

Commodities – The energy and interest rate transition

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The clean energy transition, supply shortages, and a major macroeconomic shift all point towards strong performance by mining equities in 2024

2023 delivered a range of surprises for investors as the US banking crisis, China's disappointing economic reopening, and multiple conflicts, buffeted markets. These events were accompanied by volatility caused by speculation over monetary policy direction, as central bankers, led by the US Federal Reserve, battled to tame rampant inflation.

We begin 2024 with global equity markets in a bullish state, in anticipation of lower interest rates, lower inflation, and a "soft landing". Whether this euphoria lasts or fades, we believe a bull market phase for metals and mining is approaching. US interest rate cuts have historically given a significant boost to many commodity prices and to miners, particularly the precious metals sector. Meanwhile the seemingly unstoppable momentum of the clean energy transition continues to drive historic demand forecasts for the speciality and battery metals sector.

Key themes for the metals and mining sector in 2024:

- **The green revolution is gaining pace** - COP28 reinforced commitments to decarbonise and transition to clean energy. Mining is a crucial part of the path to net zero, and demand for speciality metals is forecast to soar.
- **Short-term oversupply of certain battery metals will ease** – Rapid investment in battery metals production, coupled with weak Chinese growth, caused oversupply for many metals in 2023. We see this reversing in 2024.
- **Supply-side challenges are growing** – Miners face low discovery rates alongside strict permitting regimes and rising resource nationalism. Higher incentive

Mark Burridge

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Mark has over 25 years' experience in the international metals and mining industry, starting off in technical roles including 6 years working at Barrick Gold Corporation.

After his early technical career, Mark worked in various financial roles, including 5 years at Merrill Lynch where he became a ranked analyst covering the mining sector before moving on to help found HCF Advisers, a boutique Corporate Finance firm, where he was a Managing Director.

Mark has also worked in Executive and Board roles for mining companies. Mark holds a degree in Mining Geology from the Royal School of Mines, Imperial College London and is a CFA charter holder.