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**FT COMMODITIES
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CEO BRIEFING NOTE**

*“TECHNICAL COWBOYS:
Hedge Funds vs Physical Traders”*

TECHNICAL COWBOYS: Hedge Funds vs Physical Traders

With Millions of Oil Barrels Traded Daily & with 10s of \$Billions of Profits on the Table, the Battle is now Fought on Data, not just Flows!

By Sean Evers, Managing Partner, Gulf Intelligence

Commodity trading is becoming a hybrid of Wall Street hedge fund quant + physical trading, where AI-driven intelligence and financial capital are eroding traditional advantage of logistics & relationships.

For decades, commodity trading was defined by physical dominance. The winners controlled ships, storage, pipelines and flows. Firms like Vitol and Trafigura built global empires on their ability to move oil and metals efficiently, arbitraging geography and timing. Even today, their scale is staggering: Vitol handles around 8 million barrels per day (mbpd) of crude oil and products, Trafigura close to 7 million barrels per day of oil and petroleum products, and the leading independent traders together account for roughly one-fifth of global oil flows. That reach once guaranteed an advantage. It no longer does.

Logistics still matters just as much but it is no longer enough on its own. The past two years have delivered extraordinary profits to the industry, underscoring its continued power. The largest independent trading

houses generated more than \$50 billion in combined net profits across recent blockbuster years, with Vitol alone earning over \$12 billion annually at peak. Trafigura, even as volatility eased, still reported \$2.7 billion in net profit in 2025. These numbers illustrate the scale of the system but also the stakes in how it evolves.

Because the real shift is not in how much is traded, but in how trading decisions are made. The constraint in commodity markets is no longer a lack of information, but an overwhelming abundance of it. Satellite imagery tracks tanker movements in real time. Shipping data maps global flows. Weather systems, refinery outages, and geopolitical developments generate continuous signals. The advantage no longer lies in access, but in interpretation.

Artificial intelligence is compressing that gap. It allows firms to process vast datasets, identify patterns across commodities, and anticipate disruptions before they fully materialize. Trading is moving from reactive to predictive. The firms that succeed will not be those



that respond fastest, but those that position earliest.

The Iran war shock has accelerated this transformation. As markets absorb large scale disruptions measured in hundreds of millions, even approaching a billion barrels, price movements are no longer gradual, or fundamentals driven. They are abrupt, sentiment led, and increasingly shaped by algorithmic reactions. In such an environment, traditional trading instincts are too slow. Firms are turning to AI systems to process real time geopolitical signals and translate them into actionable decisions within seconds.

This dynamic is reinforced by market behavior itself. Volatility is amplifying the role of automated trading and financial participants, compressing reaction times and intensifying price swings. What once took days to price in is now reflected almost instantly. The result is a feedback loop: the more complex the market becomes, the more it relies on AI to function. Geopolitical shocks are no longer just disrupting supply, they are reshaping how markets operate.

At the same time, the relationship runs both ways. The rapid expansion of AI, particularly in energy intensive data infrastructure, is increasing demand for reliable power, tying the future of technology more closely to the stability of energy markets. The Iran shock highlights this interdependence. Energy volatility is accelerating the need for AI in trading, while AI growth is making energy security even more critical.

Hedge funds are moving into physical commodity markets as independent trading houses race to become Quant Driven

A quiet but profound rivalry is now reshaping the industry: hedge funds versus physical traders. What was once a clear division, financial players trading derivatives and commodity houses moving cargoes, has collapsed. Hedge funds are pushing into physical markets, seeking access to storage, infrastructure, and flows. Their objective is not to replicate traditional trading houses, but to gain informational edge. Physical access provides signals, and in a market defined by speed, signals are power.

At the same time, traditional trading houses are evolving in the opposite direction. They are becoming more financial, more systematic, and more technologically driven. AI is moving into the front office, shaping strategy, generating trade ideas, and accelerating execution. The result is convergence. Commodity trading is no longer divided between physical and financial players, it is becoming a hybrid system where success depends on mastering both.

