OUTLOOK

A flying start to the New Year

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Metals price volatility and political uncertainty in the United States

The start of 2026 was intense for financial markets, with Donald Trump once again at the center of all the controversies. The result of this more or less orchestrated chaos is an acceleration of the main trends for 2025 and some rather exceptional movements in certain assets.

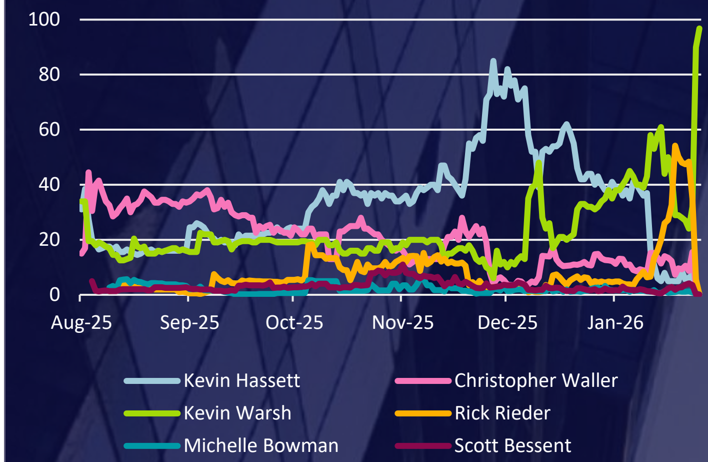
It's impossible to ignore what's currently happening in the commodities market, and specifically in the market for rare and industrial metals. With the tensions between the European Union and the United States over Greenland, the threats of 100% tariffs on Canada, the ouster of Maduro in Venezuela, and the threats against Iran, **investors have had no shortage of reasons to increase their allocations to gold or silver.** Added to this is a rather positive macroeconomic context for growth and expansionary fiscal policies; Again, it was not surprising to see industrial metals join the party, especially in a context of significant supply deficit for copper, for example.

As explained repeatedly in our recent publications, **everything was in place for the rise in rare and industrial metals to continue**, and we maintain a positive medium-term outlook. Nevertheless, the speculative dimension of the latest movements should not be underestimated; it is neither normal nor sustainable to see copper appreciate by 10% in a single day or silver rise by more than 30% in a month. In the short term, therefore, caution seems advisable.

Adding to this prevailing chaos is the uncertainty surrounding the succession of Jerome Powell as head of the US Federal Reserve (Fed). The frontrunners have been touted one after another over the past month, and at the time of writing, Kevin Warsh appears to be the most likely choice. But it should be remembered here that Jerome Powell is still the subject of a judicial investigation into potential financial overruns related to the renovation of the Fed headquarters in Washington and that following this impeachment, some Republican senators have stated that they will not validate the next president as long as this impeachment remains in place. This is the case for Thom Tillis, Republican senator from North Carolina.

Finally, and to conclude with the United States, it's difficult not to mention the situation in Minnesota. **The current high tensions could trigger another government "*shutdown*" in United-States of America**, as Democrats refuse to vote on the budget related to Immigration and Customs Enforcement (ICE). This could lead to another period of uncertainty regarding economic data, as markets have still not fully absorbed the consequences of the last *shutdown*. However, a solution seems to be on the verge of being found.

