

The Commodities Feed: Oil falls as Indian secondary tariffs come into effect

Oil prices came under pressure as US secondary tariffs on India come into effect, taking the total levy to 50%



Energy – Secondary tariffs against India come into force

Oil prices were unable to extend their 4-day run of gains, with ICE Brent coming under pressure yesterday to settle 2.3% lower. There was no single catalyst for yesterday's move. However, the recent run-up in the market was starting to become increasingly detached from fundamentals, which are more bearish.

US President Trump's 25% secondary tariffs against India come into effect today, taking the total levy on US imports from India to 50%. The secondary tariff has not been enough to stop India from buying Russian oil. Initially, secondary tariffs saw Indian refiners pause purchases. They have resumed purchases. The market will be watching Russian oil flows to India closely going forward to gauge the impact, if any, of secondary tariffs.

Meanwhile, numbers from the American Petroleum Institute overnight were fairly neutral, with US crude oil inventories falling by 1m barrels over the last week. Gasoline and distillate stocks saw declines, falling by 2.1m barrels and 1.5m barrels, respectively. The draw in distillate stocks was slightly supportive for the middle distillate market, particularly given that we are in a period where stocks usually grow. Overall distillate stock levels remain below the seasonal 5-year average. The more widely followed Energy Information Administration (EIA) weekly inventory report will be

released later today.

Metals – Steel inventories in China continue to rise

Steel inventories at major Chinese steel mills rose for a second consecutive week to 15.7mt in mid-August, up 4% compared to early August, according to the China Iron and Steel Association (CISA). Still, steel inventories are 4.8% lower year on year. Crude steel production at major mills rose by 2% from early August to 2.12mt/d in mid-August, as healthy steel margins encouraged higher output. Chinese semi-finished steel exports surged significantly by 320% YoY to 7.4mt in the first seven months of the year, according to Chinese Customs. This was largely driven by strong demand from Southeast Asia and the Middle East. In July alone, shipments exceeded 1.5mt (14% of total global steel exports).

In copper, Chinese miner MMG Ltd. increased copper production at its Las Bambas mine to 210kt in the first half of 2025, up 67% YoY, as improved relations with local communities helped to avoid unexpected stoppages. The mine is projected to produce 400kt of copper ore in 2025, representing 77% of MMG's total copper production target for the year.

Agriculture– CONAB lowers sugar output estimates

Brazil's agriculture agency, CONAB, revised up its sugarcane crush estimates from 663.4mt to 668.8mt for the 2025/26 season. However, this is still down 1.2% YoY. The agency said that unfavorable weather conditions would result in yields falling by 2.1% YoY to 75.6t/ha for the 2025/26 season. Meanwhile, sugar output estimates were revised down to 44.5mt, compared to a previous estimate of 45.9mt. In 2024/25, Brazilian sugar output totalled 44.1mt.

The latest numbers from the Institute for Agricultural Market Studies (IKAR) show that Russia's soft wheat production could rise to 86mt for the 2025 harvest, higher than a previous estimate of 85.5mt last week. This increase is primarily driven by higher-than-expected yields in the Central and Volga regions. The group also increased wheat export projections by 0.5mt to 43mt for the 2025/26 season.

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