The consequences are already visible. Financial players are increasing participation, bringing more capital and accelerating price discovery. But this liquidity is increasingly fragile. Algorithmic strategies can withdraw instantly during periods of stress, amplifying volatility. Markets are becoming faster,





deeper, and more unstable at the same time.

A third force is reinforcing this shift: the trading arms of international oil companies. Firms such as BP, Shell, and TotalEnergies have built vast trading operations that generate significant profits. In the first half of 2023 alone, these divisions delivered around 20 billion dollars in gross trading profits, underscoring their growing role within integrated energy companies. These players combine upstream production, downstream refining, and sophisticated trading desks, allowing them to optimize flows across the entire value chain.

What emerges is a three-way contest. Independent trading houses bring scale and expertise. Hedge funds bring speed and financial firepower. Oil majors bring integration and structural advantage. Each is converging toward the same model, one that combines physical access, financial capability, and technological intelligence. In this environment, the traditional advantage of logistics is being redefined. Owning ships and storage still matters. Controlling flows still matters. But these capabilities no longer guarantee success. The decisive edge lies in how quickly a firm can interpret data, allocate capital, and execute decisions.

This is also transforming how prices are formed. Commodity markets are no longer driven solely by physical supply and demand. They reflect a complex interaction of algorithmic positioning, real time data analysis, and rapid capital flows. Information is

absorbed instantly, leaving little room for delay. But speed introduces noise. Signals can be amplified, and volatility can spike.

What is unfolding is not the decline of commodity trading, but its reinvention. The industry is evolving into a system where logistics, finance, and data are inseparable. The winners will be those who can operate across all three, combining the reach of physical assets with the precision of algorithms and the power of capital.

The End of the Cowboy Trade

AI is not about single trades anymore. The edge is becoming “continuous decision systems,” not human reactions.

For decades, commodity trading rewarded instinct, relationships, and control of physical flows. Today, that model is being quietly dismantled. The competitive advantage is no longer about who can move barrels most efficiently, but who can interpret signals fastest and increasingly who can build systems that learn faster than their competitors.

Artificial intelligence is at the center of this shift, but not in the way it is often described. It is not replacing traders. It is redefining how decisions are made. Markets are no longer processed in discrete moments such as opportunity, analysis, and execution. Instead, AI is enabling a continuous loop that ingests geopolitical developments, physical flows, and financial signals in real time, translates them into actions, executes

automatically, and learns from outcomes. The unit of competition is no longer the trade. It is the system.

At the same time, the traditional informational edge of physical traders is eroding. What was once proprietary, such as knowledge of cargo movements, refinery activity, or supply chain disruptions, is increasingly visible through satellite data, shipping analytics, and AI driven modeling. The gap between hedge funds and physical traders is narrowing rapidly. Physical access still matters, but it is no longer exclusive. It is being digitized.

This is reshaping the nature of the market itself. Volatility is no longer a byproduct of trading. It has become the asset. Hedge funds are not just trading oil or metals. They are trading volatility and increasingly the derivatives of volatility. But this comes with a cost. As volatility accelerates, liquidity becomes more fragile. Risk models force traders to reduce positions, capital withdraws, and markets become prone to sudden gaps. What appears as deep liquidity in calm conditions can evaporate under stress.

Compounding this shift is the growing dominance of macro capital. Commodity markets remain small relative to global financial assets, making them sensitive to capital flows. When large macro funds reposition, whether driven by inflation fears, geopolitical shocks, or currency dynamics, they can overwhelm physical fundamentals. The marginal price is no longer set solely by supply and demand, but by the movement of capital at scale.

