weekly investment focus

The flexiweekly that reaches new heights - published on 29 June 2026

"NOTHING IS LOST: YELLOW GOLD AND BLACK GOLD ARE TRANSFORMING"

- Gold and oil have been highly volatile this year and their excesses have just been purged
- The gold bull market, barely three years old, seems far from over
- As for a barrel of oil, it is now trading well below its equilibrium price
- Silver and gas, mining and oil companies, are extending these two themes

CHART OF THE WEEK: "The last three major gold cycles"

Source: Bloomberg, Altitude IS

FINANCIAL MARKETS ANALYSIS

Since the start of the year, two assets have caused a great deal of volatility in portfolios. These are obviously not shares, which have performed well and almost linearly; nor bonds, whose performance has been lacklustre; nor currencies, whose fluctuations have been unusually low; nor even cryptocurrencies, which have plummeted in a straight line. In 2026, the two most volatile assets were gold: **yellow gold and black gold.** Indeed, the best-known of the precious metals rose from $4,310 per ounce to $5,595 in January, before falling back to $3,960 recently (see Fig. 2). The 29 per cent surge was thus followed by a 29 per cent drop. Over the same period, WTI crude oil fluctuated between $56 and $119 per barrel at the height of the war in Iran, before falling back to under $70 following the coming into effect of the cease fire and the reopening of the Strait of Hormuz (see Fig. 3). The initial surge of +108 per cent was followed by a fall of -42 per cent. **Many investors are wondering whether it is time to take a fresh look at these two commodities and, if so, what strategies to adopt.** They should be reassured, as when it comes to commodities, "nothing is lost, nothing is created, everything is transformed".

Fig. 2 – Gold prices and interest rates

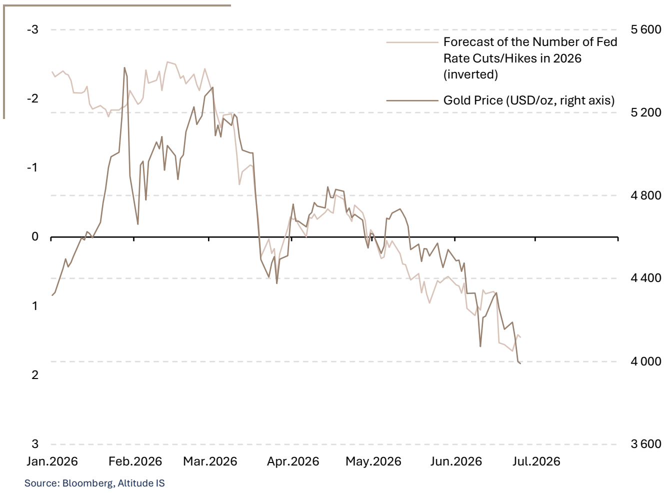
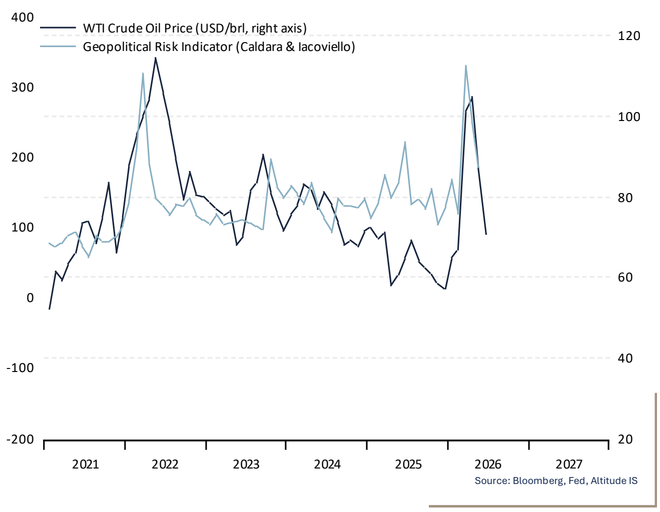


