

Article | 23 March 2025

COMMODITIES DAILY

The Commodities Feed: Speculators buy Brent amid sanction risks

Oil prices are well supported by sanction risks following tougher sanctions on Iranian oil exports last week



Energy – Speculative moves

Crude oil saw its largest weekly increase since early January with ICE Brent settling more than 2.2% higher. Tighter sanctions on Iranian oil exports provided some support, along with compensation plans from some OPEC+ members for overproduction. However, questions remain about whether members will actually stick to the compensation plan and cut output. Oil could receive further support this week amid reports that the Trump administration's reciprocal tariffs set for 2 April may not be as severe as initially feared. And that they might be more targeted.

Speculators have become more constructive towards oil, possibly due to sanction risks hanging over the market. Over the last reporting week, speculators increased their net long in ICE Brent by 52,853 lots to 206,138 lots. This move was predominantly driven by fresh buying, but also short covering. It was the largest weekly increase in the speculative position since October. Interestingly, though, there is some divergence with NYMEX WTI, where speculators reduced their net long by 19,249 lots to 96,513 lots. This suggests the market is not overly concerned about the potential tariff impact on oil flows into the US. Instead, the market is more

concerned about the US demand picture.

On the refined product side, sentiment continues to become more bearish for middle distillates as we move closer towards the end of the northern hemisphere winter. Speculators increased their net short in ICE gasoil by 19,487 lots to 37,021 lots -- the largest net short since late October. In the US, speculators sold 15,706 lots in NYMEX ULSD, which saw them flip to a net short of 12,481 lots. Meanwhile, for NYMEX RBOB, speculators bought 23,149 lots, leaving them with a net long of 29,183 lots. This buying comes as we see three consecutive weeks of US gasoline inventory drawdowns, leaving stocks at their lowest level since early January.

Agriculture – Ukraine spring plantings progressing well

Ukraine's Agriculture Ministry reported that spring grain plantings stood at 250.4k hectares as of 21 March, up 18% from the same period a year ago. This includes a 27% year-on-year increase in the spring wheat area of 36.7k hectares. Spring wheat plantings in 2025 are forecast to total 222.8k hectares, up 28% YoY.

Trade tensions are having an impact on speculative positioning for grains. Speculators reduced their net long in CBOT corn by 39,271 lots over the last reporting week to 107,270 lots. Chinese retaliatory tariffs on US soybeans are likely to see US farmers increase corn plantings at the expense of soybean area. So, essentially, the US will produce more corn in the upcoming season, assuming no downward surprises in yields. Meanwhile, speculators increased their net short in CBOT soybeans by 6,461 lots to 22,005 lots, while also selling 3,256 lots of CBOT wheat, leaving them with a net shot of 80,668 lots.

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