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COMMODITIES DAILY

The Commodities Feed: Calm, for now

Oil prices are edging higher this morning following a two-day decline, as the market evaluates the easing tensions in the Middle East. Gold prices have fallen as the Iran-Israel ceasefire is reducing safe haven demand



Energy – Oil edges higher after two-day drop on ceasefire deal

Oil prices rose this morning after a two-day decline, following US President Donald Trump's statement expressing his desire to maintain the flow of oil from Iran. His comments came after he declared a ceasefire between Iran and Israel, following US airstrikes on Iran's nuclear facilities. In a Truth Social post, Trump said that China can continue to buy Iranian oil and that he hopes that the country will also be buying "plenty" from the US as well. However, a senior White House official later signalled that curbs on Iran would remain.

WTI crude is above \$65 a barrel, while Brent is trading near \$68 this morning, after slumping 13% over the past two days. The Brent time spread has softened from a peak of \$1.77 per barrel in backwardation last Thursday to approximately \$1 per barrel this morning. However, this figure remains elevated compared to the first five months of the year, where it fluctuated around \$0.25-0.50 per barrel.

While concerns regarding Middle Eastern supply have diminished for now, they have not entirely disappeared, and there remains a stronger demand for immediate supply. The conflict in the Middle East hasn't had any significant impact on oil flows from the Persian Gulf so far. Meanwhile, exports from Iran have surged.

OPEC+ is due to hold a video conference on 6 July to consider a further supply boost in August.

In the United States, the American Petroleum Institute (API) reported a decrease in crude oil inventories by 4.28 million barrels over the past week, which is significantly above the anticipated decrease of around 0.6 million barrels. In terms of refined products, gasoline inventories rose by 0.8 million barrels, while distillate inventories fell by 1.03 million barrels.

Metals – LME copper squeeze

Copper continues to rise on the LME for a fourth day as tight supply remains in focus. Contracts for immediate delivery surged to a premium of \$379/t to three-month futures on Monday, although it has since eased to around \$150/t. This level is substantially higher than the near-zero premiums seen in May 2025 and a contango of approximately \$100/t at the start of the year. This tightening in the copper market follows a significant decline in inventories, which has dropped by roughly 176kt since the start of the year, now standing at just 95kt as of Tuesday, coupled with a tight supply in the concentrate market.

In precious metals, gold prices fell yesterday by more than 1% to \$3,324/oz as both Israel and Iran reportedly upheld the ceasefire agreement after some earlier confusion and the intervention of the US president. Silver also performed weakly as broader economic sentiment improved. Additional pressure on gold prices also stems from expectations that Fed Chair Jerome Powell may not be in a hurry to implement further rate cuts, considering inflation continues to exceed long-term targets and the Fed is observing the unfolding impact of import tariffs.

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