Yet, for all the power of AI, its limitations are equally

important. The industry is still in an experimental phase, full of pilots but short on true transformation. Data remains fragmented and messy. Incentives are misaligned. And critically, judgment cannot be automated. AI can compress the distance between data and insight, but it cannot replace the contextual understanding of how markets behave on the ground. The most effective firms are not removing humans from the loop. They are augmenting them.

What emerges is a new trading paradigm defined by convergence. Hedge funds are moving closer to physical markets in search of better signals. Traditional trading houses are becoming more systematic and data driven. The distinction between financial and physical players is fading, replaced by hybrid models that combine capital, code, and cargo.

But this convergence does not eliminate complexity. It amplifies it. Markets are becoming faster, more interconnected, and more reflexive. Signals from social media, prediction markets, and algorithmic positioning are increasingly feeding back into price formation, sometimes amplifying noise as much as insight.

The result is not the decline of commodity trading, but its reinvention. In this new landscape, success will not be determined by access alone, but by the ability to process, interpret, and act on information at scale continuously, not occasionally. The technical cowboys of the past are being replaced by something more complex. Systems that think, adapt, and compete at machine speed, guided but not replaced by human judgment. ■

COMMODITIES GLOBAL SUMMIT

20 - 22 April 2026

VIEWS YOU CAN USE MARKET INSIGHTS ON FT STAGE IN LAUSANNE

How would you characterize the current state of global markets?

The prevailing framing can be summarized in three words: constraint, fragmentation, and inelastic demand. Markets remain overly anchored to narratives of normalization, but a more realistic baseline is persistence. Structural supply constraints are interacting with increasingly inelastic demand, creating an environment where equities may be overestimating recovery, while commodities, especially those tied to energy, processing, and infrastructure, are underpricing the durability of physical constraints.

What Role do geopolitical factors play in shaping oil supply dynamics?

Geopolitical constraints remain highly durable, and Iran is a clear example. While US administrations have some flexibility through executive authority, much of the sanctions framework is embedded in law, making full normalization politically difficult and inherently fragile. As a result, Iranian supply has not disappeared, it has fragmented. Barrels continue to flow through discounted, less transparent channels, reducing efficiency and sustaining volatility. What we see is not normalization, but a parallel system shaped by competing policy regimes.

How should we understand China's role in this fragmented system?

China is pivotal but often misunderstood. Rather than resolving global constraints, it operates across them, absorbing constrained supply while prioritizing domestic needs. This is especially evident in refined products, fertilizers, and industrial inputs. Even small policy shifts, such as export quotas or domestic prioritization, can have outsized global effects. The market consistently overestimates China's stabilizing role and underestimates the secondary consequences of its internal priorities.

Are traditional assumptions about market disruptions still valid?

That is increasingly questionable. Many trading houses still frame disruptions as short term dislocations followed by normalization. But when constraints are structural, embedded in law, infrastructure degradation, or politicized supply chains, they do not resolve cleanly. Instead, they persist and compound, effectively becoming the baseline. Disruption is no longer temporary, it is becoming the steady state.

How do physical constraints in energy systems reinforce this outlook?

Energy systems are inherently fragile. Oil supply depends not just on reserves, but on system integrity, pressure maintenance, power supply, and infrastructure continuity. Disruptions can have long-lasting effects that are difficult to reverse. Even China, despite its scale, cannot compensate for lost upstream capacity; its influence is primarily downstream and logistical. This reinforces the idea that physical constraints are binding and persistent.

What are the broader second order effects and emerging demand trends to watch?

The second order effects are significant, particularly the link between energy, fertilizers, and food. Fertilizer production depends on energy inputs and chemical intermediates, areas where disruptions can tighten supply and increase costs. This can lead to reduced agricultural output and rising food prices, especially in import dependent economies.

