The Commodities Feed: Oil falls ahead of Trump-Putin meeting

Oil prices are under pressure this morning with Presidents Trump and Putin set to meet later this week. Meanwhile, Trump failed to impose stricter sanctions on Russia despite his deadline for a Russia-Ukraine peace deal passing

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Energy – Trump deadline passes without stricter sanctions against Russia

President Trump's deadline for Russia to strike a peace deal with Ukraine passed without stricter US sanctions imposed on Moscow. This likely contributed to the recent weakness in crude oil prices, with Brent trading at its lowest levels since early June. The market is focused on Trump's meeting with President Putin on Friday -- and whether any progress towards a peace deal can be made. But with Russia demanding that Ukraine cede occupied territory to end the war, it's difficult to see a quick solution. It's unlikely that Ukraine will agree to give up its own territory. If we do see some level of de-escalation, it would remove sanction risk from the oil market. This would likely drive prices lower, given the bearish fundamentals.

The latest positioning data shows that speculators are bearish towards the oil market, despite the sanctions and secondary tariff risks. Speculators reduced their net long in ICE Brent by 20,375 lots over the last reporting week to 240,977 lots as of last Tuesday. This was a move predominantly driven by longs liquidating. Meanwhile, it was unsurprising to see that speculators reduced their net long in ICE Gasoil by 14,637 lots over the week to 86,007 lots. The ICE gasoil market has seen some weakness more recently, with both the crack and timespreads edging lower.

The US oil rig count saw its first weekly increase since April, increasing by one to 411 active rigs last week, according to Baker Hughes data. Rig activity has declined significantly in recent months amid price weakness and the bearish market outlook. However, more recent price stability helped to slow the decline in the rig count.

Metals – US gold import tariff uncertainty

Gold futures in New York surged on Friday after a *Financial Times* report that imports of one-kilo bullion bars are now subject to US levies, contrary to the market's assumption that gold would be exempt from any import tariffs. One-kilo gold bars are the most common form traded on Comex, comprising most of Switzerland's exports to the US. The news triggered the widest premium of New York futures over London spot since the Covid pandemic. Contracts for December delivery surged to more than $100 above global benchmarks. However, this has now eased, with reports that the White House will clarify the issue with an executive order amid suggestions that gold bar imports won't face tariffs.

Agriculture– Ukrainian grain exports lag

Data from Ukraine's Agriculture Ministry shows that grain exports for the 2025/26 season have fallen 55% year on year to 2.1mt as of 8 August. Total corn shipments stood at 706kt (-62% YoY), while wheat exports fell 49% YoY to 1mt. Meanwhile, farmers have already harvested 20mt of grains and legumes, down from 27.3mt for the same period last year.

The latest figures from the Institute for Agricultural Market Studies (IKAR) show that Russia's soft wheat production could rise to 84.5mt for the 2025 harvest, higher than the previous estimate of 84mt. The rise in production estimates is primarily due to slightly better-than-expected yields in the Central and Volga regions. Meanwhile, the group also increased wheat export projections by 0.5mt to 41.5mt for the 2025/26 season.

CFTC data shows that money managers increased their net short position in CBOT wheat by 15,445 lots over the last reporting week to 80,769 lots as of 5 August. Similarly, speculators increased their net short in CBOT soybeans by 29,619 lots to 65,930 lots, the most bearish positioning since December 2024.

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