

Impact of the Iran conflict on transition commodities

- **The Iran conflict highlights the vulnerability of global supply chains due to the blockade in the Strait of Hormuz**
- **The Iran conflict is having a significant impact on commodity markets**
- **The conflict is causing greater price volatility in both energy commodities and metals used for the energy transition and defence**
- **Oil and gas prices have risen sharply by 39% and 78% respectively since the start of the Iran conflict, whilst the price index for transition metals has fallen by an average of 3%...**
- **...driven mainly by lower expected demand from Middle East countries and lower economic growth**
- **This crisis highlights the importance of phasing out fossil fuel consumption gradually and at an accelerated pace**
- **Next to that, supply chain diversification and strategic autonomy are more important than ever**



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Introduction

The Iran conflict is having a major impact on commodity markets. With the outbreak of the war and Iran's attacks on neighbouring countries' oil and gas facilities, prices for energy commodities have soared. Such a sharp price reaction in other commodity markets (particularly metals) was initially absent, as the impact of the Middle East conflict on many non-fossil commodities did not immediately lead to widespread panic. It is now almost four weeks on, and many non-fossil commodities are beginning to show their true colours. In this analysis, we take a closer look at the trend in the transition metals index and which specific transition metals have been most affected since the start of the war. We also present the price index for defence metals and how this differs from the trend in the price of transition metals. With this analysis, we provide insight into the various price trends and indicate how this may impact the business sector.

Metals and the Middle East

Countries in the Middle East are particularly rich in fossil fuels (oil, gas). The region is also rich in many other raw materials, although these are present in much smaller quantities. The region is particularly active in mining for gold, silver, copper, iron ore and bauxite. Hence, this mining industry plays a minor role on the global stage. Consequently, market trends in the Middle East often have a relatively low impact on global markets. The Middle East does, however, play a greater role in the processing or refining of minerals and ores. Metal processing is highly energy-intensive, and the relatively cheap energy in the Middle East offers a competitive advantage. In particular, a significant amount of aluminium is processed in the Middle East. Saudi Arabia is currently the most active country in the Middle East in terms of total aluminium refining capacity, but the processing of copper and zinc is also growing rapidly. Similarly, the United Arab Emirates is a major trading and processing hub for gold and other precious metals in the region.

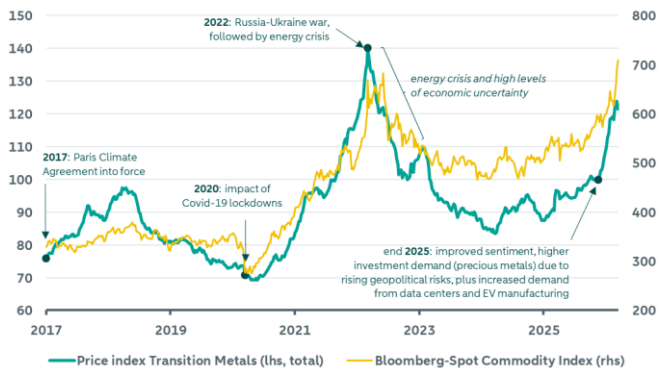
Trend price index transition metals

Growing geopolitical uncertainty is often a driver of increased price volatility in commodity markets. Examples include shocks to global trade (such as when the US acted as the initiator through its adjustments to trade tariffs), the unique monopolistic position China holds in many commodity markets (which gives it considerable power over this market), and global military conflicts and tensions (Venezuela, Greenland, China-Taiwan, Ukraine, and now the war between Iran and Israel-US). Such geopolitical shocks expose the vulnerability of global supply chains. This is particularly the case in the Iran conflict, where the closure of the Strait of Hormuz has significantly disrupted the growth of world trade. In the figure on the

left below, we have plotted the transition metals price index and the general commodities index from Bloomberg, in which the impact of, for example, the war in Ukraine is clearly visible. And so, too, does the Iran conflict have its impact. With the start of the war in Iran, the Bloomberg Commodity Index has risen by 10% (mainly due to the rise in oil and gas prices, which are included in this index) and the price index for solely the transition metals has fallen by an average of around 3%.

Price index transition metals vs. commodity index

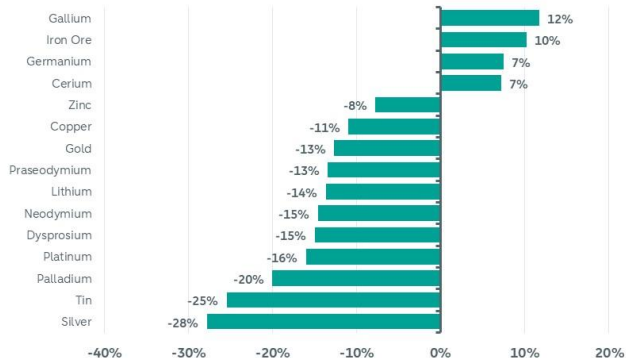
index (2021=100)



Source: LSEG, Bloomberg NEF, ABN AMRO Group Economics

Impact on prices since start of war in Iran (28 February)

% change since 28 February 2026



Source: LSEG, ABN AMRO Group Economics

Note: the figure shows the extreme price changes since 28 February; it only includes the prices of commodities whose price change is greater than 5% or less than -5%

The conflict in Iran has not left global commodity markets unscathed and has led to significantly higher price volatility. The impact on energy commodities has been the greatest, but the prices of many metals have also experienced sharp fluctuations as a result of disruptions in the Strait of Hormuz.

