

Disrupted Supply, Tighter Policy: A Volatile Quarter for Resource Markets

VanEck®

Third Quarter 2026

Hormuz disruption and the Fed's first rate hike in three years kept resource markets volatile in Q3 2026. See what drove sector results and which out-of-favor areas we're watching for Q4.

Quarterly insights from Global Resources Portfolio Managers Geoff King and Sam Halpert, featuring the team's unique views on natural resources and commodities.

Key Takeaways

- Persistent Gulf disruption and a Federal Reserve pivot toward rate hikes kept resource markets volatile in Q3.
- Q3 results varied widely by sector, with energy, copper and fertilizer firm while gold and housing-linked areas came under pressure, underscoring the importance of security selection.
- We believe valuations in some out-of-favor areas, including protein, aggregates and precious metals equities, are compelling relative to history.

Q3 2026 Market Review

Geopolitics, Rates Keep Resource Markets Volatile in Q3

Global markets were volatile during the third quarter ending September 30, 2026. Continued conflict between the U.S./Israel and Iran – centering on the Strait of Hormuz (the “Strait”) – kept energy markets severely disrupted throughout the period. Persistent inflation, rising fiscal deficit concerns, and a Federal Reserve policy pivot toward rate hikes pushed Treasury yields sharply higher, adding further volatility across asset classes.

VanEck Global Resources Fund (I Share, or the “Fund”) returned 5.22% during the quarter, underperforming its benchmark, the S&P Global Natural Resources Index (the “Benchmark”), which returned 10.22%. By comparison, the S&P 500 Index gained 2.30% in the third quarter, finishing near record highs. Market breadth deteriorated significantly into quarter-end, with many S&P 500 Index constituents reaching 52-week lows even as the index itself hit a 52-week high.¹

Strait of Hormuz Remains Constrained Into Q4 2026

The quarter opened with the Strait effectively closed following the late-February U.S.-Israel air campaign against Iran. Diplomacy proved halting and reversible. In June, U.S.

President Donald Trump and Iranian President Masoud Pezeshkian signed a memorandum of understanding authorizing the Strait's reopening. That agreement broke down in early July after attacks resumed on commercial vessels, and as of late September, traffic remained constrained on the Strait. Compounding the disruption, the Houthis escalated their campaign against Saudi Arabia late in the quarter, securing additional territory in Yemen around the Bab el-Mandeb Strait and striking the vital Saudi East-West pipeline – the kingdom's primary bypass route around Hormuz. Repairs were completed expeditiously, but the attack further tightened an already acutely undersupplied market and added a new layer of risk to the regional energy infrastructure outlook, with both of the Middle East's critical maritime corridors and its principal overland alternative now having been directly threatened or disrupted during the quarter.

Federal Reserve Raises Rates for the First Time in Three Years

The defining monetary policy event of the quarter was the Federal Reserve's decision to raise interest rates for the first time in three years. The Fed hiked rates by 25 basis points at its September meeting to combat sticky inflation, supported by strong employment data, elevated oil prices, and rising long-term Treasury yields. Federal Reserve Chair Kevin Warsh, whose hawkish Jackson Hole address in late August had already shifted market expectations decisively toward tightening, framed the move as removing “a dose of accommodation” and launched five new policy task forces signaling potential further changes to existing Fed policy. Following the hike, the 10-year Treasury note yield moved above 5% for the first time since 2023, with the overnight lending rate now in a 3.75% –4.00% range. Mortgage rates surged through 7%, adding further pressure to housing markets. Markets are now pricing in additional rate hikes in October.²

Despite these headwinds, earnings growth remained solid. The estimated Q3 2026 year-over-year earnings growth rate for the S&P 500 Index stands at 28.9%, up from 26.7% at the start of the quarter on June 30. The dollar remained firm on safe-haven demand and the relative advantage of the U.S. as a net energy exporter.²

¹ VanEck, Bloomberg. Data as of September 30, 2026.

² Bloomberg. Data as of September 30, 2026.

