to trend sideways in the short term as market activity goes through a seasonal slowdown.

Stainless Steel: Easing downstream tariffs in the US will restrain stainless demand from manufacturing



The reciprocal tariffs were struck down by the US Supreme Court in February, in line with our call. The temporary Section 122 tariffs introduced immediately afterwards gave key exporters relief through rates lower than earlier reciprocal ones. However, with these expiring in July, the US Trade Representative opened an investigation into partners' alleged failure to block forced-labour imports, paving the way for Section 301 tariffs. As predicted, macroeconomic headwinds weighed on stainless demand from the home appliances sector, while Chinese producers moved to establish an operational base in the US, exemplified by Midea's sales and manufacturing JV with Electrolux.

Summary

Against a backdrop of geopolitical turbulence and energy market complexity, the stainless steel value chain continues to be influenced by evolving regulatory frameworks and the multi-faceted risk profile of the mining sector.

Across nickel, chrome, molybdenum and stainless steel, the industry is characterised by uncertainty, as supply constraints, policy intervention and higher input costs continue to interact with uneven demand conditions. In nickel, Indonesian producers are facing sulphur-driven cost pressure; in chrome, South Africa is supporting domestic beneficiation through lower power tariffs rather than export restrictions; in molybdenum, by-product supply remains a critical variable; and in stainless steel, trade policy in Europe and the US is shaping supply chains and pricing.

The result is a value chain that remains increasingly volatile, with outcomes driven less by a single fundamental factor and more by a shifting balance of policy, energy, trade and supply-side adjustment.

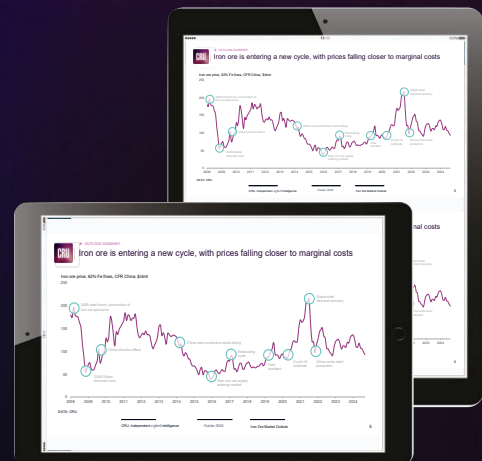


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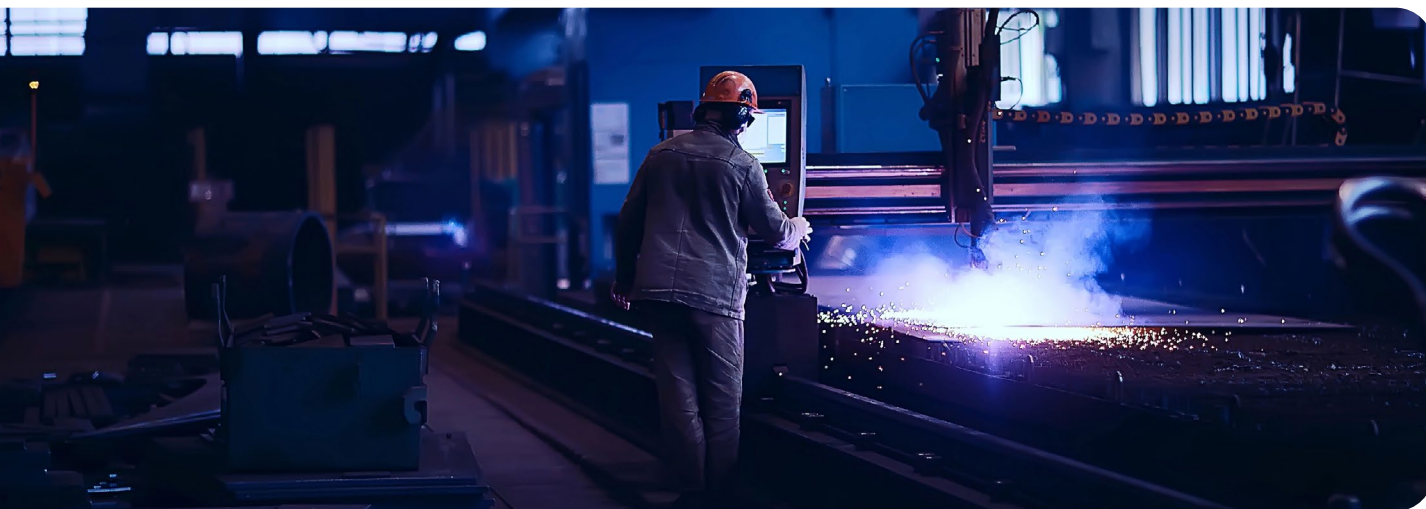
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MID-YEAR UPDATE

Aluminium Value Chain top *calls* for 2026

By **Paul Williams**, Head of Aluminium | **Wan Ling**, Research Principal, Aluminium

What has changed?

Aluminium prices dominated by Middle Eastern smelters' status.

Why?

Primary aluminium production in the Middle East accounts for 9% of global supply. Since the start of the conflict, curtailments in the Middle East amounted to 2.5 Mt/y including restrictions in Iran and the GCC, pushing LME prices to a four-year high in early June. The faster recovery in production across the GCC, together with accelerated output growth in Asia – including Indonesia and China – has resulted in the largest single-month fall in aluminium prices since 2008.

What does it mean?

Despite the short-term deficit, the medium-term path points to oversupply.

In our top calls published earlier this year, we said:

- The US Midwest ingot premium is set to record its all-time highest average in 2026;
- Power storage will be an increasingly important source of demand for aluminium in China;
- Indonesian aluminium production will soar in 2026, virtually doubling to 1.5 Mt;
- Bauxite and alumina prices will average lower in the year;
- And over capacity in the Chinese alumina industry will lead to closures.

Volatility defines the market, from deficit to oversupply.

Navigate the aluminium outlook >

Following the publication of our calls, the market was completely upended by the Middle East conflict, which led to significant curtailments of smelter production in the GCC and a resulting weakening in global demand prospects – not least as oil prices surged, threatening a renewed spike in inflation

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Conflict in the Middle East causes major aluminium disruption

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The curtailments in the Middle East amounted to 2.5 Mt/y, including curtailments in Iran and the GCC. This shifted the market into a large deficit through the second and third quarters of this year. The conflict led to a huge LME price increase and a subsequent surge in regional ingot and VAP premiums.

With a memorandum of understanding (MoU) between the US and Iran, and the prospects for sustainable peace rising, oil prices have fallen back dramatically along with aluminium prices. Indeed, LME aluminium is now back to levels last seen before the conflict started.

Initial estimates of the deficit size in 2026, due to the lost production in the Middle East, have more recently been scaled back – as have our more bullish forecasts initially made for the aluminium price. This reflects a faster recovery in production across the GCC (although full capacity is still several months away) alongside a sharp increase in output in Southeast Asia, especially Indonesia, and a surge in Chinese production as smelters have lifted annualised output to around 45 Mt/y – close to the country's capacity cap – in response to strong margins.

Reflecting on our top calls made at the start of 2026, the view on the US Midwest ingot level and premium is proving correct, not least as the surge in LME prices during the conflict lifted the US premium due to the effect of Section 232 50% tariffs on ingot imports. Indeed, The US Midwest ingot premium is set to record its all-time highest average in 2026 of 108.8 ¢/lb, based on CRU's latest forecasts.

The call on the surge in Indonesia production is also bearing fruit, although we now expect output will be even higher than originally forecast, as smelter projects have accelerated plans to ramp up on the high aluminium price and surging margins. We now expect Indonesian smelter output to hit 1.7 Mt this year.

The call on the closure of alumina capacity in China has not borne out, and partly this reflects the surge in Chinese smelting production. At the start of the year, we were forecasting Chinese production would reach 44.0 Mt in 2026, now we are forecasting production of 45.247 Mt, which translates into an extra 2.4 Mt of alumina demand.

As expected, bauxite and alumina prices have trended lower this year. The Guinea FOB bauxite price averaged \$38 /t in 2026 H1 compared to \$57 /t in 2025. Guinea bauxite continues to flood the market, with the ruling regime continually stating it will curb exports.

