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The Commodities Feed: Lingering Iran uncertainty has oil prices oscillating

Uncertainty surrounding a US-Iran deal abounds as we head into the weekend, leaving the market susceptible to seesaw price moves if any fresh noise emerges

Energy – Oil focus remains on US-Iran negotiations

Markets are still searching for signs of progress in a potential deal between the US and Iran. While there are signs of optimism, uncertainty reigns. This is not the first time a deal seemed close, only for negotiations to break down. So, there's a large segment of the market that will be more sceptical about the positive signals we are seeing. While Iran said that the gap between demands has narrowed, there's still the issue of its uranium enrichment -- as well as the uranium stockpile it is sitting on.

The US wants this stockpile transferred out of the country. The other issue is the management of the Strait of Hormuz. Iran is pushing for a formal toll system through the strait, a move that will face considerable pushback. Its implementation would set a risky precedent for the free flow of vessels through key chokepoints globally. Uncertainty over a potential deal is reflected in oil prices, with the market being whipsawed by headlines. However, ICE Brent still managed to settle 2.3% lower yesterday and below $103/bbl, its lowest close since early May.

The latest refined product inventory data from Insights Global for the ARA region shows that total refined product stocks increased by just 3kt week-on-week to 4.46mt. Gasoline inventories fell by 131kt WoW to 1.04mt; they continue to hover below the 5-year average. The decline in gasoline stocks was offset by increases in other products. Gasoil stocks increased by 55kt, while jet fuel inventories increased by 26kt WoW despite the ongoing disruptions to Middle Eastern refined product flows. However, jet fuel stocks at 590kt remain well below the 5-year average of 844kt for this time of year. The strength in the jet regrade has led refineries around the globe to increase jet fuel yields. This will help ease some of the tightness in the jet fuel market. The degree to which refiners can shift yields will be limited. As such, it will also start to feed through to more supply tightness in other refined products.

In Singapore, oil product stocks also saw a marginal increase over the last week, rising by 38k barrels to 45.4m barrels. This increase was driven by residual fuel stocks, which grew by 1.42m barrels. Middle distillates and light distillates both declined, falling 1.33m barrels and 51k barrels, respectively.

In the US, the latest natural gas storage report from the EIA shows that US natural gas inventories increased by 101bcf over the last week, above the 96bcf increase expected by the market. This leaves total US inventories at 2.39tcf, which is 1.4% above year-ago levels and 6.6% above the 5-year average. The outlook for the US natural gas market since the Iran war has been relatively bearish, given that higher oil prices are likely to lead to higher associated gas production. However, the US will be unable to export this additional supply due to constraints on LNG export capacity. Therefore, US storage is likely to be more comfortable this year and next year than pre-war estimates suggest.

Metals – China's refined copper output grows

The latest numbers from the National Bureau of Statistics (NBS) show that China's refined copper output rose 3% year-on-year to 1.3mt in April, driven by soaring sulfuric acid byproduct prices that lifted margins and motivated stronger operations. Among other metals, zinc output rose 10.9% YoY to 649kt, whereas lead production decreased 7.9% YoY to 606k.

Agriculture – Brazil arabica coffee output estimates revised higher

Brazil agriculture agency, CONAB, raised its coffee production estimates for 2026 /27 as favourable weather conditions resulted in improved yields. In its recent survey, CONAB estimates total coffee production in Brazil to rise 18% year-on-year to 66.7m bags in 2026/27, above the previous estimate of 66.2m bags. If achieved, this will be the largest production in CONAB's historical series. Arabica output estimates have increased to 45.8m bags (+28% YoY), up from a previous forecast of 44.1m bags. In contrast, Robusta estimates fell from the previously forecast 22.1m bags to 20.9m bags (+0.8% YoY).

The USDA's weekly net export sales for the week ending 14 May showed a rise in demand for

US corn and soybeans, while wheat exports fell over the previous week. Weekly export sales for corn rose to 2,406.8mt, higher than the 685.2mt in the previous week and 1,409.2mt for the same period last year. Similarly, soybean exports stood at 524.2mt for the week, higher than the 182.9mt reported a week ago and 323mt reported a year ago. Stronger sales come amid noise over the potential for further Chinese buying of US agri products. Meanwhile, US wheat export sales fell to 296.8mt, down from 354.6mt a week ago and 869mt for the same period last year. The US is expected to see a poor wheat harvest in 2026/27. The winter wheat crop is in bad shape due to drought and earlier-year volatility.

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