At the same time, a new class of structurally inelastic demand is emerging -- Data Centers. Hyperscale platforms such as Amazon Web Services, Microsoft Azure, and Google Cloud are becoming major, continuous consumers of electricity. Their demand is capital intensive and relatively price insensitive, placing a durable floor under power consumption. Because electricity markets are regionally constrained, this demand creates localized scarcity, while also driving demand for materials such as copper, aluminum, and semiconductors. ■

Executive Summary of all Commentary:

The system is shifting away from cyclical commodity dynamics toward a structurally constrained equilibrium. Supply remains politically fragile, processing is selectively managed, and new demand sources reduce price elasticity. The assumption of temporary disruption followed by normalization is becoming harder to sustain, disruption itself is increasingly the norm.

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TOP 9 MARKET INSIGHTS

ON HOW COMMODITY HEDGE FUNDS ARE PURSUING A PHYSICAL EDGE

Aline Carnizelo, Managing Partner, Frontier Commodities

FT COMMODITIES GLOBAL SUMMIT 2026

1.

HEDGE FUNDS ARE REDEFINING COMMODITIES THROUGH HYBRID MODELS: Hedge funds are no longer purely financial actors—they are increasingly integrating physical market intelligence with quantitative strategies. This convergence is reshaping how commodities are traded, allowing funds to extract value not just from price signals, but from a deeper understanding of supply chain dynamics.

2.

AI IS ACCELERATING THE SHIFT FROM INTUITION TO SYSTEMATIC DECISION-MAKING: Aline highlights how AI enables hedge funds to process vast datasets—from shipping flows to macro indicators—at scale. This transforms trading from episodic decision-making into a continuous, signal-driven process, enhancing both speed and consistency in execution and risk assessment.

3.

THE COMPETITIVE EDGE IS MOVING FROM DATA ACCESS TO DATA INTERPRETATION: With the rise of satellite imagery, real-time logistics data, and alternative datasets, access to information is no longer the primary advantage. Hedge funds are differentiating themselves through how effectively they clean, structure, and interpret data, turning noise into actionable insight.

4.

AI IS FUNDAMENTALLY RESHAPING RISK MANAGEMENT FRAMEWORKS: Rather than simply monitoring risk, hedge funds are increasingly using AI to actively shape and rebalance risk exposure in real time. This includes adjusting position sizing dynamically in response to volatility and identifying dislocations across correlated markets faster than traditional methods allow.

5.

VOLATILITY IS NOW BOTH AN OPPORTUNITY AND A CONSTRAINT: While hedge funds seek to monetize volatility, Aline stresses that higher-frequency extreme price moves ("fat tails") are forcing tighter risk controls. This reduces position sizes and, paradoxically, can dampen liquidity—highlighting the double-edged nature of volatility in AI-driven markets.

6.

MACRO CAPITAL FLOWS ARE AMPLIFYING PRICE MOVEMENTS: Hedge fund activity, particularly from large macro players, is increasingly acting as a marginal price setter in relatively small commodity markets. AI-enhanced strategies allow these players to move quickly across asset classes, amplifying short-term price dislocations beyond traditional supply-demand fundamentals.

7.

AI IS IMPROVING OPERATIONAL EFFICIENCY ACROSS THE TRADE LIFECYCLE: From signal generation to execution and portfolio construction, AI is enabling end-to-end optimization of trading operations. Automated monitoring of options, correlations, and dislocations allows hedge funds to act on opportunities faster and with greater precision than manual processes.

8.

HUMAN JUDGMENT REMAINS CRITICAL DESPITE AI ADOPTION: Despite deep integration of machine learning, Aline underscores that AI complements rather than replaces human expertise. Physical insights, relationship-driven intelligence, and contextual judgment remain essential, particularly in interpreting geopolitical developments and on-the-ground realities.

9.

SUSTAINABLE COMPETITIVE ADVANTAGE WILL COME FROM APPLIED, NOT THEORETICAL AI: Aline rejects the idea of building all-encompassing AI systems, advocating instead for targeted, modular applications that directly improve P&L. Over the cycle, firms that focus on practical deployment—rather than ambitious but unfocused innovation—will achieve more durable competitive advantages.

