Alternative Investments

February 2026



LISBON INVESTMENT SOCIETY

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Private Equity

PE at an Inflection Point

February 2026 marked a clear inflection point for private equity: after several subdued years. deal activity is regaining momentum. but in a far more disciplined and demanding environment. Transaction values are recovering. driven largely by larger. sponsor-led deals rather than broad-based volume. while liquidity constraints and exit backlogs continue to pressure distributions. With tighter financing conditions and more exacting underwriting standards. firms are leaning decisively into operational value creation. margin expansion. and AI-enabled transformation to drive returns. At the same time. private markets are expanding deeper into wealth and retirement channels. bringing growth opportunities alongside heightened expectations around governance. transparency. and liquidity management.

Despite remarkable returns from public markets. small and mid-tier PE firms have struggled over the last four years with high interest rates. illiquid markets for asset disposal and raising capital. With rates above 3% for nearly four years. private equity returns have compressed sharply. Top-quartile buyout IRRs averaged just 8% in 2025. the lowest level since 2002. This is a harsh environment. as 59% of the returns seen between 2010 and 2022 were due to leverage and multiple expansion.

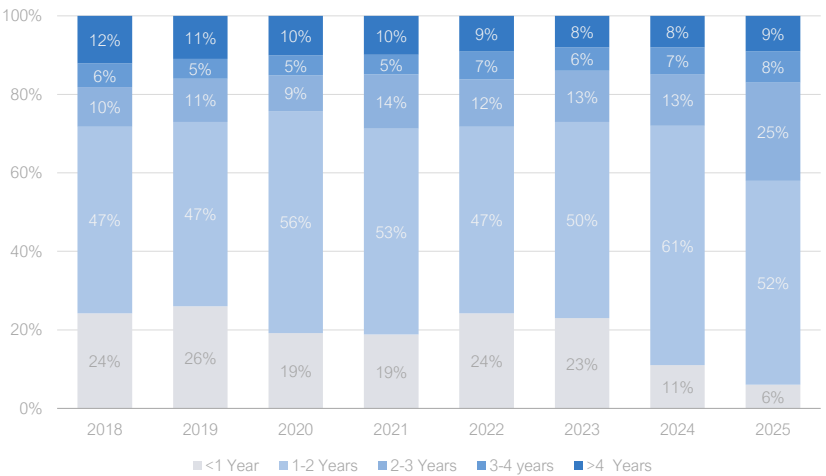
Dry powder

Furthermore. the number of PEs in the US has surged since the pandemic. increasing 72.4% over the past four years. The high number of firms in the market has dried up fundraising with increasing competition over capital. with a growing number of NAV-based lendings. distributions being withheld and difficulties exiting portfolio companies As these problems compound. the number of continuation and zombie funds has steeply increased in the past five years. affecting mainly VCs. as well as other PE strategies. However. resorting to these liquidity venues is not solving the problem. as their sole function is in providing optional liquidity to LPs and providing some liquidity to the investment. improving DPI while no fresh powder is deployed for new investments. Exit activity remains another major constraint. Less than half as many funds closed after exit in 2025 when compared to 2021. when it reached its peak

In addition. the average holding period of assets has increased to 6.3 years. up from 5.3 in 2021 and 2022. The problem is both in demand and supply. as managers who bought assets at their peak in 2021 are trying to hold their assets for longer. waiting for interest rates to move down. valuations up and IRR above the usual hurdle level of 8%. for some carried interest.

However. most of this scenario is specifically for the small and mid-tier PE firms. When we change scope to the big players. the environment is much more friendly. Buyouts and growth deals larger than 500 million have increased 44% in 2025. to over $1 trillion - a historical record - mostly driven by US deals. The value of PE backed exits globally also surged more than 40%. carried by an 100% increase in IPO exits.Additionally. the volume of megadeals (deals over $2.5 billion) has recovered from the recent past. with the largest PE deal in history being recorded this year ($55 billion take-private of Electronic Arts).

Total buyout dry powder. % of total



Source: Bloomberg

Multiples

The median private equity purchase multiple has also increased in 2025. from 11.3x EBITDA in 2024 to 11.8x. However. this multiple expansion should be restrained. as the overall cost of debt is not expected to move down in the short term.

Overall, the industry shows signs of maturing, after decades of few firms concentrating high alphas. If rates remain elevated, 2026 may accelerate a structural consolidation of the private equity industry, separating scaled platforms from the rest. Meanwhile, institutional capital is likely to continue concentrating on platforms with diversified strategies and stable DPI profiles.