Fig. 3 – Oil prices and geopolitical risk



1- The ounce of gold

Gold has disappointed latecomers – those who have suffered from its recent decline whilst failing to benefit from the long rally that preceded it. To recap, gold was trading at less than $2,000 an ounce just three years ago. There are several reasons for its underperformance in recent months. First and foremost, **gold suffered from the unwinding of speculative positions, which had become very (too) bullish.** Paradoxically, when an asset is held so universally, it becomes highly vulnerable to a 'long squeeze'. The first sharp pullback forces traders to liquidate their positions, triggering a negative snowball effect on prices. This technical unwinding **was compounded by a shift in interest rate expectations.** The surge in inflation caused by the war, combined with a US labour market that outperformed expectations, led the Federal Reserve to maintain a hawkish stance. Some Federal Reserve governors have even gone so far as to suggest a rate rise this year. High yields and the resulting strength of the dollar have been serious headwinds for a metal that pays no coupon.

Despite all these negative factors, gold is expected to resume its upward trend:

- **Firstly, central banks continue to accumulate gold** to diversify their foreign exchange reserves (see Fig. 4). Since the freezing of Russian assets in 2022, China and India, as well as Poland and the Czech Republic, have been seeking to protect themselves against the risk of being denied access to the dollar and to SWIFT, the secure messaging network used by financial institutions to transmit international payment orders. As a result, official purchases by central banks in emerging economies have emerged as the main driver of global demand for gold.
- Secondly**, gold remains very under-represented in investors' diversified portfolios.** According to an analysis by the World Gold Council, it accounts for just 3% of the world's approximately 320,000 billion dollars in financial assets. This represents a negligible fraction compared with the 2% to 10% deemed optimal by studies on asset allocation optimisation. Worse still, according to State Street's analysis, 62% of US retail investors do not hold a single ounce. Consequently, as this trend gains momentum, demand for passive funds linked to gold will boost buying flows. For the time being,

these ETFs have not even reached their previous peak from 2020, recorded when gold was trading at $2,000 (see Fig. 5).

- **Thirdly, with Kevin Warsh taking over as Chair of the Fed, a new cycle of interest rate cuts could begin.** Gold's lack of yield will be seen less as a drawback, whilst the depreciation of the US dollar will need to be offset. As gold is denominated in dollars, all other things being equal, the price per ounce will rise.

Fig. 4 – Central bank holdings of gold

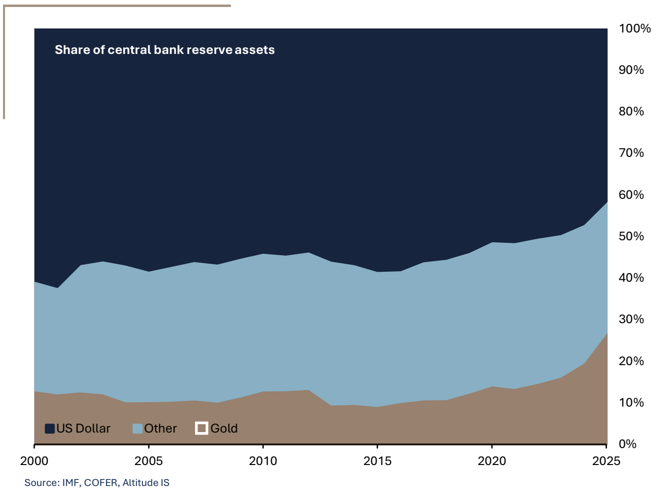
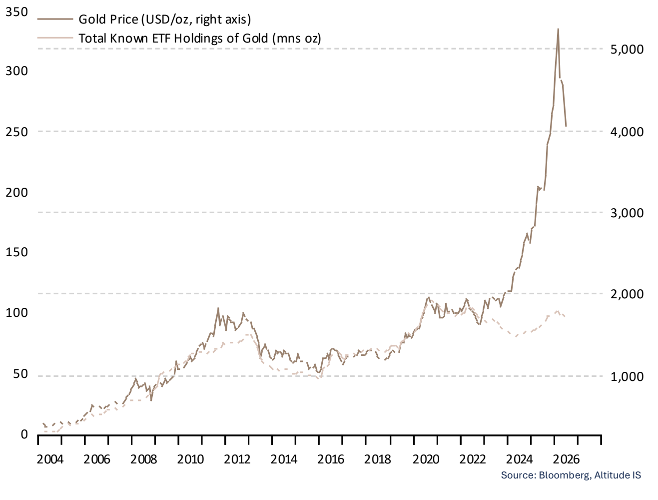