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TOP 9 MARKET INSIGHTS

ON OIL MARKET DISRUPTION & SUPPLY SHOCK DYNAMICS

Russell Hardy, CEO, Vitol

FT COMMODITIES GLOBAL SUMMIT 2026

1.

GEOLOGICAL SUPPLY SHOCK DOMINATES OIL MARKETS: The Middle East disruption has effectively guaranteed a loss of around one billion barrels of oil, with hundreds of millions already gone. Even if tensions ease, restarting vast, complex energy infrastructure will take time. This is no short-term shock, but a deeper supply setback with lasting implications for global energy markets and recovery timelines.

2.

LIMITED SPARE CAPACITY HEIGHTENS MARKET VULNERABILITY: Unlike previous crises, the system today lacks readily deployable spare capacity, with most buffers effectively inaccessible. This leaves the market far more exposed to disruptions, amplifying price volatility and limiting the ability of producers or policymakers to quickly stabilize supply-demand imbalances as conditions deteriorate.

3.

DEMAND DESTRUCTION CONCENTRATED IN ASIA: Demand loss, estimated at around four million barrels per day, is primarily concentrated in Asia and parts of the Middle East. This is driven by a mix of rationing, reduced economic activity, and higher prices, rather than structural weakness, highlighting the uneven and reactive nature of demand adjustment.

4.

EAST-WEST IMBALANCE DRIVES PRICE DYNAMICS: The disruption is creating a clear divergence between Eastern and Western markets, with Asia facing more acute shortages. This is forcing price signals to incentivize flows from the West to the East, increasing logistical strain, tightening Western balances, and reinforcing regional dislocations across global crude and product markets.

5.

INVENTORY DRAWDOWNS TEMPORARILY MASK DEFICITS: Current market stability is being supported by drawing down inventories, floating storage, and strategic reserves. However, this is only a temporary solution, as these barrels will need to be replenished later, potentially tightening future balances and extending the impact of the current disruption beyond the immediate crisis period.

6.

SHORT-TERM FOCUS HIDES LONGER-TERM RISKS: Market participants are heavily focused on immediate physical supply disruptions, particularly in front-month pricing. Longer-dated contracts reflect expectations of eventual resolution, meaning that current price structures may underestimate the risks of prolonged disruption and the lasting impact on inventories and supply chains.

7.

SLOW RESTARTS WILL EXTEND SUPPLY DISRUPTION: Even if the geopolitical situation improves, restarting oil production and refining infrastructure is complex and time-consuming. Large fields and facilities require coordinated processes, meaning that lost supply is effectively "baked in," ensuring that the impact of disruption continues well beyond any formal resolution.

8.

PROLONGED DISRUPTION RISKS GLOBAL RECESSIONARY IMPACT: If supply losses persist, the imbalance between supply and demand will need to be resolved through further demand destruction. This raises the risk of broader economic consequences, as higher prices begin to suppress consumption and activity, potentially triggering recessionary dynamics across multiple regions.

9.

CRISIS LARGE BUT MORE REGIONALLY CONTAINED: While the Strait of Hormuz disruption is significant, it is more regionally concentrated for now than the Russia-Ukraine crisis in 2022. Broader systemic impacts have so far been limited, but this could change if the conflict escalates or persists without resolution over a longer period.



