

The Commodities Feed: Precious metals meltdown deepens

Gold and silver extended last week's sharp losses this morning, with sentiment still fragile following the shake up at the Federal Reserve Committee and President Trump's increasingly assertive diplomatic stance toward Iran. The energy complex also slumped in early trading, mirroring the broad weakness across commodities



Macro uncertainty, real rate expectations, and USD direction will continue to dominate sentiment for gold and silver

Metals – Gold and silver prices extend fall

Precious metals extended Friday's dramatic retreat, with spot gold falling as much as 10% on Monday morning, while silver plunged as much as 16%, following an intraday loss on Friday that was the biggest on record.

The sharp selloff on Friday followed news that US President Donald Trump intends to nominate Kevin Warsh as the next Federal Reserve chair – a development that boosted the US dollar and reinforced expectations of a more hawkish policy stance. While a correction was overdue after the intense rally, the scale of Friday's decline far exceeded most expectations.

ETF data points to ongoing investor caution. Total known silver ETF holdings fell for a seventh straight session, dropping 3.5moz to 823.8moz as of 30 January, with January net outflows now at 39.9moz – bringing holdings to the lowest level since November 2025.

Price direction in the near term will hinge on the extent of dip buying from Chinese investors

following Friday's retreat. The Shanghai benchmark opened weaker again today, though prices continue to trade at a premium to international markets. With volatility spiking and the Lunar New Year approaching, traders are likely to pare back positions and reduce risk. Meanwhile, CME Group will raise margin requirements on COMEX gold and silver futures – up to 8-8.8% for gold and 15-16.5% for silver – after both markets experienced their steepest declines in decades.

CFTC positioning shows a cooling in speculative interest across precious metals. Managed money net longs in COMEX gold fell by 17,741 lots last week to 121,421 lots, driven by a drop in gross longs. Speculators also cut net longs in silver by 4,032 lots, the third weekly reduction, taking positioning to its lowest since February 2024.

Overall, volatility across precious metals is likely to remain elevated in the near term. For gold and silver, macro uncertainty, real rate expectations, and USD direction will continue to dominate sentiment.

Energy – Oil declines as risk premium unwinds

Oil prices came under renewed pressure this morning, with both ICE Brent and NYMEX WTI dropping more than 5% in early trading. The selloff follows reports of fresh US-Iran negotiations, raising the possibility of a deal and easing geopolitical risk premium. A broader correction across financial markets has added to the downward momentum.

Over the weekend, OPEC+ reaffirmed its pause on supply increases through March, completing a three month freeze first agreed in November. Eight key members, led by Saudi Arabia and Russia, confirmed the extension despite the recent rally in prices. However, the group offered no guidance on policy beyond the first quarter, ahead of its next meeting on 1 March.

US drilling activity remains subdued. Baker Hughes data showed the US oil rig count unchanged at 411 last week, with weak prices continuing to weigh on investment. Total rigs (oil + gas) rose slightly to 546, though still 36 below levels seen a year ago. Expectations for a sizeable surplus this year suggest US crude output growth will remain constrained into 2026.

Speculative positioning shows that recent geopolitical tension encouraged fresh buying ahead of today's declines. Money managers increased net longs in ICE Brent by 29,947 lots last week – the largest bullish stance since September 2025. NYMEX WTI net longs also rose for an eighth straight week, up 9,557 lots to the strongest level since August 2025, supported partly by extreme cold weather that disrupted refinery operations along the US Gulf Coast.

In natural gas, NYMEX Henry Hub futures slumped to \$3.62/MMBtu (-17% DoD) this morning as forecasts turned milder, erasing last week's weather driven gains. Warmer than normal temperatures across large parts of the US are expected to weigh on demand. The latest EIA data showed a 242Bcf withdrawal from storage – above the five year average of 208Bcf. Stocks stand at 2.823Tcf as of 23 January, around 5.3% above the five year average.

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