Fig. 5 – Gold purchases by passive funds



The first of these pillars warrants further explanation. Central banks absorbed 863 tonnes of gold in 2025, and the pace has continued into the start of this year, with 244 tonnes acquired in the first quarter of 2026 alone. Some may view this as a slowdown, following the pace of purchases exceeding 1,000 tonnes per year over the previous three financial years. However, the recent volumes are still double the average observed between 2010 and 2021. The bulk of the inflows comes from emerging economies, whilst developed nations, sitting on their long-standing reserves, remain inactive. Some major Western powers, such as the United States, Germany, Italy and France, hold more than 65 per cent of their reserves in gold. Excluding these specific cases, as well as countries that hold almost none, the median ratio for developed countries stands at around 16 per cent. Despite their recent and substantial purchases, many emerging economies are still a long way from this ratio. China, for example, holds only 9 per cent of its foreign exchange reserves in gold. Admittedly, its official purchases are likely to be under-reported. The central banks of emerging economies therefore still represent a significant source of demand for the coming years. **If they were to seek to raise their gold reserve ratio to 16 per cent, this would entail acquiring nearly 4,000 tonnes of gold – equivalent to more than five years' worth of purchases at last year's rate** (see Fig. 6). All the evidence suggests that the price per ounce of gold will therefore continue to be supported by demand from latecomers.

Finally, investors should bear in mind that gold's cycles are much longer than those of other asset classes (see Chart of the Week). Since 1970 and President Nixon's decision to abandon the dollar's convertibility into gold, the yellow metal has experienced two major bull cycles. Each spanned nearly a decade. The first, driven by the end of the Bretton Woods Agreement and two oil crises, peaked in January 1980. This peak was not surpassed until 2007. Adjusted for inflation, it was not until 2026 that it was finally beaten. The second cycle, fuelled by the decade of zero interest rates, began in the early 2000s and ended in 2011. The current cycle, which began at the trough in autumn 2022, is less than four years old. This is very short compared with the two previous cycles, which lasted between eight and ten years. It is therefore highly likely that this third cycle is not yet over **and that gold could trade at significantly higher prices over the coming years, well above $6,000**.

Fig. 6 – Central banks' purchasing outlook

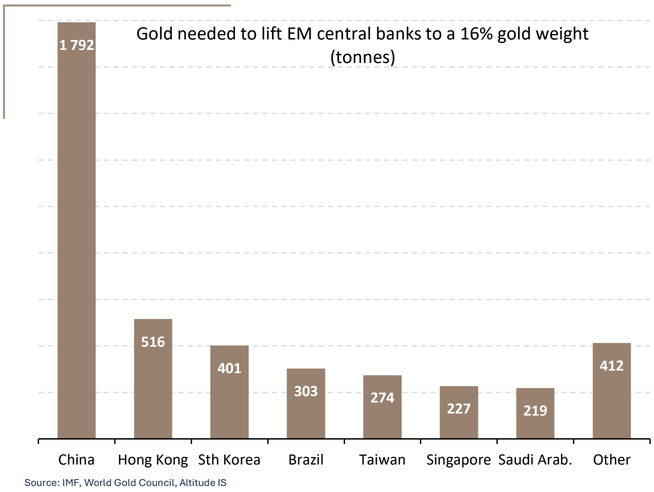
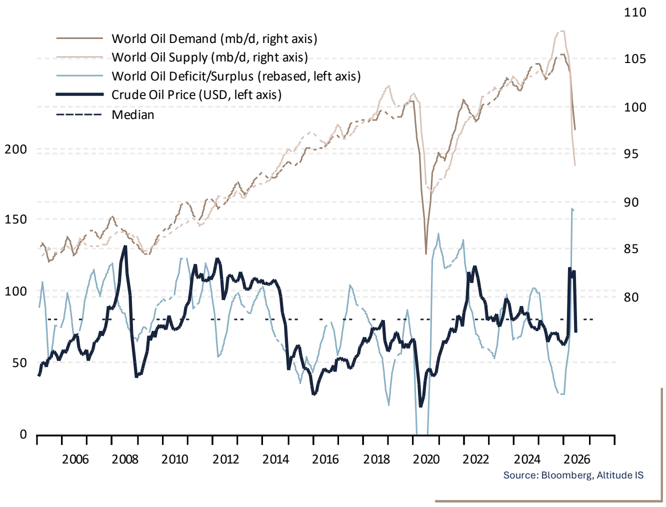


