The Commodities Feed: Oil market shifts its attention to OPEC+ meeting

This weekend's OPEC+ meeting is set to be a non-event, with the group expected to keep output levels unchanged

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Energy – Attention set to turn to OPEC+

ICE Brent edged higher yesterday, breaking back above $68/bbl and settling just shy of 1% higher on the day. Yet the upward move came amid thin volumes due to the Labour Day holiday in the US.

The market's attention will be increasingly turning to the OPEC+ meeting this weekend. We believe, just like the broader market, that the group will leave production levels unchanged for October. This follows OPEC+ unwinding its 2.2m b/d of additional voluntary supply cuts over the last 6 months. The scale of the surplus through next year means it's unlikely the group will bring additional supply onto the market. The bigger risk is OPEC+ deciding to reinstate supply cuts, given concerns about a surplus.

In Brazil, domestic media reports suggest that the US government is looking to prepare new measures, including trade curbs due to its imports of Russian diesel. Since the EU ban on Russian refined products, Brazil has become a key buyer of Russian diesel. According to LSEG data, Brazilian imports of diesel from Russia have averaged a little over 590kt per month so far this year.

European natural gas prices rose yesterday, with the Title Transfer Facility (TTF) settling almost 1.4% higher on the day. Norwegian gas flows to Europe are under pressure amid ongoing maintenance. And some work at the Troll field has been extended by 6 days. Daily Norwegian gas flows to Europe have fallen below 240mcm/day, down from around 340mcm/day in early August. Meanwhile, EU gas storage is almost 78% full, below the 92% year-on-year and lower than the 5-year average of 85%.

Metals – Gold and silver rally

Silver climbed above $40 for the first time since 2011, while gold is nearing April's record high of $3,500. The rallies are underpinned by growing expectations that the US Federal Reserve is poised to resume interest rate cuts with three weeks to go until the next policy meeting. The US jobs report this Friday will be the focus for the market. It's expected to confirm a weakening labour market, strengthening the case for cuts. Tariff tensions, along with questions over the Fed's independence and a weakening dollar, are adding to the tailwinds for the precious metals.

Silver continues to outperform gold, with the gold/silver ratio narrowing to 85 as of yesterday, down from its recent high of 104.7 on 24 April. This brings the ratio closer to its long-term average. Silver has rallied more than 40% this year, with ETF holdings expanding for a seventh consecutive month in August to stand at 806moz at the end of the month. This is the longest run of inflows since 2020.

Agriculture– Australia raises wheat production estimates

In its latest quarterly report, Australia's Department of Agriculture estimates the total grain harvest to reach 62mt in 2025, up 12% from its previous estimate and 26% above the 10-year average. This includes a wheat harvest estimate of 33.8mt (fourth-largest harvest on record), up 10% from its previous estimates. This follows heavier-than-expected rainfall across key growing regions. Meanwhile, Western Australia's wheat production is expected to rise to 12.7 million tonnes in 2025. Strong Australian supply and expectations for a strong Russian and European wheat crop have weighed heavily on CBOT wheat prices this year.

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