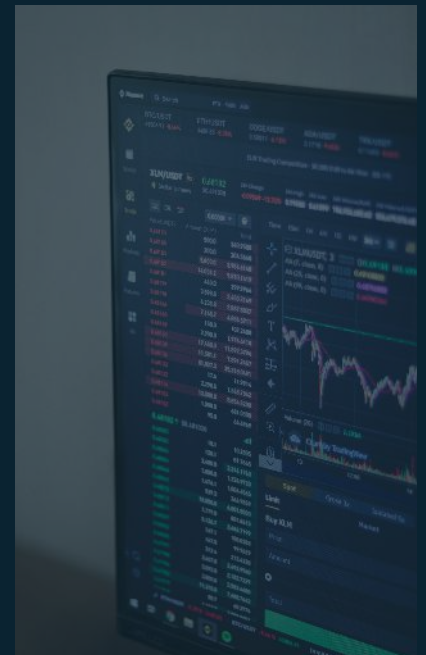


# Chart-in-Focus

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## Commodities Are Diverging: Growth Is Leading the Message

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# Chart-in-Focus: Commodities Are Diverging: Growth Is Leading the Message

For much of the recent market cycle, commodities have often been viewed through a single macro lens, whether inflation is rising or growth is slowing. Current price action, however, suggests a more nuanced reality. Commodities are no longer moving as a uniform group. Instead, growth-sensitive commodities are taking leadership, while inflation-sensitive segments are lagging.

This edition of Chart-in-Focus examines that divergence through three lenses:

- >> Industrial Metals versus Global Equities
- >> Industrial Metals versus Energy
- >> Copper versus Crude.

## Industrial Metals and Global Equities: A Confirmed Risk-On Signal



Both the London Industrial Metal Index (LMEX) and MSCI World Index Futures are in established uptrends. More importantly, the relative strength of LMEX versus MSCI World is rising decisively. This is a critical observation.

When industrial metals outperform global equities, markets are not simply expressing risk appetite; they are pricing improving growth expectations. Industrial metals are closely tied to manufacturing activity, capital expenditure, infrastructure demand, and global trade. Their outperformance suggests that equity strength is being validated by the real economy, rather than driven purely by liquidity or positioning.

## LME vs Brent: Growth Over Cost Inflation

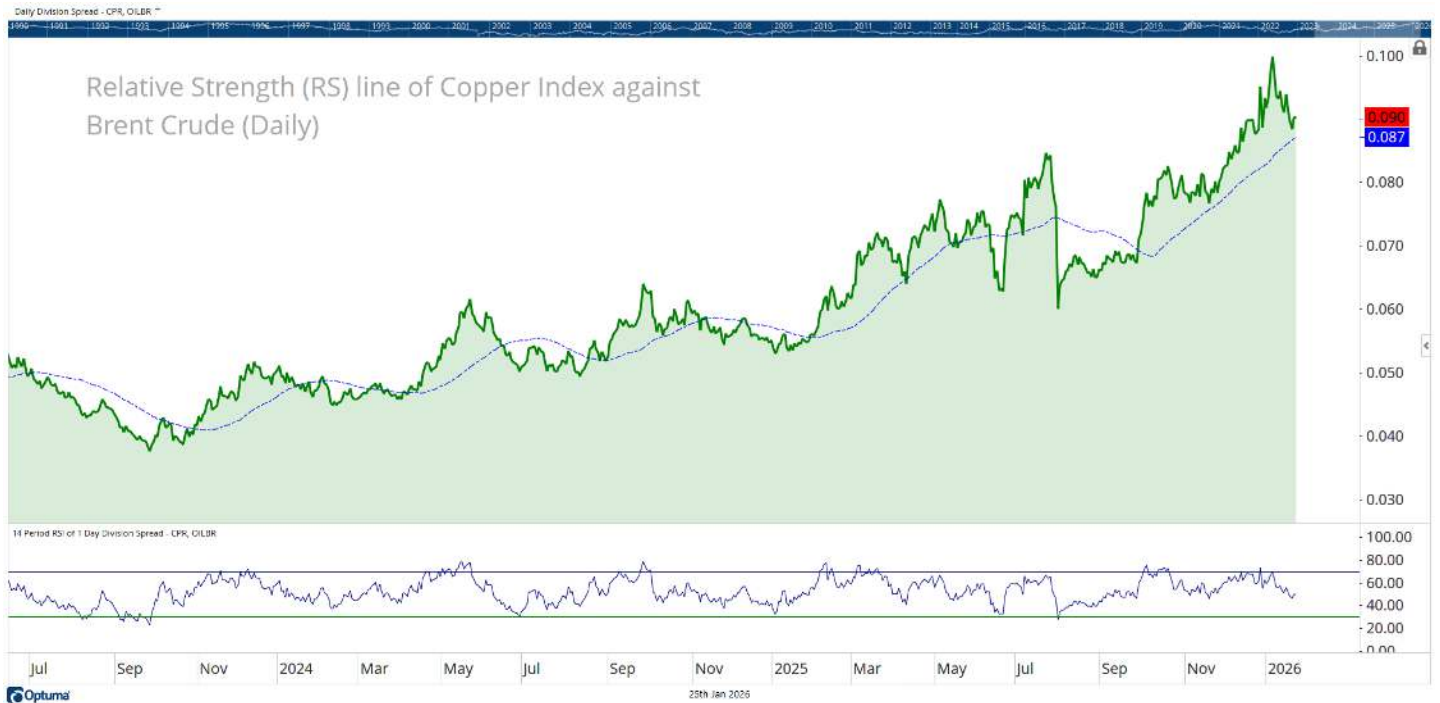


This chart reinforces the message. The relative strength of LME versus Brent crude is in a clear and sustained uptrend, indicating that industrial metals are outperforming energy.

This divergence is important. Brent crude tends to respond to supply dynamics, geopolitics, and inflation sensitivity. Industrial metals, by contrast, respond more directly to demand expectations. When industrial metals outperform energy, it implies that growth-led demand is dominating cost-push inflation pressures.

In other words, markets are signaling that rising prices are being driven by real demand, not just supply constraints. This environment typically favors cyclicals, industrials, materials, and regions leveraged to global manufacturing activity.

## Copper vs Brent: The Growth Signal Becomes More Focused



The third chart sharpens the message further. The relative strength of copper versus Brent crude is also in a strong uptrend, reinforcing the dominance of growth-sensitive commodities.

Copper's reputation as a forward-looking indicator is well established. When copper consistently outperforms crude oil, markets are expressing confidence in future industrial activity, not merely reacting to inflation hedging or energy supply risks.

This alignment, LME outperforming equities, LME outperforming Brent, and copper outperforming Brent, creates a coherent cross-commodity signal: growth expectations are strengthening, and they are doing so from the bottom up rather than through policy or narrative support.

### What the Divergence Really Means

The divergence within commodities is not a warning sign, but rather information.

- >> Growth-linked commodities are leading
- >> Inflation-sensitive commodities are lagging
- >> Equities are being confirmed by industrial demand

## Conclusion

The current market environment favors precision over prediction.

Industrial metals are confirming equity strength and outperforming inflation-sensitive commodities, signaling a reflationary phase driven by demand, not fear of inflation. For MarketPulse participants, this argues for aligning with leadership rather than chasing generalized macro themes.

### Key takeaways:

- >> Growth-sensitive assets are leading the reflation trade
- >> Relative strength matters more than absolute direction
- >> Broad commodity exposure is less effective than targeted positioning

When commodities diverge, leadership reveals the real macro signal. Right now, growth, not inflation fear, is leading the tape.

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