

The Commodities Feed: Gold hits fresh record high

Gold prices surged to fresh highs amid concerns about the US Federal Reserve's independence. Oil and other risk assets, however, are under pressure amid heightened global uncertainty



Metals -- Gold surges to fresh record high

Gold surged to new record highs as President Trump threatened to fire US Federal Reserve Chair Jerome Powell, sparking a flight to safe-haven assets. Spot gold settled more than 2.9% higher yesterday. The strength has continued in early morning trading today, with prices briefly breaking above US\$3,440/oz. This comes as Trump ratchets up pressure on Powell to ease monetary policy, raising concerns about Fed independence. Exchange-traded fund (ETF) holdings in gold are at their highest levels since September 2023. In US dollar terms, though, this position is at a record high, given the strength in prices. Spot gold is up more than 30% so far this year, making it the best-performing commodity. Meanwhile, COMEX gold inventories continue to trend lower, falling by almost 2moz since early April to a little under 43.1moz. This decline comes as the arb into New York turns negative at times following news that gold is exempt from tariffs.

Energy – Oil caught up in risk-off move

Oil, though, was unable to escape the broader risk-off move in markets yesterday. ICE Brent settled 2.5% lower on the day. A variety of factors put downward pressure on the market: persistent demand concerns amid tariff uncertainty; Trump's pressure on the Fed; and progress in nuclear talks between the US and Iran.

While the flat price has come under renewed pressure, the prompt timespread has strengthened. It's trading close to US\$1/bbl backwardation. This suggests that the spot market is still relatively tight. In addition, refinery margins have been relatively well supported despite growing demand concerns. Our balance shows a sizeable surplus in the final quarter of this year, while the forward curve only flips into contango from early next year.

However, positioning data still shows market sentiment is largely negative. Speculators sold 56,887 lots over the last reporting week, leaving them with a net long of 98,951 lots. This is the smallest position since October. The bulk of the move was driven by longs liquidating.

Agriculture – US crop plantings accelerate

The USDA's latest weekly crop progress report shows that corn and soybean plantings are progressing well. The USDA reports that domestic corn plantings stood at 12% complete for the week ending 20 April. This is up from 11% planted a year ago and above the five-year average of 10%. Similarly, US soybean plantings were reported as 8% complete, compared to 7% a year ago and the five-year average of 5%. Meanwhile, the condition of the winter wheat crop deteriorated over the last week. The USDA rated 45% of the winter wheat crop in good-to-excellent condition. This compares to 47% a week ago and 50% at the same stage last season.

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