Fig. 7 – Global oil supply and demand



2- The barrel of oil

In contrast, in the case of oil, the cycles are very short, linked to global economic trends and geopolitics. At the end of last year, there was an unusually large supply surplus. Whilst shale oil production continued to expand in the United States, the twenty-three OPEC+ countries had opened the taps, bringing an end to years of production discipline. This oversupply eventually pushed WTI and Brent below the symbolic $60 threshold, a historically low level. It was not until March, at the start of the US military intervention in Iran, that oil prices rebounded sharply. And since the prospect of a peace agreement has emerged, they have been falling again.

However, investors should bear in mind that, since 2005, **whenever oil supply and demand have balanced out, a barrel of WTI has traded at $80** (see Fig. 7). Three factors will drive crude oil prices back towards this level, well above the current $70:

- **The first relates to chronic underinvestment in exploration.** Over the past twelve years, in order to adapt to an energy transition that was believed to be imminent, companies have drastically reduced their expenditure on searching for new fields, gradually drying up future supply. It is worth noting that it often takes five to ten years from the discovery of a field to the start of production, meaning that supply is unable to respond to a temporary surge in demand.
- **The second factor is geopolitical.** Even after the ceasefire in Iran and the reopening of the Strait of Hormuz, a residual risk premium will remain. The region remains volatile and maritime routes vulnerable.
- **The third factor stems from the replenishment of global strategic reserves**. Throughout the conflict, importing countries drew down their stocks to avoid buying crude at high prices and, more importantly, to prevent a shortage. Now that the price per barrel has fallen, Asian, European and even US reserves will need to be replenished, stimulating short-term demand. This last point is very important and is probably underestimated by traders.

As the equilibrium around $80 has not been broken, all the signs point to WTI crude trading at a price equal to or above this level over the coming quarters.

The oil market can also be analysed through the shape of its futures curve. Most often, the market trades in *contango*, meaning that distant maturities are more expensive than near-term contracts. This allows for the cost of carry to be covered, namely the storage of the barrel, its insurance and the interest foregone on tied-up capital. However, the opposite has been the case for several months. Oil is in pronounced *backwardation*, a rarer situation where the nearest-month contract trades above the more distant maturities. A barrel for immediate delivery is thus worth nearly $20 more than one deliverable in a year's time, for both WTI and Brent. **This steep downward slope reflects a tangible physical shortage. Refineries are willing to pay a premium to secure crude oil here and now.** For investors, such a structure is doubly favourable, as it signals a tight market and provides a positive carry return. Simply rolling a position from a near-term contract to a cheaper, longer-term one generates a profit.

For both commodities, the technical picture is, paradoxically, encouraging. Gold is emerging from a pullback that took it into a pronounced oversold zone – the sort of correction that often precedes rebounds. As for oil, traders have rarely been so pessimistic, with their net long position at a historic low. **Yet it is precisely in this kind of market extremes that trend reversals tend to materialise most forcefully. The time will come when short sellers will be forced to cover their positions to limit their losses.**

3- The gold and oil ecosystems

If gold and oil rise in value, what will happen to their two main counterparts, silver and liquefied natural gas? In the case of silver, the correlation is so strong that it often merely amplifies the movements of gold, with a leverage effect that attracts traders. The only fundamental difference is that silver derives a large proportion of its demand from industry, particularly the solar photovoltaic sector, which can support it even when gold is faltering. Today, the ratio between the two metals is close to its historical median, at 1.5% (see Fig. 8). For gas, the story is very different. Its correlation with oil is relatively weak and sometimes negative (see Fig. 9), as natural gas follows its own dynamics.