Buyout and public-market valuation (EV/EBITDA)

	2019	2020	2021	2022	2023	2024	2025
Buyout	9.8	10.9	11.7	11.8	10.7	11.3	11.8
Public market	11.5	12.5	14.6	12.2	11.4	13.1	14
Buyout > $500 million	14.6	17.1	16	15.5	13.3	15.9	18.1

Source: Bloomberg

February's notable Private Equity Acquisitions:

Veris Residential

Veris Residential, a U.S.-focused Class A multifamily REIT, has agreed to be taken private by a consortium led by Affinius Capital in partnership with Vista Hill Partners in an all-cash transaction valued at approximately $3.4 billion. Announced on February 23, 2026, the deal offers shareholders $19.00 per share, representing a 23.2% premium to the unaffected closing price on February 4 and a 27.5% premium to the 30-day volume-weighted average price. This classic take-private transaction removes the company from public market pressures, enabling the new owners to optimize operations, and capture significant value in the recovering multifamily sector, following Veris's successful transformation from an office-heavy portfolio to a pure residential platform.

Brookfield

The Canadian Asset Management announced, on February 24, the acquisition of the UK AI cloud provider Ori Industries, with an immediate merger into a new vertical AI infrastructure platform called Radiant. The move is part of Brookfield's AI Infrastructure Fund, reaching the amount of $10 billion, which has ambitions to allocate over $100 billion in the coming years. Radiant core operation will be on providing GPU/chips leasing together with AI controlled compute environments for governments and enterprises seeking data sovereignty. Adding a proven technology cloud distributor to the company's unmatched scale in assets, the deal delivers significant advantages to Brookfield, resolving critical supply-demand imbalances in the GPU market and creates deep structural cost benefits due to its scale. With this strategic acquisition, Brookfield cements its commanding presence in sovereign AI infrastructure while evolving into one of the defining architects of the global AI economy over the decade ahead.

Kinderhook Industries

On February 23, the Private Equity firm announced an agreement on acquiring home health and hospice services company Enhabit for a total of $1.1 billion (all-cash). Under the terms, shareholders will receive $13.80 per share, with a 24.4% premium to the company's closing price on February 20, and a 33.8% premium to the 60-day volume weighted share price of the period. The transaction has not yet been completed and remains subject to regulatory approvals, shareholder approval and customary closing conditions; it is currently expected to close in the second quarter of 2026. Enhabit taken-private makes part of Kinderhook's healthcare services thesis, expanding their platform scale across 34 states. By adding a technology-enabled operator, the deal delivers significant advantages to the company, eliminating public-market pressures, enabling workforce development and allowing long-term investments on AI health tools. The transaction positions Kinderhook at the forefront of post-acute consolidation and marks a strategic step into deeper exposure in high-growth healthcare services for the next decade.

KKR & Co

KKR is set to take a controlling stake in XCL Education, Southeast Asia's leading premium and preschool network spanning Singapore, Malaysia, Thailand and Vietnam, in a $1.3 billion deal announced on February 23. The transaction, which saw KKR outbid giant firms as Blackstone, has not yet closed and remains subject to regulatory approvals and customary conditions, with completion expected in the coming months. XCL with controlling stake makes part of KKR's education services thesis in Asia, expanding their platform scale with 19 K-12 schools and 45 preschools serving over 21,000 students.

By adding a proven, technology-enabled operator focused on international curricula and future-ready skills, the deal delivers significant advantages to the company, providing patient capital, eliminating short-term pressures and allowing long-term investments in expansion, AI learning tools, workforce development and regional consolidation. In doing so, KKR becomes a driving force behind education consolidation in Southeast Asia while opening the door to much stronger participation in the region's fast-expanding consumer and services markets over the next decade.

Credit

Corporate Bond Market

Hyperscalers Corporate Bond Boom

In February. lots of movements happened in the credit market primarily driven by AI. A defining theme was the surge in debt from "hyperscalers" (Meta. Microsoft. etc.) to fund AI capital expenditures. which are projected to reach $600 billion in 2026.

Due to the sheer volume of new supply (estimated to each $400 billion this year). bonds from technology issuers actually underperformed the broader credit market as investors demanded a higher premium to absorb the supply.

High Yield

The rapid growth in Brazil's local debt markets has improved corporate access to funding. A prolonged period of elevated real interest rates has reduced financial cushions and increased issuers' reliance on external funding sources. says Fitch Ratings.

Leverage Loans

European High Yield

European high yield defaults ease while leveraged loan rated rises. with the The European high-yield trailing 12-month default rate fell slightly to 4.7% in January from 4.8% in December. according to fitch Ratings. With the European leveraged-loan trailing 12-month default rate rose to 2.6% from 2.5%. reflecting a new loan default.
The share of leveraged loan issuers on the European Top and Tier 2 Market Concern Loan list rose to 7.7% in January 2026 from 7.2% in December; Fitch forecasts a 2026 default rate of 3.0%-3.5% for European leveraged loans.

