TD Securities

2025 Commodities Outlook

Global Rates, FX & Commodities Strategy

25 November 2024

Cycles Interrupted

- Gold has recently been propelled to record levels by expectations of a rapid decline in US policy rates, US political and geopolitical uncertainties, aggressive long positioning by investors, and the possibility of renewed central bank buying. In the near-term, there are risks of a correction as discretionary investors reduce aggressive longs and uncertainties related to US elections are eliminated. But no rout is projected, as the yellow metal continues to be purchased as protection against inflation and geopolitical instability. Much will depend on how the Fed responds into 2025.
- Silver is set to outperform. A firming demand growth outlook should tighten the chronically undersupplied silver market, as excess inventories are absorbed next year. The magnitude of the outperformance is somewhat anchored to the combination of the Trump administration's management of the Inflation Reduction Act commitments, climate issues, tariffs on Chinese products containing silver, and the trends in the Green Boom.
- With China, the world's most important market for commodities, finding it difficult to get back on a growth trajectory north of five percent, normalizing Western economies, and a less robust outlook for the Fed's easing cycle, demand growth for everything from crude oil to copper is projected to be unimpressive next year. At the same time, supply of key industrial metals and crude oil looks set to outpace demand growth next year.
- The market has placed much hope on direct demand stimulus from China to return the economy to its pre-COVID glory. However, policies are focused on stabilizing the real estate market and providing much-needed restructuring of local government debt, rather than growing aggregate demand, which would drive commodity consumption sharply higher. China's hefty $1.4 trillion bailout effort to refinance local debt will help the economy, but will not sufficiently drive consumption to cause a material tightening in copper, crude oil, or other key industrial commodity markets.

Commodity Price Forecasts

Commodity Forecasts													
Commodity		Spot	2025				2026				Annual		
(Avg of forward month contracts)		Price	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	2024F	2025F	2026F
Precious Metals													
Gold [1]	$/oz	2,665	2,675	2,700	2,625	2,625	2,600	2,600	2,525	2,525	2,387	2,656	2,563
Silver [1]	$/oz	31.07	33.25	33.00	34.00	36.00	38.00	38.50	39.00	39.00	28.35	34.06	38.63
Platinum [1]	$/oz	960	1,125	1,150	1,125	1,125	1,125	1,125	1,100	1,100	970	1,131	1,113
Palladium [1]	$/oz	1,028	1,100	1,150	1,100	1,100	1,075	1,075	1,050	1,050	1,005	1,113	1,063
Base Metals													
Copper [2]	$/lb	4.02	4.42	4.40	4.35	4.38	4.31	4.31	4.26	4.26	4.20	4.39	4.29
	$/tonne	8,854	9,750	9,700	9,600	9,650	9,500	9,500	9,400	9,400	9,264	9,675	9,450
Zinc [2]	$/lb	1.34	1.39	1.41	1.41	1.32	1.29	1.27	1.22	1.22	1.25	1.38	1.25
	$/tonne	2,964	3,075	3,100	3,100	2,900	2,850	2,800	2,700	2,700	2,753	3,044	2,763
Lead [2]	$/lb	0.91	0.99	0.98	1.00	1.00	0.97	0.96	0.93	0.92	0.95	0.99	0.95
	$/tonne	1,999	2,175	2,150	2,200	2,200	2,138	2,116	2,050	2,028	2,089	2,181	2,083
Nickel [2]	$/lb	7.08	7.94	7.94	7.82	7.82	7.71	7.71	7.60	7.60	7.77	7.88	7.65
	$/tonne	15,605	17,500	17,500	17,250	17,250	17,000	17,000	16,750	16,750	17,138	17,375	16,875
Aluminium [2]	$/lb	1.18	1.18	1.16	1.15	1.16	1.15	1.16	1.17	1.18	1.10	1.16	1.16
	$/tonne	2,603	2,600	2,550	2,525	2,550	2,525	2,550	2,575	2,600	2,414	2,556	2,563
Iron Ore [4]	$/tonne	95	94	92	90	90	85	85	85	85	104	92	85
Energy													
WTI Crude Oil	$/bbl	69	66	68	70	70	72	72	70	70	76	69	71
Brent Crude Oil	$/bbl	74	69	71	73	73	75	75	73	73	80	72	74
Heating Oil (ULSD)	$/gal	2.27	2.10	2.20	2.30	2.30	2.35	2.35	2.30	2.30	2.44	2.23	2.25
Gasoline	$/gal	2.05	2.15	2.15	2.20	2.25	2.30	2.30	2.25	2.25	2.35	2.24	2.20
NYMEX Natural Gas	$/MMBtu	3.15	2.75	2.75	2.75	3.00	3.00	3.00	3.25	3.25	2.28	2.81	2.90
AECO Natural Gas	$/MMBtu	1.76	1.25	1.40	1.50	1.50	1.50	1.50	1.50	1.50	0.99	1.41	1.50
	CAD/GJ	2.34	1.59	1.81	1.93	1.92	1.90	1.90	1.90	1.90	1.28	1.81	1.90

Notes: F = Forecast, E = Estimate, A = Actual; 1. London PM Fix; 2. LME; 3. Molybdenum equivalent to moly oxide, FOB USA; 4. CFR China, 62% Fe, dry; 5. Japan CIF steam coal marker-Newcastle

Source: Bloomberg, TD Securities

Gold & Silver

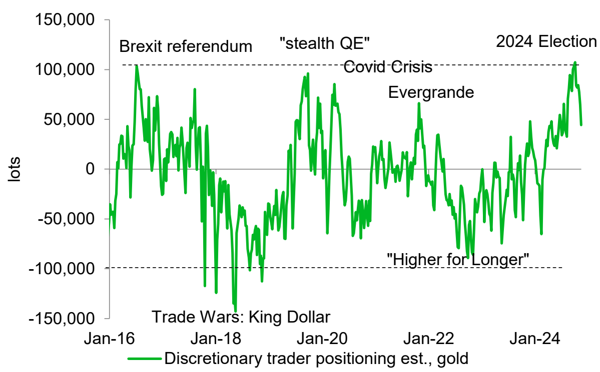
Precious Metals Outlook

Gold Holding Its Own

There are no shortages of compelling macro narratives that have chased the melt-up in gold over the months heading into US elections. Unfortunately, many of these narratives have not been factually supported by sustained flows: Macro funds have been 'max long' since August — this claim has since been corroborated by the COT report remaining largely unchanged since; Shanghai traders have sold nearly 35t of notional gold over the last weeks in response to an improving opportunity-set for domestic capital; buying activity was only observably recorded in marginal traditional and Chinese ETFs inflows; there were nearly no money manager directional shorts remaining; and the rise in USD and US rates do not bode well for Western flows in the near-term.

In fact, fund flows were weak heading into US elections, at a time when Chinese physical markets as proxied by SGE withdrawals tracked their lowest levels since 2020. Typically, this would point to large-scale OTC buying activity, but LBMA clearing data did not corroborate this view. Central bank buying activity — both reported and unreported — has slowed considerably over the prior several months. This puzzle pointed to 'hoarding behavior', likely tied to the US election. The event risk has now passed, leading to large-scale selling activity. Our suite of advanced positioning analytics suggests that macro funds were actually the first to hit the bid on election night, now having liquidated nearly 60% of their extreme positioning in just a few weeks' time. While this fueled subsequent CTA selling activity, algo liquidations have remained modest at best.

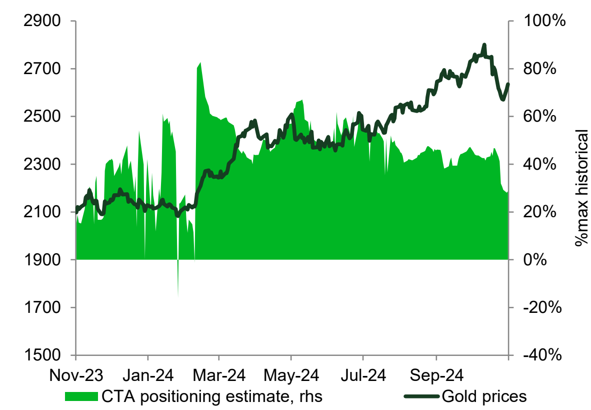
Macro Funds Rush for the Exit in Trump 2.0



Source: TD Securities, Bloomberg

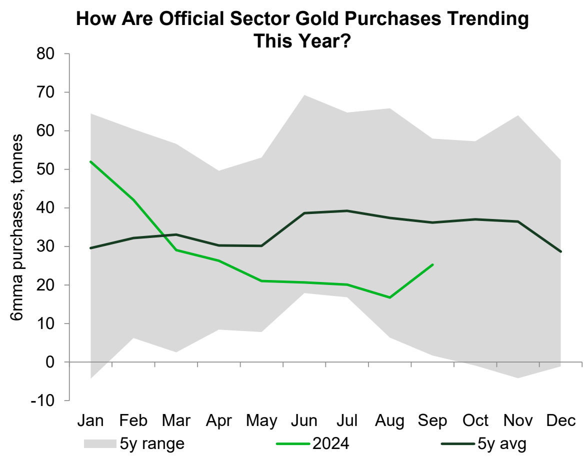
*based on a 2y regression of CFTC positioning data not explained by CTA positioning estimates

CTA Liquidations Have Been Modest Despite Sharp Correction



Source: TD Securities, Bloomberg

Source: TD Securities, SGE

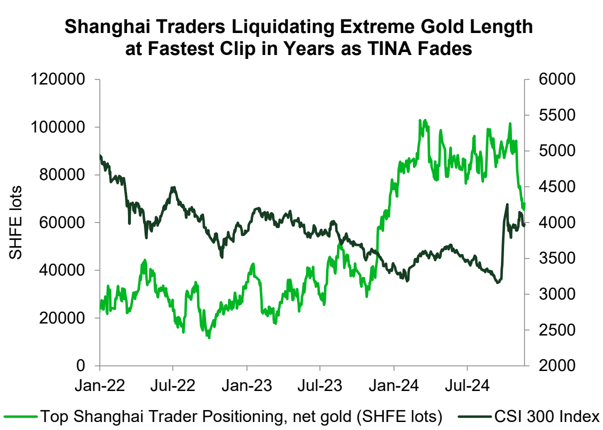


Source: TD Securities, World Gold Council

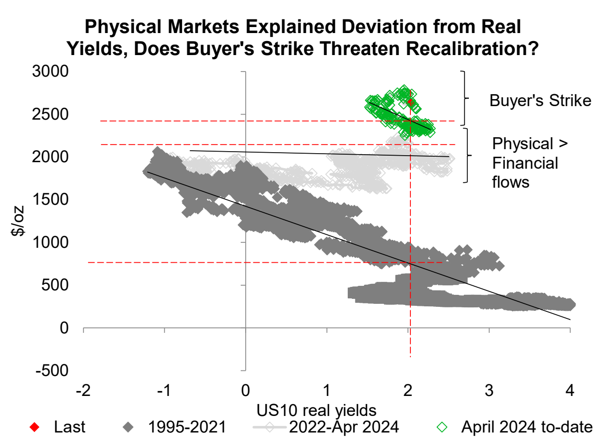
Overall, gold's record-breaking rally was propelled by expectations of a rapid decline in the fed funds target rate, US political uncertainty, geopolitical risks, and strong buying activity by central banks and investors. The impact of these supportive factors on gold has now likely peaked, with rate cut projections having been sharply reduced in the aftermath of the US elections as the GOP painted the American political map red, raising inflation risks on the horizon at a time when economic growth remains firm. Given the change in the interest rate trajectory, a firm USD, and a slower uptake of physical metal by central banks, coin and bar investors, the market may very well be ready to consolidate the recent gains.

It would not be a surprise to see some profit taking, as traders who are positioned very long contemplate the state of the world, which will include higher bond yields, strong equity market performance, and geopolitical developments in the New Year. Significant macro fund liquidations may have already hit the tapes, limiting the scope for subsequent selling activity, but the macro outlook no longer favors extreme long positioning given lower odds of an 'overly easy' policy on the horizon.

CTA liquidations have remained modest as well, limiting the scope for subsequent buying programs from supporting prices further. China's "whatever it takes" moment may not be a 'bazooka' for global growth, but may be sufficient to energize animal spirits in asset markets, diminishing gold's allure as a safe-haven. In turn, gold will be challenged to pursue its record-breaking streak.



Source: TD Securities, Bloomberg



Source: TD Securities, Bloomberg

While there are risks of a correction, as the cost of carry remains higher for longer and record prices limit demand, a rout is not expected. There will be plenty of uncertainty to persuade money managers to own some gold as a hedge, which will include questions surrounding Fed independence under the new GOP regime in Washington. For the first time in decades, the US President-elect brings diverging ideas about whether the Fed should remain independent in setting monetary policy.