April 22nd, 2026



TOP 9 MARKET INSIGHTS ON VOLATILITY, RISK & TRADING STRATEGY

Sebastian Barrack, Head Of Commodities, Citadel

FT COMMODITIES GLOBAL SUMMIT 2026

- 1. VOLATILITY, NOT PRICE DIRECTION, DEFINED Q1:** The defining feature of Q1 was not outright price direction but the scale of volatility, which surged roughly 300% in oil and gas. This far exceeded market expectations and became the dominant force shaping trading behavior, risk limits, and position management across participants.
- 2. IRAN RISK WAS LARGELY PRICED IN:** The geopolitical risk around Iran was widely anticipated, with probabilities of 50-70% assigned ahead of the event. As a result, markets had already incorporated much of the expected disruption, reducing the opportunity to generate alpha from simply predicting whether the event would occur.
- 3. PRE-EVENT EDGE WAS VERY LIMITED:** Outside of direct government insight, there was little informational advantage available before the event. This made pre-positioning largely a low-skill exercise based on probabilities rather than differentiated research, leading many participants to take risks without a clear analytical edge.
- 4. EDGE EMERGED ONLY AFTER EVENT UNFOLDED:** The real opportunity set developed after the event began, when actual supply disruptions, shipping constraints, and market responses became visible. At that stage, deeper analysis of physical flows, demand adjustments, and storage behavior allowed traders to identify mispricings and higher-probability opportunities.
- 5. SCENARIO MODELING DRIVES TRADING DECISIONS:** Trading decisions are built on detailed scenario analysis, ranging from negotiated outcomes to full disruptions. Each scenario is mapped across supply, demand, and storage dynamics to determine how prices must adjust, effectively creating probability-weighted outcome matrices to identify where the market has mispriced risk.
- 6. VOLATILITY SPIKE FORCED RISK REALLOCATION:** The sharp increase in volatility forced traders to reassess risk exposure, particularly those operating under fixed VAR constraints. While some participants were required to cut positions despite favorable moves, firms with more flexible capital frameworks were better positioned to maintain or scale exposure through the volatility.
- 7. CASH MARKETS REACTED FASTER THAN FUTURES:** Physical oil markets, particularly in regions like Asia, responded quickly to supply disruptions, reflecting tightness and higher prices. In contrast, futures markets lagged, as they incorporated expectations around the temporary nature of disruptions and the eventual normalization of supply flows.
- 8. FORWARD CURVES REFLECT DURATION UNCERTAINTY:** The shape of the forward curve reflects uncertainty over how long disruptions will persist and how quickly constrained supply can return. Expectations of short-lived disruption, combined with physical responses like SPR releases and producer hedging, kept longer-dated prices relatively anchored.
- 9. DATA EDGE REQUIRES CONSTANT REINVENTION:** Any informational advantage in trading is temporary, as competitors and vendors quickly replicate successful approaches. Maintaining an edge requires continuous investment in new data sources, deeper domain expertise, and identifying areas of analysis that others have not yet fully explored.



