

Article | 13 August 2025

COMMODITIES DAILY RUSSIA UKRAINE

The Commodities Feed: Oil in wait-and-see mode ahead of Trump Vs. Putin

Despite some short-term supportive factors for the market, oil prices continue to edge lower ahead of Friday's Trump-Putin meeting



Energy – OPEC sees tighter oil market in 2026

Oil prices continued to move lower yesterday, with the market focused on Friday's Trump-Putin meeting. The outcome could remove some of the sanction risk hanging over the market. The drop in oil comes despite US consumer price index data yesterday buttressing the view that the Federal Reserve will likely cut interest rates at its September meeting.

In its monthly oil market report, OPEC made no changes to its 2025 demand and non-OPEC+ supply numbers. The group did, however, make some revisions to its 2026 forecasts. OPEC increased its oil demand growth forecasts for 2026 by 100k b/d to 1.38m b/d, while non-OPEC+ supply growth was cut by 100k b/d to 630k b/d. This leaves the market tighter than previously forecast. The release also shows that OPEC increased supply by 263k b/d month on month in July to 27.54m b/d. Saudi Arabia and the UAE drove most of the increase. The International Energy Agency (IEA) will release its monthly oil market report later today.

The Energy Information Administration (EIA), in its latest Short-Term Energy Outlook, slightly increased its US crude oil production estimate for 2025 from 13.37m b/d to 13.41m b/d. This

leaves year-on-year supply growth at 200k b/d. However, the agency now expects US oil production will fall in 2026 by 130k b/d YoY to 13.28m b/d. Downside risks to supply aren't too surprising, given the significant decline in US drilling activity in recent months. For dry natural gas output, the EIA expects supply in 2025 to grow by 3.2 bcf/day to 106.4 bcf/day, while 2026 natural gas output is expected to fall by 0.3 bcf/day YoY.

Finally, American Petroleum Institute (API) inventory numbers were fairly neutral overnight. US crude oil inventories increased by 1.5m barrels over the last week. For refined products, gasoline stocks fell by 1.8m barrels, while distillate inventories increased by 300k barrels. The more widely followed EIA weekly inventory report will be released later today.

Agriculture– WASDE bearish for corn, bullish for soybeans

The USDA's latest World Agricultural Supply and Demand Estimates (WASDE) report was bearish for corn and bullish for soybeans. The agency revised up its 2025/26 US corn production estimates by 1,037m bushels to a record 16.7bn bushels amid larger area and higher yields. The market had expected a number closer to 16bn bushels. Higher output means US ending stocks estimates were increased by 457m bushels to 2.1bn bushels, the highest since 2018/19. The market was expecting a number closer to 1.9bn bushels. For the global corn balance, 2025/26 ending stocks were increased from 272.1mt to 282.5mt, largely due to stronger US supply.

For the US soybean market, the USDA slashed its 2025/26 production estimate from 4,335m bushels to 4,292m bushels due to lower acreage. Stronger yield estimates were unable to offset the lower acreage. The market had expected output of around 4,374m bushels. As a result, the USDA reduced its US ending stock estimate from 310m bushels to 290m bushels, lower than the 358m bushels the market anticipated. Globally, soybean production estimates fell from 427.7mt to 426.4mt for 2025/26 primarily due to the lower supplies from the US. The USDA also cut its 2025/26 global ending stocks estimate from 126.1mt to 124.9mt.

Finally, for wheat, the USDA reduced its US ending stocks estimate for 2025/26 from 890m bushels to 869m bushels amid stronger export and domestic demand. The market was expecting a number closer to 882m bushels. The USDA also lowered its 2025/26 global wheat ending stocks estimate by 1.4mt to 260.1mt, the lowest level since 2015/16. The reduction was largely in line with market expectations.

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