Private Credit

PC liquidity crisis

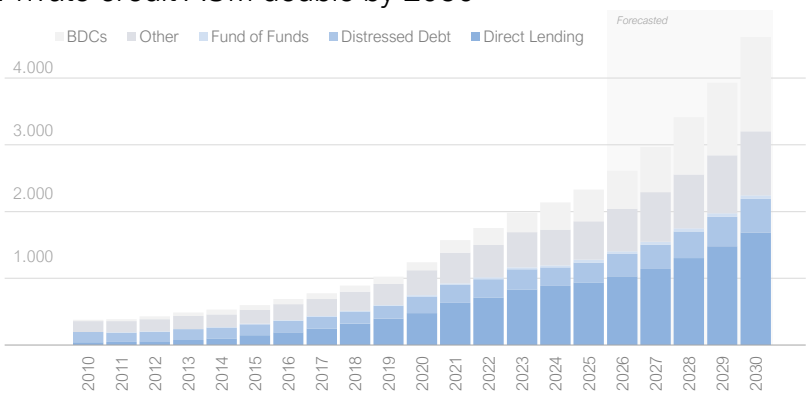
The industry evaluated in 2 trillion USD. according to Reuters. is presenting a turmoil. with one of the biggest lenders from Blue Owl Capital. a major private lender. As the firm had almost $300 Bi AUM according to a Moody's report as of June 2025. that it would sell $1.4 Bi of assets across three funds to return part of proceeds to some investors and pay down debt. Translating that by 27th of February shares were down by 29%. as it was not able to meet redemptions in and orderly fashion

Credit quality concerns

However. Blackstone CFO Michael Chae mentioned in a conference this month that believes that credit quality remains strong. but alerts to a probability of the appearance of defaults for the industry.

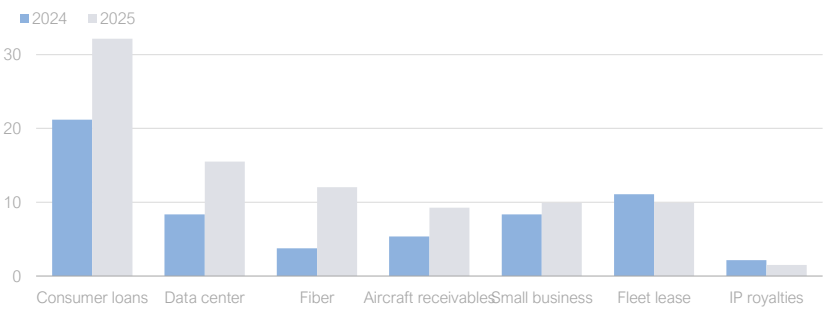
As the private credit industry been growing steadily in the past years evolving from providing direct loans to middle market companies to asset-backed finance-loans backed by collateral. With JPMorgan setting aside more than $50 Bi for direct lending. and as well Wells Fargo and Citigroup. as Moody's highlights the strong momentum of the industry with projections for 2030 is for the size to double to $ 4 trillion.

Private credit AUM double by 2030



Source: Prequin | Saqib Ahmed

Private Credit expansion into consumer ABS



Source: Moody's Rating | Saqib Ahmed. Saeed Azhar

PC Outlook (Morgan Stanley 2026)

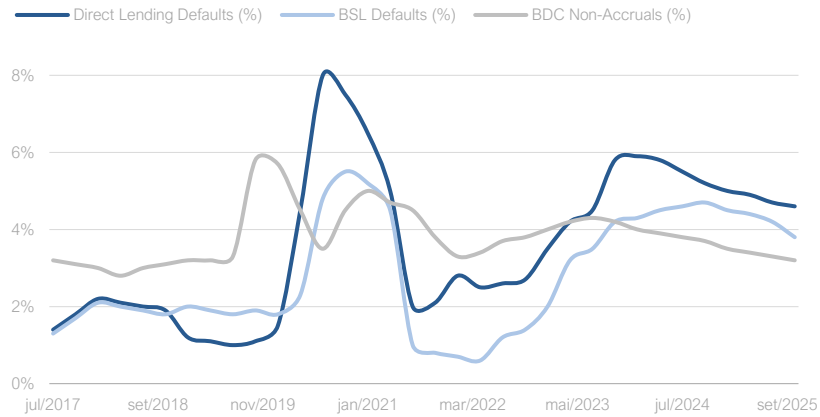
Private credit continues to attract capital at a healthy clip. especially among individual investors who have gained access to the strategy for the first time. Semi-liquid vehicles for the wealth channel now command almost a third of the $1 trillion US direct lending market. Institutional demand is also robust. Flows to private credit CLOs have captured 20% of that market as new issuance easily eclipsed last year's record volume.