April 22nd, 2026



TOP 9 MARKET INSIGHTS ON OIL MARKET DISRUPTION, SUPPLY SHOCKS & PHYSICAL DYNAMICS

Richard Holtum, CEO, Trafigura

FT COMMODITIES GLOBAL SUMMIT 2026

- 1. TRAFIGURA ABSORBS GLOBAL MARKET SHOCKS:** The company's role is to take in global disruptions, manage the associated risks, and ensure customers receive product where and when they need them. As volatility increases, Trafigura works harder and becomes more relevant, helping clients navigate uncertainty through reliable physical supply and risk management.
- 2. VOLATILITY DRIVES EXECUTION, NOT PRICE SPECULATION:** In highly volatile markets, teams operate across time zones with extended hours to manage flows and respond to disruptions. The priority is solving customer problems and maintaining supply chains, not predicting price movements, reinforcing that operational execution—not speculation—is central to the business.
- 3. PHYSICAL OIL TRADES ABOVE PAPER BENCHMARKS:** When supply is tight, physical oil markets price higher than futures because buyers need actual barrels, not financial exposure. This creates a disconnect between paper and physical markets, where the premium reflects scarcity and the value placed on guaranteed delivery.
- 4. DELIVERY, NOT PRICE FORECASTING, DEFINES BUSINESS:** Trafigura's core focus is ensuring physical molecules are delivered safely, efficiently, and on time. The company does not center its business on predicting oil prices, but rather on managing logistics, mitigating risk, and ensuring continuity of supply in complex and disrupted market environments.
- 5. SUPPLY LOSSES FORCE DEMAND DESTRUCTION RESPONSE:** With a significant portion of hydrocarbons removed from the market, prices must rise to rebalance supply and demand. This leads to reduced consumption, substitution, and efficiency gains, demonstrating how higher prices ultimately force demand adjustments and restore equilibrium in constrained markets.
- 6. PROMPT DELIVERY COMMANDS SIGNIFICANT MARKET PREMIUMS:** Immediate supply is far more valuable than future delivery in times of disruption. Buyers are willing to pay significantly more for prompt cargoes, reflecting urgency and concerns over availability, while the backwardated curve signals expectations that conditions may improve over time.
- 7. WEALTHY MARKETS SECURE SUPPLY THROUGH HIGH PRICES:** In supply shocks, higher prices ensure that energy flows to those who can afford it. Wealthier countries protect access by paying more, while less affluent markets face demand destruction, meaning the challenge becomes affordability rather than a complete lack of physical supply.
- 8. LARGE TRADERS ENABLE COMPLEX GLOBAL OPERATIONS:** Moving Venezuelan crude required significant logistics, coordination, regulatory approval, and financial capacity. The complexity of the operation meant that only a small number of large traders had the capability to execute it effectively, highlighting the importance of scale in global commodity trading.
- 9. TRAFIGURA AIMS TO BECOME ANTI-FRAGILE ORGANIZATION:** The focus is not just on withstanding volatility but improving because of it. The objective is to evolve beyond resilience, continuously refining processes, leveraging technology, and challenging internal practices to ensure the business becomes stronger under pressure.



April 21st, 2026



TOP 9 INSIGHTS THE NEW REALITY OF OIL MARKETS: VOLATILITY, FRAGMENTATION, OPPORTUNITY

KEYNOTE INTERVIEW WITH GARY PEDERSEN, CEO, GUNVOR - FT COMMODITIES SUMMIT 2026

- 1. PHYSICAL TRADERS THRIVE IN VOLATILITY:** Gunvor's strong performance reflects its physical trading model, where the ability to move energy and balance markets creates outsized opportunities during periods of extreme disruption.
- 2. LIQUIDITY PREPARATION FROM 2022 PAID OFF:** Experience from the 2022 crisis enabled Gunvor to proactively manage liquidity risk, ensuring uninterrupted market participation despite severe volatility and financial stress across the system.
- 3. MARKETS ARE TEMPORARILY DISLOCATED FROM FUNDAMENTALS:** Oil markets are currently driven more by headlines and uncertainty than real supply-demand dynamics, creating short-term distortions before fundamentals regain influence later in the cycle.
- 4. INVENTORY DRAWS SIGNAL STRUCTURAL TIGHTNESS:** Significant global inventory depletion has tightened the market, suggesting that despite recent price corrections, underlying supply constraints will resurface as demand strengthens seasonally.
- 5. EAST-WEST DEMAND SHIFT WILL REBALANCE MARKETS:** Earlier demand weakness in the East is expected to transition into stronger Western consumption, shifting market tightness geographically as seasonal demand patterns evolve.
- 6. PARTNERSHIP MODEL UNLOCKS ORGANIZATIONAL AGILITY:** Transitioning to a partnership structure has decentralized decision-making, empowering employees across all levels to act like owners and accelerate decision-making and knowledge sharing.
- 7. DE-GLOBALIZATION IS EXTENDING SUPPLY CHAINS:** The shift toward bilateral trade relationships is lengthening and complicating supply chains, increasing costs and requiring more intermediaries to solve logistical and market imbalances.
- 8. VOLATILITY WAS RISING EVEN BEFORE THE CRISIS:** Structural pressures in shipping, logistics, and trade flows had already been increasing volatility, meaning current instability is part of a longer-term trend, not a one-off shock.
- 9. PHYSICAL OPTIONality CREATES LONG-TERM ADVANTAGE:** Integrating physical assets with trading capabilities provides a durable edge, particularly as fragmented markets require real-world solutions rather than purely financial strategies.



