Article | 13 January 2026

COMMODITIES DAILY UNITED STATES

The Commodities Feed: Lingering supply risks provide tailwinds to oil

Oil prices continue to move higher amid supply risks, while heightened geopolitical tensions are driving gold and silver prices to fresh record highs

Source: Shutterstock

Energy – Supply risks linger

Oil prices rallied for a third consecutive day yesterday, with ICE Brent trading close to US$64/bbl. The prompt ICE Brent timepsread has also strengthened through January amid growing supply risks.

The price increase comes amid intensifying protests in Iran, raising the possibility of some form of intervention by the US. There have been suggestions of the potential for US military action. Up until now, President Trump has said the US will impose a 25% tariff on any country “doing business” with Iran. China is a key buyer of Iranian oil. Whether this secondary tariff threat is sufficient to push China away from Iranian oil remains to be seen. Previously, the threat of secondary tariffs from buying Venezuelan and Russian oil was not enough to persuade China to halt purchases of oil from these countries. In addition, with the US and China having come to a trade truce, we question whether the US would want to rock the boat once again with additional tariffs on China.

Exports of Kazakh oil from the CPC terminal will come under significant pressure this month. Shipments are expected to come in between 800-900k b/d, around 45% below initial expectations, according to Bloomberg. The drop is due to maintenance and damage caused by Ukrainian drones, while weather has also been an issue.

European natural gas prices surged yesterday, with TTF settling 6.6% higher, returning to above EUR30/MWh. Colder weather across large parts of Europe increases heating demand, while unrest in Iran is a concern for gas markets. First, there are potential risks to LNG flows from the Persian Gulf. Second, there's the potential for disruptions to Iranian gas flows to Turkey. Given the large TTF fund short, it wouldn't take much to move the market as funds run in to cover shorts.

Metals – Metals power higher

Metals continue to power higher at the start of the week. Tight supplies and robust demand expectations are underpinning a broadly bullish mood across the complex.

In precious metals, gold climbed to fresh records as a range of supportive factors converged. They include geopolitical risks, elevated fiscal uncertainty, strong central bank demand, and ongoing concerns about inflation and monetary credibility. The US Justice Department threatened the Federal Reserve with a criminal indictment, reviving concerns over the central bank's independence. The dollar fell, boosting the prices of metals. Protests in Iran keep geopolitical tensions elevated, while President Trump has reiterated threats to take Greenland, bringing further upside to precious metals. Gold surpassed $4,600/oz in yesterday's trading, while silver surged past $85/oz. Silver has already climbed around 20% so far this year, following an almost 150% surge last year. This has pushed the gold/silver ratio below 60, the lowest level since 2013

In industrial metals, copper rose toward a record amid ongoing concerns over supply, while the US continues to import record volumes ahead of any potential tariffs. Comex copper inventories reached an all-time high after expanding for 42 straight weeks. But they remain below total warehouse capacity. This is keeping markets outside the US tight.

Aluminium, meanwhile, traded at its highest since 2022. Supply is tight everywhere except Indonesia, as smelters now face greater competition for power from AI data centres, which are willing to pay much higher prices for long-term contracts.

Agriculture– Bearish WASDE report

The USDA's latest WASDE report was largely bearish, as reflected in grain price action yesterday. The USDA revised its 2025/26 US corn production estimates by 269m bushels to a record 17bn bushels thanks to higher harvest area and yields. This exceeded the average market expectation of 16.6b bushels. As a result, ending stock estimates were revised up by

198m bushels to 2.2bn bushels. For the global corn balance, 2025/26 ending stock estimates were revised upward from 279.2mt to 290.9mt, primarily due to higher supplies. The market was expecting a figure closer to 280 mt. Global corn production estimates rose by 13.1mt to 1,296mt primarily due to increased supplies from the US (+6.8mt) and China (+6.2mt).

The outlook for US soybeans in 2025/26 shows higher supplies, demand, and ending stocks. The USDA revised up US soybean supplies by 9m bushels to 4.3bn bushels. Stronger supply increased 2025/26 ending stocks by 60m bushels to 350m bushels. For the global soybean balance, 2025/26 ending stock projections were revised upward from 122.4 mt to 124.4 mt, primarily due to higher supplies.

For the U.S. wheat market, the agency increased its ending stocks estimate from 901m bushels to 926m bushels (+8% year on year) due to lower consumption and higher beginning stocks. For the global wheat market, the USDA raised production estimates to 842.2mt from 837.8mt. As a result, 2025/26 ending stock estimates were increased from 274.9mt to 278.3mt at the end of 2025/26.

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