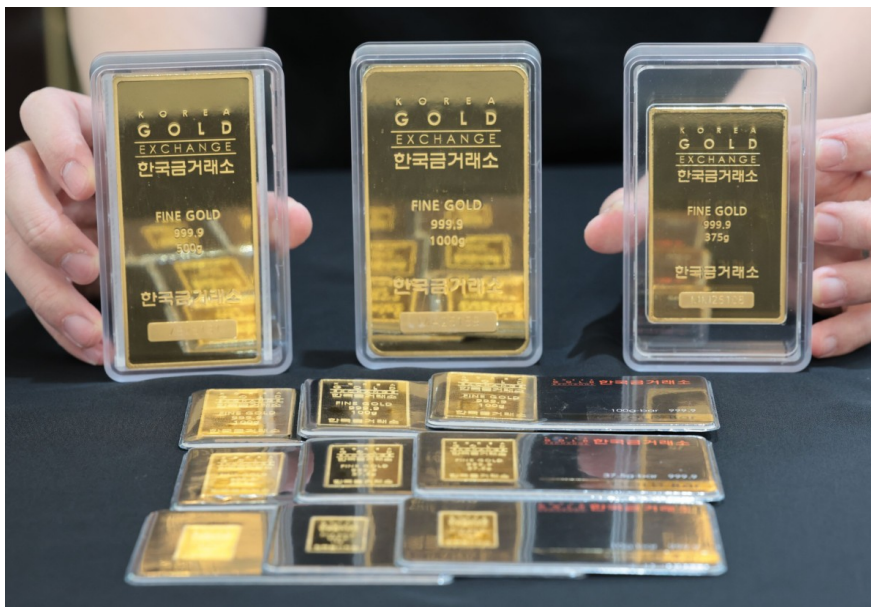


# The Commodities Feed: Gold jumps to another record high

Gold continues to rally to fresh record highs amid growing expectations that the US Fed will cut rates this week. Here's what's happening in the commodity space



## Metals – Gold approaches \$3,700/oz

Gold extended its rally to another fresh record high while copper prices jumped to their highest level since June 2024, as market participants geared up for a potential easing of US Federal Reserve policy and wait for further rate cut signals this year. Investors expect a quarter-point rate cut this week amid signs of a weaker labour market. Swap markets also price in at least one more cut by the end of the year, with a strong chance of a third. These expectations have pushed Treasury yields to multi-month lows and weakened the dollar index. Continued concerns over the Fed's independence will also remain the focus for the global market looking ahead. Gold prices have surged more than 40% so far this year amid Trump's aggressive trade policy, conflicts in the Middle East and Ukraine, and central bank buying.

As for copper, recent reports suggest that Chile expects production to grow this year and next, targeting a record 6 million tons by 2027, despite setbacks at two major mines (Codelco's and Teck Resources Ltd.), offering some relief to a tight global market. Operational disruption at major

mines poses hurdles to achieving its annual copper output target of around 5.6mt. However, BHP's Escondida mine boosted production in the first half of the year (+11% YoY), Collahuasi is recovering from a period of low-quality ore, and the El Salvador mine is beginning to ramp up output.

## Energy – Oil holds steady

Oil prices are trading almost flat this morning as the market has been caught between escalating geopolitical tensions and not particularly supportive fundamentals. The market participants are waiting for any further developments regarding the potential of further Western sanctions on Russian supplies against a looming supply surplus expectation. There are suggestions that the European Union is considering sanctions on companies in India and China that enable Russia's oil trade as part of an upcoming package of fresh restrictions. Meanwhile, recent reports suggest that oil loadings at Russia's Primorsk Port have resumed after Friday's drone attacks on the facility by Ukraine.

US natural gas prices edged higher with Henry Hub up 3.5% on the day and settling above \$3/MMBtu yesterday amid forecasts for late season heat that would lift cooling demand and trim storage injections. Recent weather reports suggest above-normal temperatures persisting through the next two weeks in the country. The forecasts of higher temperatures are coming at a time when demand usually drops due to mild weather and stockpiles rebuild.

## Agriculture – Coffee jumps on supply woes

Arabica coffee extended gains for a second consecutive session, with prices surging to fresh record highs yesterday, driven by persistent supply concerns and escalating trade tensions. High daytime temperatures are forecasted for Minas Gerais and Sao Paulo, while dry weather conditions are expected in Espirito Santo this week. This could impact the flowering of coffee plants. Earlier, CONAB revised down its Brazil arabica coffee production estimates from 37m bags to 35.2m bags.

Looking at inventories, official data shows that total coffee stocks at ICE monitored warehouses declined for a fourth consecutive session by 766 bags to 669.2k bags as of 12 September, the lowest since May 2024. This was primarily due to a sharp decline in Brazilian beans (just 13% of the inventory as of Friday, compared to 63% at the start of the year), as farmers hold back beans amid tariff uncertainty and hopes for higher prices on lower output estimates. Money managers have raised net bullish bets by 4,175 lots for a sixth consecutive week to 36,628 lots (the most bullish bets since 20 May 2025) as of 9 September. Prices have soared more than 45% since early August, supported by dry weather conditions in Brazil, US tariffs on Brazilian coffee, and declining inventories.

The latest Mars report from the European Commission estimates that Ukraine's wheat yield could fall to 4.16t/ha for the 2025 season, down 6.1% YoY and below the five-year average of 4.22t/ha. The decline in yield estimates is largely attributed to the dry weather conditions in the Eastern and Southern oblasts. In contrast, corn and soybean yield estimates rose to 7.3t/ha (+11.8% YoY) and 2.5t/ha (+4.5% YoY), respectively, on adequate water supply and the absence of severe heat stress in the Northern and Western regions, despite delayed crop development.

The USDA's latest crop progress report shows that 67% of the US corn crop is in good to excellent condition as of 14 September, down from 68% reported a week ago but up from 65% at the same stage last year. Harvesting is progressing at a usual pace with 7% of the crop harvested, slightly down from 8% at the same stage last year and in line with the five-year average of 7%. As for the

soybean crop, 63% of the crop is rated good to excellent, down from 64% a week ago and a year ago. Soybean crop harvest stood at 5% for the period mentioned above, down from 6% at the same stage last year, but above the five-year average of 3%. The USDA also reported that winter wheat plantings stood at 11% for the week ending 14 September, down from 13% seen in both planted a year ago and the five-year average.

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