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The Commodities Feed: Mixed US-Iran messages leave oil seesawing

Oil price direction continues to be dictated by Iran-related headlines amid considerable uncertainty over how negotiations between the US and Iran are progressing



Energy - Negotiation uncertainty

Oil prices received a boost yesterday as talks between the US and Iran appeared to break down -- again. This has become a common pattern in recent months, and there are still plenty of mixed messages. President Trump says that negotiations are continuing. As a result, oil prices continue to be whipsawed by quickly changing headlines.

Iran, meanwhile, issued threats against vessels transiting the Bab el-Mandeb, the narrow Red Sea chokepoint that carries a major share of the world's energy shipments. This is a concern for oil markets, given that the Saudis have diverted a large amount of oil that should be exported from the Persian Gulf to the Red Sea. Any disruptions to southbound flows from the Red Sea would require vessels to travel north through the Suez Canal and around the Cape of Good Hope.

The Russian government has banned jet fuel exports until the end of November amid the recent surge in Ukrainian drone attacks on energy infrastructure. Russia is a marginal exporter of jet fuel, shipping only around 30k b/d. The global impact will be limited, but it's still an unwelcome twist for a market already stretched thin by disruptions in the Middle East.

A bigger concern for refined product markets would be if Russia moved to limit or ban diesel

exports. There have been reports in recent days that Russia is considering limits on diesel exports.

EU gas storage has finally broken above 40% full, though it remains well below the 5-year average of 54% full. With progress in peace talks stalling, concerns will grow over prolonged disruptions to LNG supply from the Middle East. The longer this continues, the more likely Asian buyers will need to enter the spot market to cover disrupted contracted volumes. Highlighting concerns over supply, the Dutch government has approved almost a EUR1bn subsidy for EBN Capital, a state-owned energy company, to refill storage. Currently, the backwardation in the European natural gas market provides little incentive for players to refill storage ahead of the winter months. EBN has been authorised to store up to 80TWh of natural gas.

The EU plans to place just over 190 million allowances into its market stability reserve over the 12 months beginning 1 September, reflecting the surplus in the carbon market through 2025. This adjustment will be reflected in lower auction volumes.

Metals – Copper gains on tariff uncertainty

Copper prices in New York and London rose yesterday ahead of the US administration's decision on potential import tariffs. The Commerce Department previously deferred immediate duties. It proposes phased tariffs beginning at 15% in early 2027, a plan now under review with an updated recommendation expected by the end of June. Anticipation of this decision has widened the US price premium, prompting increased shipments to US ports. Tariff uncertainty is likely to support market sentiment.

Agriculture – Uganda coffee shipments decline

The latest data from the Uganda Coffee Department Authority show that Uganda's coffee shipments fell 14% year-on-year to 591.7k bags in April. The decrease in exports was largely driven by traders holding back sales as global prices weakened amid an improved supply outlook. Meanwhile, cumulative shipments for the 2025/26 season (Oct- April) reached 4.3m bags (60kg bag).

Pakistan Sugar Mills Association has urged the government to permit exports of 0.76mt of surplus sugar after maintaining a one-month strategic reserve. The group estimates total domestic inventories at 7.9mt, while consumption is expected to average around 6.6mt.

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