While we see low odds that President Trump would be able to remove Chair Powell from office, he may be able to appoint a more dovish Fed Chair after Powell's term ends in May 2026. The notion of a "shadow Fed Chair" further risks threatening the Fed's independence. We expect the yellow metal to peak in the early months of 2025 to average $2,663 in the first half of the year, then to trend down to an average of $2,625 for the rest of 2025.

Out-of-the-Box Corner

The incoming US Administration seeks to implement major reforms, requiring us to consider a wider spectrum of outcomes than we believe is probable or even plausible today. Central to this theme is the US Administration's desire to reform the global trading system, the cost of which tends to be born by the manufacturing and industrial sectors driven by a strong dollar, and a simultaneous desire to catalyze a renaissance of the manufacturing sector. The USD's trajectory since election day appears at odds with these objectives, as market participants assume there is no unilateral approach the Trump Administration can use to weaken the dollar.

Some market participants have begun challenging this assumption, citing the International Emergency Economic Powers Act (IEEPA) as a plausible avenue to grant the President-elect sweeping powers over international transactions in response to foreign-origin threats to "the national security, foreign policy or economy of the United States". The argument assumes that the IEEPA can be used to disincentivize the accumulation of FX reserves, which in conjunction with a cooperative Fed, could plausibly weaken the dollar while capping the yield curve.

To be clear, we believe this strategy to be implausible, but in the spirit of considering a wider spectrum of outcomes, acknowledging that this is being discussed in dark corners of markets, we consider it nonetheless. Such developments would be particularly beneficial for gold: boosting its appeal as an asset that is no one's liability and by perceptions of a loss of the Fed's credibility.

In contrast, these participants also argued the Gold Reserve Act could authorize the Secretary to sell gold in a way "the Secretary considers most advantageous to the public interest", provided proceeds are used "for the sole purpose of reducing the national debt" — a requirement they argue could be mechanically met. The US holds 8,133t of gold worth approximately $650bn at current prices. While this is a negligible portion of the total stock of USDs in circulation, the effectiveness of this strategy is akin to that of a currency intervention's, which has historically necessitated significantly less capital than would be expected to change the market's psychology. This alternative implausible strategy would be devastating for gold sentiment.

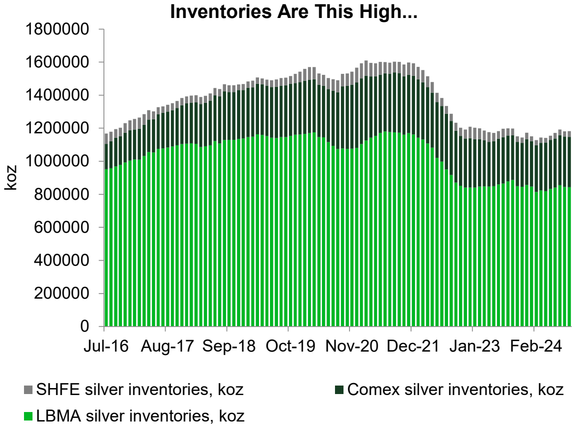
Silver Has Moxie

Silver is set to outperform. Improving demand amid firming Chinese and US economies later in 2025 should tighten the chronically undersupplied silver market, as excess inventories looking for a home are absorbed next year. The white metal may get squeezed, as recovering Asian demand absorbs recent inventory builds in the aftermath of the Chinese slowdown and the base metal concentrate processing capacity increases. We project the metal to average $36/oz in the final months of next year, making it a commodity outperformer as the XAUXAG ratio challenges yearly lows. How the new Trump administration manages the Inflation Reduction

Act commitments, climate issues, and tariffs on Chinese products containing silver will be key to how the metal performs.

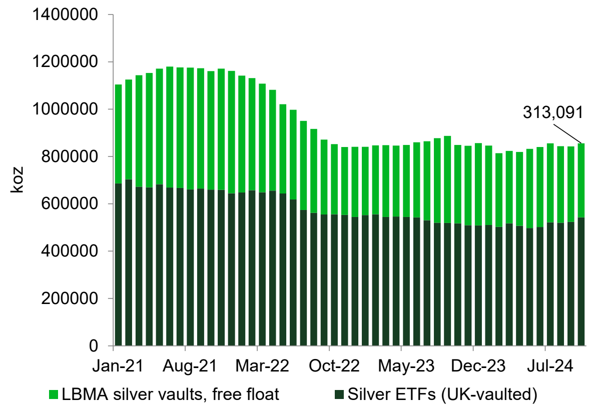
After all, we have argued the #silversqueeze you can buy into was the most exciting trade across the entire commodities complex. Make no mistake, silver's rally over the course of the last year has overwhelmingly been tied to gold's, but we note an explosive convexity in the set-up which points to a legitimate case for the erosion and eventual depletion of free-floating inventories on the horizon.

Who Cares About a Silver Deficit, When Global Inventories Are This High...



Source: TD Securities, LBMA, Comex, SHFE, Bloomberg

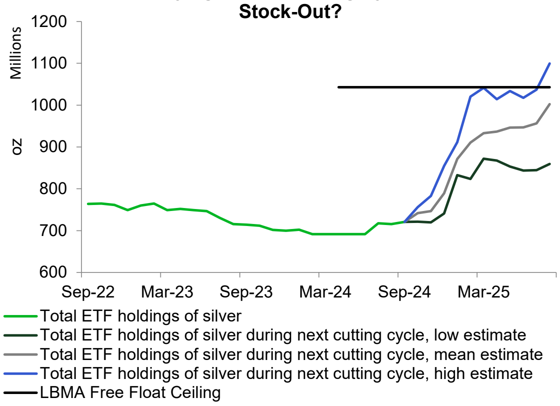
How Much Silver is Truly Available for Purchase?



Source: TD Securities, LBMA

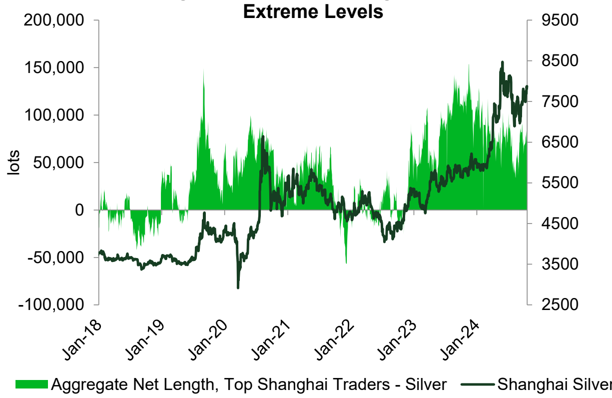
Potential ETF buying activity associated with a typical Fed cutting cycle could dramatically shorten the time span to depletion. This is far from a typical cycle, with additional upside associated with potential threats to the Fed's independence that could plausibly bolster precious metal's investment appeal even further. ETF buying activity is a crucial catalyst for a potential drain in LBMA inventories, given they erode the availability of metal that is 'freely available' to purchase in the world's largest vaulting system. Should ETF purchases progress along their average path in a typical Fed easing cycle, the LBMA's entire 'free float' would be nearly eroded. In fact, there is not enough metal currently available for purchase to satisfy ETF purchases that are akin to the path observed in the exceptional pandemic-era cutting cycle.

Can ETF Buying Amid a Cutting Cycle Result in a Stock-Out?



Source: TD Securities, Bloomberg *based on low/mean/max path in prior cutting cycles

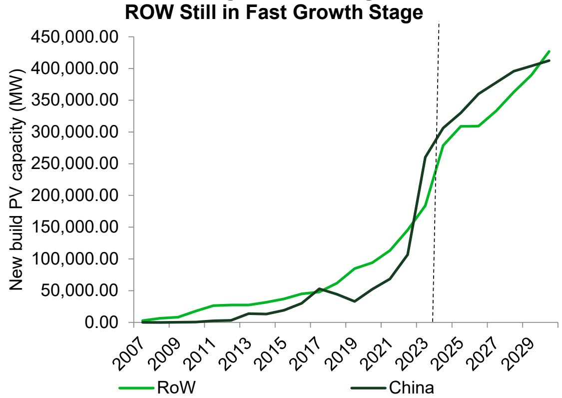
Top Shanghai Trader Positioning Subsides From Extreme Levels



Source: SHFE, TDS Commodity Strategy

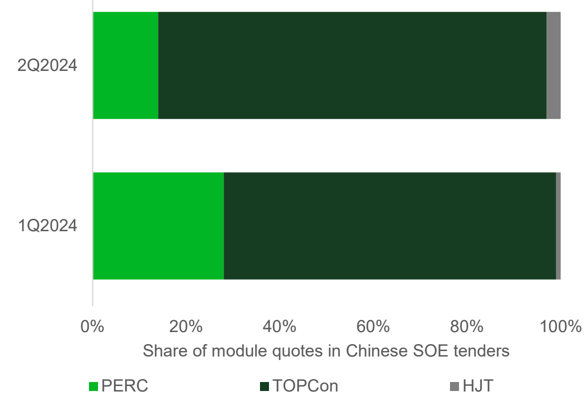
At the same time, fundamental support for this thesis continues to progress, with silver-for-solar beating expectations. Traditional industrial demand weakness has created cross-currents for the drain in the free float, but a resilient US economy could prevent further weakness in these sectors. At the same time, fears that China is nearing the end-stages of its sigmoid curve in solar technology adoption are unwarranted, given global solar installations are still in a healthy stage of technology adoption that warrant substantial increases in capacity on the horizon. While a Trump Administration may be detrimental for domestic solar capacity growth, the rest-of-the-world remains on a trajectory to notably add to its capacity.

China Solar Inching Further Along S-Curve, but ROW Still in Fast Growth Stage



Source: TD Securities, BNEF

Next-Gen Solar Tech Gaining Market Share



Source: TD Securities, BNEF, PVman

Most importantly, prices have remained elevated for some time, but we see no sign that the "boogeyman" is rearing its ugly head. Customs data show no rise in exports that could be tied to private vault holdings across the globe, suggesting we have not yet reached the strike price that could incentivize private vault holdings to flood the market.

Overall, we have not yet reached the strike price necessary for any of the pressure release valves we have identified to flood the market. The set-up necessitates higher prices to unlock inventories from unconventional sources. This is the most convex trade in the complex, and fund positioning appears much cleaner in silver markets than in gold markets. In turn, we expect notable silver outperformance on the horizon.

Platinum Group Metals

Platinum Group Metals Outlook

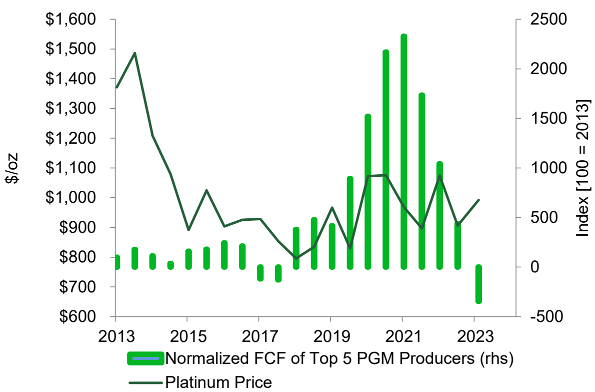
Navigating a Late-Stage Capex Cycle

Following years of epic disruptions ranging from South Africa's most significant power outages in recent memory, a Russian proxy-war with NATO, severely constrained secondary supply growth for all platinum group metals and fast-growing penetration of hybrid vehicles that has bolstered demand to all-time highs, PGM prices have perhaps surprisingly remained largely rangebound in a holding pattern. Despite these intense disruptions to physical markets having delivered years of consecutive deficits, speculative paper flows have largely ruled the tape, dwarfing implications for changes in supply-demand balances.

Alas, PGM markets are in a late-stage capex cycle. Prices remain low relative to their cost of production, leaving FCF yields to plummet towards their lowest levels in at least the last decade. Mine supply growth in 2025 is likely to contract in response, for what is likely to be a second consecutive year. And, with 3E prices well below a reasonable portion of the all-in sustaining cost curve, future production growth will ultimately be impacted by the capex cycle for years to come. At the same time, demand for both platinum and palladium remains strong, with platinum demand marking new records and palladium demand remaining robust despite notable tailwinds from xpd-to-xpt substitution in autocatalysts.

