

# The Commodities Feed: European gas finds a floor

Oil prices traded to their lowest level since late October amid expectations of a surplus, while European gas prices appear to have found a floor for now



Interested in what's in store for commodities in 2026? Have a look at our outlook for next year [here](#).

## Energy – Surplus outlook weighs on oil

Oil prices are under further downward pressure this week, with ICE Brent falling below \$62/bbl, settling at its lowest level since late October. The oil market is moving deeper into the expected oil glut. Expect additional price pressure as we move into 2026, as discussed in our recently published outlook. However, Russian oil supply remains a risk. While Russian seaborne export volumes are holding up well, these barrels are struggling to find buyers. So, we are seeing increasing volumes of Russian oil at sea. Obviously, this is not sustainable. We need to see steeper discounts on Urals to attract buyers and/or Russian buyers, ensuring they are not dealing with sanctioned entities. If these fail, we will likely have to see Russian oil output starting to fall. Our base case remains that Russia will find ways to work around the latest US sanctions. Russia has demonstrated an ability to keep oil flowing since 2022 despite sanctions, embargoes and drone attacks.

American Petroleum Institute numbers yesterday were supportive for crude, but bearish for refined products. US crude oil inventories fell by 4.8m barrels over the last week, much more than the roughly 1.3m barrels decline the market expected. Refined products saw large stock builds. Gasoline and distillate inventories rose by 7m barrels and 1m barrels, respectively. If confirmed by the Energy Information Administration (EIA) later today, this would be the largest gasoline build since late December 2024.

The EIA published its latest Short Term Energy Outlook yesterday, estimating that US crude oil production will reach a record high of 13.61m b/d in 2025. This is up slightly from a previous estimate of 13.59m b/d. Yet, the EIA expects oil production to come under pressure next year, given the low price environment and the slowdown in drilling activity. The agency forecasts output to fall to 13.53m b/d in 2026, down from a previous 13.58m b/d.

European gas prices appear to have found a floor, bouncing higher yesterday; the Tittle Transfer Facility (TTF) settled 2.3% higher. The European gas market has been under significant pressure, amid aggressive selling by speculators. This is despite EU gas storage recently falling below 72%, compared with the 5-year average of 82% for this time of year. The weakness in TTF should lead to slower LNG flows into Europe, with JKM's premium to TTF widening in recent weeks. Meanwhile, the broader weakness in Europe has seen gas prices trading down towards the long-run marginal cost for US LNG producers. If these price levels persist, they will likely raise more questions about the viability of pre-final investment decision export projects.

## Metals – Silver hits \$60/oz

Silver prices rallied above \$60/z -- a fresh record high -- in Tuesday's afternoon trading. This was fuelled by expectations that the Federal Reserve would cut interest rates this week and concerns over tightening supply. Historically, silver has outperformed gold during easing cycles, as lower real yields tend to lift both investor allocation and industrial activity. Silver prices are up around 110% so far this year, outpacing gold. Silver is supported by fears that the metal could be targeted in future US tariffs after being added to the Geological Survey's list of critical minerals last month. Mined silver production is down around 3% this year, with output constrained by declining ore grades and limited new project development.

Looking ahead to 2026, [we expect silver prices to remain](#) well supported by resilient industrial demand, constrained supply growth, and a more favourable macroeconomic environment.

## Agriculture– WASDE bearish for wheat, bullish for corn

In its latest monthly WASDE report, the USDA decreased its estimates for US corn inventories for 2025/26 to 2.03b bushels compared to earlier estimates of 2.2b bushels. This was lower than the 2.15b bushels the market expected. Higher revisions primarily drove this to export estimates. For the global market, the USDA lowered its 2025/26 corn ending stocks estimate by 2.2mt to 279.2mt due to lower production. The USDA kept its 2025/26 domestic soybean ending stocks estimates unchanged at 290m bushels, while global ending stocks were marginally higher, from 122mt to 122.4mt. Finally, the agency kept its US wheat ending stocks estimates for 2025/26 unchanged at 901m bushels. Changes to the global wheat balance were more bearish, with the USDA raising its global ending stock estimates by 271.4mt to 274.9mt due to stronger output from several producers.

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