Private credit has retained its broad appeal in no small part due to lingering inflation fears. even as yields and coupons decline. As we enter 2026. inflation remains sticky. having exceeded the Fed's 2% target for five consecutive years.

We believe that goal will elude policymakers for at least another year. Private credit's performance while inflation raged and then slowly receded in recent years has kept investors engaged.

The year ahead promises more in the way of shallow US rate cuts. That is an environment in which private credit may deliver attractive returns. as demonstrated during the first leg of mild cuts in 2024. We believe asset yields on directly originated first lien loans will trough in the 8.0% to 8.5% vicinity in 2026 even after factoring in a slight compression in spreads. That is still elevated by historic standards. leaving yields in the upper half of their 12-year range.

Direct Lending. BSL & BDC Non-Accrual Default Rates



Source: Cliffwater | Bloomberg

Blue Owl Capital Inc. Stock Performance



Source: Bloomberg

Blue Owl – The fear is really about borrowers not paying cash

The market's anxiety around Blue Owl is. at its core. fairly simple: a growing share of its borrowers are no longer paying interest in cash. Instead. they are capitalizing it into additional debt through PIK. or payment-in-kind. That matters because it can make credit stress appear less severe than it actually is. Lincoln International's Private Market Index. published on February 22. showed that "bad PIK." meaning PIK that was not part of the original loan terms but was later introduced through amendment as a distress measure. rose from 2.5% of all deals in Q4 2021 to 6.4% in Q4 2025. Fitch Ratings also reported that the trailing 12-month private credit default rate reached 5.7% as of November 2025. the highest level since February 2024. In practical terms. more borrowers appear to be under pressure. while lenders are allowing them to defer payments rather than formally default. which softens the visible signs of distress.

The immediate catalyst came on February 19. when Blue Owl permanently suspended quarterly redemptions in its $1.6 billion retail vehicle. OBDC II. and shifted it into a runoff structure.

Investors will now receive capital back only as the underlying loans are repaid or sold. on a timetable they do not control. That move strongly suggested that redemption requests had exceeded available liquidity. Relative to peers. OBDC II's metrics looked notably weaker: PIK income accounted for 6.0% of total investment income versus a peer average of 3.1%. while its non-accrual rate. meaning loans on which borrowers have stopped making scheduled payments. stood at 4.2% compared with a peer average of just 0.5%.

PIK is the warning sign. but the BDC structure magnifies the risk. Because BDCs use leverage and are required to distribute most of their income as dividends. any migration of loans into PIK or non-accrual can erode cash earnings and net asset value much faster than the headline yield suggests.

Bearish perspective: the first major crack in private credit may already be here.

Blue Owl Capital's decision to permanently halt redemptions in Blue Owl Capital Corp II (OBDC II). its $1.7 billion private credit fund for retail investors. is not an isolated event. It is a warning sign.

The underlying fundamentals already look fragile. Roughly 40% of direct lending-backed companies are generating negative free operating cash flow. Around 30% of borrowers with debt maturing before 2027 have negative EBITDA. which makes refinancing materially more difficult in a high-rate environment.

Default rates for middle-market borrowers have climbed to 4.55% and continue to move higher.

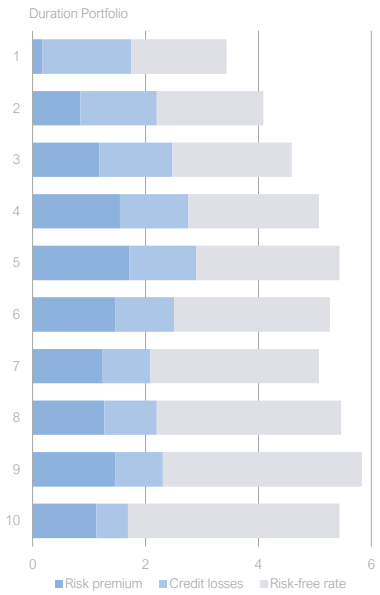
while downgrades have outpaced upgrades for seven consecutive quarters. Those are not the characteristics of a healthy credit market. They are the characteristics of a market whose weakest borrowers are steadily losing access to viable refinancing options. The concern is that this becomes self-reinforcing. If stress in private credit intensifies. smaller businesses. which depend heavily on these lenders for funding. will be hit first. As credit conditions tighten. refinancing costs will rise further. defaults will increase. recoveries may weaken. and lenders will become even more defensive. That creates the risk of a negative feedback loop across the system.