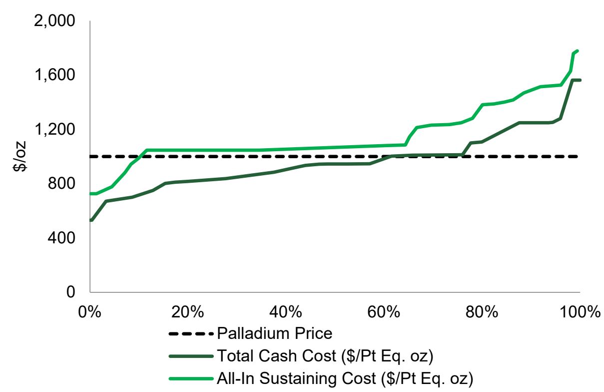
Still, prices have had a hard time breaking free from the ebbs and flows of speculative traders, which have left prices largely range-bound over the last year.

Poor Profitability Keeping Mine Supply Tight



Source: Bloomberg, TD Securities

Palladium Price Low Relative to Cost of Production



Source: Metals Focus, TD Securities

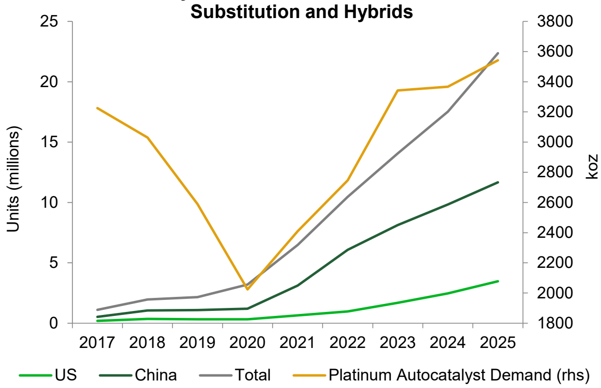
Looking forward, however, the behemoth discretionary trader short in palladium has now been entirely wiped out, leaving CTAs to retake the crown as the dominant speculative cohort in both platinum and palladium. This could plausibly leave a more fertile set-up for supply-demand fundamentals to influence prices, particularly should macro tailwinds offer enough support to PGM markets to create trends in price action that CTAs could exacerbate.

After all, the "death of the internal combustion engine" theme is no longer likely to attract interest during a Trump Administration, amid an already fast-occuring vehicle hybridisation. The incoming administration is likely to accelerate these trends, given the Environmental Protection Agency (EPA) and Department of Transportation (DOT) rulemakings set vehicle emissions and efficiency standards, and the IRA's individual/

commercial tax incentives are key areas of policy debate with a Republican White House, a positive for ICE and traditional hybrid vehicles.

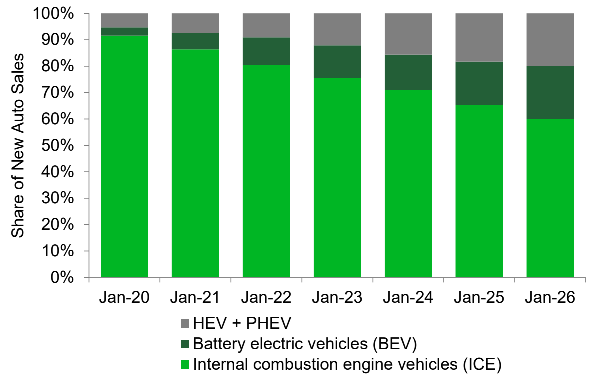
In fact, demand trends are already largely favorable for PGMs. After all, no other nation on earth has done more to electrify the vehicle fleet than China has, and yet Battery-Electric Vehicles' (BEV) market penetration has stalled, whereas Plug-in hybrids (PHEVs) have made substantial gains over the last year. Globally, traditional hybrid vehicles have performed well and expectations remain that traditional hybrids will be favored by the rest-of-world ex-China. This should continue to erode fears that electrification will eventually kill PGM demand, driving platinum demand to a new record high in 2025 and keeping palladium demand supported despite continued substitution. Further, potential changes in US vehicle emissions standards or subsidies risk boosting this trend further.

Autocatalyst Demand In Growth Mode Due to Substitution and Hybrids



Source: Bloomberg, TD Securities

Hybrid Sales Still Contributing to Large Share of ICE Decline — Good News for PGMs



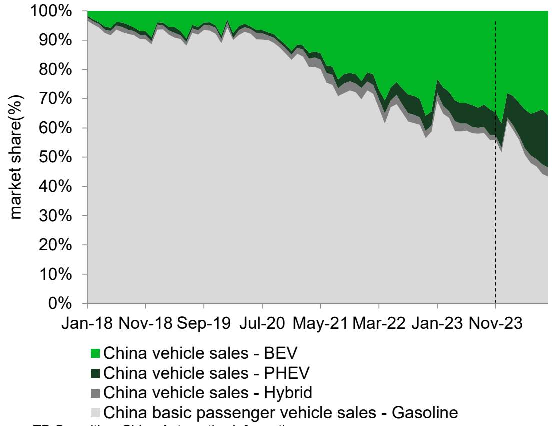
Source: BNEF, TD Securities

Given the lack of market enthusiasm for BEVs in North America, the likely less aggressive fleet pollution standards and declining emphasis on decarbonazation, and rising popularity of hybrids, then when the Trump administration takes over in January, autocatalyst demand destruction is set to be delayed.

Considering our view of PGM markets being in a late-stage capex cycle is further bolstered by potential geopolitical constraints on Russian supply, our expectations of an improving demand profile should arguably be favoring a strong recovery in prices on the horizon. However, as is typical of this stage in a commodity cycle, markets will have to work through several second-order effects. Most importantly, after years of consensus expectations missing the mark, we expect a strong recovery in scrap production to finally bolster PGM supply to be the single most important component in PGM balance sheets over the coming year.

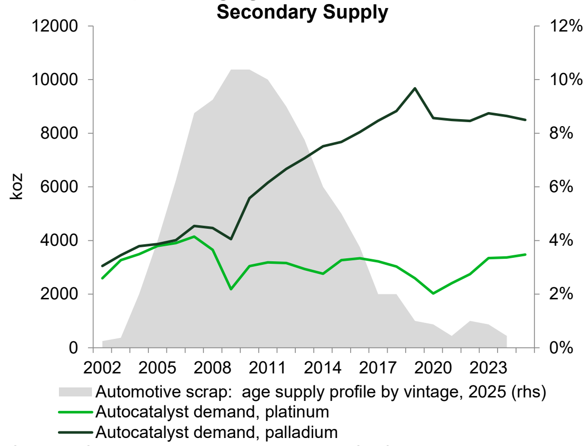
Our prior analysis reveals that European scrap supply has historically been more closely associated with interest rates and PGM prices than with economic growth, suggesting that a recovery in prices would be weighed down by a notable improvement in scrap, bolstered by expectations of rate cuts. In North America, scrap supply is most closely associated with economic activity, which again suggests that macro forces should unlock additional scrap on the horizon.

PHEVs Gaining Ground in China



Source: TD Securities, China Automotive Information

Scrap That: Aging Fleet to Support Palladium Secondary Supply



Source: TD Securities, Metals Focus, Johnson Matthey, GMFS, Industry Reports, Reuters

Most importantly, however, is the aging global fleet. In fact, some European nations now feature an average lifecycle north of 20 years, as pandemic-era disruptions and a cost-of-living crisis have extended vehicle life across the globe. Looking forward, the current vehicle age supply profile suggests a sizable portion of vehicles set to enter scrap yards is from the post-GFC era, which featured a notable rise in auto sales. In turn, not only will a larger absolute number of vehicles be nearing their end-of-life, but this period also featured a notable tightening in efficiency standards which had further bolstered palladium loadings. We expect the combination of these forces to result in +15% y/y growth in scrap supply for palladium, and +10% y/y for platinum scrap, given a less significant increase in loadings for end-of-life vehicles.

Overall, this suggests that palladium market prices may not sustainably break out of the late-stage capex cycle funk, with 3.8% total supply growth significantly outpacing stagnant consumption. But another year of expected deficits should continue to erode above-ground inventories, favoring slightly higher prices and setting the stage for an eventual potent recovery in prices.

And, while the recovery in platinum scrap is expected to be less dramatic than its sister-metal, it is sufficiently large to offset a contraction in mine supply, resulting in total supply growing by +0.1% in 2025. While this still represents a negligible supply profile, it is nonetheless sufficiently large to offset the +0.1% increase in platinum demand we expect for next year, resulting in a market balance that is only negligibly different from 2024. The late-stage capex cycle has more room to run, as PGM markets work through second-order effects, until we break into a new equilibrium for prices. This is a trader's market — and this set-up suggests our suite of advanced positioning analytics could give an edge to timing the highs and lows in a largely range-bound trading regime.

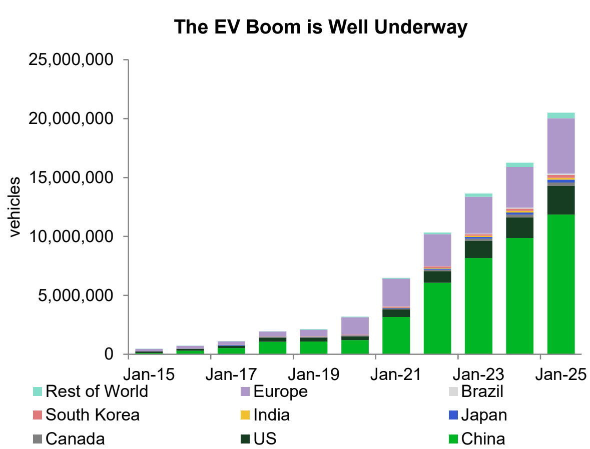
Base Metals

Supercycle Interrupted

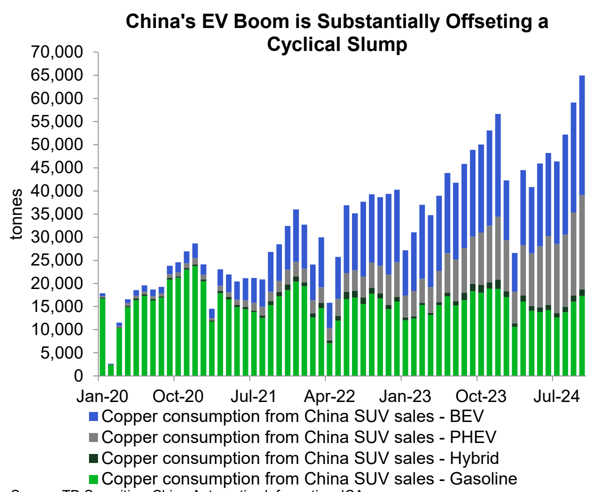
The energy transition is this decade's zeitgeist. And yet, after years of prophetic warnings on the need for prices to sufficiently rally to incentivize new supply, base metals have largely remained below the cyclical highs set during the pandemic-era boom. This has occurred despite significant supply disruptions over the past several years, ranging from pandemic-era labour shortfalls to operational and environmental constraints to mining activities, and to periodically exorbitant regional energy prices that have disrupted smelting activities. Furthermore, this has occurred despite massive advancements in production capacity for green technologies ranging from electric vehicles to batteries and renewables, and an apparent industrial and regional migration away from China. If base metals couldn't sustainably rally during an epic period for the Green Boom further underscored by extraordinary supply disruptions, than have we already seen this cycle's top?

After all, the green boom has made substantial progress over the last years. Globally, EV sales are on track to rise by more than 20%, with healthy growth in China, India and France offsetting weakness in Germany, Italy and in the USA. While this pace is considerably slower than prior years, the market has evolved in size suggesting the still-eyewatering growth in EV sales remains consequential for metal demand given the substantially higher metal content in EVs and PHEVs.

In fact, by our calculations, China's EV boom alone has contributed roughly +35kt more to copper demand per month over the last year, with a total increase in copper consumption tracking at +400ktpa.