Commodity Market Review

- **Oil & Gas** – Energy markets remained highly elevated throughout the quarter. Brent crude opened 3Q26 near \$92 per barrel and was volatile throughout, reaching intraday highs above \$110 as the Strait of Hormuz remained effectively closed and the Houthis strike on Saudi Arabia's East-West pipeline briefly eliminated the kingdom's primary bypass route. Late in the quarter, Brent fluctuated around \$98–105 per barrel as Saudi Arabia worked to restore pipeline exports and U.S.-Iran diplomatic signals sent mixed messages. U.S. refiners remained standout performers as crack spreads stayed wide. U.S. Henry Hub, a physical natural gas distribution and pipeline hub in Louisiana, natural gas prices were subdued through most of the quarter, averaging near \$2.88 per million British thermal units (MMBtu) in 3Q26 as record domestic production and robust storage builds outweighed demand. European natural gas prices remained sharply elevated throughout the quarter given continued disruption to Qatari liquefied natural gas (LNG) flows through the Strait of Hormuz, keeping the continent acutely exposed heading into the winter heating season.²
- **Base & Industrial Metals** – Base metals were broadly positive. Copper approached \$7.00 per pound in September, some 41% higher year-over-year, supported by persistent supply risks. Demand remained robust across power grids, AI data centers, and the defense sector. Aluminum partially retraced Q1 gains as energy costs in the Persian Gulf region remained disruptive and Chinese smelting capacity weighed on the supply-demand balance. U.S. steel remained a standout, with domestic hot-rolled coil prices supported by tariff protections, limited mill spot availability, and lengthening delivery lead times.²
- **Gold & Precious Metals** – Precious metals endured a difficult end to the quarter. Gold fell to approximately \$4,100 per ounce by quarter end, down roughly 6.6% over the prior month, pressured by a stronger dollar, surging Treasury yields, and expectations for further Federal Reserve rate hikes. Gold had rallied above \$4,750 per ounce in August, driven by stagflation concerns, before retreating sharply following Warsh's hawkish Jackson Hole speech and the subsequent rate hike.²
- **Agriculture** – Agricultural commodities were broadly supported during the quarter. Grain markets benefited from constructive WASDE (World Agricultural Supply and Demand Estimates) revisions and continued strength in renewable fuel demand. Fertilizer producers remained well-bid as disrupted Middle Eastern nitrogen supply underscored the cost advantage of domestically sourced feedstocks, though gains moderated alongside the broader commodity pullback into quarter-end. Protein names were disappointing, as poultry and beef producers faced margin pressure from a combination of elevated feed and input costs, softer-than-expected export demand, and company-specific operational headwinds that weighed on earnings and sentiment throughout the quarter.
- **Paper & Forest** – Building materials and aggregate equities remained under sustained pressure as elevated interest rates continued to suppress housing starts and building sentiment. Wood product equities had a more mixed quarter – lumber futures reached a 2026 high of approximately \$664 per thousand board feet in late July before falling nearly 19% into mid-September as seasonal demand softened and rate-driven mortgage pressure weighed on new home demand. The early-quarter strength in wood-related equities faded as lumber prices declined, though tight mill supply and below-cost-of-production pricing floors provided some support. Paper and packaging equities were a notable bright spot. Containerboard markets tightened significantly over a roughly six-week period in the summer, with multiple rounds of price increases announced across the industry – in some cases unprecedented in magnitude – as strong demand collided with tight supply and sharply higher energy and freight input costs driven by the Iran conflict.²

Performance & Positioning

The largest source of relative underperformance versus the Benchmark was the Fund's structural underweight to integrated oil companies, which represented approximately 4% of the portfolio compared with 22% of the S&P Global Natural Resources Index. The Fund's preference for exploration and production companies provided a partial offset, though performance within this group was mixed.

Several off-benchmark positions outside of energy also detracted from relative performance. Building materials holdings were pressured by sharply higher interest rates

and weakening housing and construction activity, while aluminum-related exposure was affected by lower metal prices and company-specific balance sheet concerns. Wood products and paper and packaging holdings also weighed on results amid higher mortgage rates, softer housing demand, weaker volumes, and elevated input costs.

These headwinds were partly mitigated by strength in diversified mining and fertilizer holdings. Relative performance also benefited from the Fund's avoidance of timber REITs and select iron ore producers.