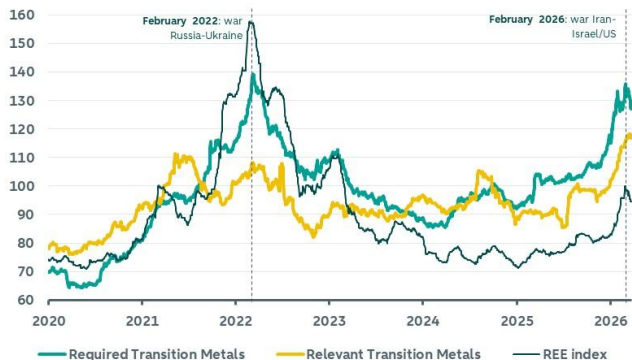
In the figure on the right above, we show the commodities that have fallen or risen the most since the start of the war in Iran. The prices of gallium and iron ore have both risen by more than 10%, driven in particular by increased operational costs for mining companies as a direct result of the closure of the Strait of Hormuz. The price of silver has now fallen by 28%. Not only have a stronger dollar and the subsequent liquidation of investors' positions led to a fall in prices (which has also affected the prices of other precious metals), but the conflict with Iran has also had a negative impact on sentiment regarding the economic outlook. This is because over 50% of silver is used in industry (solar, electrification) and industrial activity is expected to slow down. The price of tin has also fallen sharply. Saudi Arabia is a major buyer of tin in the region and, with the conflict, demand for tin has declined.

Implications for transition and defence

UNCTAD (UN Trade & Development) has defined three categories of metals based on their relevance to the energy transition. The first category comprises 27 metals. These are the metals required for the energy transition, such as cobalt, copper and lithium. The second category consists of ten metals that have been assessed as relevant for the energy transition, such as iron ore and steel, palladium and zirconium. The third category comprises 23 other metals, such as gold, coal and silver.

Transition metals: from one conflict to another

index (2021=100)



Source: LSEG, UNCTAD, ABN AMRO Group Economics

Note: The REE index stands for 'Rare Earth Elements index'.

Trend in defence materials price index

index (2021=100)



Source: DLA, HCCS, LSEG, ABN AMRO Group Economics

Whilst these metals are far less relevant to the energy transition, they remain of strategic importance. The first two categories are shown in the figure on the right above; for the third, we were unable to calculate a representative price trend due to the lack of time series. However, we have included a separate price index for rare earth elements in the figure (see REE index), which are important not only for the energy transition but also for defence equipment.

With regard to transition metals, it is striking that – just as at the start of the war in Ukraine in 2022 – the price index for both the required transition metals and rare earth elements have fallen in value since the start of the Iran conflict. Both have fallen by around 6% since then. The price index for the relevant transition metals appears far less sensitive to such disruptions and has risen by almost 1% over the same period. By way of comparison: oil and gas prices have risen by 39% and 78% respectively since the start of the Iran conflict. Should the Iran conflict persist – resulting in a prolonged energy crisis – there is a strong likelihood that prices for transition metals will fall further, mainly because of the prospect of lower economic activity and weakening metals demand. Prices will undoubtedly remain highly volatile in the coming period due to increased economic uncertainty and will react to developments relating to the Iran conflict.

The price index for defence equipment initially rose following the start of the Iran conflict, but has since eased back to the level of four weeks ago. This price index has, in any case, experienced a tumultuous period since the NATO summit in The Hague in June 2025. There, NATO countries agreed that defence spending must rise to 5% of GDP by 2035. Since then, the price index has risen almost non-stop by 42%, surpassing the price peak of February 2022. The price index for defence equipment has declined in value over the past couple of week, due to weaker overall sentiment. The extent of this decline, however, will be less disruptive compared to the trend in transition metals, due to the continuing high global demand for raw materials for defence equipment.

Conclusion

The Iran conflict highlights just how vulnerable and interdependent global supply chains are. The disruption in the strategically vital Strait of Hormuz is not only driving up energy prices, but has also led to significant price volatility for metals that are crucial to the energy transition and for defence equipment. The region's central position in global trade routes has made it a catalyst for fluctuations in world markets. This makes it all the more clear that such geopolitical shocks remain inextricably linked to commodity markets, and that supply chain diversification and strategic autonomy are more important than ever. Prices for transition metals are currently under pressure. This is largely in line with expectations that economic activity will slow down, with a decline in demand for these metals on the horizon. But this crisis—and the previous one from 2022—highlights all the more how important it is to phase out the use of fossil fuels gradually and at a faster pace. This plays into the hands of the energy transition, which will mitigate the decline in demand for transition metals. For defense equipment, increased tensions could lead to a growing need for security, resulting in higher demand for essential metals for defense purposes.

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