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The Commodities Feed: Court ruling against US tariffs pushes oil higher

Oil prices are firmer this morning after a US court blocked President Trump's "Liberation Day" tariffs

Energy – Sentiment improves for now

Oil markets strengthened yesterday as sanction risks against Russia increase, while the market appears to be losing hope that we'll see a nuclear deal between the US and Iran. This might've led to the eventual lifting of oil sanctions. The market is also rising on news that the US Court of International Trade ruled President Trump's "Liberation Day" tariffs overstepped his authority, blocking the levies. The Trump administration said it's appealing the decision.

Meanwhile, oil markets must contend with OPEC+ coming decision on July output levels at a meeting on Saturday. We're assuming the group will agree on another large supply increase of 411k b/d. We expect similar increases through until the end of the third quarter, as the group increases its focus on defending market share. Yesterday, OPEC+ ratified broader group production quotas through until the end of 2026. This weekend's decision relates to additional voluntary cuts that some members had previously made.

Inventory data from the American Petroleum Institute overnight was fairly constructive. It showed US crude oil inventories fell by 4.24m barrels over the last week, while stocks at Cushing dropped by 342k barrels. It was more of a mixed bag for refined products. Gasoline inventories declined by 528k barrels, while distillate stocks increased by 1.3m barrels.

The latest positioning data shows that investment funds increased their net long in the Title Transfer Facility (TTF) by 16.5TWh over the last reporting week, leaving them with a net long of a little over 100TWh. This was predominantly driven by fresh buying amid Norwegian outages. It's the largest position speculators have held in TTF since early April.

Turning to the carbon market, the European Commission reported that the total number of allowances in circulation (TNAC) in the EU market stood at 1,148,049,585 in 2024. This number is used to determine whether allowances will be put in or taken out of the Market Stability Reserve (MSR). Given the surplus environment, around 276m of allowances will be placed into the MSR between 1 September 2025 and 31 August 2026.

Metals – LME copper inventories fall to fresh low

Copper inventories on the LME fell to the lowest level in almost two years, with withdrawals continuing at warehouses in Rotterdam. Thousands of tonnes of copper have been withdrawn over the past few trading sessions, with Glencore the key trader behind these requests. It's making plans to deliver the metal, which is of Russian origin, to China, according to Bloomberg reports.

Copper stocks in LME warehouses now stand at 83,000 tonnes, the lowest since August 2023. Meanwhile, Shanghai Futures Exchange (SHFE) copper inventories are at their lowest since 2022. The race to get copper to the US after Trump launched an investigation on whether to impose import tariffs on the metal tightened markets elsewhere.

Prices rose in yesterday's trading session following these withdrawals. Copper prices have been volatile since the beginning of the year, with this volatility mostly driven by tariff risks and China's uncertain outlook.

Meanwhile, the latest commitments of traders report (COTR) shows that speculators decreased their net long position in aluminium by 2,957 lots to 89,957 lots for the week ending 23 May. Similarly, net bullish bets for copper fell by 765 lots for a third consecutive week to 67,858 lots at the end of last week. By contrast, money managers increased net bullish bets for zinc by 1,112 lots to 12,338 lots -- the highest since the week ending on 11 April 2025.

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