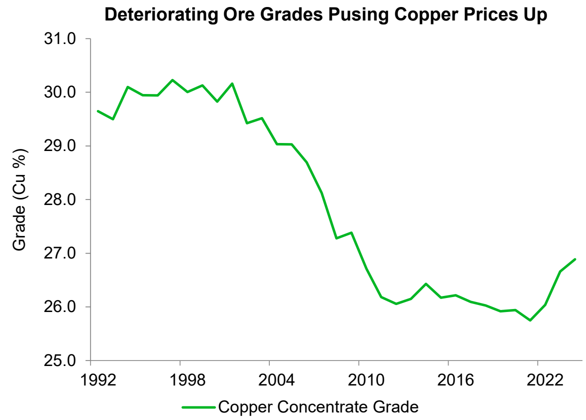
Source: TD Securities, BNEF



Source: TD Securities, China Automotive Information, ICA

Less Ambitious Green Spending to Moderate Copper Demand	
Copper Loadings Per Vehicle	
ICE Vehicle	25kg
Hybrid	50kg
BEV	75kg
EV Busses	100-370kg
Copper Loadings Per Electricity Source	
Conventional Grid	1,500 kg/MW
Nuclear	2,000 kg/MW
Solar PV	3,000-5,500 kg/MW
Onshore Wind	3,500 kg/MW
Offshore Wind	9,550-12,000 kg/MW

Source: Precious Metals Commodity Management LLC, TD Securities



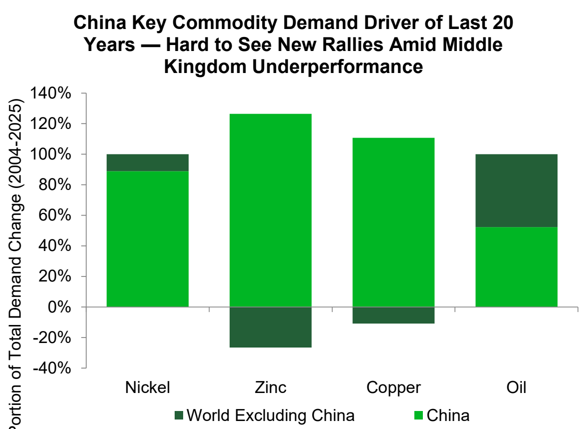
Source: Woodmac, TD Securities

And it's not just EVs that have been booming. We highlighted that the next boom in China will be related to energy storage alongside electrical transportation and distribution networks. Investments into transmissions upgrades, including Ultra-High Voltage transmission networks, have been supportive of aluminium demand given 1GW of solar capacity is estimated to require between 7-10kt of aluminium, and distribution is particularly beneficial for copper demand.

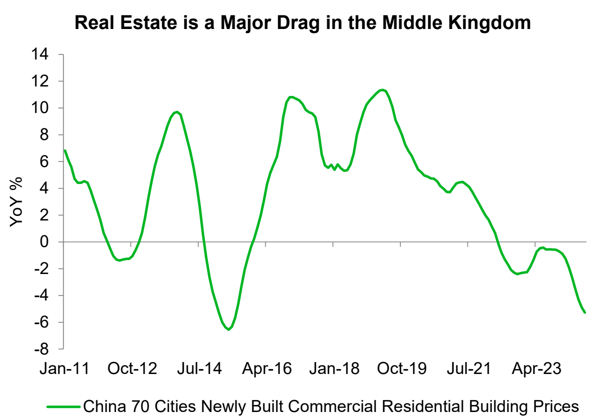
Zinc demand has also been supported by the related post-fabrication and galvanizing sectors. Solar capacity additions are on course to beat expectations following an already epic year and despite substantial concerns surrounding overcapacity.

None of this is news to industry observers. However, given that China has contributed between 90% to more than 120% of the total increase in demand across several base metals over the last several decades, base metals markets could not shake off the implications of a severe downturn in China's traditional economic sectors. Similarly, the German market also experienced a sharp slowdown in manufacturing and construction activity, and is unlikely to recover to pre-pandemic levels due to high materials and labour costs.

In turn, despite substantial tailwinds from the Green Boom, weak demand from traditional sectors resulted in lackluster demand growth over the last year. China's balance sheet recession is notoriously difficult to shake off, and Chinese policymakers have thus far refrained from returning to their typical policy playbook that leans on debt and "old-economy" industries, leading to consecutive rug pulls for foreign investors expecting a "whatever it takes moment" to inevitably morph into the old playbook.



Source: Woodmac, IEA, TD Securities

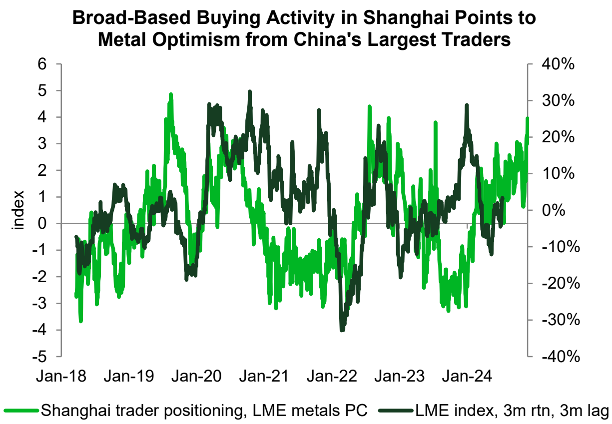


Source: Bloomberg, TD Securities

Looking forward, the outlook for China's traditional demand sectors remains anything but clear: Proposed US tariffs alone are estimated to make a significant dent in Chinese 2025 GDP growth, shaving up to 1% off GDP by our estimates. China's delay on consumption stimulus implies that economic data will take a turn for the worse in Q1 2025. Meanwhile, European consumption is expected to benefit from lower rates, and China may still have a few surprises in store for us yet.

In fact, our tracking of positioning for the largest traders in Shanghai points to the largest and most broad-based round of buying activity in years, which raises the odds that Western sentiment surrounding China is at odds with domestic sentiment, following several consecutive communication blunders associated with hopes of a large fiscal package. Historically, such buying activity in Shanghai has been associated with strong returns over the following three months, corroborating our view that prices may start the year on a stronger footing. Overall, while we expect full-year demand growth to firm from current levels across copper, aluminium, zinc and nickel, these demand-side tailwinds will remain well below levels seen in the last years.

Source: TD Securities, SHFE



Source: TD Securities, Bloomberg

At the same time, we are left with several key questions: will President-elect Trump push Congress to repeal the Inflation Reduction Act? Will the US Administration champion certain companies, potentially including those of Elon Musk's? Will Trump's promised tariffs strangle domestic renewable power projects that are reliant on foreign-made parts? We expect negative outcomes in the near-term for several policy themes ranging from utility scale renewables and energy storage, to electricity transmission, clean energy, residential solar, EVs and charging infrastructure.

Policy Theme	Near-Term (Election Day - ~1H25)	Medium Term (~2H25-2026)	Long-Term (2026-2028)
Utility Scale Renewables + Energy Storage	Negative - Expectation(s) of drastic change in policy/direction (tax subsidy, regulation, trade/tariff).	Neutral - Limited scope of change in policy/direction internalized (tax subsidy, regulation), supply chains (ex-China) begin to rebalance (trade/tariff).	Neutral/Positive - Limited scope of change in policy/direction fully absorbed, supply chains (ex-China) established at a 'new normal.'
Electric Transmission	Negative - Expectation(s) of drastic change in policy/direction (regulation).	Negative - Implementation of changed policy/direction internalized (regulation).	Neutral/Negative - Changed policy/direction fully absorbed.
Clean Energy Manufacturing	Negative - Expectation(s) of drastic change in policy/direction (tax subsidy, trade/tariff).	Positive - Limited scope of change in policy/direction internalized (tax subsidy), benefits associated with tariff/trade protections accounted for.	Positive - Limited scope of change in policy/direction fully absorbed (tax subsidy), benefits associated with tariff/trade protections accounted for.
Residential Solar	Negative - Expectation(s) of drastic change in policy/direction (tax subsidy, regulation, trade/tariff).	Neutral - Limits to federal policy impacts on residential solar internalized - state-level actions are central.	Neutral - Limits to federal policy impacts on residential solar fully absorbed - state-level actions are central.
EV & Charging Infrastructure	Negative - Expectation(s) of drastic change in policy/direction (tax subsidy, regulation, trade/tariff).	Negative - Scope of change in policy/direction internalized (tax subsidy, regulation), supply chains (ex-China) begin to rebalance (trade/tariff).	Negative - Scope of change in policy/direction fully absorbed (tax subsidy, regulation), supply chains (ex-China) begin to rebalance (trade/tariff).
Oil & Gas Production	Positive - Expectation(s) of drastic change in policy/direction (tax subsidy, regulation).	Neutral - Limited scope of change in policy/direction internalized (regulation).	Neutral - Limited scope of change in policy/direction fully absorbed (regulation).
Oil & Gas Infrastructure	Positive - Expectation(s) of drastic change in policy/direction (tax subsidy, regulation).	Neutral - Limited scope of change in policy/direction internalized (regulation).	Neutral - Limited scope of change in policy/direction fully absorbed (regulation).

Copper and Friends Face Challenges to Hold Their Own

Metals will likely be in a holding pattern for most of the next year, with some upside associated with restocking early in the year. Prices should move to the upside first, as markets respond to lower rates across the world, fiscal stimulus in China, and restocking. However, these rallies will have a limited life span and a drift lower is projected after that, as supply increases remove any tightness, which may have arisen from stimulus and liquidity injections.

US tariffs, climate policies, and the robustness of Chinese stimulus will be very important factors driving the magnitude of early-year rallies and declines in the latter part of next year. Copper is projected to peak at an average $9,750/t in Q1-2025 and finish the year a hundred dollars lower.

Surpluses Across the Board

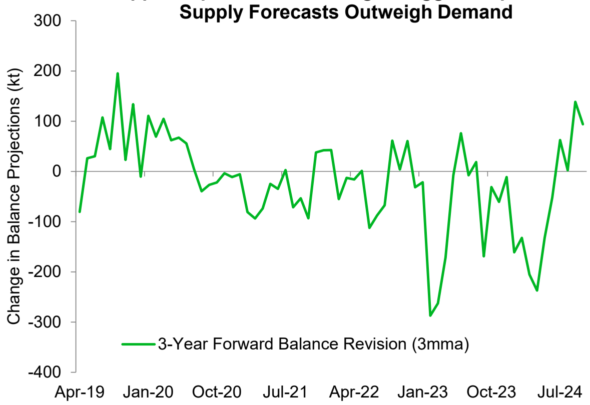
Base metals markets likely won't tighten further next year. Indeed, we are projecting modest surpluses across the board, which typically means that any price recovery may be muted.

In addition to China's economy sputtering, the US is leaning into protectionism, and likely to impose growth-denting tariffs against Beijing on everything from electric vehicles, to batteries, to semiconductors and solar modules. The West is following suit, with the European Union further announcing tariffs on Chinese BEVs last July, and Canada joining into a well-defined protectionist mode. China's decision to scrap VAT rebates flows into this geopolitical context, ultimately resulting in a reduction in exports to the rest-of-world for several key products, most notably aluminium. While protectionism, friendshoring and offshoring may lead to more fragmented markets, the growth impact of these frictions to trade will likely offset much of the gains that would otherwise be held by the Green Boom.

At the same time, copper mine supply is set to peak in 2026 as output is expected to grow 4.6% and 4.8% in 2025 & 2026 — much faster than demand. Aluminium will be further weighed down by restarts in Europe, Brazil and China, even as the latter reaches its capacity cap, leading to a shrinking surplus nonetheless. Nickel supply growth continues to rise at a fast pace, primarily owing to China's refining of excess nickel sulphate, despite major shutdowns in Australia and France by 2025Q1. We also expect a rebound in zinc supply following consecutive years of mine production to ease concentrate market tightness, particularly as new projects ramp up, ultimately resulting in fewer smelter cuts.

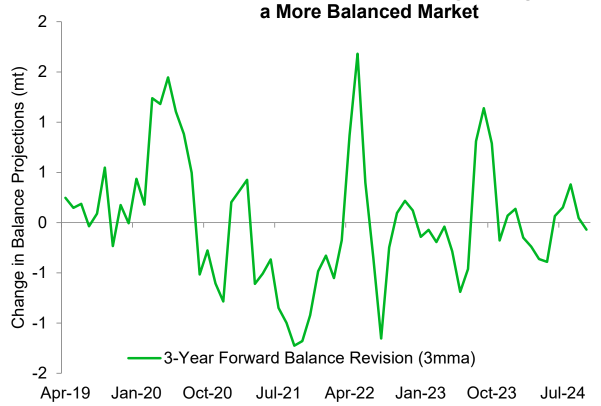
In turn, while we don't anticipate a sustained correction, given a pending Fed easing and cyclical tailwinds, we project a relatively anemic recovery from the current lows over the next twelve months. Prices will likely have a hard time breaking the $10,000/t mark in copper for a sustained period of time, delaying the often-cited supercycle.

