

## The Commodities Feed: Risk-off trend intensifies

Oil prices came under greater pressure yesterday amid a broadening risk-off trend and bearish news from the International Energy Agency



### Energy – Surplus environment

Oil prices couldn't escape a broader risk-off move amid intense selling of US equities and global growth concerns. ICE Brent settled a little more than 1.5% down on the day. A somewhat bearish release from the International Energy Agency (IEA) hardly helped.

In its latest monthly oil market report, the IEA highlighted risks that trade and tariff uncertainty pose to oil demand. The agency expects global oil demand to grow by a bit over 1m b/d in 2025. The IEA marginally revised lower demand growth estimates for the fourth quarter of 2024 and the first quarter of 2025. It estimates that global oil supply grew by 240k b/d in February as OPEC+, and in particular Kazakhstan, saw output hit a record high. Non-OPEC+ supply is forecast to grow by around 1.5m b/d this year, while OPEC+ supply depends on what the group does with supply cuts after April. The IEA forecasts that the global oil market will be in a 600k b/d surplus in 2025. There's a risk that this will grow to 1m b/d if OPEC+ unwind cuts through the year.

The ICE gasoil crack continues to come under pressure, trading below US\$17/bbl and to its lowest level this year. Improved middle distillate flows through the Suez Canal supported the move lower

in the crack. However, further weakness may be limited given that Amsterdam-Rotterdam-Antwerp (ARA) gasoil stocks have declined for 5 consecutive weeks, falling by 95kt over the last week to 2.27mt.

US natural gas storage fell more than expected over the last week. Energy Information Administration (EIA) data shows that working storage fell by 62bcf, more than the 50bcf the market was expecting. Total storage is now 11.9% below the five-year average. The release provided some short-term support to the market. However, forecasts for warmer weather over parts of the US made it short-lived.

## Metals – Gold hits fresh record high

Gold reached a fresh record high, trading just shy of US\$2,990/oz, following modest US inflation numbers supporting the case for the US Federal Reserve to ease monetary policy. Swap traders are fully pricing in another quarter-point reduction in June, with about 70 basis points of easing seen for all of 2025. Furthermore, concerns tariffs will boost inflation and slow economic growth are fueling demand for safe-haven assets like gold. Total known gold exchange-trade fund holdings have grown by around 3.5moz so far this year to almost 86.4moz.

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