From a bearish standpoint. the policy backdrop offers limited immediate reassurance. The Fed's overnight $18 billion liquidity injection may indicate that funding stress is starting to emerge in more corners of the market. but it is far too small to offset a broader deterioration in private credit fundamentals. Unless rates fall meaningfully and liquidity conditions improve in a sustained way. this episode may prove to be not a contained incident. but the first domino in a much wider repricing of private credit risk.

Risk-Free Rate and Risk Premium Term Structures

The next chart presents the decomposition of yields into the risk premium. credit loss. and risk-free rate components across the different duration portfolios. The average term structure of yields is upward-sloping with most of the slope concentrated between portfolios 1 and 5 and driven primarily by the upward slope of the risk-free rate (depicted in gold). In contrast. the credit spreads. that is. the sum of the blue and red areas. are somewhat hump-shaped.

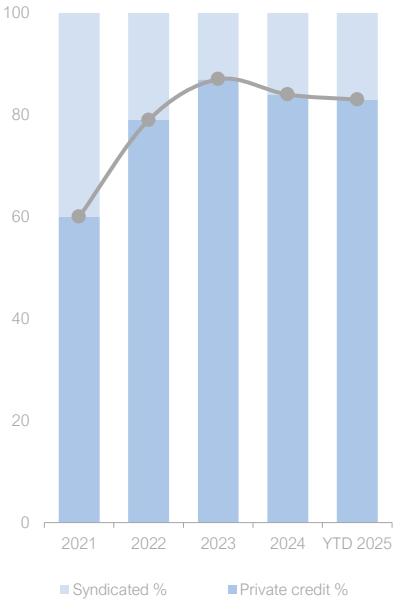
Credit Spreads Decomposition



Source: FED New York

The main finding is that the term structure of the risk premium is upward sloping (depicted in blue). Since the average risk-free rate term structure also has a positive slope. the total expected returns are strongly upward-sloping. yielding a term premium of roughly 3.4 percent. Most of this term premium is driven by the slope of the risk-free rate (2.1 percent). but a substantial part comes from the slope of the risk premia (1.3 percent).Importantly. the contribution of the risk premium is economically meaningful: it constitutes up to 20 percent of long-term bond yields. and up to 30 percent of total expected returns (the sum of the risk-free rate and the risk premium). The positive risk premia slope is consistent with classical habit and long-run risk models. which link asset maturity to higher risk exposure.

Credit Quality



Source: PitchBook

Private credit's rapid growth over the past decade has also created natural skepticism about the durability of credit quality. Market commentators have repeatedly anticipated a wave of underperformance. citing record capital deployment in 2021. rising rates in2022 and. more recently. idiosyncratic bankruptcies in other markets or perceived risks associated with AI-driven disruption. Yet the widely predicted deterioration has not materialized to date.

Instead. credit performance has remained remarkably resilient. Public market defaults currently stand at approximately 1.25%. well below the historical average of roughly 2.5%.3We believe direct lending portfolio shave entered 2026 in a position of clear strength. with no signs of systemic stress.

Real Estate

Public Markets

MSCI World RE

MSCI World RE had an astonishing result in February. climbing 6.74% in the month. With that result. the index is up 10.08% in the last twelve months. recovering from the past three years' dismal performance. The concentrated return in February is a result of capital pivoting from US tech companies to heavy assets. in order to hedge against increasing concerns about AI's long-term sustainability.

Real Estate Performance



Source: Bloomberg

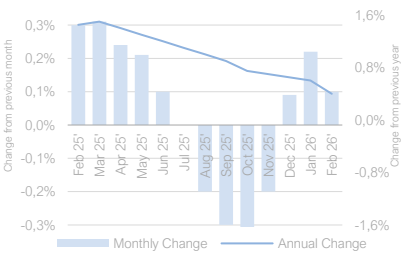
Bond Market

Additionally, global bond yields declined substantially since January, with European 5-year AAA bonds moving down 11bps, while 10-year bonds decreased 15bps. The US Treasury yield curve showed a similar path, with the same maturities respectively moving down 21bps and 24bps by the end of the month.

US Rents

In the US, average monthly rent continues the trend seen since December 2025, increasing 0.1% in the month. The figure represents a $2 increase from the revised value of average rent in January, which stood at $1,714 and is currently at $1,716. Annual rent growth, on the other hand, eased marginally in February, going to 0.4% from 0.6% in the prior month, considerably lower than the 1.5% seen in the same month last year.

