

The Commodities Feed: Oil softens ahead of further US-Iran talks, rising tariff uncertainty

Oil prices are under pressure in early morning trading today following last week's rally, with further US-Iran talks scheduled. Meanwhile, tariff uncertainty has re-emerged



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Energy – Nuclear talks and tariff uncertainty

The oil market had a strong week last week. ICE Brent settled almost 6% higher over the period as uncertainty over potential US action in Iran builds, with the US continuing to move military assets into the region and US President Donald Trump giving Iran a deadline to come to a nuclear deal.

However, prices are trading softer this morning with further talks between the US and Iran planned for Thursday, while Iran's foreign minister said that there is a chance for a diplomatic solution. In the case of a deal, we would see a fairly aggressive erosion of the risk premium currently priced into the market – although reaching a deal is easier said than done.

The other element of uncertainty facing the market is tariffs once again. While the US Supreme Court [ruled against President Trump's IEEPA tariffs](#) late last week, it did not take long for the US administration to announce new temporary tariffs of 10% under a different law, which were then

quickly raised to the maximum 15% allowed under this law. These tariffs can remain in place for a maximum of 150 days, and this will likely be a period that the administration uses to find alternatives to keep tariffs in place.

The latest positioning data shows that speculators cut their net long in ICE Brent by a modest 17,876 lots over the last reporting week to 263,186 lots as of last Tuesday. The move was predominantly driven by longs liquidating. The ongoing geopolitical uncertainty and resulting supply risks have kept speculative interest in the oil market fairly elevated so far this year.

In natural gas markets, the Golden Pass LNG export plant is a step closer to starting up, with an increasing amount of natural gas flowing into the facility. The first train at the facility is expected to start operations in March, which will have a capacity of around 7bcm. Golden Pass will have a total capacity of around 21bcm once all three trains are operational.

Metals – Copper climbs after US tariff ruling

Copper edged higher late on Friday as the US dollar weakened following a Supreme Court ruling that struck down a significant portion of Trump's reciprocal tariff programme. However, the decision has not eased uncertainty, with the Trump administration responding to the ruling with new tariffs.

The ruling does not affect sector specific tariffs imposed on national security grounds, including measures on aluminium, steel and copper products. Still, LME metals moved higher as the decision reduced immediate risks to global trade flows and industrial demand. However, the upside may remain capped, given that some sector specific tariffs remain in place and the administration could pursue alternative trade measures.

In precious metals, Russia said on Friday that its central bank sold gold from its reserves in January, the first decline in holdings since October. According to data from the Bank of Russia, bullion reserves fell by around 300,000 ounces to 74.5 million ounces, after prices hit record highs during the month.

Agriculture – Funds continue to sell sugar

The USDA's weekly net export sales for the week ending 12 February showed a rise in demand for US soybeans; sales rose to 864.2kt compared to 283kt a week ago and 499.6kt a year ago. China was the largest buyer over the week, with net sales of 415.5kt. According to the data, total commitments to China for the current marketing year stand at almost 10.6mt. Meanwhile, weekly export sales of corn were 1,535.2kt, down from 2,129.6kt in the previous week but above 1,453.8kt for the same period last year. Wheat export sales stood at 306.5kt for the week, lower than the 502kt a week ago and 631.2kt reported a year ago.

The latest CFTC data shows that the net speculative long in CBOT soybeans rose by 40,463 lots to 163,611 lots for the week ending 17 February. This move was largely driven by fresh longs entering the market. For CBOT corn, money managers bought 20,795 lots over the week to leave them with a net short of 27,415 lots. The bearish sentiment in the sugar market continues, with speculators selling a further 29,988 lots in No.11 raw sugar to leave them with a record net short of 241,777 lots.

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