The Commodities Feed: Oil surges as peace deal hopes fade

Energy prices jumped this morning after the US rejected Iran's latest peace plan proposal

Energy- China's energy imports fall in April

The oil market remains heavily headline-driven, with prices surging after President Trump rejected Iran's latest peace plan proposal. One would expect the market to become increasingly fatigued by the deluge of headlines and the back-and-forth. However, oil prices remain highly sensitive to noise around Iran, highlighting the significance of the ongoing supply disruptions in the Persian Gulf. While optimism for an imminent deal is fading, there remains a glimmer of hope that talks between Trump and Chinese President Xi later this week could yield positive results on Iran. The hope is that China can use its influence over Iran to push it closer towards a peace deal. Clearly, this is easier said than done.

The latest trade data from China for April highlight the impact of the Iran war on the country's energy imports. China's crude oil imports in April fell 20% year-on-year to 9.4m b/d. This is the lowest level since July 2022, when the country was under a significant Covid-related lockdown. Meanwhile, natural gas imports in the month also fell 13% YoY. These imports include both pipeline gas and LNG. Clearly, it's the latter that has come under pressure.

The latest positioning data shows that speculators decreased their net long in ICE Brent by 9,000 lots over the last reporting week to 374,205 lots as of last Tuesday. This move was dominated by fresh shorts entering the market. Given the market's move lower since last Tuesday, this net long has likely been further reduced.

In the LNG market, Qatar has shipped its first cargo of LNG through the Strait of Hormuz since the war, with the vessel currently bound for Pakistan. Pakistan has been playing a central role in negotiating a peace deal between the US and Iran. Meanwhile, there are talks to allow further LNG cargoes to transit the strait.

Agriculture– WASDE expectations

The USDA is set to release its monthly WASDE report tomorrow, which will include its first estimates for the 2026/27 season. The market expects 2026/27 US corn ending stock estimates to fall 185m bushels YoY to 1,942m bushels, while soybean ending stocks are projected to increase by 16m bushels YoY to 366m bushels. The anticipated decline in corn stocks primarily reflects lower planting intentions, with corn acreage estimated at 95.3m acres, down from 98.75m acres in 2025, as farmers shift toward soybeans following last year's strong harvest. Looking at global balances, corn ending stocks for 2026/27 are projected to decline 3.6m tonnes YoY to 291.2m tonnes. Soybean ending stocks are expected to increase by 1.7m tonnes YoY to 126.5m tonnes.

The latest CFTC data shows that the net speculative long in CBOT corn rose by 79,822 lots over the last reporting week to 343,925 lots. This was largely driven by fresh longs entering the market, with 61,920 lots bought. Similarly, speculators increased their net long in soybeans by 36,335 lots to 221,617 lots. The move was fuelled by an increase in gross longs, as market sentiment improved on expectations for the Trump-Xi meeting in Beijing.

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