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COMMODITIES DAILY POLAND RUSSIA

The Commodities Feed: Oil declines amid US-Russia talks

Oil prices traded lower yesterday as the US and Russia held talks on Ukraine. However, Ukrainian attacks on Russian energy infrastructure continue



Energy – Oil falls amid US-Russia talks

Oil prices traded lower yesterday, with ICE Brent hitting its lowest level since late October. This weakness comes despite continued Ukrainian attacks on Russian energy infrastructure. Also, Moscow warns that it might start striking ships of countries supporting Ukraine. This threat comes in light of recent Ukrainian attacks on Russian vessels. It increases tensions amid ongoing discussions between Russia and the US on Ukraine. Moscow claims talks have been constructive so far. But clearly, the issue of territory will be tough to resolve.

While the flat price has been under pressure, ICE Brent timespreads have been holding firm, with the prompt spread at US\$0.40/bbl of backwardation. Spreads firmed over the last month. This is at odds with an oil balance meant to become increasingly looser through the fourth quarter and into early next year.

The latest inventory numbers from the American Petroleum Institute (API) were fairly bearish. US crude oil inventories rose by 2.48m barrels, while builds were also seen in refined products. Gasoline and distillate stocks increased by 3.1m barrels and 2.88m barrels, respectively. The large product builds should continue to put some downward pressure on product cracks. The more widely followed Energy Information Administration (EIA) report will be released later

today.

European natural gas prices remain under pressure, with the Title Transfer Facility (TTF) hitting an intraday low of a little over EUR27.5/MWh, the lowest level since April 2024. Milder-than-usual weather for this time of year will weigh on prices; growing US LNG exports will add further pressure. European natural gas storage is falling fairly quickly, now below 75% of the 5-year average and last year's 85% level.

Metals – Central banks boost gold purchases

Global central banks stepped up gold buying in October, adding a net 53 tonnes to reserves. This marks a 36% increase from September and the strongest monthly gain since November 2024, according to the World Gold Council. Year-to-date purchases stand at 254 tonnes, a slower pace than the previous three years as higher prices temper demand.

Poland remains the standout buyer, leading both October and year-to-date with 83 tonnes. After a five-month pause, the National Bank of Poland resumed purchases, adding 16 tonnes last month and lifting its holdings to 531 tonnes, or 26% of total reserves. Brazil matched Poland's October purchases. It added 16 tonnes for a second consecutive month, bringing its reserves to 161 tonnes (6% of total reserves). China's central bank, another top buyer, reported gold purchases for 12 consecutive months, adding 0.9 tonnes in October, lifting the total to 2,304 tonnes. In contrast, Russia was the only seller during the month, trimming holdings by 3 tonnes.

The latest LME COTR report shows speculators increased their net long position in copper by 3,560 lots, bringing the total to 68,412 lots for the week ending 28 November. Net bullish bets on aluminium also climbed, rising by 5,206 lots to 116,335 lots by the end of last week.

Agriculture – Robusta coffee prices fall on Vietnam bumper harvest

Robusta coffee prices extended losses for a second consecutive session. Prices fell more than 2.5%, on the back of an improving crop outlook in Vietnam. Recent estimates from the Vietnam Coffee and Cocoa Association show that Vietnam's coffee production could rise 10% year-on-year to 1.9mt (the biggest crop in four years) in the 2025/26 season, despite heavy rains. Favourable weather conditions and rising prices encouraged farmers to invest more in crops to achieve higher yields. However, rain in the coming weeks could threaten bean quality. Meanwhile, robust exports are expected to rise 7% YoY to 1.6mt for the above-mentioned period.

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