The alumina price averaged \$308 /t in 2026 H1 compared to \$388 /t in 2025. As expected, the alumina mar-



ket surplus from refinery expansions in Indonesia, China and India, has weighed on prices. [CRU's Alumina Cost Dashboard](#), published on 20 April 2026, stated that 34% of alumina production was loss-making in 2026 Q1 and average profit in the industry is \$22 /t. Since some of the highest cost alumina refineries in Shanxi and Henan are linked to smelters, we have seen very few closures in China this year, and especially as refineries can adjust output far more flexibly than smelters. Indeed, some loss-making refineries belong to larger, integrated groups, where aluminium smelting is profitable. The group will therefore keep the refineries open to protect the supply chain. Furthermore, shutting down completely would mean heavier financial penalty than running at a loss.

Finally, we spoke of the surge in demand expected in China due to growth in battery energy storage and systems (BESS). This market is growing as expected and is supporting the overall increase in primary demand in China in 2026.

What does this mean for the rest of 2026?

The Middle East conflict upended our start-of-year forecasts on aluminium prices. However, we did correctly point out the closure of Mozal being a key risk for prices and premiums. The apparent end to the Middle East conflict, based on the current MoU, has also led to a sell-off in the market, which has brought prices crashing back to pre-conflict levels much more quickly than we expected. Thus, the surplus we expected from 2027 onwards has been brought forward from the acceleration of projects and the higher Chinese output. At the same time, significant investment continues to be made in the bauxite and alumina sector, bringing continued downward pressure for both prices. The demand for aluminium from the power storage industry will be a new bright point in 2026, as the power tariff policy change (allocating capacity price and enlarging the power tariff differences between peak and trough) shifted to favour the development of the independent energy storage system (ESS) in China from 2025.



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MID-YEAR UPDATE

Copper top *calls* for 2026

By **Robert Edwards**, Principal Analyst, Copper

What CRU said at the start of 2026

We set out five major calls for the copper market, each reflecting the view that the industry was going through a period of structural change rather than cyclical adjustment.

The **first** call was that Tier 1 copper assets would trade at around \$40,000 per tonne of copper intensity equivalent (CIE), as a buyer-seller standoff broke down under the weight of genuine scarcity. The **second** was that the market would begin searching for new demand generators beyond the well-established grid electrification and AI themes, with humanoid robotics as an emerging upside story and high-temperature superconductors as a long-term downside risk worth watching. The **third** call was that record-low TC/RCs would signal the need for smelter cuts, but they would not materialise as acid revenues, cathode premiums and the strategic importance of smelting capacity would keep operations running. The **fourth** was that the annual TC/RC benchmark system would continue to fragment, with the benchmark's share of concentrate sales falling below 60%; and traders playing an increasingly central role. The **fifth** was that ageing deposits and decarbonisation pressures would accelerate technological innovation across mining and processing, from coarse

particle flotation and HPGR comminution to primary sulphide leaching and autonomous haulage

What has changed: The evidence from mid-2026

On smelter economics and TC/RCs, the January call has been comprehensively validated, and the underlying dynamics have intensified beyond what was anticipated. Spot TC/RCs collapsed to record negative levels, with miner-to-trader terms reaching -\$155/t on a May monthly average and -\$184/t by mid-June. The 2026 annual benchmark settled at \$0/0¢, exactly as we forecast. As CRU anticipated, this has not translated into smelter closures. The reason for this is sulphuric acid. Chinese domestic acid prices surged more than 200% y/y to RMB1,860 /t. Acid revenues represent a record 76% of smelter spot revenues, excluding TC/RCs, against a his-

The energy transition and AI is creating opportunities.

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torical average of around 27%. China's suspension of all acid exports tightened the seaborne market further, pushing Chile CFR spot acid to around \$500/t. The result is a smelter sector absorbing extraordinary raw material costs as the by-product economics make it rational to do so – this is precisely the dynamic CRU identified in January.

On benchmark fragmentation, the pace of change exceeded expectations. A significant development came on 2 July 2026, when Antofagasta Minerals reportedly reached provisional mid-year TC/RC settlements with several Chinese smelters. But using trader-to-smelter indexes and hybrid mechanisms, referencing both miner-to-trader and trader-to-smelter pricing. The benchmark's share of global concentrate sales has fallen to around 56% in 2026, with index-linked contracts now representing 47% of Chinese smelter purchases. CRU forecasts that by 2027, index pricing will account for 59% of Chinese purchases and 34% of global sales, nearly tripling the 2024 levels.

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Mid-year settlements signal a further shift towards index pricing

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Regarding demand, the AI and data centre narrative has continued to dominate, with CRU revising its data centre copper demand forecast sharply upwards – from 286,000 tonnes in June 2024 to 682,000 tonnes for 2026. The anticipated shift toward humanoid robotics as the next demand story has not materialised, at least not yet. On the other side, superconductors are developing in the way we anticipated. High-temperature superconducting systems are already in pilot deployment in urban rail, data centres and power grids across Europe and the US, with Nexans and SuperNode among the leading commercial players; and industry attention is growing. It remains a potential solution for specific, space-constrained applications rather than a broad replacement for conventional copper cable, but it is increasingly part of the conversation.

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On Tier 1 asset valuations, M&A activity has picked up, with CRU recording 21 transactions pending or completed in 2026 year-to-date, representing a total consideration value of \$63.6 billion. However, the proposed \$53 billion merger of Anglo American and Teck Resources accounts for the bulk of this figure, and transactions disclosed at an asset level have not yet tested the \$40,000/t CIE threshold. Therefore, the specific valuation call remains unconfirmed.



What does this mean for the market?

The picture we painted at the start of 2026 was of a market in structural transition, and the evidence so far confirms this view. If anything, the transition is moving faster than anticipated, particularly in the commercial architecture of the concentrate market. On demand, the established narratives around AI and electrification continue to strengthen, while new themes such as superconductors are beginning to build in the background.

Summary

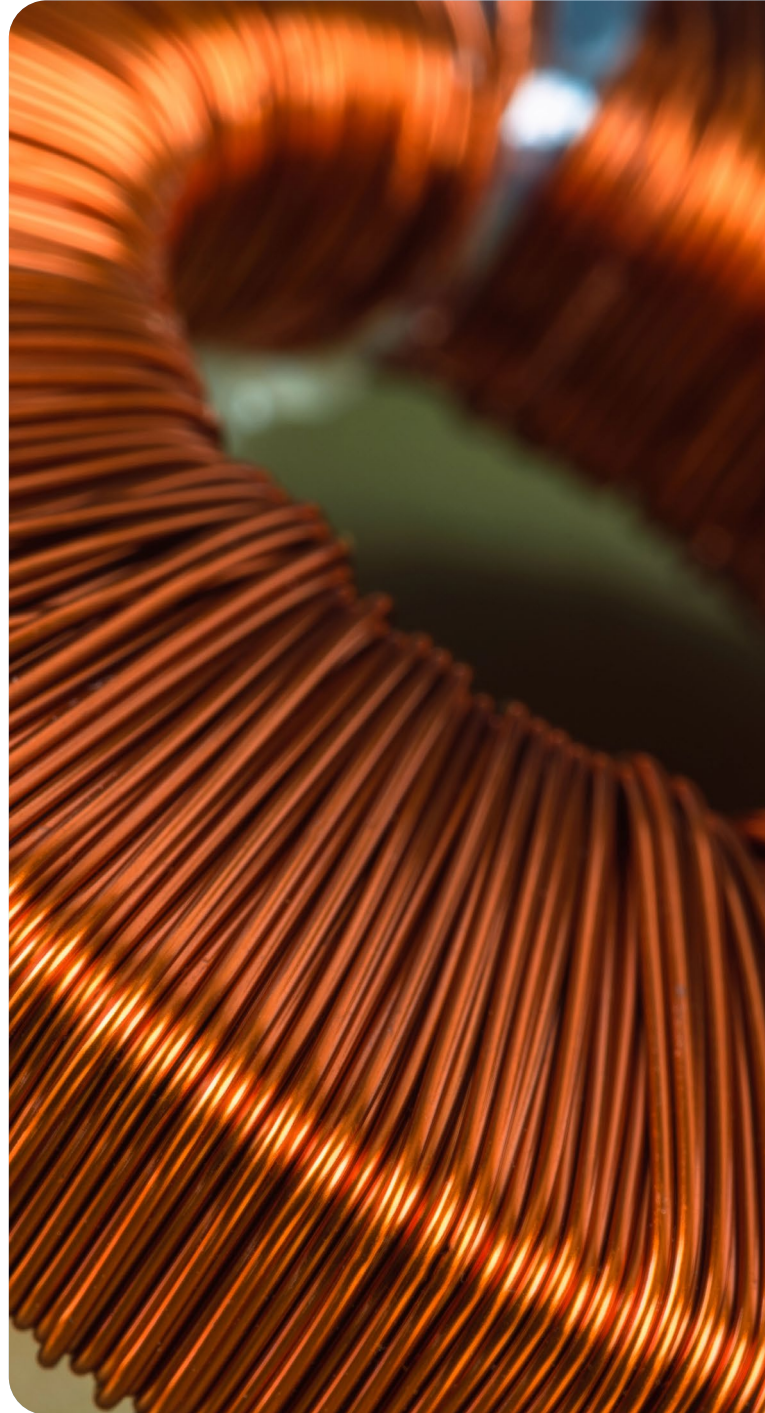
Benchmark fragmentation was expected to continue gradually, but the AMSA mid-year settlements marked a more abrupt structural shift toward index-linked pricing. We expected humanoid robotics to begin emerging as the next big copper demand story, but the AI and data centre narrative has remained dominant. The superconductor risk, flagged as a long-term concern, is gaining traction faster than expected, with commercial trials now underway that give it increasing credibility as a potential threat to copper demand. Our call that Tier 1 assets would trade at around \$40,000/t CIE has not yet been confirmed by any publicly disclosed transaction.