Fig. 8 – Relative price of silver compared with gold

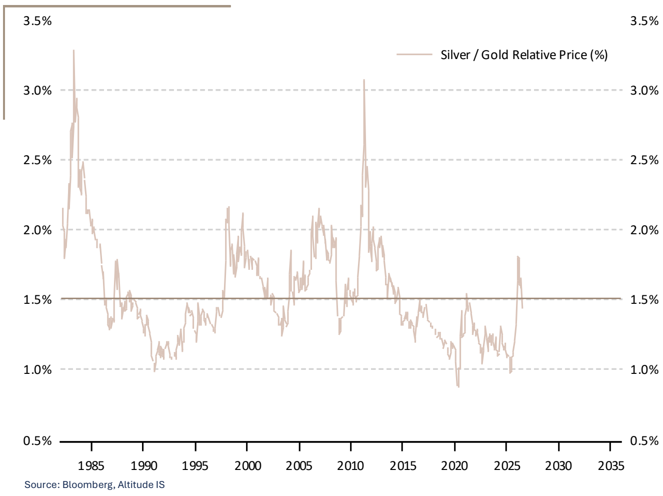
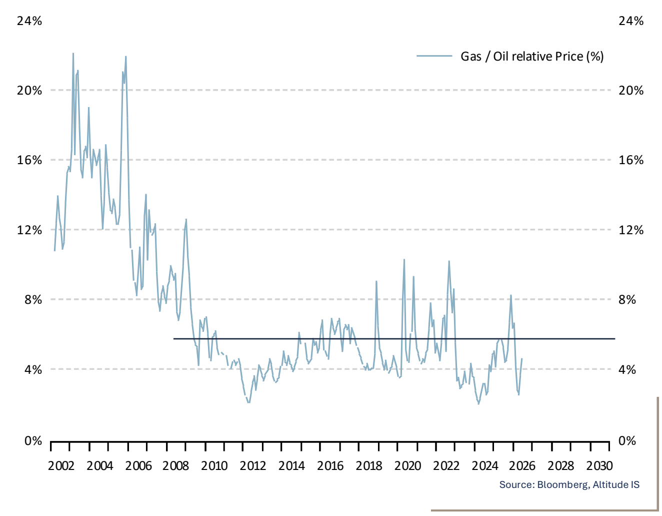


Fig. 9 – Relative price of gas compared to oil



The market is so regionalised that the US Henry Hub, the European TTF and Asian liquefied natural gas are all moving in different directions. The fundamentals remain favourable. The boom in data centres and artificial intelligence – both of which are highly energy-intensive – is driving up electricity demand, which is primarily met by gas-fired generation, particularly in the United States where gas remains the most readily available back-up fuel. However, this is constrained by marked seasonality and bottlenecks in export capacity.

If **gold and oil rise in value, how will their operational counterparts – mining and oil companies – fare?** History shows that companies linked to these two commodities amplify the movements of their underlying assets, both upwards and downwards, due to operational leverage. As for gold mining companies, every dollar earned per ounce has a direct impact on their already high margins (see Fig. 10). Based on the latest available data, the average cost of producing an ounce of gold is estimated at $1,600. This has recently risen due to royalties, maintenance costs and inflation in subcontracting costs. Despite this, it represents only 40 per cent of the selling price. Thus, even if energy prices were to remain high, mining companies would continue to generate substantial profits. This explains the premium enjoyed by the sector's key players, such as Newmont, Barrick, Agnico Eagle and Franco-Nevada.