Copper Expectations Shifting to Bigger Surpluses as Supply Forecasts Outweigh Demand



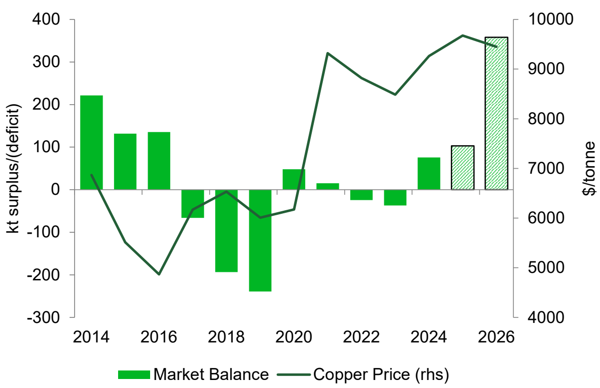
Source: Woodmac, TD Securities

Aluminium Surplus Expectations Tightening Toward a More Balanced Market



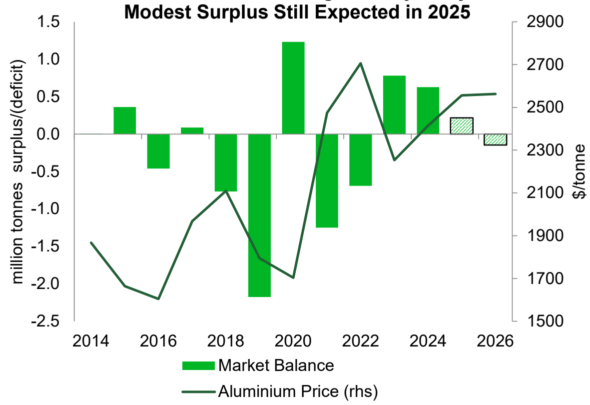
Source: Woodmac, TD Securities

Growing Surpluses Likely to Limit Copper Upside



Source: Woodmac, TD Securities

Aluminium Balances on Tighter Trajectory, But Modest Surplus Still Expected in 2025



Source: Woodmac, TD Securities

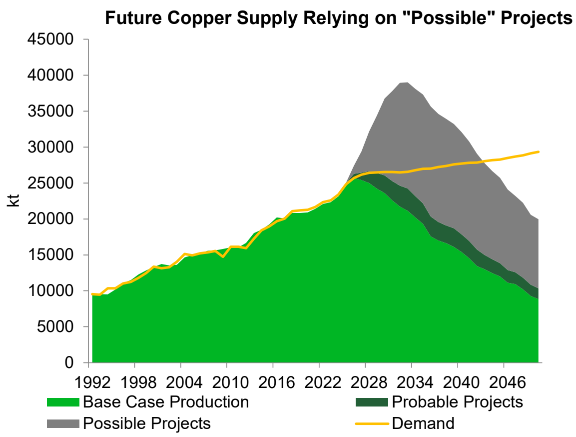
Supercycle Delayed, Not Canceled

Zooming out: we expect copper mine supply to peak in 2026. From then on, supply will be required from new projects to satisfy the demand that will be underpinned by the energy transition. Notwithstanding a period of above average mine output growth over the near-term, copper will face a structural deficit in the refined metal market. With stocks in days of consumption trending below the long-term average of 65 days through to 2033, according to Wood Mackenzie, this tightness should serve as significant price support.

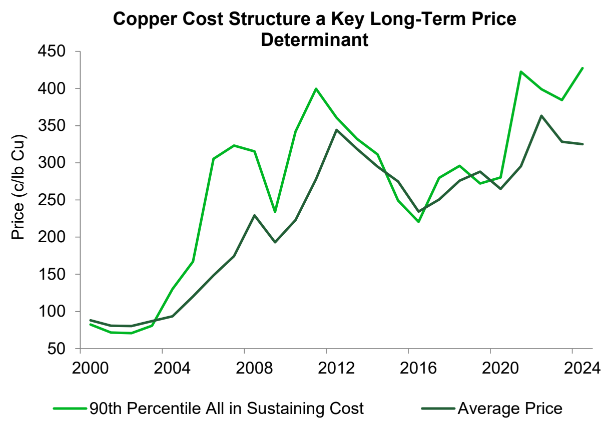
The industry's persistent underinvestment is set to create a substantial supply-demand mismatch. We continue to see a lackluster appetite for new investment in mining capacity, with capital expenditures running well below the levels required to meet forward demand.

While some technologies have been developed to recover more metal content from poor ore quality, difficult geographies, skilled labor scarcities, and high capital equipment costs all suggest that prices may need to rise significantly to incentivize new mine construction. Risk of metal substitution will likely increase cross-metal correlations.

In addition, miners are faced with resource nationalism that may take the form of much higher taxes or other royalties to governments, geopolitical disturbances such as war, permitting issues and social unrest. Metal prices necessitate a premium to account for these risks, insofar as they will limit supply growth and escalate costs.



Source: WoodMac, TD Securities



Source: Woodmac, TD Securities

Crude Oil

Energy Outlook

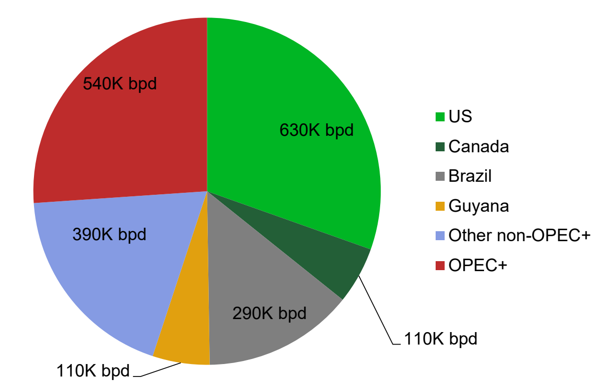
Oil Pessimism in the Air but for Geopolitics

Notwithstanding concerns surrounding a wider Middle East war, which could disrupt oil flows from the region, crude oil fundamentals point to a significantly lower price than the current $70/b. With China finding it difficult to get back on a growth trajectory north of five percent and the US and Europe undergoing a cyclical slowdown, crude oil demand in 2024 and 2025 is set to grow at barely half of the 2 million b/d pace seen over the 2022-2023 post-pandemic period.

Given oil produced by non-OPEC+ suppliers is likely to jump by some 1.5 million b/d and OPEC+ members have pumped out crude above their quota allocations through the year, the global crude market is well on its way to a large surplus next year if OPEC+ does not right-size. We project WTI crude to average $69/b next year, with the first half being weaker.

We judge that crude oil will be under significant additional selling pressure if OPEC+ producers do not reduce output consistent with their quota. The extension of the current OPEC+ production suppression regime, which features significant member overproduction, does not look to be sufficient to keep the market in balance next year. In the absence of the current war premium, markets will likely need to see OPEC+ comply with production quotas (cut 500k b/d) and further delay the unwind of production cuts in order to prevent a drift into a $50-60/b range.

Non-OPEC Supply Growth in 2025 Expected to Make OPEC Decisions Difficult



Source: IEA, TD Securities

China Drove Oil Demand Growth — Weakness in 2025 Suggests Oversupply/Low Prices

Source: IEA, TD Securities

Full-Blown Middle East Conflict Could See $100+ Crude

With Donald Trump winning the White House again, more robust sanctions against Iran are very much in the cards, and perhaps even an emboldened Israel which may take more aggressive military action. If a full-blown war erupts in the Middle East, with Israel targeting Tehran's oil infrastructure and Iran in turn retaliating against oil tankers navigating the Strait of Hormuz, as well as pipelines and other energy infrastructure of nations "friendly" to Israel and the United States, oil prices would very likely surge.

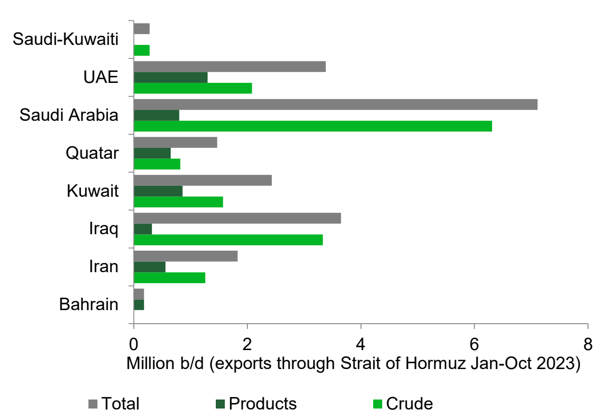
The recent escalation of fighting in the Middle East, which has witnessed ballistic missiles from the Islamic Republic of Iran land on Israeli territory, has rallied global crude markets. The market is contemplating the possibility that Tehran may soon attack Israel, as per its promise to do so. Of course, that also means that analysts are looking at a potential IDF retaliation, but this time at Iran's nuclear and energy facilities, now that Mr. Trump is soon to be in power. That in turn may mean that Tehran could target tanker flow through the Straits of Hormuz and energy infrastructure in the region.

Iran produced some 3.34 million b/d in September. If flows from that country were to be temporarily disrupted, prices would likely surge. However, given that OPEC nations have some five million b/d of spare capacity, it would not be the end of the world if Iran's production/exports are reduced, although an erosion of said spare capacity would catalyze a rise in supply risk premia nonetheless.

The International Energy Agency estimated that OPEC's total spare capacity was some 5.7 million b/d at the end of August, of which 3.1 million b/d is held by Saudi Arabia, 1 million b/d by the UAE, 0.5 million b/d by Iraq and 0.4 b/d by Kuwait.

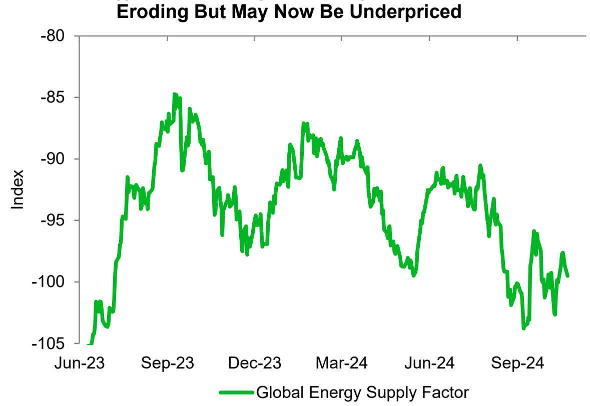
If, however, Tehran were to attack Gulf State energy infrastructure and tanker traffic through the Strait of Hormuz, the impact would be much more severe and long-lasting, as those supplies cannot be replaced. Saudi Arabia, UAE, Kuwait, and Iraq alone produce some 19.2 million b/d of crude. As such, $100+ crude for a prolonged period would be very much in the cards.

Strait of Hormuz Choke Point Represents Potential Major Supply Risk



Source: IEA, TD Securities

Energy Markets Gauge of Supply Risk Has Been Eroding But May Now Be Underpriced



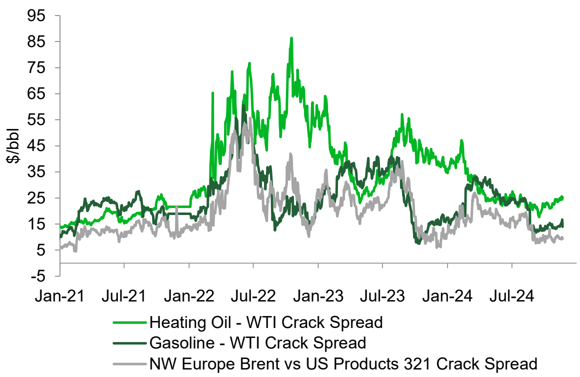
Source: TDS Commodity Strategy

Petroleum Product Markets: Fundamentals are Okay, Pain Trade Unwind Offers Support

Petroleum products and crack spreads came under heavy pressure in 2024, and while some weakness was certainly warranted, these markets appear to be pricing a more bearish outlook than the fundamentals would imply. With that said, we have started to see a bottoming out in crack spreads around the globe, and even some modest upside in some areas. Looking forward, we still think there is scope for further recalibration to the underlying fundamentals.

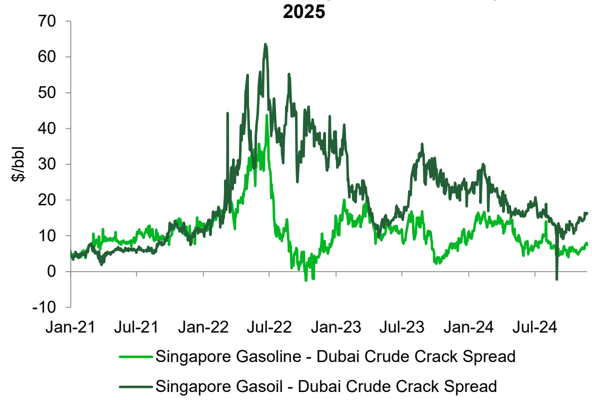
Indeed, while the fundamental landscape and demand outlook for 2025 is not anything to write home about, we think there continues to be enough of a disconnect between market pricing and fundamentals that needs to be closed. This argues for further upside in crack spreads into 2025. Product demand has held strong during a shaky year, and distillates in particular stand to recover well as central bank easing in the US and new stimulus measures in the Middle Kingdom drive increased manufacturing activity. Overall product demand is expected to increase roughly +990k b/d in 2025, compared to 920k b/d in 2024.

