

Commodities Feed: Risk off mood

Gold rose to a fresh record high at the start of the week as concerns of a global trade war bolster safe haven demand while copper continues its retreat from a nine-month high amid broader risk off sentiment



Metals – Gold rises above \$3,100/oz

Gold rose above \$3,100/oz for the first time to hit a fresh record high at the start of a new week, ahead of President Donald Trump's tariff announcement, beating its previous record high hit just last Friday. Gold is one of the best-performing major commodities this year, up 19% year-to-date, driven by trade frictions, economic uncertainty, central bank buying, and inflows into ETF holdings. President Trump's unpredictable trade policy has been the key driver for gold so far in 2025. We see uncertainty over trade and tariffs continuing to buoy gold prices.

Meanwhile, copper continues its retreat from a nine-month high amid broader risk-off sentiment as markets are awaiting the White House's so-called reciprocal tariffs due on Wednesday. Tariffs are bearish for copper and other industrial metals in the context of slowing global growth and keeping inflation higher for longer.

Energy – Oil under pressure

Oil prices opened lower this morning with ICE Brent extending its declines from last week, hovering around \$73.5/bbl. This weakness comes after Trump said he would consider "secondary tariffs" on

Russian oil and those who buy it if a ceasefire with Ukraine can't be reached.

Drilling activity in the US slowed over the last week. The latest rig data from Baker Hughes shows that the number of active US oil rigs fell by two over the week to 484 as of 28 March 2025. This is the lowest level since the week ending on 14 February 2025, with the oil rig count down by 22 compared to this time last year. The total rig count (oil and gas combined) stood at 592 over the reporting week, slightly down from 593 a week earlier and 4.7% lower compared to the same time last year. Primary Vision's frac spread count, which gives an idea of completion activity, also decreased by six over the week to 209.

In gas, natural gas prices in Europe extended declines for a second straight session in the early trading session today, after falling around 4.7% week-on-week as of last Friday. Prices came under pressure as the heating season came to an end, and the market focus shifted towards the inventory refill for next winter. Along with that, warmer weather forecasts and strong flows of liquefied natural gas are further weighing on prices. Meanwhile, the new storage season kicks off on 1 April, while concerns over the pace of storage injections still persist, given the lower level of inventories. The latest GIE data shows that storage is 33.7% full as of 29 March, below the five-year average of 45% and lower than the 58.7% levels seen at the same stage last year.

China has issued its second batch of export quota for clean products, with 12.8mt of exports allocated to refiners. The export quota is down 8.6% compared to last year. In its first quota, China allowed refiners to export around 19mt of clean products, similar to the first quota for 2024.

Agriculture – Supportive weather pushes wheat lower

CBOT wheat extended losses for a fifth consecutive session on Friday amid forecasts for wetter weather in key growers, which is expected to ease dryness and help the plants to grow. Rain is expected over the coming days in Russia and Ukraine and should develop moisture levels for the winter wheat crop. Pressure is also stemming from expectations that negotiations to temporarily halt fighting between Russia and Ukraine will allow export shipments to pass through the Black Sea. However, market participants will closely monitor developments in weather conditions and their impact on the crop size and quality, given the poor supplies from the previous harvest.

Trade tensions are having an impact on speculative positioning for grains. Speculators reduced their net long in CBOT corn by 32,663 lots for a fifth consecutive week to 74,607 lots as of 25 March. On the other hand, speculators increased their net short in CBOT soybeans by 20,954 lots for a second consecutive week to 42,959 lots. The move was fuelled by an increase in gross shorts by 12,712 lots to 125,218 lots. Similarly, the net speculative bearish bets in CBOT wheat rose by 11,919 lots for a second straight week to 92,587 lots over the last reporting week, following an increase in gross shorts by 10,702 lots to 166,349 lots. Chinese retaliatory tariffs on US agriculture products continue to be seen as demand destructive for the crops with negative sentiment prevailing.

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