Probability (in %): Next Fed chairman

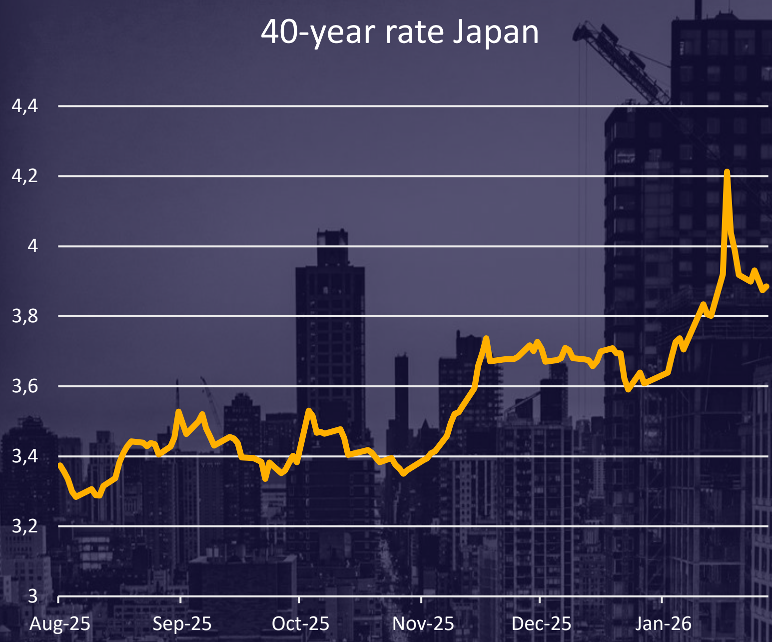


Sources: Bloomberg as of 30/01/2026

Mercosur: a critical source of supply

Pays	Critical raw materials	Global share	EU supply
Brazil	Aluminium, bauxite	10.4% of mining	12%
Brazil	Natural graphite	7.5% of mining	13%
Brazil	Manganese	6.1% of mining	8%
Brazil	Silicium	7.2% of transformation	9%
Argentina	Lithium	7.5% of transformation	6%

Sources: Study on critical raw materials for the EU, 2023.



Sources: Crédit Mutuel Asset Management, Bloomberg as of 30/01/2026

Our outlook remains rather positive for risky assets.

Trade agreements for Europe and inflationary risks

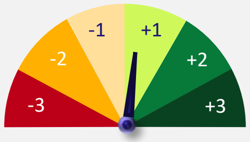
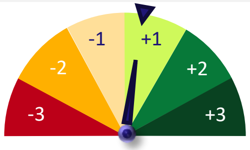
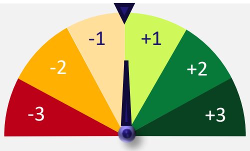
Alongside all these events, the European Union has signed two major trade agreements. The first is with the Mercosur countries and the second with India. In both cases, these agreements are still subject to approval and will take some time to be implemented. This is good news for the European Union, which is diversifying its trade to reduce its dependence on the United States and China. It is also good news for the future supply of raw materials needed for the ecological and digital transition, as Latin America is the main exporter of aluminum and lithium. The European Commission estimates the positive impact on growth at +0.1% in both cases. Certain sectors are expected to benefit significantly, such as the automobile, chemical, and wine & spirits industries.

The end of January also marked the **start of the fourth-quarter earnings season.** It is still too early to draw conclusions, but the signs look encouraging for technology companies (TSMC, Texas Instruments, and ASML). However, the decline in the dollar in recent weeks poses a risk to the outlook for earnings in Europe, which is not good news after three years of zero growth.

Regarding the macroeconomic outlook, we see no major changes. Consumption remains quite robust in the United States and Europe, supporting growth in both regions. The risk of inflation remains under control for the time being, though it has not disappeared.

The recent rise in energy commodity prices could, however, call this scenario into question if it persists. Indeed, our outlook, which remains rather positive for risky assets despite the risks mentioned earlier, would be challenged if oil prices remained at levels of $75-80 for an extended period. This would lead to a resurgence of inflationary risk, a negative impact on consumption, and a likely hardening of the stance taken by central bankers. However, we are not there yet, and our main assumption remains that oil will fluctuate between $55 and $70 throughout the year due to significant excess production capacity within OPEC countries.

On the bond side, we maintain a preference for European assets, and the recent rise in the Euro should be rather positive for this theme. The long ends of the curve still appear risky: budget deficits are expected to remain very high in 2026, with an additional risk in the United States due to the midterm elections. Furthermore, the turmoil in the Japanese bond market (a six-standard-deviation move in the 40-year Japanese bond on January 20) could continue with the elections in Japan scheduled for February 8.

Asset Class	Outlook	Strategic Vision
EQUITY		The bias remains slightly positive despite rising volatility. The earnings season is expected to be of good quality and nominal growth remains strong.
CREDIT		No change here either, with a still slightly positive outlook in order to take advantage of still very strong demand.
RATES		Preference for Euro rates with an inflationary risk that seems limited to us. Preference also for the shorter parts of the curve.

February Outlook

Risk increased in January following the various upheavals within the US administration. It is likely that volatility will remain slightly higher than before in the coming weeks. Nevertheless, we maintain a rather optimistic outlook for equities in the medium term, linked to expansionary fiscal policies.

AGENDA

OPEC
01/02

RBA
03/02

Euro Inflation
04/02

ECB
05/02

US Inflation
11/02

LA FRANÇAISE
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Asset Management