Why?

The AI and data centre narrative proved too strong to be displaced; the pool of publicly disclosed Tier 1 transactions has remained thin; and miners used the acute concentrate scarcity to push through more fundamental changes to pricing mechanisms than a gradual shift in the contract mix would have implied.

What does it mean?

The concentrate market is restructuring faster than the industry expected, which will have lasting consequences for smelter economics. The continued dominance of AI suggests copper demand growth may remain stronger for longer. If superconductor trials prove successful and the superconductor narrative continues to build, the long-term demand outlook may face more credible headwinds than the market currently prices in.





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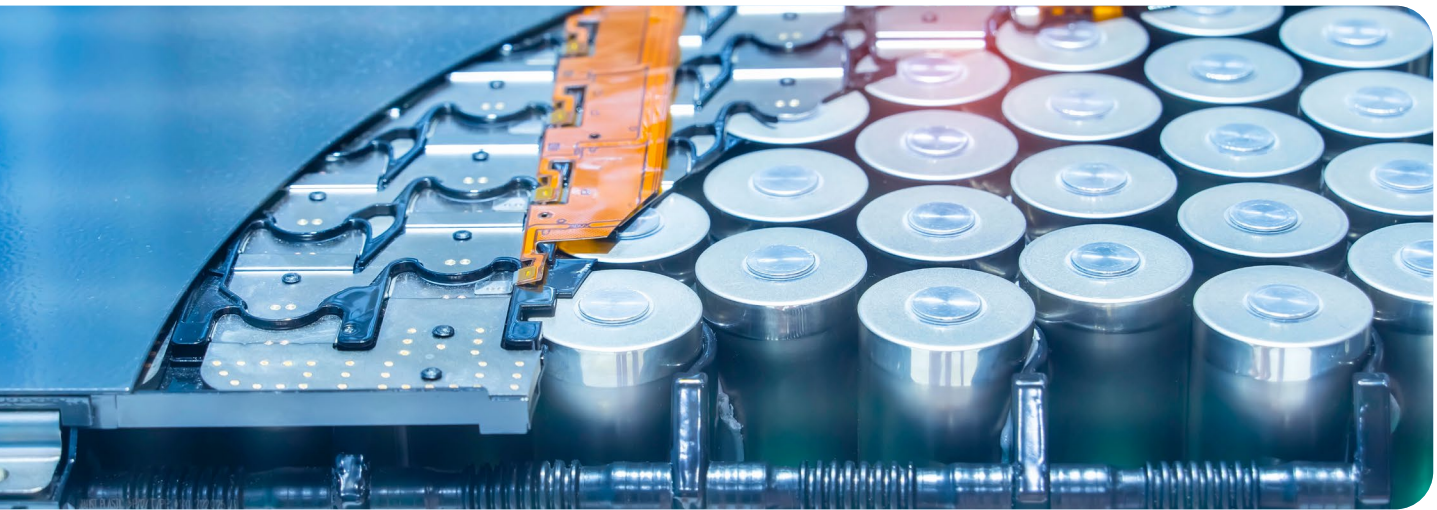
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- Breakeven TC/RC assessments to aid profitability analysis.



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MID-YEAR UPDATE

Battery Materials top *calls* for 2026

By *Jessica Alves*, Senior Consultant | *Cameron Hughes*, Analyst, Lithium |
Thomas Matthews, Lead, Cobalt | *Xiaowei Mei*, Lead, Battery Value Chain

Most of our views hold, even if some have been delayed until next year. 2026 continues to see a shifting policy landscape that is shaping battery value chains.

Momentum for high-end LFP will build



Review: China's ongoing technology export controls and Western supply chain scrutiny are slowing LFP's advance

Surging battery demand is driving LFP producers to rapidly expand capacity and utilisation rates, especially for high-compaction-density products (4th generation and above). During Jan–May, Chinese LFP cathode production increased by nearly 70% y/y, with most producers operating at utilisation rates over 85%. In China, there is a huge focus on securing high-end LFP. This has moved beyond just electric vehicle markets, with China's domestic battery storage market also looking at 4th generation LFP CAM. Meanwhile,

developers are reducing DC and AC electrical component content brought about by higher voltage inverters.

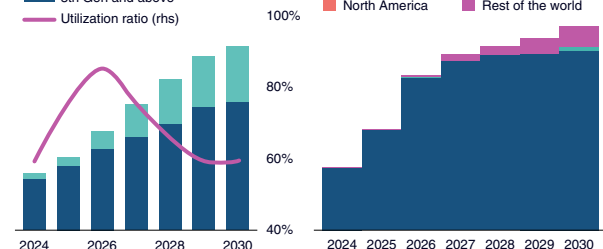
High demand drives rapid Chinese LFP capacity expansion

Global L(M)FP capacity and utilisation ratio, Mt/y, %

— 4th Gen and above
 — 3th Gen and above
 — Utilization ratio (rhs)

LFP CAM production, Mt

■ China ■ Europe
 ■ North America ■ Rest of the world



DATA: CRU

Geopolitics and industrial strategy are redrawing supply chains.

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China will continue to dominate LFP CAM supply given its cost and performance advantages, as well as stricter controls on technology exports and overseas investment. The lack of a LFP supply chain outside China is the main barrier to more profound growth in those markets, but this will expand sufficiently in the long term.

Bullwhip bullishness in energy storage will be amplified



Review: BESS demand is booming but beware the inventory build

Increasingly supportive policy is shoring up rampant energy storage installations in China and orders from the rest of the world. During Jan–May, China's battery storage bid volume rose by 43% y/y. We have also upgraded North American demand as alternatives to Chinese LFP cell production gather momentum. LFP demand will jump by more than 50% in 2026, fuelled by BESS momentum and inventory cycles.

Despite lithium price rises, storage systems remain sufficiently low-cost and will continue to get cheaper. We have increased our mid-term forecasts for BESS demand multiple times this year, and we now expect installations of over 1.2 TWh by 2030. To support this growth and elongated

lead times, supply chain stocks rise, meaning cell production will reach this level several years earlier. Any shocks or slowing of demand growth will risk exposing the market to the burgeoning inventories across the value chain.