Average Annual Total Returns* (%)

As of September 30, 2026	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year
Fund at NAV	-9.61	5.10	11.94	19.24	13.64	10.39	5.64
Fund at Max 5.75% Sales Charge	-14.81	-0.95	5.51	12.39	11.42	9.09	5.01
S&P Global Natural Resources Net Total Return Index	-4.96	10.22	20.57	28.66	13.57	11.45	10.13

*Returns less than one year are not annualized.

The table presents past performance which is no guarantee of future results and which may be lower or higher than current performance. Returns reflect temporary contractual fee waivers and/or expense reimbursements. Had the Fund incurred all expenses and fees, investment returns would have been reduced. Expenses: Class I: Gross 1.11% and Net 0.96%. Expenses are capped contractually through 05/01/27 at 0.95% for Class I. Investment returns and Fund share values will fluctuate so that investors' shares, when redeemed, may be worth more or less than their original cost. Fund returns assume that dividends and capital gains distributions have been reinvested in the Fund at NAV. Index performance is not illustrative of fund performance. It is not possible to invest directly in an index.

Notable Contributors

- **Canadian Natural Resources, Ltd.** was a standout contributor, benefiting from a powerful combination of elevated oil prices, record production, and disciplined capital returns that set the company apart from peers through the quarter. The company reported record Q2 production of 1.677 million barrels of oil equivalent (BOE) per day – above the top end of its prior guidance range – and raised its full-year production outlook accordingly. Management committed to directing 100% of free cash flow to repurchases once net debt reaches its CAD 13 billion target, expected in early 2027 – a catalyst the market received positively.³
- **Nutrien Ltd.** was a strong performer as the quarter's energy-driven supply shock proved unexpectedly constructive for global fertilizer markets. The company raised its potash sales volume guidance while lowering capital expenditure guidance – a combination that reinforced the investment case. Sustained Strait of Hormuz disruptions elevated energy costs for offshore competitors and tightened global nitrogen supply, benefiting Nutrien's low-cost North American production base. Potash fundamentals also remained firm, with limited new global supply additions and a projected fourth consecutive year of global demand growth.

Notable Detractors

- **CRH plc** was the Fund's weakest performer during the quarter as surging interest rates inflicted compounding damage on the company's core end markets. With the Federal Reserve hiking rates in September and the 10-year Treasury yield breaking above 5% for the first time since 2023, housing starts and building activity deteriorated further, weighing on volumes across CRH's U.S. aggregates, asphalt, and ready mix concrete businesses, which account for approximately 75% of company EBITDA (earnings before interest, taxes, depreciation and amortization).³
- **Alcoa Corporation** was a meaningful detractor, surrendering a significant portion of its earlier-year gains as aluminum prices retreated from their Q1 highs and the company's cost structure came under renewed scrutiny. The company announced the acquisition of bauxite, alumina, and aluminum assets from South32 (not held in the Fund) – a transaction that expanded its global footprint but also raised leverage. The company's stock price historically amplifies movements in the LME aluminum price, and as Persian Gulf smelting disruptions that had supported aluminum in Q1 began to partially normalize, the outsized beta worked against shareholders. The underlying operational story – restarting idled smelter capacity and growing value-add shipments – remains on track.

³ Company reports, Bloomberg. Data as of September 30, 2026.

Natural Resources Outlook for Q4 2026

The dominant themes heading into the fourth quarter remain the Persian Gulf crisis, the Russia-Ukraine conflict, and the inflation and rising-rate environment that these conflicts have helped sustain. None show meaningful signs of resolution.

We remain bullish on crude oil and oil-focused equities. The structural supply backdrop stays tight: the Strait of Hormuz remains effectively closed to routine commercial shipping, Houthi attacks have disrupted both the Bab el-Mandeb corridor and Saudi Arabia's East-West pipeline bypass route, and global decline rates continue to require replacing roughly 5–6 million barrels per day of production capacity each year, while U.S. shale growth flattens. In the near term, the cessation of strategic petroleum reserve releases deployed during the crisis – alongside the need for both strategic and commercial inventory rebuilding – should provide incremental demand support at now-lower prices. Asian economies, which sharply drew down product inventories as refining utilization collapsed during the disruption, face a significant restocking need. Diesel remains tight globally and is likely to tighten further, supporting continued upward pressure on crude. Taken together, these dynamics support a constructive medium-term outlook for upstream producers. With refining crack spreads still elevated and refining equities near cycle highs, however, the risk-reward in that subsector has shifted and we see it as increasingly exposed to a correction.

