

## The Commodities Feed: Natural gas and precious metals rally amid weather and geopolitical threats

US natural gas prices continue to surge as a winter storm hits large parts of the US, while precious metal prices hit record highs yet again amid heightened geopolitical risks



### Energy – Natural gas prices continue to surge

US natural gas prices continue to rally, with Henry Hub breaking above \$6/MMBtu and trading to its highest level since late 2022. This comes as a winter storm hits the US, with nearly half of all states declaring emergencies. The extreme conditions will boost heating demand and put energy infrastructure at risk. Bloomberg New Energy Finance (BNEF) estimates that US natural gas production fell more than 11bcf/d over the last 5 days. However, while there will be stronger heating demand and supply hits, industrial demand could come under pressure, with some industrials reducing or temporarily halting operations due to weather conditions.

Despite supply and demand concerns, US gas storage was very comfortable heading into this winter storm. The latest storage data from the EIA shows that US gas storage was up 4.8% year-on-year and 6.1% above the 5-year average as of 16 January. This suggests the market's strength

should be relatively short-lived, assuming no prolonged disruptions once we get to the other side of this storm.

The speculative short in the US gas market has intensified the price move seen over the last week. The latest positioning data shows speculators still held a net short of 77,014 lots in Henry Hub as of last Tuesday. Yet given the price action since, it's likely that this short position has been completely erased.

Meanwhile, it appears that natural gas deliveries to US LNG plants fell significantly over the weekend, raising concerns about supply in other regional markets. This helps to explain part of the strength in the European gas market, where TTF has rallied to above EUR40/MWh. Europe has been experiencing colder-than-usual weather recently. There have also been growing concerns about EU gas storage, which is now below 46% full, well below the 5-year average of 61%. TTF's premium to JKM has widened significantly in recent days, which should ensure that LNG cargoes move towards Europe. This should help ease supply concerns.

Oil prices also strengthened on Friday, with Brent settling more than 2.8% higher. Colder weather will also boost demand prospects for heating fuels, as reflected in the strength in heating oil cracks. Meanwhile, further support for the oil market will be driven by lingering geopolitical risks. The US is sending ships to the Middle East, raising concerns about an escalation with Iran. Disruptions to Kazakh oil flows will lend only further support to the market.

## **Metals - Silver tops \$100/oz, gold breaks \$5,000/oz**

Silver broke above the \$100/oz mark for the first time on Friday. This strength has only continued in early morning trading today, with spot prices above \$108/oz at the time of writing. Spot gold has also broken above \$5,000/oz for the first time this morning, with escalating geopolitical tensions boosting demand for safe havens.

Both metals extended their strong year-to-date gains. Gold is up around 17%, while silver has climbed 50%, building on an already robust performance in 2025. The move has been driven by a series of geopolitical shocks. They include uncertainty about Washington's stance on Greenland and lingering concerns about a potential US-Iran escalation.

A weaker dollar, lower real yields, and persistent policy uncertainty have reinforced investor appetite for hard assets. Silver's strength reflects both resilient safe haven flows and robust industrial demand, pushing the gold-silver ratio to just above 50 – the lowest level since 2011. Silver's smaller market size and dual role as both an industrial and investment metal continue to amplify price volatility. Also, tightening physical balances amid constrained mine supply growth are adding further upward pressure.

While market conditions remain volatile, the broader backdrop remains supportive. Geopolitical tensions, central bank buying, and structural supply deficits leave both metals well positioned. Silver's tight physical market and strong industrial demand should continue to provide a solid floor, though its elevated volatility means sharp swings remain likely.

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