The Commodities Feed: Gold rises to another record high

Gold climbed to another record high this morning, following an all-time peak just yesterday. Markets are very much focused on next week's US election

Metals – Gold hits another record high

Gold hit another record high this morning, topping the all-time peak set just yesterday, climbing to $2,789.86/oz.

Gold's rise comes despite rising bond yields and a strong US dollar – typically a headwind for the precious metal, as the market awaits US data at the end of the week, including inflation and payroll figures, for clues on the pace of Fed rate cuts.

Gold has been one of the best-performing commodities this year, surging by more than 30%. It is supported by central bank buying and safe-haven demand amid conflicts in the Middle East and Ukraine. Uncertainty ahead of the US election next week has also supported gold's record-breaking rally this year, and we believe it will continue to add to gold's upward momentum. Expect more volatility in the days to come, as uncertainty around future US policies likely leads to a flight into safe havens.

The Shanghai Futures Exchange (ShFE) has raised its margin requirement for alumina trades from 11% to 12% and widened the daily trading band to 10% from 9% in an effort to cool down the rally in alumina prices. Chinese alumina futures have rallied over 50% this year to trade above CNY5,100/t at one point yesterday, following disruptions from top miner Guinea. Meanwhile, Beijing Antaike expects that higher prices will help to lift Chinese alumina production by 4% to 85.6mt this year. However, production growth softened over the first nine months due to supply tightness of feedstock bauxite.

Rio Tinto Group has suspended operations at its Simfer port, which caters for the Simandou iron ore mine in Guinea, due to a fatal accident over the weekend. Simandou has one of the world's largest iron ore deposits, and its Simfer mine is on track to deliver its first production in 2025, with an annual output capacity of 60mt.

The latest LME COTR report released yesterday shows that investors boosted the net bullish position for aluminium by 6,845 lots for a second consecutive week to 127,323 lots for the week ending 25 October. This is the highest net long since 14 June 2024. Similarly, the net bullish bets for zinc rose by 1,039 lots to 39,067 lots at the end of last week, the highest since the week ending on 31 May 2024. Meanwhile, money managers decreased net bullish bets for copper by 4,939 lots for a third straight week to 67,175 lots (the lowest since the week ending 13 September 2024) as of last Friday.

Energy – Bullish API report supports oil

NYMEX WTI and ICE Brent edged higher in today's morning trading session, as API's weekly inventory report suggested unexpected draws for US oil stocks. The focus remains on the OPEC+ production numbers and outlook and the group's response to recent price weakness.

Numbers from the API overnight showed that US crude oil inventories fell by 573k barrels over the last week. Meanwhile, refined products also witnessed draws, with distillate and gasoline inventories falling by 1.46m barrels and 282k barrels, respectively. The more widely followed EIA weekly report will be released later today.

Meanwhile, data from Mysteel OilChem shows that Chinese refiners and fuel suppliers plan to cut their oil product exports in November due to low margins and weaker demand for products in the global markets. The country could decrease exports by around 12% month-on-month to 2.54mt next month with major cuts likely for gasoil and kerosene exports.

Agriculture – ISMA requests to allow sugar exports of 2mt

The Indian Sugar and Bio-energy Manufacturers Association (ISMA) requested the government to permit the immediate export of 2mt of sugar, anticipating plenty of supply in the domestic market. The group also asked the authorities to establish a long-term export policy to regulate the surplus. The opening stock estimates for 2024/25 are around 8.4mt, while sugar production stood at 33.3mt. The association expects an excess inventory of around 3.1mt-3.2mt by the end of the 2024/25 season, compared to 5.5mt at the end of last season, while sugar consumption is expected to average around 33.1mt-33.2mt.

Data from the European Commission shows that EU soft-wheat exports for the 2024/25 season dropped to 7.3mt as of 25 October, down 33% compared to 10.9mt reported in a similar period a year ago. The fall in exports could be primarily attributed to the declining domestic production for the ongoing season. Nigeria, Egypt, and Morocco were the top destinations for these shipments. In contrast, EU corn imports continued to rise and increased to 6.4mt, up 8% compared to a year ago. These stronger inflows are a result of weaker domestic supply this season.

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