Fig. 10 – Gold mining companies & production margins

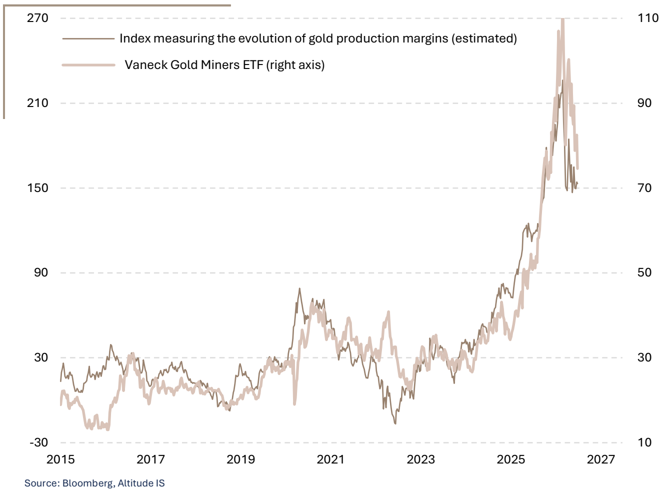
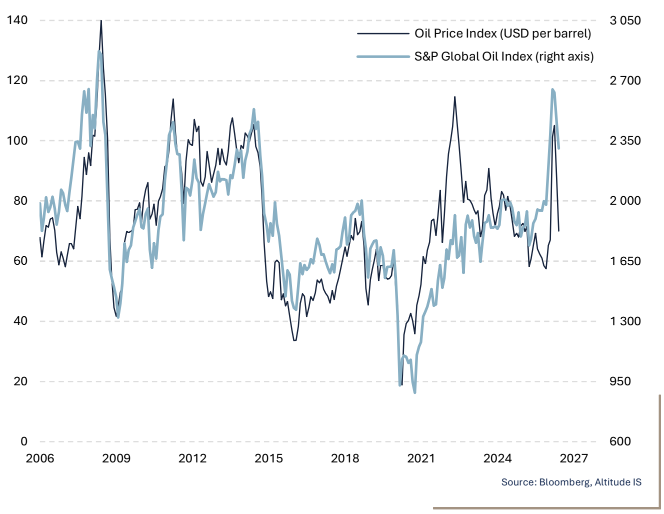


Fig. 11 – Oil companies vs the price per barrel



Oil companies have shown remarkable resilience, with their share prices falling only slightly despite the sharp drop in the price per barrel (see Fig. 11). They are underpinned by strong balance sheets, very generous dividends and massive share buy-back programmes. The integrated majors – from ExxonMobil and Chevron to TotalEnergies and Shell – cover the entire value chain. From crude extraction through refining to retail sales at the pump, their diversification cushions the impact of oil price fluctuations. Conversely, oilfield services and independent producers offer greater potential for a rebound, albeit at the cost of increased volatility.

Finally, some investors will seek to combine these two themes, or even pair them with other commodities such as copper and uranium. Copper, the king of electrification, faces a structural shortage as electricity grids, next-generation vehicles and data centres consume its supply. Uranium, long shunned, will benefit from the nuclear renaissance and the tech giants' thirst for carbon-free electricity. As the characteristics of these themes are complementary or *leveraged*, they will add depth to the overall strategy.

Conclusion:

'Yellow gold', 'black gold', as well as the companies and other commodities that make up their ecosystems, have suffered major setbacks in recent months. The excesses have been wiped out. As Lavoisier put it, nothing is lost, everything is transformed. From now on, if these various assets rise, it will be on a solid footing.