National Rent Growth



Source: CoStar

Across the 50 main US metropolitan areas, 38 posted rent increases, down from 42 in January. Areas with the steepest increases were Richmond (0.8%), San Jose (0.6%), and Louisville (0.6%). Conversely, the largest decreases occurred in Nashville (-0.2%), Charlotte (-0.1%), and Tampa (-0.1%). Austin remains the area with the lowest YoY change, at 5.1%, while San Francisco maintained the highest increase, at 5.7%. Housing prices in the US rose 1.8% between Q4 2024 and Q4 2025, according to the US Federal Housing Price Index, with prices in the last quarter of 2025 increasing by 0.8%. The states with the strongest appreciations were North Dakota (6.4%), Delaware (6.3%), and Illinois (6.1%).

Moving to Europe, Colliers' latest Global Capital Flows research for 2025 presents a positive scenario for EMEA, with Europe emerging as the main beneficiary among continents. Capital raised for EMEA real estate surged 52% after two consecutive years of US-concentrated investments. Although investment volume increased 8.6% over the past year, the amount of capital raised far exceeds deployed capital, signalling renewed liquidity and potential repricing as flows shift toward markets with more stable outlooks, primarily in Europe. Investment has been concentrated in major European cities where occupational demand is stabilizing, supported by new European immigration laws.

European Data Centers

The UK remains the top destination for cross-border capital, while Sweden and France recorded notable inflows. Core markets such as Germany, Italy, Spain, and the Netherlands have not yet fully followed this trend, as investors await clearer yield-curve stabilization and reduced geopolitical uncertainty. Data center construction in Europe also accelerated investment in 2025, as the European Union advances internal reforms to strengthen competitiveness in the AI race. However, studies from the Data Center Association indicate that future capacity growth will likely be constrained by grid readiness rather than capital availability, with cumulative investment potentially reaching $208 billion between 2026 and 2031. Recent developments illustrate this momentum: Mistral AI and EcoDataCenter announced a $1.4 billion data center project in Sweden, while Deutsche Telekom and NVIDIA jointly invested $1.2 billion in a new facility in Germany, expected to increase the country's AI computing power by roughly 50%.

Commodities

Precious Metals

Gold and Silver Dynamics

February 2026 was an extremely volatile month for precious metals, with both gold and silver falling sharply from their record highs in late January before partial recoveries later in the period. After reaching all-time highs in late January, gold above $5,600/oz and silver at $121.64/oz amid intense speculative fervor, both metals opened the month under severe pressure and crashed sharply in the first trading days, with gold plunging more than 25% to near $4,400/oz and silver tumbling as much as 35-40% to $63.85/oz by February 6.

The steep sell-offs were triggered primarily by President Trump's nomination of Kevin Warsh as Fed Chair, widely perceived as hawkish, which bolstered the US dollar, while aggressive CME margin increases on both gold and silver futures triggered margin calls and forced heavy liquidation, especially among Chinese positions. As the month progressed, however, precious metals staged resilient comebacks: gold rebounded strongly, trading back into the $5,000–$5,200 range and closing around $5,128/oz on February 24 for a modest +2.3% monthly gain, while silver reclaimed ground above $80 and finished near $87.86/oz for a net decline of roughly 15% amid lingering profit-taking.

The recoveries were fueled by renewed geopolitical risk from stalled US-Iran nuclear talks in Geneva, alongside fresh trade-policy turbulence after the US Supreme Court struck down portions of Trump's tariff framework, prompting new 10–15% global levies that stoked fears of wider fiscal deficits, higher inflation and supply-chain disruption. Mixed FOMC minutes revealing internal divisions at the Fed did little to dampen sentiment, as markets continued pricing in eventual rate cuts later in 2026, while persistent buying from central banks and long-term investors provided a solid structural floor beneath gold prices throughout the volatile period. At the same time, silver benefited from its sixth consecutive annual supply deficit, critically low COMEX inventories and robust industrial offtake from AI data centers, electric vehicles and semiconductors, even as solar manufacturers substituted some silver with copper to manage elevated costs, underscoring the metal's dual nature and record implied volatility that far exceeded gold's. Heading into March, the divergent yet correlated performance of gold and silver once again confirmed their enduring appeal as diversifiers in turbulent times, with traders now turning their eyes toward any potential breakthrough in the US-Iran talks and the Federal Reserve's next policy signals for fresh directional momentum.

Gold and Silver 1-year Performance



Source: Bloomberg

Non-Precious Metals

Copper

Currently, on the 8th of March, copper's price sits at 5.75$, having increased 22.9% to the homologous period. Its variation has been considerably volatile in recent periods. It had a peak at the end of July 2025, at 5.8$, due to Trump's 50% copper products tariff announcement, followed by a slump right after. Ever since, its price has risen steadily, peaking at 6.1$ at the end of January, followed by a sideways price move due to overall February uncertainty and world tension escalation.