China will become the largest supplier of lithium



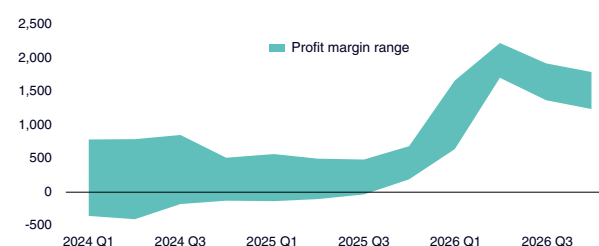
Review: China will not be the largest lithium producer until 2027

We still anticipate that Chinese lithium production will be the world's largest. However, we no longer expect that this will be achieved in 2026 and there are two main reasons for this. Firstly, higher-than-expected lithium prices have returned a high level of profitability to many producers, prompting many to raise output. In Australia, mines operating well below capacity are ramping up and will add meaningful volumes in 2026 and beyond. However, this year much of that growth will be offset by weaker-than-expected production at Greenbushes.

Margins have continued to strengthen as prices rise q/q. In 2026 Q1, concentrate sales prices for some miners were four to five times higher than costs, sharply improving cash generation and prompting operators to push for higher near-term output.

High profitability has prompted producers to raise output.

Quarterly profit margin for spodumene miners, \$/dmt



DATA: CRU



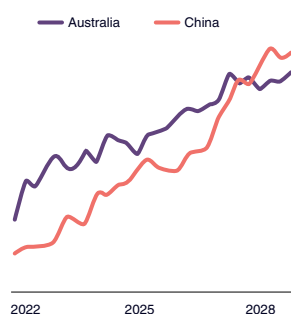
The second major reason for our view change is the downgrade in our expectations for Chinese growth. The supply downgrade is driven by the closure of seven lepidolite mines in Jiangxi expected in 2026 H2 and a delay to the Jianxiawo restart. The Jiangxi lepidolite mines, including Jianxiawo, are expected to restart early next year, with regional supply projected to reach 190 kt LCE in 2027, or 33% of domestic mined supply.

While China's domestic supply has been constrained, we have seen the country's overseas push continue. Huayou Cobalt has signed a binding scheme implementation deed to acquire Atlantic Lithium – owner of the Ewoyaa project in Ghana. Huayou Cobalt will also buy Elevra Lithium's remaining 22.5% stake in Ewoyaa for \$71 M. The Ewoyaa project was one of the few African lithium projects that had no Chinese ownership.

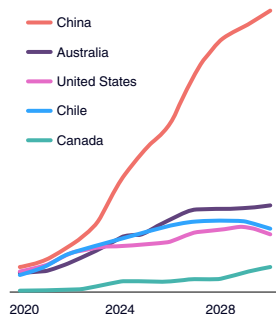
Domestic Chinese lithium production is now not expected to overtake Australia until late 2027. However, the Chinese-owned share of global production is forecast to increase from 25% in 2020 to 44% by 2030.

Chinese domestic output lags Australia, but Chinese-owned output is ~40% of global supply

Primary lithium supply on a quarterly basis by geographical location, kt LCE



Global production by corporate location, kt LCE



DATA: CRU

Raw material price rises will not be sustained



Review: Price correction still coming

Lithium carbonate reaches highest level in 33 months

Contrary to expectations, lithium prices have rallied throughout 2026, driven by surging CAM production and mounting concern over supply disruption. Rapid inventory drawdowns in China have pushed carbonate prices to their highest level in 33 months. With cathode production expected to stay strong throughout 2026, and further disruption still ahead, carbonate prices are forecast to move above \$30 /kg. Concentrate, which has already traded at more than a 10% payable to carbonate this year, is expected to rise towards \$3,600 /dmt. Later in the year, as higher prices pull more supply into the market, the deficit should narrow and prices should soften. Since a large share of cathode growth has been brought forward into

2026, demand growth is expected to slow in 2027. Supply growth should then move ahead of demand again, placing renewed downward pressure on prices.

Cobalt: Chinese market softens from four-year high

In late February, we saw Chinese cobalt prices reach their highest level since May 2022. However, since the Lunar New Year, prices have softened despite limited arrivals from the DRC and critically low Chinese intermediate stocks. On the supply side, recycling, alternative primary sources and destocking have eased constraints on HPAL output relating to sulphur shortages – with EU metal prices remaining almost flat since January. However, recently weak prices have mostly been driven by demand, particularly softer electronics demand and the unwinding of frontloaded buying after China's VAT rebate cancellation. With DRC shipments now resuming and a possible easing of Middle Eastern disruption, the market may be entering a more bearish phase. While the sulphate-to-metal premium has disappeared, Chinese sulphate prices are still up over 200% on pre-ban levels. The market is expected to stay tight, which should prevent prices from sinking towards pre-ban levels, with a slight easing expected in H2.



Nickel: Sulphate prices soften from three-year high

Nickel sulphate prices climbed to nearly a three-year high in early May, driven by tight RKAB quotas, the new HPM formula and a spike in sulphur prices. Since then, sentiment has turned softer as the market prices in a potential loosening of RKAB, while weak demand and dollar strength add further pressure. If Indonesian ore availability improves as expected in 2026 H2, sulphate prices are likely to remain under pressure throughout the rest of the year, even if costs stay elevated.

A procurement scramble for ex-Chinese components



Review: Geopolitical tensions are slowing supply chain build

Chinese manufacturers with overseas projects face an intensifying dilemma – squeezed between Western regulations mandating technology and ownership transfers, and China's countermeasures tightening outbound IP and investments.

As battery value chains become even more vital to industrial strategy and critical infrastructure, they are seeing rising regional protectionism. Recent changes include the US Prohibited Foreign Entity (PFE) rules and the proposed "Charge Act", the EU's proposals for foreign investment restrictions under the Industrial Acceleration Act (IAA), or the Commission's action on inverters and power-control systems.

Beijing is strategically leveraging its industry dominance by tightening battery supply chain regulations. This is already starting to stall localisation efforts for critical components like LFP CAM, ternary pCAM, and graphite AAM. While there remains a push to source components from outside of China, many battery supply chains currently have very few alternatives, particularly for buyers unwilling to pay higher prices or accept longer lead times

China's export controls target both physical export and IP transfers



Restrictions suspended until Nov 2026:



Finished product



Technology & equipment

- Li-ion batteries with energy density higher than 300Wh/kg
- Ternary precursor (NMC and NCA)
- High compaction-density* LFP cathode materials
- Graphite anode materials, including artificial graphite and mixture of natural and artificial graphite
- High energy-density battery cell technology and equipment
- CAM manufacturing equipment
- Graphite anode technology and equipment



Restrictions that remain in place:



Technology

- High compaction-density* L(M)FP cathode and raw material production technology
- DLE from raw brine
- Lithium refining technology



Implications for overseas operations:



- Limited licenses for 100%-owned Chinese firms to produce overseas
- Chinese gov. can intervene in attempts to dilute ownership of operations for US PFE compliance

DATA: CRU



The CRU logo is a white square with rounded corners containing the letters 'CRU' in a bold, white, sans-serif font. The background of the entire slide is a close-up, high-angle shot of many cylindrical battery cells, likely lithium-ion, arranged in a grid-like pattern. The cells are dark blue or purple, with their metallic tops visible. The lighting creates a sense of depth and texture.

CRU

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MID-YEAR UPDATE

Zinc top *calls* for 2026

By **Olga Hepting**, Principal Analyst, Zinc

Another year of refined deficit with elevated prices



This earlier call remains unchanged. The Middle East conflict introduced a significant downside demand risk outside China, while Chinese demand slowed down considerably in 2026 H1. Given the particularly tight supply situation in 2026, this call still holds in our view if China is able to maintain its flat demand in 2026, relative to 2025 levels

TCs will increase but will be lower than previously expected in 2025 H1 – close to \$120/t



In regards to this earlier call, we were correct about benchmark TCs increasing and about them being lower than previously expected, but they surprised more on the downside. Instead of \$120/t, benchmark negotiations reached \$85/t.

China will record net exports of refined zinc in certain months of 2026



This earlier view remains unchanged. We are seeing many signs suggesting Chinese exports will occur in 2026 H2.

Smelter production will grow in ex. China after two years of declines



We expected ex. China smelters to slightly expand production in 2026 after a long period of declines, supported by higher treatment charges and smelter expansions (Odda, Verkhniy Ufaley). However, most importantly, we expected a cap on concentrate imports into China, resulting from the unfavourable ratio between SHFE and LME prices, which

Record-low TCs are redefining the global market balance.

