The Commodities Feed: Record oil release fails to rein in prices

Brent crude is flirting dangerously close to the $100/bbl level once again, with the IEA's coordinated oil release doing little to ease supply fears

Energy- IEA announces record oil release

The oil market resumed its upward rally yesterday, with ICE Brent settling 4.8% higher on the day. This strength has continued into early morning trading today, with Brent moving close to the $100/bbl level. The increase comes despite the International Energy Agency (IEA) announcing a coordinated emergency release of up to 400m barrels. It's a record amount, eclipsing the 182m barrel emergency release from 2022. We're still waiting for the IEA to provide full details of the release.

The key question is, why is the market rallying despite this large release? First, there are no signs of de-escalation in the Persian Gulf, so there is no end in sight to the disruptions to oil flows through the Strait of Hormuz. In addition, regarding the IEA-coordinated release, there are concerns about the speed at which this oil will reach the market and whether it will be enough to tie up the market until we see oil flowing through the Strait of Hormuz again. As part of the coordinated action, the US will start releasing 172m barrels from its strategic petroleum reserve from next week. This will take approximately 120 days to complete. This works out to a US release of around 1.4m b/d. If you assume a similar timeline for other countries, that works out to 3.3m b/d- far short of the supply losses we are seeing from the Persian Gulf.

As we have said repeatedly, the only way to see oil prices trade lower on a sustained basis is by getting oil flowing through the Strait of Hormuz. Failing to do so means that the market highs are still ahead of us.

Middle distillate markets remain well-supported by ongoing supply disruptions, with the ICE gasoil crack trading above $40/bbl. The firm support in the gasoil market is largely being driven by the jet market, with the regrade trading at around $300/t, up from $70/t ahead of US-Israeli strikes on Iran. Around 23% of global seaborne jet fuel trade moves through the Strait of Hormuz, with Europe also heavily reliant on supply from the region.

Energy Information Administration (EIA) data shows that US crude oil inventories increased by 3.82m barrels over the last week. This was largely driven by trade, with crude oil exports falling 563k b/d week-on-week. Despite refiners increasing their utilisation rates by 1.6 percentage points over the week, gasoline and distillate stocks still fell by 3.65m barrels and 1.35m barrels, respectively.

European gas markets remain well-supported amid tightening in the global LNG market. TTF rallied almost 5.5% yesterday, settling just shy of EUR50/MWh. JKM continues to trade at a healthy premium to TTF, indicating that spot LNG cargoes will be diverted to Asia. This will be a concern for Europe if this continues, given the EU's current tight storage levels, with storage just 29% full. Investment funds have jumped into TTF amid the growing supply concerns facing the global LNG market. Funds bought 74.9TWh to leave them with a net long of 196.4TWh, the largest position since February 2025.

Metals - Aluminium rises on Middle East supply risks

LME aluminium prices edged higher, trading around four-year highs, as supply disruption risks linked to the Middle East conflict support the market. The situation remains unstable, leaving aluminium highly sensitive to geopolitical headlines and keeping volatility elevated. The Middle East accounts for around 9% of global aluminium supply, and Gulf producers are among the largest suppliers of primary aluminium to the global seaborne market.

Signs of physical tightness are becoming increasingly pronounced. Cancelled warrants jumped by 96,050t to 178,600t earlier this week, the largest daily increase since May 2024. This lifts cancellations to around 40% of total LME aluminium inventories, up sharply from just 9% at the start of the month. Most of the cancellations were concentrated in Port Klang, Malaysia.

Aluminium remains structurally tight relative to other base metals. Accelerating stock withdrawals suggest the downside should remain limited despite broader macro headwinds.

Agriculture– Arabica coffee declines on improving supply outlook

Arabica coffee prices fell for a second consecutive session, briefly dropping more than 4% yesterday. This reflects favourable weather in Brazil and rising exchange inventories, which improved supply prospects. Forecasts indicate additional rainfall across major growing regions this week, which will support soil moisture and crop development. ICE monitored stocks at US port warehouses increased for the tenth straight session to 564.6k bags as of 10 March, the highest level since 30 September 2025. This is easing concerns about near-term tightness. Supply availability is expected to improve further once Brazil's harvest begins.

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