

Article | 29 January 2026

COMMODITIES DAILY UNITED KINGDOM

The Commodities Feed: Oil trades higher on Iranian risk

Oil markets continue to strengthen amid growing concern over a possible escalation between the US and Iran



Energy – Concerns grow over US/Iranian escalation

Oil prices continue to firm, with ICE Brent settling a little more than 1.2% higher yesterday -- its highest level since September. The strength in the flat price and timespreads is at odds with the large oil surplus view. However, a torrent of geopolitical risks, along with recent USD weakness, are supporting the flat price. So are some recent supply disruptions, which are also supporting spreads.

The key uncertainty facing the market is the potential for escalation between the US and Iran. President Trump warned Iran that time is running out to strike a deal, as US ships move towards the region. Clearly, this more aggressive rhetoric has left the oil market nervous about the potential for supply disruptions. Iran pumps around 3.3m b/d of crude oil, while exporting around 1.5m b/d. This will be the most immediate supply concern. However, there are also concerns about what this could mean for regional oil supplies. Any escalation may pose a risk to Persian Gulf oil flows through the Strait of Hormuz, where around 20m b/d of crude oil passes. In the absence of an escalation, bearish fundamentals should once again take centre stage, leading the market to trend lower.

EIA inventory data shows that US crude oil inventories fell by 2.3m barrels over the last week. This was driven by an 805k b/d decline in imports, while exports grew 901k b/d WoW. The initial

impact from the recent winter storm appears to be reflected in the numbers, with crude oil output in the Lower 48 estimated to have fallen 42k b/d week-on-week, while refineries reduced operating rates by 2.4 percentage points over the week to 90.9%. Refined product stocks saw marginal increases, with gasoline and distillate inventories increasing 223k barrels and 329k barrels, respectively.

In the US natural gas market, the Feb'26 Henry Hub contract expired yesterday. It had a very volatile final trading session, settling 7.28% higher on the day at \$7.46/MMBtu. The expiry of the contract sees the March contract become the front-month contract, which is trading at a little over \$3.7/MMBtu (settling 2.3% lower yesterday). The significant backwardation between the contracts reflects the impact of the recent US winter storm. We continue to see the gas market recovering from this disruption. US natural gas output is trending upwards following the shut-ins seen over the weekend. In addition, gas flows to US LNG plants are recovering, easing concerns about the impact on LNG supplies to global markets.

Metals - Aluminium jumps to record high in Shanghai

Aluminium surged to a record high on the Shanghai Futures Exchange, while LME prices climbed to their strongest level since April 2022. The move comes amid a broader metals rally, supported by a weaker US dollar and tightening supply conditions. Shanghai prices rose nearly 6%, with London gaining close to 2%.

The aluminium market is moving into deficit in 2026, with supply remaining the key constraint. Outside Indonesia, production growth is subdued. China continues to show discipline on capacity additions, and neither Europe nor the US is seeing meaningful smelter restarts. Aluminium prices have also drawn support from the broader rally in copper.

In precious metals, gold continues to surge to record highs, closing almost 4.6% higher yesterday. This strength continued in early-morning trading in Asia, with spot gold hitting a fresh record high of \$5,588/oz at one stage. Geopolitical tensions, a weaker dollar, and investor rotation out of currencies have boosted the precious metal. Gold is now up around 27% year-to-date, while silver has gained almost 65%. ETF flows remain supportive. Total known gold ETF holdings rose by 128koz on 28 January. This marks the sixth consecutive daily inflow and lifting holdings to 100.6moz, the highest level since August 2022.

Author

Warren Patterson

Head of Commodities Strategy

Warren.Patterson@ing.com

Ewa Manthey

Commodities Strategist

ewa.manthey@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. (“ING”) solely for information purposes without regard to any particular user’s investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.