[Access the zinc outlook >](#)

often makes concentrate imports less economic. In our view, this would have left more concentrate available for the rest of the world to process.

Since December 2025, our concentrate availability view has been downgraded noticeably. At the time, we expected global mine supply (after disruption) to grow by 84,000 tonnes in 2026 (0.7% y/y). Our current view is a decline of 136,000 tonnes (–1.1% y/y). This represents a total decline in available concentrate of 220,000 tonnes. We allocated most of this decline to the reduction in smelting output outside China, given the remarkable performance of Chinese smelters at the start of 2026, which exceeded our expectations. The country had an influx of 1.2 million tonnes of new smelting capacity at the end of 2025. The new smelters increased the competition for concentrate dramatically, driving TCs to historical records, helped further by very high sulphuric acid prices due to the Middle East conflict. As a result, China had record concentrate imports of 715,000 tonnes in 2026 Q1, ahead of expectations. Given the strong performance of Chinese smelters and record low spot TCs, we now expect that in the situation of mine supply contraction, refined output outside China will fall again in 2026 by 42,000 tonnes (approximately 1%), while Chinese refined output will grow by approximately 1%, or 56,000 tonnes.

Anti-involution policy is going to have virtually no effect on Chinese refined output in 2026



This earlier view remains unchanged. We are seeing no signs of anti-involution policy limiting Chinese refined zinc output at present.

Summary

What has changed?

Tighter concentrate availability and extremely high sulphuric acid prices drove TCs to record lows and attracted more concentrate to China.

Why?

Mine supply disruption was escalated at the start of 2026 with several important zinc mines downgrading their production outlook, facing geotechnical accidents, sanctions or processing failures. This led to tighter concentrate availability, especially in 2026 Q1. The Middle East conflict drove sulphuric acid prices very high, giving Chinese zinc smelters additional by-product revenue and allowing them to pass further margins onto miners, by lowering TCs to unprecedented negative levels, which in turn increased concentrate flow into China.

What does it mean?

China is getting closer to self-sufficiency in refined metal even faster. With domestic zinc demand remaining subdued, refined stocks are expected to accumulate in the country, putting pressure on SHFE prices and making another export arbitrage window open soon.





MID-YEAR UPDATE

Precious Metals top *calls* for 2026

By *Kirill Kirilenko*, Lead, Precious Metals

Gold: Bruised but not broken as higher-rate risk caps near-term upside



Gold carried strong momentum into 2026, but the January surge left the market overbought and vulnerable to correction. The rally had been fuelled by rate-cut expectations, a weaker US dollar, policy uncertainty and geopolitical risk. It is important to note that momentum itself also became part of the story as repeated record highs pulled more investors into the market. Once positioning became stretched, gold became exposed to both profit-taking and to a reversal in rate expectations.

The Middle East conflict has since complicated the Fed-easing story. Rather than being priced purely through a traditional safe-haven channel, the conflict has lifted inflation expectations, pushed sovereign yields higher, and reduced the scope for near-term rate cuts. At the same time, liquidity pressure triggered by the conflict has temporarily overwhelmed safe-haven demand, with investors prioritising cash and monetising liquid assets

despite elevated geopolitical tension. This has reduced gold's investment appeal, capping the upside, while the US dollar and bond yields remain firm. Gold's bull case has not disappeared, but renewed upside will require these pressures to ease.

Central banks will remain an important source of support, but their role is becoming more nuanced. Official sector purchases are expected to moderate somewhat this year, meaning central banks are more likely to provide a structural floor than act as the main spark for the next rally phase. As a result, gold's near-term performance will depend more on real yields, Fed expectations, investor flows and the direction of the US dollar. Longer-term support should still come from fiscal stress, reserve diversification and geopolitical fragmentation.

The traditional market drivers have changed.

[See the precious metals outlook >](#)

Silver: Deficit story paused as the market turns more tactical



Silver's rally is facing a more demanding test in 2026 as the market shifts into a modest surplus for the first time since 2016. This marks a clear change from the deficit-driven narrative that supported prices in recent years. The shift is being driven mainly by a sharp contraction in industrial demand, especially in solar photovoltaics and other price-sensitive applications, alongside a temporary recovery in mine supply. Higher prices are now exposing silver's cost sensitivity, with some users likely to thrift, delay purchases or substitute into alternative materials.

In this environment, silver's near-term performance will depend less on physical tightness and more on investor conviction. Silver's high-beta profile means investor appetite will remain critical. If gold stabilises, real yields ease, or broader precious-metals sentiment improves, silver could still outperform sharply. However, with the deficit story on pause and industrial demand under pressure, any loss of investor momentum could trigger a faster and more volatile correction than in gold.

The market should remain supported by silver's role as a monetary hedge and by spillover from gold, but the path is becoming more tactical, more volatile and less one-directional. Over the next six months, prices are likely to remain historically elevated, but consolidation risks have increased as investors reassess the balance between macro support and weakening industrial fundamentals.

PGMs: Oversupply risks continue to mount



The outlook for both Platinum and Palladium has not materially shifted since the start of the year, with recovering mine supply and structural demand headwinds still expected to weigh on market balances and prices.

Our top call for the PGMs remains unchanged – : oversupply risks are set to continue mounting in 2026.

Gold - Summary

What has changed?

Gold shifted from fear-driven momentum to a rates-and-liquidity trade.

Why?

Surging energy prices gave a boost to inflation expectations and raised the prospect of higher interest rates, resulting in firmer yields and a stronger USD. These triggered profit-taking and cash-rising as investors monetised liquid assets.

What does it mean?

Short-term volatility stays high, but the medium-term strategic case remains intact.

Silver - Summary

What has changed?

From a deficit-led rally to a more tactical, investor-driven market.

Why?

Industrial demand, particularly from photovoltaics, weakened as thrifting accelerated.

What does it mean?

Prices stay supported, but the upside is less clean and pullbacks may be sharper.

Platinum - Summary

What has changed?

From oversupply risk to a clearer surplus call in 2026.

Why?

Mine supply is recovering and demand support is not strong enough to absorb it.

What does it mean?

Bias is bearish unless there is a strong demand surprise.

Palladium - Summary

What has changed?

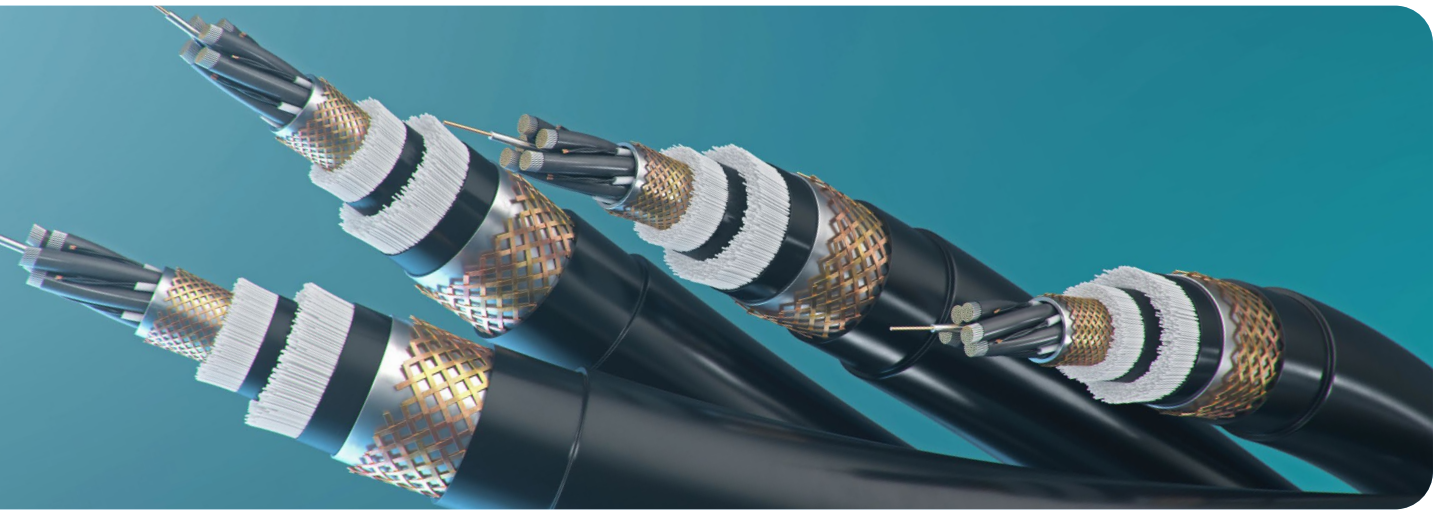
Surplus timing was pushed out, but the structural bearish view stayed.

