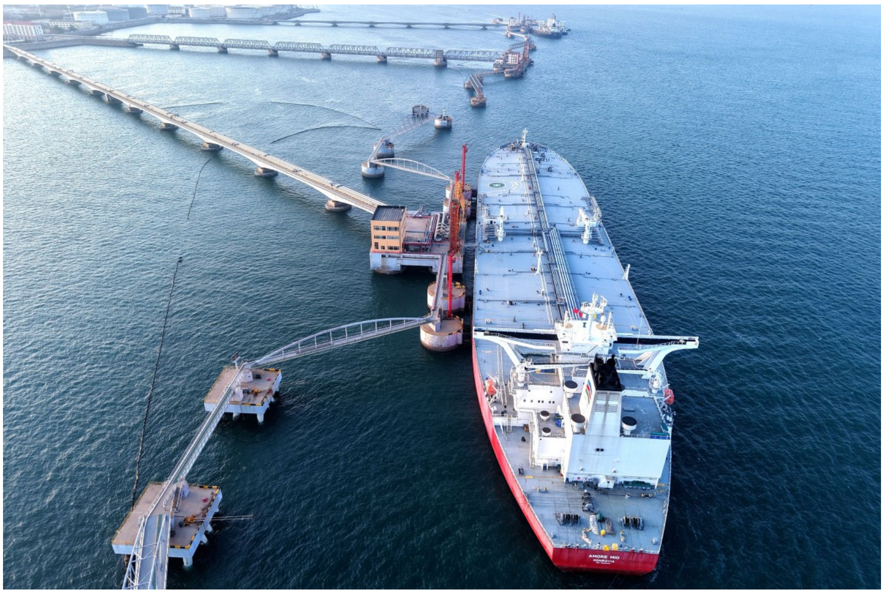
The Commodities Feed: Oil steady as market awaits cues

Crude oil ticked up slightly this morning as the market remains cautious amid the developing situation over trade talks between the US and China. Meanwhile, European natural gas prices continue to come under pressure, with TTF futures down 9% as of last week



A tanker unloads imported crude oil in Qingdao, Shandong Province, China

Energy – Crude sees modest gains

The oil market managed to trade marginally higher in the early morning today, with ICE Brent trading above $67/bbl. Market participants are waiting for more clarity over the conflicting signals from the ongoing US-China trade talks. Meanwhile, the US and Iran talks of a deal over the nuclear programme continue to remain constructive, with both countries agreeing to meet again in Europe soon. OPEC+ is scheduled to meet on 5 May to discuss output plans for June.

The latest positioning data shows that speculators increased their net longs in ICE Brent by 29,432 lots (after reporting declines for two straight weeks) to 128,383 lots as of last Tuesday. This was driven predominantly by the liquidation of short positions. There was also a small portion of new longs entering the market. Similarly, in NYMEX WTI, speculators boosted their net long by 36,132 lots for a second consecutive week to 147,331 lots over the reporting week, the highest bullish bets since the last week of January. This market continues to gauge the potential tariff impact on oil flows into the US.

The latest data from Baker Hughes shows that drilling activity in the US rose for the second consecutive week, marking the first back-to-back rise since February. The number of active US oil rigs rose by two over the week to 483 as of 25 April 2025. However, the oil rig count is still down by 23 compared to this time last year. The total rig count (oil and gas combined) stood at 587 over the reporting week, up from 585 a week earlier, but 4.7% lower than the same time last year. Primary Vision's frac spread count, which gives an idea of completion activity, increased by five over the week to 205.

In gas, natural gas prices in Europe extended declines for a fourth straight session and fell around 4.9% day-on-day at one point in time to trade below EUR32/MWh (the lowest since July) on Friday. Prices came under pressure following the increased supply availability and lower demand in Asia. Europe is steadily expanding its gas storage, fuelling optimism about the timely availability of supplies for the upcoming heating season. The latest GIE data shows that storage is more than 38% full as of 26 April, compared to a five-year average of 48.7% and the 61.7% levels seen at the same stage last year. Meanwhile, there are suggestions that shipments of liquefied natural gas have been arriving at higher levels than usual for the time of year amid weaker consumption in Asia.