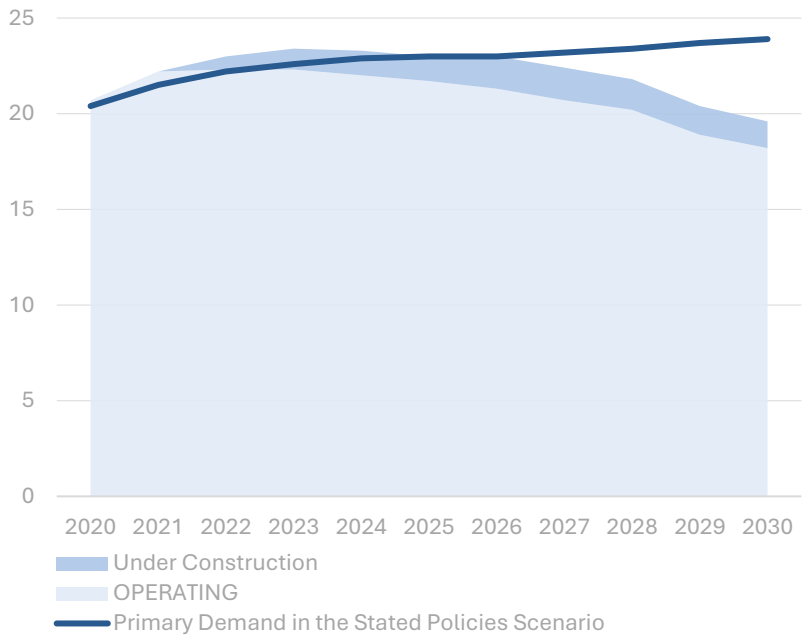
Plunging deeper into the second month of the year, the main reasons behind a price maintenance are an increase in inventories (up to 241,825 tons, highest level since March 2025), which might have signaled a general weakening in demand. Uncertainty in American trade policy and China's Lunar New Year holidays. Moving on to the beginning of March, war in the Middle East raised fears of inflationary pressures and a rush for the dollar, thus weakening copper's demand side.

Yet, its price did not plummet, due to another simultaneous phenomenon – as more people rushed to the dollar, US 10 Year Treasury yields started decreasing (4.28% Feb the to 4.14% March the 4th), making non-yield goods, such as commodities, more attractive 2nd to acquire.

There are also other structural tweaks responsible for copper's rally.
The new age of electricity is upon us. An accelerating rise in renewable energy, AI infrastructure and transportation is pressuring the current electricity supply means. Electricity demand is expected to increase 3.7% in 2026, a trend that will be maintained throughout the 20s.

Parallel to this tendency, by 2030 (compared to 2025), copper demand is expected to increase 3.9% to 23.9 Mt. On the other hand, its production, if all under construction mines are completed as predicted, will decrease 14.8% down to 19.6 Mt. This will happen because of a decrease in productivity of online mines, as ore concentration keeps decreasing, and a long development time for new mines, due to environmental and financing reasons. Thus, there is no need for profound expertise to note that this supply gap will lead to a surge in copper prices.

Commited mine production and primary demand for copper, 2020-2030



Source: Bloomberg

Aluminum

February started with a significant correction from January's peak, even going below 3000 USD per ton, the first time in 2026, as Trump hinted Aluminum's tariff easing. The easing in prices was also reinforced by excess supply from new refinery capacities in Indonesia and India. Still, European Union's CBAM, stringent environmental crackdowns, and US tariff chaos kept pressing prices up. It is also relevant to state aluminum has accompanying copper proneness, arising from shared demand drivers and substitutability. Having said this, as copper prices went up, aluminum prices arguably tend to have the same outcome.

Aluminum (Last 6M)



Source: Bloomberg

Prices spiked once at the beginning of March, due to war in the Middle East, continuing a steady price increase trend which started way back in the middle of 2023. Currently sitting at 3380 USD per ton in the LME, it has seen more distant pricing days since the Ukrainian War's all-time highs. It grew 25.76% compared to last year and 9.08% since last month. Last year's trend can be explained by disruptions at several major refineries in Australia, Brazil, Iceland and others, and power bottlenecks, which are leading to inventory depletion. The war in the Middle East magnified an already tight supply backdrop, as circa 10% of world aluminum supply originates from the GCC. China' national aluminum production cap (45 million tons, 60% of global supply) and high electric smelting costs also prevent price alleviations from the supply side.