April 22nd, 2026

TOP 9 INSIGHTS FROM DAY 2 OF THE FT COMMODITIES GLOBAL SUMMIT (LAUSANNE 2026)

The global commodities system is evolving into a fragmented, geopolitically driven market defined by persistent volatility, strategic competition and the growing importance of resilience and technology.

- 1. GEOPOLITICS IS NOW THE PRIMARY DRIVER OF COMMODITY MARKETS:** Commodity markets are increasingly shaped by geopolitical forces rather than traditional supply-demand fundamentals. Wars, sanctions, trade disputes, and shifting alliances are dictating price movements and trade flows. Market participants must now incorporate political risk analysis into core strategy, as geopolitical developments can rapidly disrupt supply chains and pricing structures.
- 2. VOLATILITY IS STRUCTURAL, NOT CYCLICAL:** Market volatility is no longer viewed as a temporary phase tied to economic cycles but as a permanent feature of the commodities landscape. Frequent disruptions, from geopolitical tensions to climate events and policy shifts, are expected to keep prices unstable, forcing companies to adapt to continuous uncertainty rather than waiting for stability to return.
- 3. ENERGY SECURITY IS TAKING PRIORITY OVER THE TRANSITION:** Governments are increasingly prioritizing reliable and affordable energy supply over aggressive decarbonization targets. While the energy transition remains important, recent crises have reinforced the need for energy security, leading to continued investment in traditional energy sources and a more pragmatic, phased approach to achieving climate goals.
- 4. GLOBAL COMMODITY MARKETS ARE FRAGMENTING:** The global commodities system is splitting into competing regional and political blocs, resulting in parallel trade flows, pricing benchmarks, and financial systems. Sanctions and geopolitical tensions are accelerating this fragmentation, reducing the efficiency of global markets and creating a more complex landscape where access and alignment matter as much as cost.
- 5. SUPPLY CHAINS ARE SHIFTING FROM EFFICIENCY TO RESILIENCE:** Companies are moving away from highly optimized, cost-efficient supply chains toward more resilient and diversified systems. This includes "friendshoring," regionalization, and building redundancy into logistics networks. The goal is to withstand disruptions rather than minimize costs, reflecting a broader shift in how risk is managed across global trade.
- 6. DISLOCATION IS CREATING TRADING OPPORTUNITIES:** Market disruptions caused by sanctions, rerouted flows, and regional imbalances are creating new arbitrage opportunities. Traders who can quickly identify and respond to these dislocations stand to benefit significantly. However, capturing these opportunities requires strong logistics capabilities, deep market intelligence, and the ability to navigate complex regulatory environments.
- 7. THE ENERGY TRANSITION IS BECOMING MORE GEOPOLITICAL:** The shift to cleaner energy is increasingly influenced by national interests and strategic competition. Control over critical minerals, technology, and supply chains is becoming a key geopolitical priority. This is leading to greater state involvement, protectionist policies, and competition between countries to secure resources essential for the transition.
- 8. AI AND DATA ARE BECOMING KEY COMPETITIVE ADVANTAGES:** The competitive edge in commodity trading is shifting toward advanced data analytics, artificial intelligence, and speed of execution. Firms investing in technology can better predict market movements, optimize trading strategies, and manage risk. As a result, digital capabilities are becoming as important as physical infrastructure and market access.
- 9. METALS & MINING TAKEAWAY - STRATEGIC COMPETITION FOR CRITICAL MINERALS:** Metals and mining are becoming central to geopolitical competition, with rising demand for copper, lithium, and rare earths driven by electrification and energy transition needs. Governments are intervening more through industrial policy and resource nationalism, tightening supply chains and increasing competition for access to strategically critical resources.



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