RETURN ON FINANCIAL ASSETS

Markets Performances (local currencies)	Last Price	Momentum Indicator (RSI)	1-Week (%)	1-Month (%)	2026 Year-to-Date (%)	2025 (%)	2024 (%)
Equities							
World (MSCI)	1 102,6	45,63	-2,1%	-1,5%	9,7%	22,9%	18,0%
USA (S&P 500)	7 354	46,07	-1,9%	-2,1%	8,0%	17,9%	25,0%
USA (Dow Jones)	51 876	61,12	0,6%	3,0%	8,8%	14,9%	15,0%
USA (Nasdaq)	25 298	42,30	-4,6%	-5,0%	9,2%	21,2%	29,6%
Euro Area (DJ EuroStoxx)	662,5	55,28	-1,3%	2,1%	10,8%	21,2%	10,2%
UK (FTSE 100)	10 508	56,71	1,4%	0,4%	7,7%	25,7%	9,6%
Switzerland (SMI)	14 173	74,23	2,9%	4,8%	10,0%	18,0%	7,5%
Japan (Nikkei)	69 468	55,83	-2,7%	6,7%	38,9%	28,7%	21,3%
Emerging (MSCI)	1 706	46,86	-4,4%	-0,5%	22,8%	34,3%	8,0%
Brasil (IBOVESPA)	173 295	51,08	2,9%	-1,9%	7,6%	34,0%	-10,4%
Mexico (IPC)	67 226	47,32	-0,7%	-2,2%	6,2%	35,1%	-11,0%
India (SENSEX)	76 902	58,35	-0,1%	1,3%	-8,7%	10,5%	9,6%
China (CSI)	4 908	49,27	-1,3%	-1,1%	6,1%	21,0%	18,2%
Com. Services (MSCI World)	155,4	27,18	-5,9%	-10,6%	-4,8%	33,0%	31,9%
Cons. Discretionary (MSCI World)	424,0	39,42	-2,8%	-5,7%	-6,8%	9,8%	20,7%
Cons. Staples (MSCI World)	305,1	54,90	2,3%	1,2%	6,8%	9,3%	4,7%
Energy (MSCI World)	305,8	31,36	-0,8%	-7,9%	17,5%	14,8%	2,9%
Financials (MSCI World)	231,1	57,57	-0,5%	2,5%	3,9%	29,5%	25,1%
Health Care (MSCI World)	400,2	70,91	6,7%	6,1%	2,5%	15,3%	1,5%
Industrials (MSCI World)	524,3	50,58	-1,5%	-0,1%	13,3%	26,2%	12,8%
Info. Tech. (MSCI World)	1 205,3	46,55	-5,2%	-1,8%	25,1%	26,6%	31,9%
Materials (MSCI World)	419,7	40,28	-2,7%	-5,2%	7,6%	32,5%	-7,6%
Real Estate (MSCI World)	1 050	55,93	2,7%	-0,4%	6,5%	3,6%	-0,4%
Utilities (MSCI World)	209,3	61,36	2,6%	0,5%	9,9%	24,7%	13,0%
Bonds (Bloomberg)							
World (Aggregate)	3,76%	50,73	0,2%	-0,1%	-0,1%	8,2%	-1,7%
USA (Sovereign)	4,30%	63,23	0,5%	1,0%	0,7%	6,3%	0,6%
Euro Area (Sovereign)	3,09%	64,65	0,8%	0,9%	1,3%	0,6%	1,9%
Germany (Sovereign)	2,75%	66,67	0,9%	1,0%	1,2%	-1,6%	0,6%
UK (Sovereign)	4,69%	62,43	0,9%	1,4%	0,8%	6,1%	-3,0%
Switzerland (Sovereign)	0,48%	69,72	0,7%	2,0%	1,0%	0,3%	5,4%
Japan (Sovereign)	2,27%	57,74	0,3%	1,0%	-1,7%	-4,6%	-2,1%
Emerging (Sovereign)	6,11%	62,44	0,2%	0,8%	2,3%	13,1%	7,0%
USA (IG Corp.)	5,14%	62,34	0,7%	0,5%	1,2%	7,8%	2,1%
Euro Area (IG Corp.)	3,45%	67,65	0,4%	0,5%	1,4%	3,0%	4,7%
Emerging (IG Corp.)	6,41%	62,35	0,1%	0,2%	1,8%	8,1%	7,0%