Our neutral stance on domestic natural gas was correct through the quarter, but the equities remain range-bound on a well-supplied domestic outlook. The forward setup is improving: LNG export capacity continues to ramp, winter heating demand will tighten the domestic supply-demand balance as we exit the shoulder season, and Henry Hub prices appear to have found a floor near \$2.87–\$3.00 per MMBtu. European natural gas prices remain sharply elevated heading into winter, with Qatari LNG flows still disrupted through the Strait. We expect European pricing to remain strong, which provides a meaningful tailwind for U.S. industry, chemicals, fertilizers, and LNG exporters.²

Despite recent price and equity weakness, we see improving fundamentals in coal. Thermal demand is strengthening as domestic power plant utilization climbs on rising U.S. power demand. Persistently high global gas prices and constrained LNG availability – a direct consequence of the Persian Gulf conflict – keep coal firmly cost-competitive as a generation fuel globally. A further rise in global natural gas prices, which we consider likely given structural LNG market tightening, provides continued support for the complex.

After a historic selloff, we remain constructive on precious metals equities even as the near-term commodity price outlook has grown more uncertain. The Warsh Fed, elevated Treasury yields above 5%, and a strong dollar create genuine headwinds for bullion, and gold may trade sideways or lower before finding its footing. That said, the equity setup is compelling – mining stocks are discounting metal prices well below current spot levels, sovereign deficits and debt show no signs of improving and central bank buying continues in earnest.

Copper and aluminum retain meaningful tailwinds from power infrastructure buildout, AI data center expansion, and electrification demand broadly. Combined with a structurally constrained supply outlook in both metals – including mine disruptions in copper and Persian Gulf smelting dislocations in aluminum – we remain constructive and continue to look for buying opportunities.

We continue to favor U.S.-advantaged nitrogen fertilizer producers, whose domestic feedstock cost advantage over global competitors remains intact and is further reinforced by disrupted Middle Eastern LNG and fertilizer supply chains. Potash fundamentals continue to improve on limited new global supply additions and a projected fourth consecutive year of demand growth. We are increasingly constructive on protein as the complex approaches what we believe are cyclical lows. The outlook for beef packers remains structurally challenged – the cattle supply cycle is in a prolonged trough, and herd rebuilding will take years – but current valuations already reflect most of that pain.

Paper and packaging appear to be inflecting positively, with multiple rounds of containerboard price increases announced through the quarter on tightening supply-demand conditions, and meaningful capacity having now exited the broader forest products market. Wood product fundamentals remain pressured by elevated rates, though pricing floors near cost-of-production limit further downside. Aggregate producers' valuations appear to reflect a near-worst-case outcome in housing while ignoring the resilience of their commercial and infrastructure-driven revenue streams. We find current valuations in these areas compelling relative to history.

Important Disclosures

All holdings and data are as of September 30, 2026. Fund securities and holdings may vary. Visit <https://www.vaneck.com/us/en/investments/global-resources-fund-ghaax/overview/> for complete holdings information. This is not an offer to buy or sell, or a recommendation to buy or sell any of the securities, financial instruments or digital assets mentioned herein. The information presented does not involve the rendering of personalized investment, financial, legal, tax advice, or any call to action. Certain statements contained herein may constitute projections, forecasts and other forward-looking statements, which do not reflect actual results, are for illustrative purposes only, are valid as of the date of this communication, and are subject to change without notice. Actual future performance of any assets or industries mentioned are unknown. Information provided by third party sources are believed to be reliable and have not been independently verified for accuracy or completeness and cannot be guaranteed. VanEck does not guarantee the accuracy of third-party data. The information herein represents the opinion of the author(s), but not necessarily those of VanEck or its other employees.

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