Similarly, US natural gas prices hovered near the lowest level since November following the mild weather and ample inventories. There are suggestions that the weekly inventories will continue to report inflows, after witnessing a higher-than-expected increase last week, as weather remains unfavourable. Total stockpiles are nearly in line with the five-year average, and there is plenty of stored gas heading into summer.

Metals – China's copper stocks see record weekly drop

The latest data from the Shanghai Futures Exchange (SHFE) shows that copper inventories in China fell significantly by 54,858 tonnes for a fifth consecutive week to 116,753 tonnes as of last Friday. This was the biggest weekly decline on record, taking total inventories to their lowest since the end of January 2025. The decline was largely due to strong demand in the physical market, with spot prices trading at steep premiums. Last week, China pledged to "fully prepare" emergency plans to defend against increasing external shocks and said it will take a patient approach in defending growth. The country will not rush to expand its economic stimulus and will continue to focus on medium and long-term plans. The government also indicated that it is considering suspending its 125% tariff on some US imports.

In other metals, aluminium inventories fell by 11,871 tonnes for a fourth straight week to 178,597 tonnes (the lowest since the week ending on 31 January 2025), while zinc inventories declined by 7,207 tonnes (-12.3% week-on-week) for a sixth consecutive week to 51,378 tonnes (the lowest since 7 February 2025) at the end of last week. Meanwhile, lead and nickel stocks fell 20% WoW and 2.5% WoW, respectively.

The latest data from the China Gold Association shows that gold consumption in the country fell almost 6% year-on-year to 290.5t in the first quarter of 2025. The association further added that the decline was led by jewellery demand falling by 27% YoY to 134.5t in the first quarter, following higher domestic prices of the precious metal. On the supply side, China produced around 87.2t of gold in the period, up 1.5% YoY.

The latest positioning data from the CFTC shows that speculators increased their net longs of COMEX copper by 2,093 lots for the second consecutive week to 16,588 lots as of 22 April. In precious metals, managed money net longs in COMEX gold decreased by 11,197 lots for a fifth straight week to 125,722 lots over the last reporting week, the fewest bullish bets since the week ending 27 February 2024. Money managers' interest in gold continues to remain muted following higher prices. In contrast, speculators increased net longs of silver by 2,845 lots for a second consecutive week to 26,174 lots as of Tuesday.

Agriculture – Ukraine grain shipments decline

The latest data from Ukraine's Agriculture Ministry shows that grain exports so far in the 2024/25 season stood at 34.7mt as of 25 April, a decline of 14% YoY. Total corn shipments stood at 18.3mt, down 18% YoY, while wheat exports fell 11% YoY to 13.7mt. Despite the US ceasefire proposal, Russia continues its attacks on Ukraine's port areas, leading to a decline in grain exports. However, this month's total grain exports rose significantly by over 60% YoY to 2mt. Meanwhile, spring grains and legume plantings stood at 2m hectares, down 22% from the same period a year ago. The above includes a spring wheat and spring corn planting area of 200k hectares and 705k hectares respectively. The total planting area estimates stood at 5.7m hectares, in line with the previous year's plantings.

Recent data from France's Agriculture Ministry shows that 74% of the soft wheat crop is rated in good to excellent condition as of 21 April. This compares to 75% over the previous week and the 63% seen at the same stage last year. Corn planting stood at 50% completed for the above-mentioned period, above the 39% reported a week ago and 24% reported a year ago.

Trade tensions between the US and China continue to impact speculative positioning of grains. The latest CFTC data shows that money managers decreased their net short position in CBOT wheat by 6,510 lots for a third consecutive week to 89,929 lots as of 22 April. The move was dominated by rising long positions by 6,514 lots to 75,942 lots.

Meanwhile, the net speculative long position in CBOT corn fell by 11,768 lots to 112,805 lots. The move was fuelled by an increase in gross longs and gross shorts by 18,754 lots and 30,522 lots respectively. In contrast, the net speculative long position in CBOT soybeans rose by 4,898 lots for a third straight week to 31,067 lots (the most bullish bets since 4 February 2025) over the last reporting week, following an increase in gross longs and gross shorts by 11,906 lots and 7,008 lots respectively.

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