AL Circle's upcoming Global Aluminum Industry Outlook 2026 suggests the primary aluminum market will stay in deficit through 2026 & beyond, due to evolving supply chains, energy transitions, rising downstream demand, and tightening sustainability requirements.

Agriculture

Speculative money continues to flood commodities and grains despite stable supply fundamentals, as the war with Iran intensifies and shows no signs of slowing," wrote Morningstar on March 6. As discussed in the copper section, this phenomenon is partly driven by declining U.S. Treasury yields, which reduce the attractiveness of dollar-denominated fixed-income assets and redirect capital toward commodities. Although grain production itself is not directly affected by the conflict, geopolitical risk is pushing investors into commodity markets as an inflation hedge, as commodities possess intrinsic value compared with financial assets. Additional market-specific drivers are discussed below.

Soybeans

Currently, Soybeans sit at 1180 USD/Bu, having risen 5.14% and are up 18.05% compared to the same time last year. This is mainly due to an increase in soybean oil demand, as oil prices went above 80$ per barrel, and increase in fertilizer prices (urea up 50% since beginning of February) and fuel prices as of the War in the Middle East, which could not be counterbalanced by South American record February crops. Moreover, "buy the rumor" sentiments are ascending ahead of China's high-level grain trade meetings at the end of March.

Wheat

Wheat is moving in the same direction, overtaking 6$ per bushel, 15% increase related to last month and 13.9% year on year. The rally reflects sustained short covering and Black Sea risk premium. Corn has not seen great changes in price, hovering around 4.3$ per bushel, due to massive global surpluses, with US ending stocks at a six-year high of 2.3 billion bushels.

Acknowledging the previous paragraphs, February was marked by renewed volatility across agricultural markets, as geopolitical tensions and shifting macro conditions amplified speculative inflows into grain futures. This can be supported by a general increase in volume of the products analyzed.

Overall, in 2026, grain production is predicted to reach a new record high, mainly due to increased acreage in Brazil and Argentina. Nevertheless, prices can still rise as inventories are unevenly distributed and speculative flows, for example the US-Iran War case, amplify movements.

Energy

Oil

~US$71/barrel

February was marked by a volatile period for most commodities, with oil being one of the most heavily impacted. Brent crude rallied by 9-10% over the month, hitting a six-month high and closing around $71-72 per barrel amid escalating US-Iran nuclear tensions ahead of their talks in Geneva. Iran's President Masoud Pezeshkian stated that the negotiations had yielded "encouraging signals" from the US, but Tehran firmly rejected Washington's demand for zero uranium enrichment. Meanwhile, Donald Trump warned that failure to reach a deal would result in severe consequences for Iran, adding a geopolitical risk premium to oil prices even in a global oversupply environment.

This led the market to price in the possibility of a US strike or a blockade of the Strait of Hormuz. In addition, OPEC+ held a meeting on February 1 and decided to pause further increases in oil production, maintaining its additional voluntary cuts at 1.65 million barrels per day. The move was aimed at countering seasonal demand weakness and supporting prices amid rising output from non-OPEC producers, particularly US shale oil and Brazil. As February drew to a close, the combination of heightened geopolitical risk and disciplined supply management from OPEC+ enabled Brent to post one of its strongest monthly gains of the past year despite the well-supplied global market, leaving traders braced for continued volatility as attention turns to whether the US-Iran talks in early March can deliver any meaningful breakthrough.

Gas

~ US$2.88/MMBtu

Natural Gas saw significant fluctuations in its value during the month, being heavily impacted by seasonal weather demand, low storage levels and robust U.S production average. Henry Hub futures, American gas benchmark, declined over 22-23% in February, sliding from $3.70 at the start and closing near $2.88 per thermal units. The sharp correction was primarily driven by the rapid unwind of the weather-related premium following Winter Storm Fern in late January, which had caused record storage draws and elevated spot prices. As warmer-than-expected forecasts dominated mid-February, heating demand evaporated across key regions, leading to smaller storage withdrawals than anticipated. Meanwhile, U.S. dry gas production remained strong at an average of ~108.7 Bcf/d, with output recovering swiftly in Appalachia, Haynesville and the Permian Basin. Elevated LNG exports (~18.7 Bcf/d, near record levels) provided some underlying support by pulling gas out of the domestic market but were not sufficient to offset the oversupply perception as inventories rebuilt faster than expected and remained comfortably above year-ago levels. As February ended, the market shifted decisively from supply anxiety to concerns over potential oversupply heading into spring, leaving traders positioned for continued volatility depending on any late-winter cold shots or unexpected demand surprises in March.



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