Why?

Slower BEV adoption and weaker policy pressure are supporting autocatalyst demand in the near term.

What does it mean?

Near-term support improved, but the medium-term path still points to oversupply.



MID-YEAR UPDATE

Optical Fibre and Cable top *calls* for 2026

By **Ahmed Ali**, Lead, Optical Fibre and Cable

What is new?

The optical fibre and cable market has moved quickly in 2026. Data centre demand remains the strongest growth engine, but it is also weighing strongly on fibre and cable availability, pricing and supplier strategy. Pressure on cable manufacturers and development in next-generation fibre technologies are parts of the same story.

Data centre demand remains supported by the AI infrastructure pipeline, as hyperscalers continue to invest despite concerns around power availability, financing and return on investment. The role of hyperscalers and AI companies in the optical cable and fibre market is also becoming more integral. These companies are increasingly securing medium-term supply through direct agreements with fibre and cable suppliers. Corning's publicly-announced deals with Meta, Amazon and Nvidia are clear examples, showing how AI infrastructure demand

is becoming closely linked to the fibre value chain and manufacturing strategy.

The market has also faced demand pressure from military drone applications. Their use, which is linked to the Russia-Ukraine war, has expanded significantly and now appears to be spreading to other regions and conflicts. This type of demand is harder to model as it is conflict-driven and its buyer strategies are not openly discussed. Combined with data centre growth, demand from drones has diverted fibre supply – especially A2 fibre – away from other conventional cable applications and added strain to upstream supply.

The most visible market consequence has been the glass preform shortage and the sharp rise in bare fibre prices. China, historically, has been the low benchmark for global fibre prices. However, the regional market saw prices rise dramatically through 2026 Q1 to surpass other major

regions. Other regions reacted with substantial price increases as well.

Buyer behaviour has also been impacted. Telecom operators still account for most cable demand, but they remain highly price sensitive. Higher fibre and cable costs are leading some to delay tenders, reduce volumes or reevaluate rollout plans. Hyperscalers, by contrast, are more willing to secure supply at higher prices where it supports strategic AI infrastructure.

The impact extends beyond telecoms buyers. Independent cable manufacturers – particularly those dependent on imported fibre rather than vertically integrated production – are facing increasing pressure as upstream supply is allocated to higher-value applications. While Europe remains the clearest example of this trend, similar challenges are beginning to emerge across other regions where telecom demand has softened and supply chains rely on imported fibre.

Technology development is also accelerating. Our 2026 top calls highlighted the accelerated development of hollow-core fibre which continues to attract interest as its use cases become closely tied to reducing latency in AI data centre environment. In addition, multicore fibre is gaining attention as a response to data centre capacity-density challenges, with recent announcement from Corning, AFL, Sumitomo Electric and Terahop around 4-core design suggesting improved industry alignment. Our Optical Fibre and Cable Market Outlook now includes dedicated forecasts for hollow-core and multicore optical cable demand by region and application.

Beyond fibre itself, co-packaged optics has become a defining optical networking theme of 2026, as AI data centre players look for faster, denser and more energy-efficient connectivity.





MID-YEAR UPDATE

Metallic Wire & Cable top *calls* for 2026

By *Aisling Hubert*, Lead, Wire & Cable

Introduction

In January, we set out our top calls for the metallic wire and cable market in 2026, covering the themes we expected to move the market. At the half-year mark, the underlying story of electrification, digitalisation and energy security has held firm, and cable demand remains resilient. Two of our three calls are tracking as expected, while the third is unfolding more slowly. We also flag one major disruption we did not foresee.

Continued Chinese exports as domestic demand stays weak



Verdict: Correct

This call has played out as anticipated. China's construction sector has continued to deteriorate as construction completions plummeted by 23.3% y/y in 2026 Q1. With domestic returns under pressure, producers have leaned further on export markets. The export overhang continues to weigh on global pricing and competitive

dynamics outside China. As a compensatory measure, investment in the State Grid has increased to shore up domestic demand – RMB129 billion in fixed-asset investment was invested 2026 Q1, an increase of 37% y/y.

Reshoring of US manufacturing as tariffs bite



Verdict: Partially correct / too early

The tariff backdrop has intensified as expected. The 2 April 2026 proclamation broadened the Section 232 scope, applying the 50% duty to the full customs value of copper articles and derivatives, including copper wire and cable lines (White House, April 2026). However, the reshoring response has been muted. Imports continue to flow despite the duties, and rather than new entrants building capacity, we are seeing incumbents consolidate through M&A. The tariff-driven capacity shift is real but slower and more concentrated than expected, reflecting a market reshaped by consolidation, not new supply.

Data centre demand accelerating to record highs



Verdict: Correct

Data centres remain the standout growth story. Record hyperscaler AI investment in 2026 continues to drive power and connectivity requirements, sustaining the fastest year-on-year growth rate across applications. We expect data centre cable demand for this application to grow rapidly again this year. Data centres are now a structural, not cyclical, demand pillar and warrant priority in supplier strategy. CRU forecasts data centres will account for 15% of total North American cable demand in 2030.

What we didn't call: Middle East conflict and Strait of Hormuz disruption

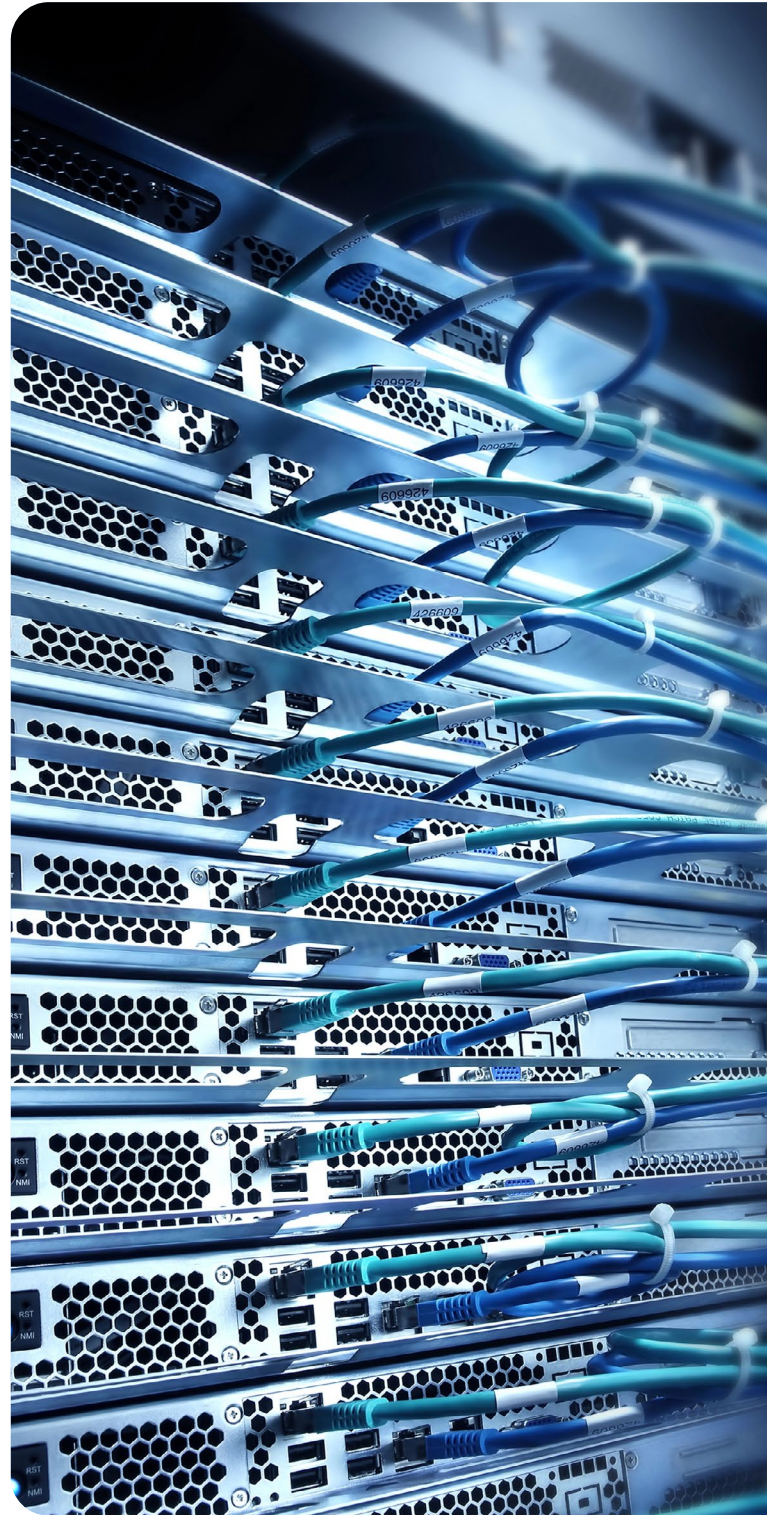
The one theme absent from our January outlook was geopolitical. Escalation involving Iran and disruption to shipping through the Strait of Hormuz has injected fresh volatility into energy and base metal prices. This has fed directly into copper and aluminium input costs, adding a layer of uncertainty to cable margins that was not on our radar six months ago. Commodity price risk has re-entered the picture from an unexpected direction and warrants close monitoring into H2.