Western Cracks Show Modest Signs of Recovery



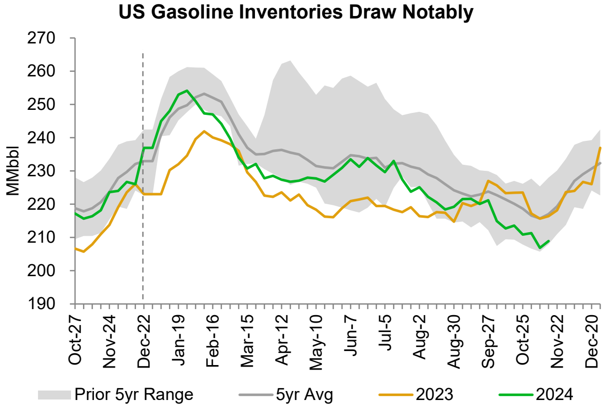
Source: Bloomberg, TDS Commodity Strategy

Asian Markets Also Show Signs of Life Heading into 2025



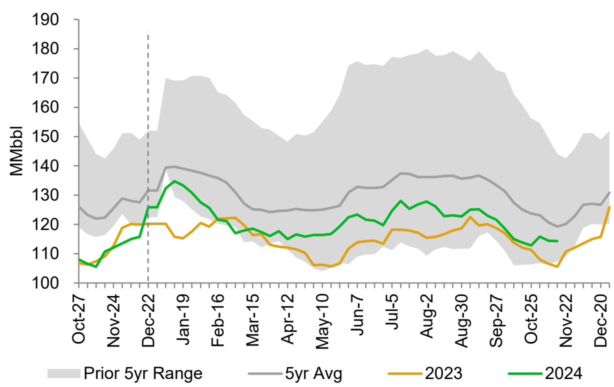
Source: Bloomberg, TD Securities

US Gasoline Inventories Draw Notably



Source: DOE, TDS Commodity Strategy

US Distillate Inventories Still Near Lows



Source: DOE, TDS Commodity Strategy

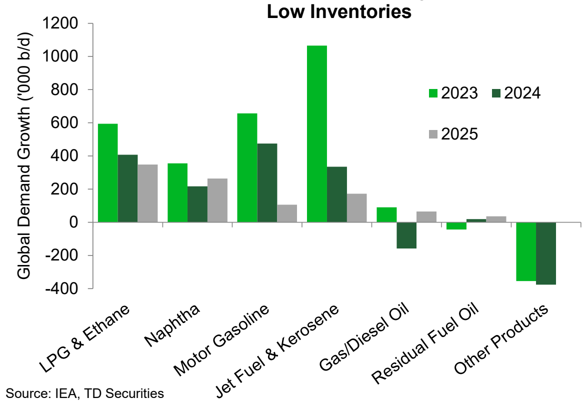
At the same time, the supply of products could remain constrained as refiners are likely to remain under pressure amid the prevailing lower level crack spreads. Additionally, while net refining capacity is set to grow in 2025 and Middle East supply has weighed on the market, key markets such as the US and Europe are shuttering some 700k bpd of capacity. This could well keep regional inventories from experiencing large-scale builds. Run rates in China have also been dismal amid its economic troubles. All of this suggests that inventory levels, which are for the most part near the lower end of historic ranges, are likely to remain low amid modest demand and tighter supply from refiners.

If demand has not been as bad as advertised and inventories have remained relatively tight, it argues that overly bearish speculative positioning has kept prices and crack spreads subdued, and this should reverse in 2025. Our return decomposition highlights that demand concerns and an erosion of supply risk premia drove returns lower, and the resulting build up of bearish positioning in response to these factors also appears to be a major drag on prices that has caused the disconnect from fundamentals.

CTAs remain near max short in ULSD, meanwhile non-commercial positioning concentrations continue to show a large skew toward shorts and measures of trader clustering highlight the number of traders short ULSD is in the 80th percentile of historic ranges. As for RBOB, CTAs remain max short, although measures of position concentration and clustering appear to have leveled out in recent weeks.

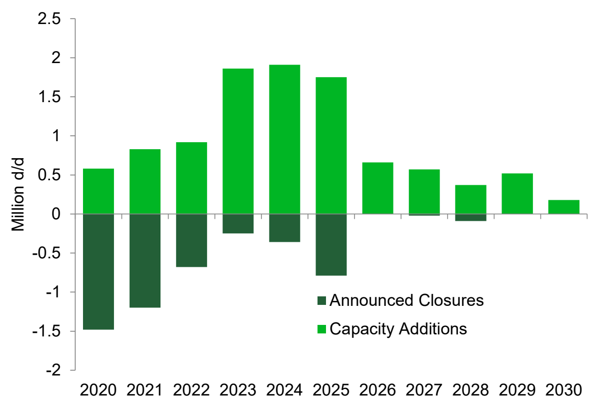
Overall, the positioning landscape for both RBOB and ULSD has been stretched overly bearish, and with the fundamental situation remaining much stronger than these bearish positions imply, any modest reversal of these positions could breathe new life into the petroleum complex in 2025.

Demand Growth Slowing — But Even Modest Growth Should Offer Support Amid Refinery Economics and Low Inventories



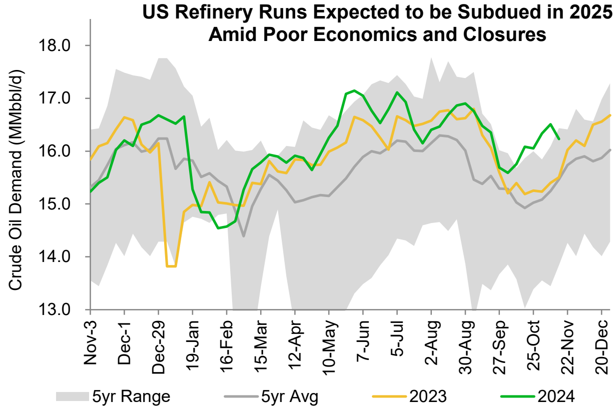
Source: IEA, TD Securities

Refinery Capacity Growth Slows Materially After 2025



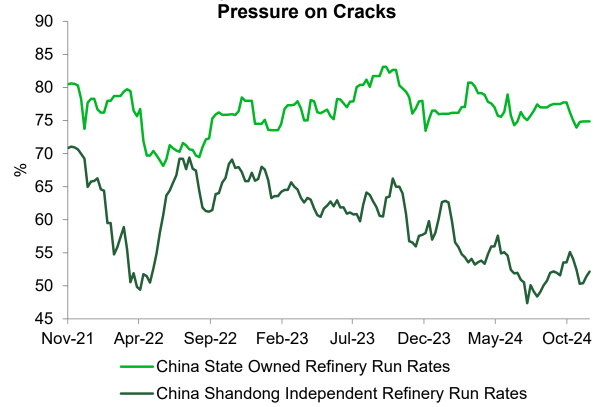
Source: BNEF, TD Securities

US Refinery Runs Expected to be Subdued in 2025 Amid Poor Economics and Closures



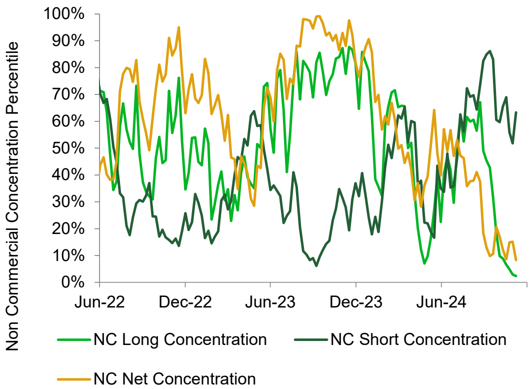
Source: DOE, TDS Commodity Strategy

Weak Refinery Runs in China Will Put Upward Pressure on Cracks



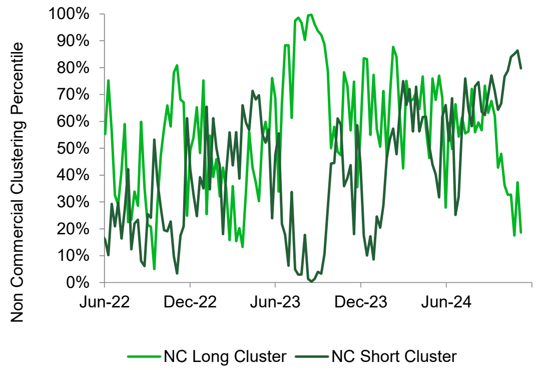
Source:Bloomberg, TD Securities

ULSD: Non Commercial Concentration Percentiles



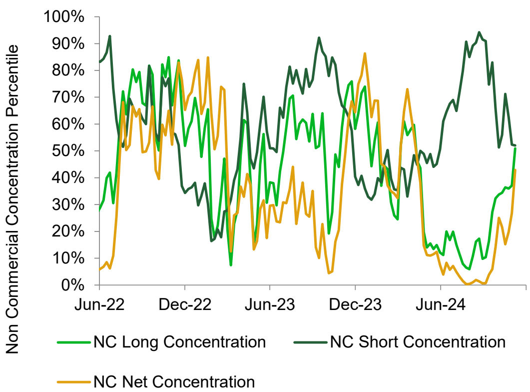
Source: CFTC, TD Securities

ULSD: Non Commercial Clustering Percentiles



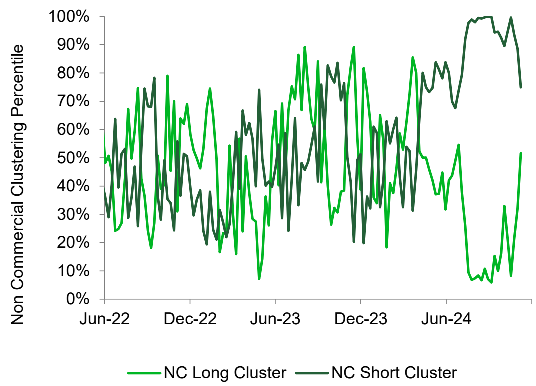
Source: CFTC, TD Securities

RBOB: Non Commercial Concentration Percentiles



Source: CFTC, TD Securities

RBOB: Non Commercial Clustering Percentiles



Source: CFTC, TD Securities

Natural Gas

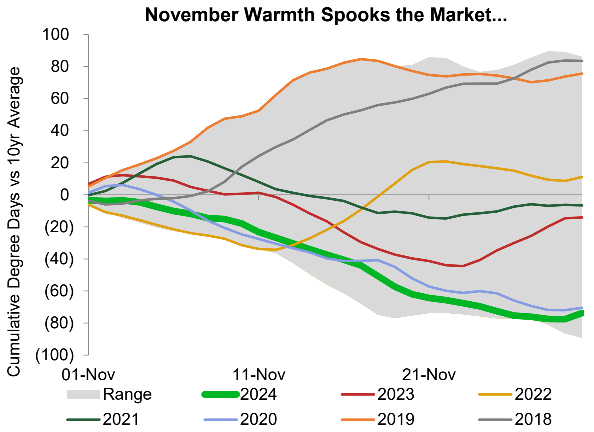
Energy Outlook

US Gas Starts Winter 24/25 Strong — But Can It Hold Through the Year?

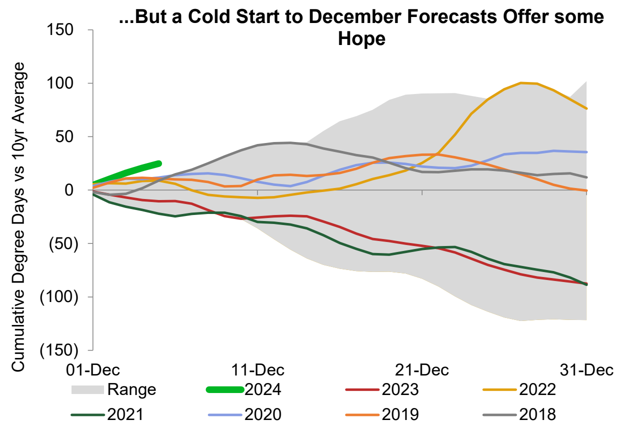
Despite the warmer November weather, US gas markets have posted a strong recovery through Q4 2024. This occurred as faltering production, colder initial December forecasts and strong LNG exports, amid European supply concerns, outweighed the weaker November ResCom demand. As we look beyond the recovery from the lows, we ask ourselves just how bullish can Henry Hub really get?