USA (HY Corp.)	7,21%	56,83	0,0%	0,1%	1,7%	8,6%	8,2%
Euro Area (HY Corp.)	5,87%	75,12	0,1%	0,5%	1,7%	5,2%	8,2%
Emerging (HY Corp.)	7,43%	64,86	-0,1%	1,0%	4,2%	13,9%	14,9%
World (Convertibles)	626,3	43,78	-4,1%	-1,6%	16,2%	22,4%	9,4%
USA (Convertibles)	834,7	45,83	-4,7%	-1,0%	19,3%	16,9%	10,1%
Euro Area (Convertibles)	309,8	51,37	-0,7%	0,4%	6,6%	24,8%	14,7%
Switzerland (Convertibles)	294,5	60,07	1,4%	0,0%	4,1%	17,5%	-10,5%
Japan (Convertibles)	334,0	55,02	-2,1%	2,7%	29,5%	13,8%	6,4%
Hedge Funds (Bloomberg)							
Hedge Funds Industry	1 905	79,97	n.a.	1,3%	n.a.	5,3%	11,1%
Macro	1 558	75,86	n.a.	0,4%	n.a.	6,1%	7,4%
Equity Long Only	2 547	67,11	n.a.	1,9%	n.a.	3,0%	12,0%
Equity Long/Short	2 113	78,56	n.a.	2,3%	n.a.	7,2%	14,0%
Event Driven	2 049	84,51	n.a.	1,8%	n.a.	6,7%	8,7%
Fundamental Equity Mkt Neutral	1 981	87,73	n.a.	1,0%	n.a.	5,8%	12,4%
Quantitative Equity Mkt Neutral	1 873	78,63	n.a.	1,2%	n.a.	3,5%	9,8%
Credit	1 770	92,11	n.a.	0,9%	n.a.	3,0%	8,5%
Credit Long/Short	1 812	94,59	n.a.	1,4%	n.a.	4,5%	10,0%
Commodity	2 129	91,83	n.a.	-0,8%	n.a.	6,4%	14,7%
Commodity Trading Advisors	1 564	69,43	n.a.	-1,0%	n.a.	10,1%	7,9%
Volatility							
VIX	18,41	51,37	12,3%	8,2%	23,1%	-13,8%	39,4%
VSTOXX	17,84	44,85	9,7%	-10,6%	21,2%	-13,5%	25,3%
Commodities							
Commodities (CRB)	565,3	n.a.	1,0%	2,4%	4,7%	0,6%	5,1%
Gold (Troy Ounce)	4 062	n.a.	-3,0%	-10,5%	-6,0%	64,6%	27,2%
Silver (Troy Ounce)	58,80	n.a.	-9,7%	-21,9%	-18,0%	148,0%	21,5%
Oil (WTI, Barrel)	69,23	n.a.	-9,6%	-26,3%	20,6%	-19,9%	0,1%
Oil (Brent, Barrel)	70,67	n.a.	-12,0%	-31,9%	13,2%	-15,7%	-4,6%
Currencies (vs USD)							
USD (Dollar Index)	101,25	69,40	0,2%	2,3%	3,0%	-9,4%	7,1%
EUR	1,1403	34,73	-0,2%	-2,2%	-2,9%	13,4%	-6,2%
JPY	161,80	28,58	-0,1%	-1,6%	-3,1%	0,3%	-10,3%
GBP	1,3224	38,91	-0,2%	-1,7%	-1,9%	7,7%	-1,7%
AUD	0,6903	29,88	-1,4%	-3,9%	3,4%	7,8%	-9,2%
CAD	1,4178	24,40	-0,1%	-2,7%	-3,2%	4,8%	-7,9%
CHF	0,8088	34,56	0,0%	-3,4%	-2,0%	14,5%	-7,3%
CNY	6,7921	47,21	-0,2%	-0,4%	2,9%	4,5%	-2,7%
MXN	17,480	44,26	-0,7%	-0,7%	3,0%	15,7%	-18,5%
EM (Emerging Index)	1 856,5	41,54	-0,5%	-0,7%	0,2%	7,2%	-0,7%
XBT	60 026	n.a.	-1,4%	-18,4%	-31,5%	-6,5%	120,5%

Source: Bloomberg, Altitude Investment Solutions — Total Return by asset class (Negative \ Positive Performance)

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