Summary

Overall, our core structural calls, for China and data centres, are holding, while the US reshoring thesis needs more time. The key surprise has been geopolitical, a reminder that even a resilient demand outlook remains exposed to external shocks.

The AI boom is creating unprecedented supply pressure.

Discover the wire & cable outlook. >





MID-YEAR UPDATE

Speciality Materials: Carbon Products, Silicon top *calls* for 2026

By **Chenfei Wang**, Head of Wire & Cable and Speciality Materials |
Elijah Santos, Analyst, Carbon Products | **Sabrina Lu**, Lead, Silicon Metal

Carbon Products

In our top calls for 2026, CRU stated that we expect Calcined Petroleum Coke (CPC) and anode prices to remain elevated as strong Chinese demand for low-sulphur Green Petroleum Coke (GPC) from the battery market would maintain upward pressure on CPC prices globally. Further to this, delays to expected third-party anode production in the Middle East, which was expected to alleviate demand for Chinese anodes, would allow Chinese anode prices to continue climbing through 2026.

For Coal Tar Pitch (CTP), we expected the margins to remain tight as Indian exporters maintained downward pressure on prices and Coal Tar (CT) supply remained tight. Therefore, we expected prices to remain fairly stable in the first half of the year before climbing as demand increased from aluminium restarts. Further, we expected

Indian players to continue to gain market share from Chinese exporters.

While our forecasts for anode and CPC proved correct in that we observed price rises through 2026, the drivers for this changed following the start of the Middle East conflict, which halted trade through the Strait of Hormuz and escalated energy prices globally. This resulted in higher CPC prices as oil prices rose and refiners looked to maintain margins, and the transportation costs for internationally traded GPC rose. CTP prices jumped as transportation costs and competition for CT from other industries rose globally.

Niche markets are becoming critical for high-tech and the energy transition.

[Review the speciality materials outlook. >](#)

The decrease in demand from the Middle East did not result in falling prices for CPC and CTP, as many expected, due to China and India diverting material to other markets. Rather, the increased transportation costs prevented many Chinese players from finding alternative markets for the material, stalling the export price from China after an initial increase. Prices were unable to drop due to higher feedstock costs. However, buyers were unwilling to pay the much higher delivered prices.

Our expectation for the remainder of the year, provided the recently agreed ceasefire is maintained, is for prices to slowly correct through Q3 and into early Q4 as commodity prices reset. Still, risk remains as a major drop in aluminium prices, which we already considered to be elevated prior to the conflict, could drive smelters to reduce raw material costs. However, a re-escalation of the conflict in the Middle East would drive prices higher as raw material costs increase.

The Middle East crisis has highlighted to many smelters the need to diversify their supply chains. We believe that, especially for Middle East smelters, we could see a change in strategy leading to material being sourced from other regions, particularly Europe, and increased use of solid pitch, which is easier to transport than liquid pitch.

Silicon Metal

Global silicon metal demand remained muted in 2026, with market dynamics largely influenced by the Middle East conflict.

The surge in oil and gas prices has raised coal and logistics expenses, pushing up silicon metal production costs.

Silicon metal prices have edged up modestly compared to pre-conflict levels, with gains mostly driven by cost pass-through. The disruption has also encouraged a greater preference for locally-produced material to ensure supply stability.

On the demand side, curtailments to aluminium production in the Middle East have reduced demand for Chinese silicon metal into the region while accelerating a shift in aluminium production elsewhere, offering moderate support to silicon metal demand both inside and outside China.

Several EU furnaces have restarted in 2026, though the scale remains limited amid weak demand; and spot prices are still below European production costs. While no further trade actions have been taken yet, we consider the current situation unsustainable and anticipate a normalisation over the medium term.

Despite the cyclical downturn, we see further upside for silicon metal demand from solar applications, driven by stronger efforts to diversify energy supply after the Middle East conflict and by increasing power demand from AI data centres. Despite the cyclical downturn, we see further upside for silicon metal demand from solar applications, supported by stronger efforts to diversify energy supply after the Middle East conflict and by rising power demand from AI data centres. Rising investment across the solar value chain – , exemplified by plans from Tesla and SpaceX to build solar capacities the US, – could support silicon metal demand beyond 2026.



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MID-YEAR UPDATE

Fertilizers top *calls* for 2026

By **Peter Harrison**, Principal Analyst, Sulphur and Sulphuric Acid | **Gavin Ju**, Research Principal, Fertilizers | **Charlie Stephen**, Head of Nitrogen | **Mariana Fortuna**, Analyst, Phosphate | **Alex Chreky**, Analyst, Potash

In our top fertilizer calls for 2026, published at the beginning of the year, we forecast:

- European fertilizer affordability pressures to drive tariff and CBAM relief
- European nitrogen majors will continue to pivot to US low-emission ammonia
- Phosphate investment builds in riskier markets with non-traditional capital
- Sulphur prices stay high early, then ease as supply recovers
- Potash project delays and cost overruns persist as Russia expands

Following the publication of our calls, the market was completely up ended by the conflict in the Middle East that led to significant disruption to fertilizer production and trade. Urea, sulphur and phosphates were the [most exposed fertilizer materials](#) to this conflict due to a significant share of traded urea and sulphur which moves through the Strait of Hormuz, and in the case of phosphates being both directly exposed from trade and indirectly exposed due to sulphur.

As result, nitrogen, phosphates and sulphur saw prices, in some cases, reach record highs. While production remained relatively resilient in the Gulf, very little product was able to exit either through the strait or via overland routes, causing immediate tightness in the traded market. Even before peace talks began, fertilizer prices started to move in different directions, mainly due to differences in supply.

Urea, with globally distributed production, has seen prices tumble to below pre-war levels, as the high prices following the beginning of the war were met with lacklustre demand, as buying had already taken place for the northern hemisphere and the southern hemisphere did not

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Middle East Conflict: The unfolding impact on fertilizers

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need to begin buying until the end of Q2. This contrasts with sulphur and phosphates, which both saw a series of supply issues supporting higher prices regardless of demand response.

Despite the recently signed agreement between the US and Iran, raising prospects for sustainable peace, phosphates and sulphur remain constrained by other supply issues. This will support higher prices for the remainder of the year, even as trade flows begin the slow march toward reformation.

Looking back at our top calls from the beginning of the year, the view that sulphur prices would be high at the beginning of the year and would ease later in the year was not correct. While sulphur prices above \$1,000 are not here to stay, pricing is likely to be relatively elevated throughout the rest of the year.

Our call that affordability pressures would drive tariff and CBAM relief has partially borne out, as just in time for this mid-year update the Trump administration has an-

nounced a short-term moratorium on the CVDs on phosphates from Morocco due to the unaffordability of phosphate fertilizers. CBAM relief has yet to come forward but may still be in the cards as fertilizer affordability has become a much more popular issue.

