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COMMODITIES DAILY RUSSIA

The Commodities Feed: Brent consolidates above \$100 as disruptions persist

With no sign of de-escalation in the Middle East, Brent crude appears to have found a floor just above \$100/bbl



Source: iStock

Energy – Jet fuel market continues to scream growing tightness

ICE Brent has now settled above \$100/bbl for four consecutive days. With no sign of de-escalation in the Middle East, the market continues to consolidate above this key level. Oil flows remain largely constrained, despite hopes that Iran might allow additional tankers to move through the Strait of Hormuz to select countries. However, if Iran's plan is to inflict pain through higher energy prices, the number of tankers it allows through the Strait of Hormuz may be very limited.

Confirmation of the death of Iran's security chief, Ali Larijani, only increases uncertainty for markets. It's unlikely to lead to de-escalation.

Energy infrastructure across the Persian Gulf continues to be targeted by Iran, with the UAE's

Fujairah port being targeted multiple times. Meanwhile, upstream production continues to decline as producers try to manage storage constraints. There are reports that the UAE and Kuwait oil cuts are now as much as 1.5m b/d and 1.3m b/d, respectively. This is on top of roughly 2.9m b/d and 2-2.5m b/d of reported supply cuts from Iraq and Saudi Arabia.

The refined product market continues to trade at extremely elevated levels amid disruptions in crude oil and refined products. The ICE gasoil crack has moved above \$45/bbl. This highlights concerns in the middle distillate market. The move has been even more extreme in the jet fuel market with the jet regrade trading above \$400/t. The European jet fuel market is heavily exposed to Persian Gulf supplies; around half of European imports come from the region. In addition, around 23% of the global seaborne jet fuel trade moves through the Strait of Hormuz.

Asia is more exposed to naphtha flows in refined products, which helps explain why the naphtha crack in the region has moved from its usual discount to a premium. Ethylene margins are also deeply negative due to the recent rise in feedstock prices. This should prompt crackers to reduce operating rates.

The only way we'll see refined product cracks normalise is with a resumption of crude oil and refined product flows through the Strait of Hormuz. Until then, markets will continue to tighten as refiners are forced to reduce operating rates amid feedstock shortages.

Metals – Gold trades in a narrow range

Gold is trading in a narrow range as the US-Israeli conflict with Iran drags into a third week. A firmer US dollar and higher real yields are offsetting geopolitical support. While elevated energy prices and Middle East tensions continue to underpin safe-haven demand, concerns that inflation pressures could delay Federal Reserve rate cuts have capped the upside.

In the near term, gold remains caught between geopolitical risk and macro headwinds from higher rates. We remain constructive over the medium term amid diversification demand, central bank buying and stagflation risks. Yet, downside risks persist if the conflict is prolonged, reinforcing a higher-for-longer rates outlook. Still, with prices up around 16% year-to-date, the pullback so far has been relatively contained. Any deeper correction would likely attract buyers.

In industrial metals, copper fell amid a sharp rise in exchange inventories, signalling softer physical demand. Total LME copper inventories jumped by 18,775 tonnes to 330,375 tonnes. This is the highest since September 2019, with most inflows into Taiwan and Baltimore. Inventories have trended higher this year amid weaker Chinese demand and reduced shipments to the US as tariffs slow trade.

Meanwhile, speculative positioning in copper continued to soften, with net bullish bets falling by 284 lots to 32,788 lots. This marks the least bullish position since October 2023. Across

other metals, money managers cut net long positions in aluminium for a fifth straight week to 81,852 lots, the lowest since April 2025, despite tight supply conditions. Zinc saw a modest increase in net longs after three weeks of declines.

Agriculture– Strong Indian sugar output

Recent data from the Indian Sugar & Bio-energy Manufacturers Association (ISMA) shows that 2025/26 sugar production in India rose 10.5% year-on-year to 26.2mt through 15 March. The group said that 157 mills were crushing cane as of 15 March, compared to 182 mills this time last year.

According to Russian officials, the Dorogobuzh PJSC nitrogen fertiliser plant will remain closed until May following last month's drone attack. The facility produces approximately 2mt of nitrogen fertilisers annually. A prolonged outage is expected to further tighten global supply during the peak spring application season, and at a time when supply is already strained by Middle East-related trade disruptions.

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