We think 2025 offers only very modest upside from here at best, with our Q4 2025 average price sitting lower, around the $3/MMBtu mark. Ultimately, there remain some bright spots for the US gas market, but the inventory overhang remains a hindrance to price action, just as it did in 2024, especially if winter weather proves bearish.

On the demand front, ResCom demand has started November on a weak note as forecasts show degree days at near 10-year lows. December's forecasts have started strong on the other hand, but we will need to see consistently colder-than-average weather this winter to put a sizable dent in inventory levels. Ultimately this demand sector will depend heavily on weather dynamics, with the risks of a warmer winter being a major concern given the already bloated inventories. Elsewhere, we continue to see power burns holding at near record-high levels as growth in renewables should mostly come at the expense of coal rather than eating into gas demand, particularly at depressed price levels. Meanwhile, the major bright spot for US gas remains the export market. We expect the combined growth in LNG export capacity and pipeline export capacity to Mexico should add roughly +4 bcf/d of incremental demand by the end of 2025.



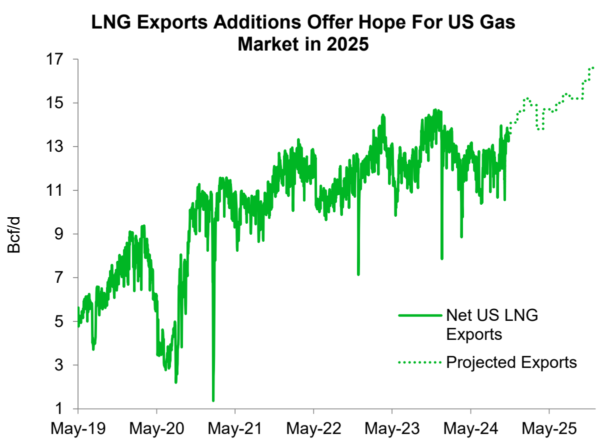
Source: BNEF, TDS Commodity Strategy



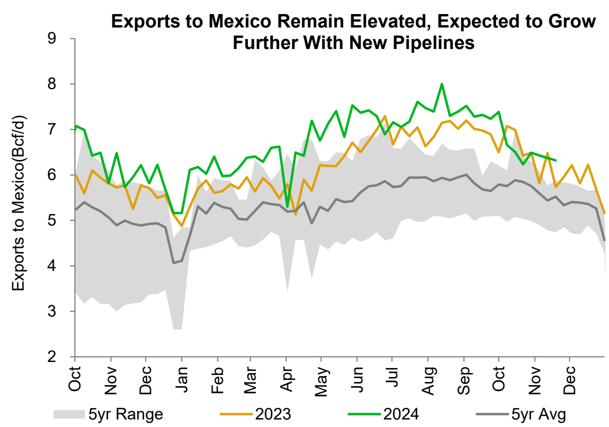
Source: BNEF, TDS Commodity Strategy

For LNG feedgas demand, the delay in Plaquemines until early 2025 along with the startup of Chorpus Christi stage 3 should see feedgas demand increase by just over 1 Bcf/d in Q1, and the ramp up of these two projects should see exports increase nearly 3 Bcf/d by end of year. However, the six-month delay in Golden Pass LNG has dampened the LNG growth forecasts for 2025, with the feedgas demand growth trajectory being pushed back until very late 2025-early 2026.

Additionally, exports to Mexico are expected to reach a record 8 Bcf/d on a consistent basis by summer 2025, as increasing power demand and falling production increase the need for more US gas. The south portion of Mexico's Tula Villa Dey Reyes pipeline is estimated to begin in November, while Southeast Gateway and Gasoducto Centauro del Norte phase one, will both be completed by May 2025 serving two of Mexico's Federal Electricity Commission's (CFE) combined cycle power plant projects. Finally, Energia Costa Azul Phase 1 LNG is projected to begin in March 2026, with feedgas to the facility via the Gasoducto Rosarito pipeline expected in 2025.



Source: Bloomberg, BNEF, TDS Commodity Strategy



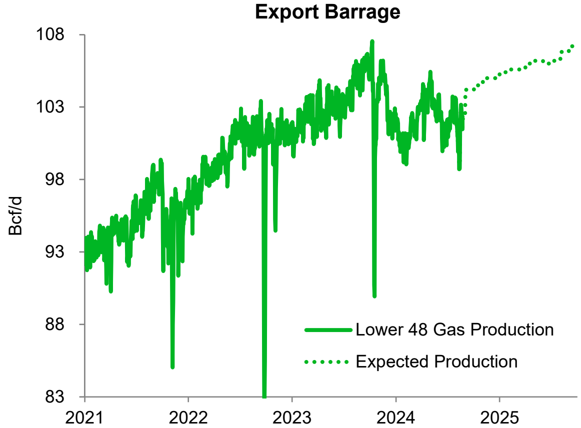
Source: Bloomberg, TDS Commodity Strategy

On the production side, the market proved resilient in 2024 despite periods of low prices and disruption, averaging around 102 Bcf/d. It is this resilience that kept inventory balances bloated even as power demand hit record levels. As we look into 2025, we expect production will continue to dampen any of the potentially bullish demand avenues. Indeed, with new pipeline capacity operational in the Permian, we expect the region to be a major driver of production growth, while Appalachia production should also grow materially as pipelines in the region also alleviate constraints there.

In total, we expect production to reach a high around 107 Bcf/d by end of year, with the yearly average just shy of 106 Bcf/d. This almost +4 Bcf/d increase in average yearly production will be almost enough to offset the expected demand growth via exports.

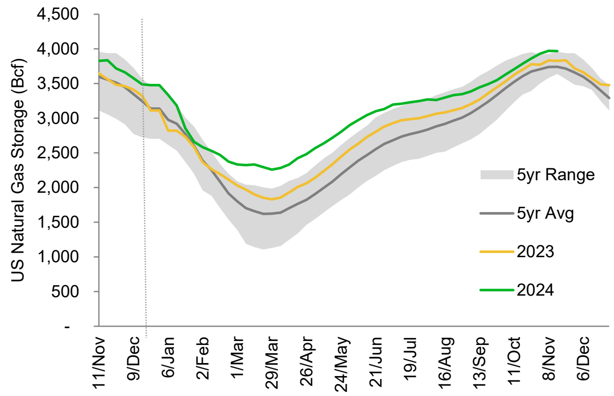
This suggests that inventory levels could see some modest tightening, particularly in the early portion of the year, as LNG growth starts kicking in before production growth commences. But ultimately, assuming average weather dynamics, inventories are likely to remain comfortably above average levels through 2025. This is likely to be a hindrance to any upside moves, and a key reason our forecasts remain anchored around the $3/ MMBtu range.

Production Gains Expected to Heavily Offset Export Barrage



Source: Bloomberg, BNEF, TDS Commodity Strategy

Large Inventory Buffer Dampens Outlook

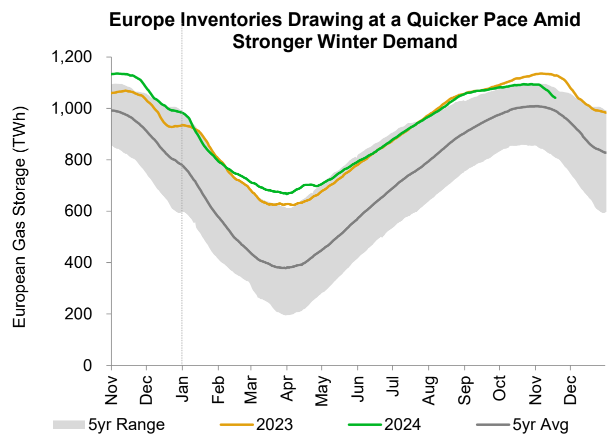


Source: EIA, TDS Commodity Strategy

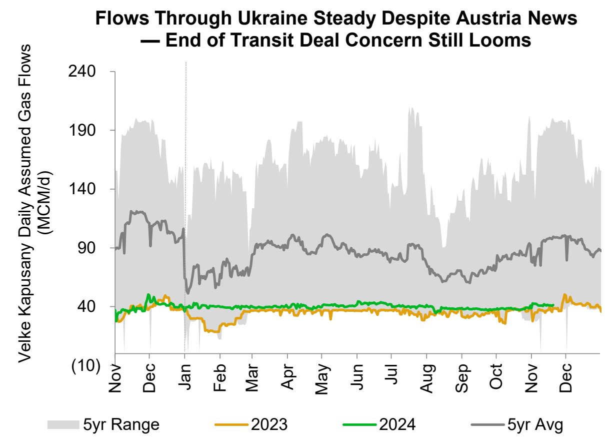
European Gas: A Tale of Two Halves

Supply risks are starting to show their face again in Europe and inventory levels are drawing down at a rapid pace, as this winter's demand is expected to be stronger after the previous two years saw more mild weather. However, we think extreme tightness and panic are unlikely as the somewhat tighter markets in the first half of the year will be offset by looser fundamentals in the second half.

The developing imminent concern for European markets is the January 2025 conclusion of the Ukraine-Russia gas transit contract, and latest Austrian dispute which has seen Russia cut off supply (via the remaining operational transit pipeline through Ukraine). As of now, Austrian inventories are well stocked around 90% and data shows the country is still receiving gas, although a lower amount. Further, the total amount of gas Russia is sending via the Ukrainian route has been unchanged, suggesting other buyers have taken the supply.



Source: GIE, TDS Commodity Strategy

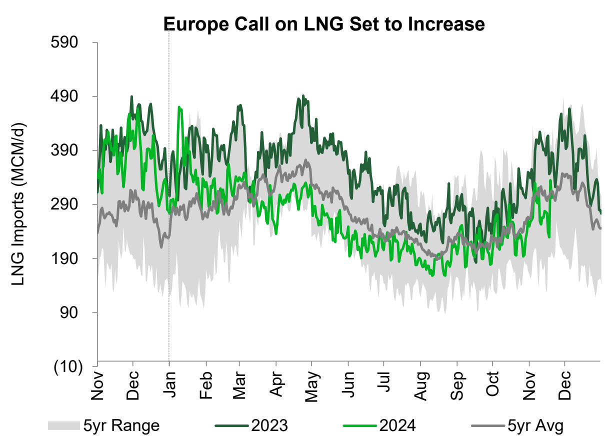


Source: Eustream, TDS Commodity Strategy

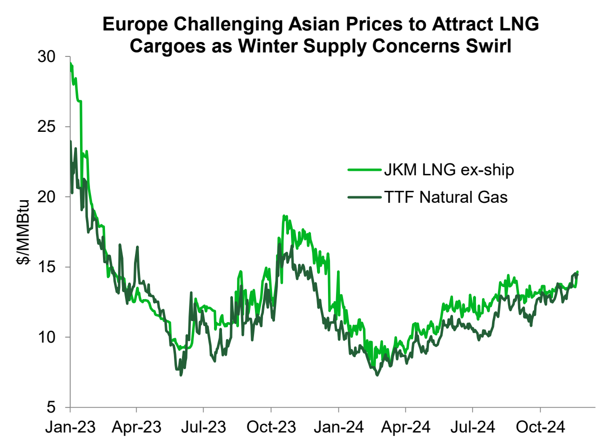
The Austria issue brings to light the bigger concern, which is the pending end of the transit contract on January 1st, 2025, which could see the flows that go from Russia to Slovakia, via Ukraine, drop to zero. This transit line sees gas go from Slovakia into other European nations such as Austria, Hungary and Czech Republic. It is one of the two operational pipelines that see gas getting from Russia to the EU; the other is Turkstream.

Currently, some 40 mcm/d of gas is still coming through Ukraine. Should these flows be halted, the market would certainly tighten, but there are measures that can be taken to lessen the potential impact. Indeed, a new agreement between the EU, Ukraine and Russia could be struck, while offsetting the flows via LNG is also entirely possible given terminals in surrounding countries, along with new floating storage and regasification units. Furthermore, the potential expansion of Turkstream or transmissions from other countries could also mitigate the lost flows. Replacement with "Azeri" gas is another option, although Azerbaijan production is not enough to fully replace the flows.

While each solution has some concerns from an operational or political point of view, there are enough options that we anticipate the flows will be replaced/offset to avoid any material tightness, with LNG the most likely avenue to fill the gap.



Source: Gascade, TDS Commodity Strategy



Source: Bloomberg, TDS Commodity Strategy

Looking further ahead, supply is expected to increase materially in the second half of the year. The previously mentioned LNG increases in the US offer more supply options, while Norwegian production and deliveries from North Africa are also expected to be robust. This suggests that Europe will have no difficulties refilling its gas supplies for next winter. In that sense, while we may have some upward price pressures in the first half of the year, especially if weather is cold and supply risks persist, the looser dynamics in the second half of the year are likely to keep the rallies under wraps.

