The Commodities Feed: OPEC+ agrees to a modest output hike

The oil market opened higher in the early trading session today following a modest output hike from OPEC+ for November 2025. Meanwhile, gold continued its rally to new record highs amid the prolonged US shutdown

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Energy – Oil rises on OPEC's modest output hike

ICE Brent was trading above $65/bbl while NYMEX WTI was seen approaching $62/bbl this morning, amid a modest OPEC+ production increase for November and higher geopolitical risks. Recent reports suggest that Ukraine claims to have attacked one of Russia's largest oil refineries, Kinef oil refinery, which holds an annual processing capacity of over 20mt. The attack took place over the weekend (the second time in a month), as Ukraine continues to put pressure on Russia's energy infrastructure.

Meanwhile, OPEC+ agreed to boost crude oil production by 137k b/d in November (similar to last month), in contrast to markets expecting a more aggressive reintroduction of supply. The group remains cautious about increasing its production share in the global oil market on predictions of an upcoming supply surplus in the fourth quarter as well as next year. Last month, the IEA also predicted a record oil surplus for next year, primarily on rising OPEC+ supply.

Baker Hughes data shows that the US oil rig count saw its first weekly decline in six weeks following a weekly drop in crude oil prices. Recent data shows that crude oil rigs declined by two to 422 active rigs last week. While this is a very marginal decline, it does suggest that drilling activity may be stabilising on growing concerns over a supply glut and fears that a prolonged US shutdown would further hurt oil prices.The overall rig count (oil and gas combined) remains unchanged from last week and stood at 549 in the week ending 3 October 2025. However, it is still down 36 from the same time last year.

The latest positioning data shows that speculators sold 11,466 lots of ICE Brent for a second consecutive week over the last reporting week, leaving them with a net long position of 209,113 lots, a move predominantly driven by rising gross shorts positions. Meanwhile, the speculative data for NYMEX WTI is not available yet, as the CFTC weekly report was not released due to the ongoing government shutdown in the US.

Metals – Gold nears $3,950/oz

Gold prices hit another record high this morning, with spot gold breaking above $3,945/oz for the first time, as the prolonged US shutdown fuelled investors' demand for safe-haven assets. The US disruption has delayed payroll data expected last Friday, further clouding an already uncertain economic outlook. With official data delayed, traders are depending on private reports for economic insight, while the central bank faces challenges in making monetary policy decisions. Still, markets expect a quarter-point rate cut this month, which could further support gold.

The latest data shows that total known ETF holdings for gold continue to report inflows of 52.5koz for a seventh consecutive session to 97.3moz as of Friday. Net inflows for the last week stand at 655.7koz, taking the total gold ETF holdings to the highest level since September 2022. Gold prices are already up by nearly 50% this year, driven by heightened economic and geopolitical uncertainty under US President Donald Trump. The Federal Reserve's rate cuts and central bank moves to diversify away from dollar assets have also provided strong support.

In industrial metals, LME copper prices extended the upward rally for a fourth straight session this morning, with prices moving above $10,785/t (the highest since May 2024), amid expectations of US interest rate cuts and ongoing supply disruptions. Recent reports of supply disruptions at major mines – including Freeport-McMoRan Inc. (Grasberg), Codelco (El Teniente) and Hudbay Minerals Inc. – have led to a sharp downward revision in the output guidance for the year.

Meanwhile, LME data shows that on-warrant inventories for lead fell by 26,525 tonnes (the biggest daily decline since 18 July 2025) after reporting gains for three consecutive sessions to 185,200 tonnes as of 3 October, the lowest since 20 May 2025. Most of the outflows were reported into Singapore warehouses. Total inventories of lead rose by 3,750 tonnes for a fourth straight session to 237,500 tonnes, while cancelled warrants increased by 30,275 tonnes for a second consecutive session to 52,300 tonnes for the period.

Agriculture – Coffee rallies further

Arabica coffee settled more than 3% higher on Friday amid dry weather conditions in Brazil, the world's top producer. Recent weather reports suggest that dry and hot weather will intensify over coffee-growing areas in Brazil by the end of the week, with a likely transition to a La Niña weather pattern adding risks to coffee development.

Turning to inventories, the latest official data shows that total coffee stocks at ICE-monitored warehouses have been declining continuously since 9 September and fell by 8.4k bags to 538.6k bags as of 3 October, the lowest since March 2024. This was primarily due to a sharp decline in Brazilian beans, just 6% as of Friday, compared to 63% at the start of the year. Earlier, CONAB revised down its Brazil arabica coffee production estimates from 37m bags to 35.2m bags for the 2025/26 season. The main flowering for Brazil's 2026/27 crop is complete. However, October rains are crucial for continued growth.

The General Statistics Office of Vietnam released trade volume estimates for September, showing that coffee shipments are seen at 81kt, up 58.5% compared to 51.4kt reported a year ago. However, the coffee export estimates for September are down 4.7% month-on-month. Cumulative coffee exports rose by 10.9% year-on-year to 1.2mt over the first nine months of the year as overseas sales continue to remain strong.

Recent data from France's Agriculture Ministry show that 24% of the corn has been harvested as of 29 September, up from 14% in the previous week. This pace is faster than previous seasons and is in line with the five-year average. Meanwhile, 62% of the corn crop is rated in good to excellent condition for the period mentioned above, in line with the previous week, but well below the 79% seen at the same period last year.

Author

Ewa Manthey
Commodities Strategist
ewa.manthey@ing.com

Warren Patterson
Head of Commodities Strategy
Warren.Patterson@ing.com