Our call on the pivot to low-emissions nitrogen remains a work in progress. High nitrogen prices for a time spurred speculation that low-emissions nitrogen would receive a boost as high prices help to justify the higher cost of production. Further, low-emissions ammonia has seen increased interest on a supply resiliency basis. However, supply development remains slow due to high costs and long development times for new facilities.

The call that phosphate investment would build from non-traditional capital in new jurisdictions has been partially realised. We have seen announcements and MoUs signed for several fertilizer plants in Egypt. In Syria, early signs show a possibility of several key recommissioning of plants following the end of the civil war. None of these projects have yet been added to our base case. Any favourable investment environment that may have been created by high phosphate prices will be balanced out by the crisis in sulphur prices, which will likely have to be resolved before further investment becomes enticing.

We were partly right on the potash call though, as cost overruns remain an evergreen topic on the supply side for the numerous projects targeting entry in the 2020s and early 2030s. For BHP's Jansen expected costs for Stage Two are now projected at \$6.9 billion, around \$2 billion above previous expectations. This would bring total spending on Jansen to nearly \$20 billion since inception, underlining the scale of the project within the potash sector. However, since this assessment was made in late 2025, companies have largely adhered to their established timelines for first production, with few newly announced projects beyond those already included in the base case. Notably, BHP has maintained its mid-2027 target for Jansen Stage One, as reaffirmed in its early-2026 company filings. Attention will now turn to BHP's sales strategy as it prepares to enter the potash market next year.



What does this mean for the rest of 2026?

While the Middle East conflict made our forecasts from the beginning of the year immediately incorrect on pricing, we did correctly predict that tariff relief would be in the mix, potash projects will see continued cost increase, and that low emissions nitrogen would be a focus for majors.

On phosphates, the market will remain exceptionally tight despite the reopening of the Strait of Hormuz. China is still expected to enforce extremely tight export restrictions, removing millions of tonnes from the market in 2026. Significant demand destruction is inevitable, reaching as high as 20% in some markets. However, poor affordability is likely to put a stop on prices reaching the same levels as 2008 or 2022.

Potash prices have risen despite the fertilizer being largely insulated from the conflict, with the vast majority of resource deposits and production facilities located well away from the affected area. The market has been supported by firm demand, underpinned by both historically attractive affordability and exceptional relative affordability versus nitrogen and phosphate fertilizers. Looking ahead to the remainder of the year, prices will depend on whether this demand momentum is sustained, particularly as producers continue to signal ample product availability. Into 2027, the key drivers of the global price outlook will be the timing, scale and ramp-up of new projects against a backdrop of demand that is expected to remain strong.

The apparent end to the conflict in the Middle East, based on the current MOU, has also led to questions around when sulphur and phosphate prices would follow urea to lower levels. Affordability for phosphates and lack of supply may balance the market fundamentally, but this will mean that application rates will fall sharply (as much as 20%).

The market has split into divergent paths for each nutrient.

Examine the fertilizers outlook >

Summary

What has changed?

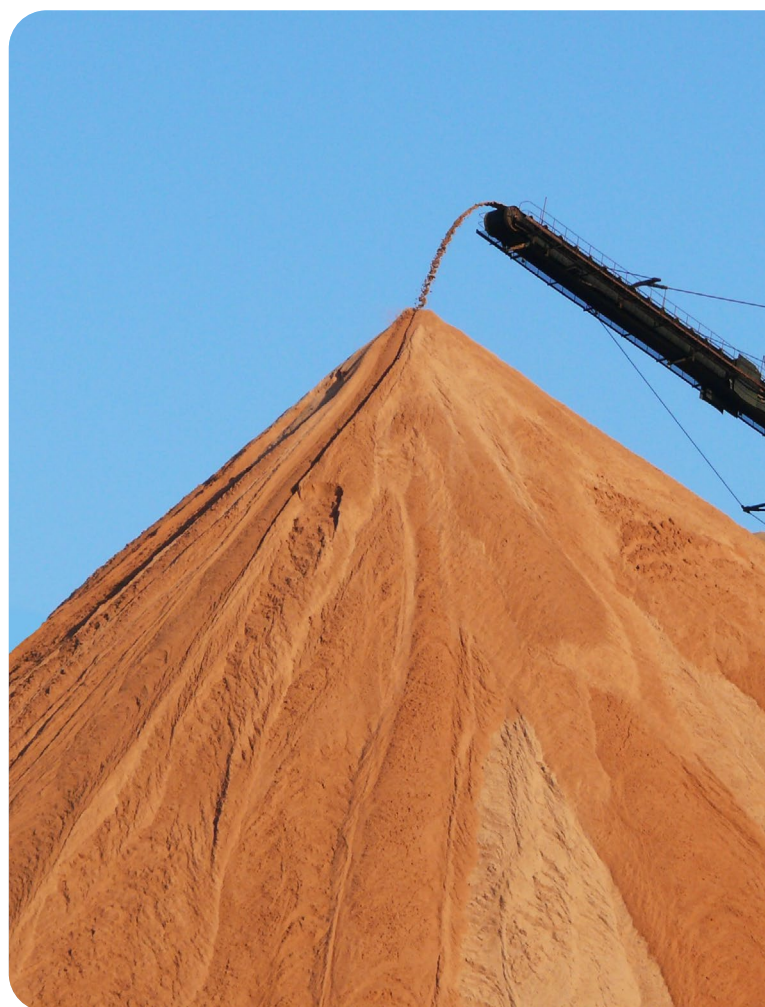
Middle East conflict overturned the original 2026 fertilizer outlook.

Why?

Trade disruption and supply issues pushed sulphur and phosphate prices higher.

What does it mean?

Phosphates and sulphur stay tight, while urea and potash follow different paths.



Fertilizer Latino Americano Conference

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AUTHORS

Economics

**Alex Tuckett***Head of Economics, CRU*

AUTHORS

Steel

**Josh Spoore***Research Principal, Steel, CRU***Erik Hedborg***Head of Steel Raw Materials, CRU***James Campbell***Head of Steel Products, CRU*

AUTHORS

Stainless Steel Value Chain

**Yuriy Vlasov***Senior Analyst, Stainless Steel Value Chain, CRU***Nikhil Shah***Principal Analyst, Nickel Market Service, CRU***Biagio Olivieri***Lead, Chrome Market Service, CRU***Tong Tong***Lead, Molybdenum Market Service, CRU*

AUTHORS

Aluminium Value Chain

**Paul Williams***Head of Aluminium Value Chain, CRU***Wan Ling***Research Principal, Aluminium, CRU*

AUTHORS

Copper

**Robert Edwards***Principal Analyst, Copper Market Service, CRU*

AUTHORS

Battery Materials

**Jessica Alves***Senior Consultant, CRU***Cameron Hughes***Analyst, Lithium Market Service, CRU***Thomas Matthews***Lead, Cobalt Market Services, CRU***Xiaowei Mei***Lead, Battery Value Chain Service, CRU*

AUTHORS

Zinc

**Olga Hepting***Principal Analyst, Zinc Market Service, CRU*

AUTHORS

Precious Metals

**Kirill Kirilenko***Lead, Precious Metals Market Service, CRU*

AUTHORS

Optical Fibre and Cable

**Ahmed Ali***Lead, Optical Fibre and Cable Service, CRU*

AUTHORS

Metallic Wire and Cable

**Aisling Hubert***Lead, Wire & Cable Services, CRU*

AUTHORS

Speciality Materials

**Chenfei Wang***Head of Wire & Cable and Speciality Materials Markets, CRU***Elijah Santos***Analyst, Carbon Products Service, CRU***Sabrina Lu***Lead, Silicon Metal Market Service, CRU*

AUTHORS

Fertilizers

**Peter Harrison***Principal Analyst, Sulphur and Sulphuric Acid Market Services, CRU***Gavin Ju***Research Principal, Fertilizers, CRU***Charlie Stephen***Head of Nitrogen, CRU***Mariana Fortuna***Analyst, Phosphate Fertilizer Services, CRU***Alex Chreky***Analyst, Potash Market Services, CRU***Willis Thomas***Head of Fertilizer Markets, CRU*

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our services, click here:

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