Appendix: Global Market Forecasts

Summary Commodities Forecasts											
		Spot	2024	2025				2026			
		22-Nov-24	Q4 F	Q1 F	Q2 F	Q3 F	Q4 F	Q1 F	Q2 F	Q3 F	Q4 F
Precious Metals	Gold *	2700	2665	2675	2700	2625	2625	2600	2600	2525	2525
	Silver *	31.27	31.80	33.25	33.00	34.00	36.00	38.00	38.50	39.00	39.00
	Platinum *	967	1025	1125	1150	1125	1125	1125	1125	1100	1100
	Palladium *	1015	1100	1100	1150	1100	1100	1075	1075	1050	1050
Other Metals	Copper **	4.03	4.38	4.42	4.40	4.35	4.38	4.31	4.31	4.26	4.26
	Zinc **	1.35	1.34	1.39	1.41	1.41	1.32	1.29	1.27	1.22	1.22
	Lead **	0.89	0.94	0.99	0.98	1.00	1.00	0.97	0.96	0.93	0.92
	Nickel **	7.02	7.82	7.94	7.94	7.82	7.82	7.71	7.71	7.60	7.60
	Aluminum **	1.18	1.16	1.18	1.16	1.15	1.16	1.15	1.16	1.17	1.18
	Iron Ore *+	95	96	94	92	90	90	85	85	85	85
Energy	Nymex Crude Oil +-	69	72	66	68	70	70	72	72	70	70
	Brent Crude Oil +-	74	75	69	71	73	73	75	75	73	73
	Heating Oil -+	2.25	2.20	2.10	2.20	2.30	2.30	2.35	2.35	2.30	2.30
	Gasoline -+	2.04	2.20	2.15	2.15	2.20	2.25	2.30	2.30	2.25	2.25
	Natural Gas --	3.23	2.50	2.75	2.75	2.75	3.00	3.00	3.00	3.25	3.25
	AECO Natural Gas --	1.76	1.00	1.25	1.40	1.50	1.50	1.50	1.50	1.50	1.50

Source: TD Securities

*Commodity forecasts are period averages; *London PM Fix $/oz; ** = LME $/lb; *+ = CFR China, 62% Fe, dry;*
+ Molybdenum equivalent to moly oxide, FOB USA

Global Macro Forecast Summary (%)											
		24Q4	25Q1	25Q2	25Q3	25Q4	26Q1	26Q2	26Q3	26Q4	2027	2028
US	GDP Growth (q/q saar)	1.9	2.0	2.1	1.8	2.0	2.2	2.3	2.1	2.2	2.3	2.3
	Headline CPI (y/y)	2.7	2.4	2.4	2.6	2.5	2.6	2.4	2.4	2.4	2.2	2.3
	Core CPI (y/y)	3.3	2.9	3.1	3.2	2.8	2.7	2.4	2.3	2.5	2.2	2.3
	Fed Funds Rate (eop, upper)	4.50	4.50	4.50	4.00	3.50	3.00	3.00	3.00	3.00	3.00	3.00
Euro Area	GDP Growth (q/q)	0.1	0.2	0.1	0.0	0.2	0.3	0.3	0.3	0.3	1.3	1.3
	Headline CPI (y/y)	2.1	2.0	1.7	1.6	1.8	1.7	2.0	2.1	2.3	2.0	2.0
	Core CPI (y/y)	2.7	2.5	2.0	1.6	1.6	1.6	1.8	1.9	2.0	2.0	2.0
	Deposit Rate (eop)	3.00	2.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.50	2.50
Canada	GDP Growth (q/q saar)	1.7	1.2	1.3	1.5	1.6	1.6	1.9	2.0	2.2	2.2	1.9
	Headline CPI (y/y)	1.9	1.9	1.6	1.7	1.7	1.8	1.7	1.7	1.9	2.0	2.0
	Core CPI (y/y, avg)	2.3	2.2	2.0	1.9	1.8	1.8	1.9	2.0	2.0	2.1	2.0
	Overnight Rate (eop)	3.25	2.75	2.25	2.25	2.25	2.25	2.25	2.25	2.25	3.50	3.00
UK	GDP Growth (q/q)	0.3	0.2	0.3	0.2	0.2	0.3	0.3	0.4	0.4	1.5	1.5
	Headline CPI (y/y)	2.1	2.1	2.3	2.4	2.3	2.2	1.8	2.0	2.0	2.0	2.0
	Core CPI (y/y)	3.1	2.9	2.2	1.7	1.8	1.7	1.8	2.0	2.0	2.0	2.0
	Bank Rate (eop)	4.75	4.25	3.75	3.50	3.50	3.50	3.00	3.00	3.00	3.00	3.00
SWE	Policy Rate (eop)	2.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
NOR	Policy Rate (eop)	4.25	4.00	3.75	3.50	3.25	3.00	3.00	3.00	3.00	3.00	3.00
AUS	Cash Rate (eop)	4.35	4.35	4.35	4.10	3.85	3.60	3.35	3.35	3.35	3.35	3.35
NZ	Cash Rate (eop)	4.25	4.00	3.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
China	GDP Growth										4.7	4.7
World	**GDP Growth**										**3.0**	**3.0**

Source: Macrobond, TD Securities

Global FX Forecasts		Spot	2024	2025				2026			
		22-Nov-24	Q4 F	Q1 F	Q2 F	Q3 F	Q4 F	Q1 F	Q2 F	Q3 F	Q4 F
G10	BBDXY	1290	1277	1303	1317	1284	1252	1240	1229	1218	1207
	EURUSD	1.04	1.06	1.03	1.01	1.04	1.06	1.07	1.08	1.09	1.10
	GBPUSD	1.25	1.28	1.24	1.23	1.27	1.29	1.30	1.32	1.33	1.34
	AUDUSD	0.65	0.65	0.64	0.63	0.64	0.67	0.68	0.69	0.70	0.71
	NZDUSD	0.58	0.58	0.57	0.56	0.58	0.60	0.61	0.62	0.63	0.64
	USDCAD	1.40	1.40	1.43	1.45	1.40	1.37	1.37	1.36	1.36	1.35
	USDJPY	154	150	148	146	143	141	140	140	139	138
	USDCHF	0.89	0.89	0.90	0.90	0.89	0.88	0.88	0.88	0.87	0.87
	USDNOK	11.09	11.13	11.36	11.53	11.30	11.13	10.99	10.84	10.70	10.55
	USDSEK	11.08	10.94	11.17	11.34	11.11	10.94	10.82	10.70	10.57	10.45
Latam	USDMXN	20.41	20.50	21.00	21.30	21.50	20.50	20.44	20.38	20.31	20.25
	USDBRL	5.81	5.75	5.80	5.85	5.70	5.50	5.45	5.40	5.35	5.30
	USDCLP	978	975	990	999	970	940	925	910	895	880
	USDCOP	4394	4480	4520	4560	4325	4200	4140	4080	4020	3960
Asia	USDCNY	7.25	7.25	7.35	7.45	7.20	6.90	6.78	6.65	6.53	6.40
	USDINR	84.46	84.50	85.00	85.50	84.00	83.00	82.50	82.00	81.50	81.00
	USDKRW	1406	1420	1440	1445	1380	1320	1303	1285	1268	1250
	USDIDR	15875	15900	16100	16200	15500	14800	14688	14575	14463	14350
	USDSGD	1.35	1.34	1.37	1.38	1.34	1.32	1.32	1.31	1.31	1.30
EMEA	USDPLN	4.16	4.15	4.20	4.25	4.20	4.00	3.95	3.90	3.85	3.80
	USDHUF	394	389	395	398	380	370	368	365	363	360
	USDZAR	18.03	17.90	18.20	18.30	18.00	17.80	17.70	17.60	17.50	17.40
EUR Crosses	EURGBP	0.83	0.83	0.83	0.82	0.82	0.82	0.82	0.82	0.82	0.82
	EURJPY	161	159	152	147	149	149	150	151	151	152
	EURCHF	0.93	0.94	0.93	0.91	0.93	0.93	0.94	0.95	0.95	0.96
	EURNOK	11.56	11.80	11.70	11.65	11.75	11.80	11.75	11.71	11.66	11.60
	EURSEK	11.55	11.60	11.50	11.45	11.55	11.60	11.57	11.55	11.52	11.50
	EURPLN	4.33	4.40	4.33	4.29	4.37	4.24	4.23	4.21	4.20	4.18
	EURHUF	411.2	412.3	406.9	402.0	395.2	392.2	393.2	394.2	395.1	396.0

Source: TD Securities

Summary G10 Rates Forecasts

			Spot	2024	2025				2026			
			22-Nov-24	Q4 F	Q1 F	Q2 F	Q3 F	Q4 F	Q1 F	Q2 F	Q3 F	Q4 F
DOLLAR BLOC	United States	Fed Funds Rate *	4.75	4.50	4.50	4.50	4.00	3.50	3.00	3.00	3.00	3.00
		3m	4.53	4.40	4.40	4.10	3.65	3.15	2.90	2.90	2.90	2.90
		2y	4.33	4.30	4.40	4.10	3.70	3.30	3.15	3.10	3.10	3.20
		5y	4.27	4.35	4.30	4.05	3.80	3.55	3.50	3.40	3.35	3.40
		10y	4.39	4.50	4.40	4.20	4.05	3.80	3.70	3.60	3.50	3.50
		30y	4.58	4.80	4.55	4.35	4.35	4.30	4.30	4.10	3.95	3.90
	Canada	Overnight Rate	3.75	3.25	2.75	2.25	2.25	2.25	2.25	2.25	2.25	2.25
		3m	3.48	3.10	2.60	2.25	2.25	2.25	2.25	2.25	2.25	2.40
		2y	3.35	3.00	2.90	2.80	2.80	2.75	2.75	2.75	2.75	2.85
		5y	3.27	3.10	3.10	3.00	2.95	2.85	2.85	2.85	2.85	2.95
		10y	3.42	3.30	3.30	3.25	3.20	3.10	3.15	3.20	3.20	3.25
		30y	3.45	3.35	3.35	3.30	3.25	3.20	3.20	3.25	3.25	3.30
	Australia	Cash Target Rate	4.35	4.35	4.35	4.35	4.10	3.85	3.60	3.35	3.35	3.35
		3m	4.42	4.40	4.40	4.15	3.90	3.65	3.40	3.40	3.45	3.50
		3y	4.08	4.10	4.00	3.85	3.70	3.70	3.65	3.70	3.75	3.80
		5y	4.16	4.20	4.15	4.05	3.90	3.90	3.90	3.95	3.95	3.95
		10y	4.54	4.70	4.65	4.60	4.55	4.60	4.55	4.65	4.65	4.65
		30y	4.93	5.10	5.20	5.20	5.20	5.25	5.20	5.30	5.35	5.45
	New Zealand	Cash Target Rate	4.75	4.25	4.00	3.50	3.00	3.00	3.00	3.00	3.00	3.00
		3m	4.38	4.55	4.30	3.80	3.30	3.30	3.40	3.45	3.50	3.55
		2y	3.90	3.90	3.80	3.60	3.70	3.80	3.85	3.95	4.05	4.15
		5y	4.09	4.10	4.10	4.00	4.10	4.20	4.25	4.35	4.45	4.55
		10y	4.59	4.60	4.70	4.65	4.80	4.95	4.95	5.05	5.15	5.25
EUROPE	Germany	ECB Depo Rate	3.25	3.00	2.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00
		3m	2.52	2.60	2.30	2.20	2.20	2.00	2.00	2.00	1.90	1.80
		2y	2.00	1.90	2.10	2.00	2.00	1.80	1.90	1.90	1.80	1.70
		5y	2.06	2.00	2.20	2.10	2.10	1.90	2.00	2.00	1.90	1.80
		10y	2.25	2.20	2.30	2.20	2.20	2.00	2.10	2.10	2.00	1.90
		30y	2.49	2.30	2.50	2.40	2.40	2.20	2.30	2.30	2.20	2.10
	UK	Bank Rate	4.75	4.75	4.25	3.75	3.50	3.50	3.50	3.00	3.00	3.00
		3m	4.76	4.75	4.25	3.75	3.50	3.50	3.50	3.00	3.00	3.00
		2y	4.33	4.20	4.00	3.80	3.60	3.40	3.30	3.20	3.10	3.00
		5y	4.24	4.00	4.10	3.90	3.70	3.50	3.40	3.30	3.20	3.10
		10y	4.39	4.20	4.00	3.90	3.80	3.70	3.60	3.50	3.40	3.30
		30y	4.86	4.60	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70

Source: TD Securities; *Upper bound of target range

TD Securities

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