

# The Commodities Feed: Steady oil ahead of Trump-Putin call

The oil market has so far not reacted to the recent US credit downgrade. Instead, the market is focused on nuclear talks developments and the Trump-Putin call scheduled for today



Oil prices have sold off aggressively

Source: Shutterstock

## Energy – Speculators buy Brent

The oil market managed a second consecutive week of gains, driven largely by tariff de-escalation. However, the market is in limbo this morning as it weighs what impact, if any, the US credit downgrade by Moody's Investors Service will have on oil. In addition, there's still plenty of uncertainty over how Iranian nuclear talks will play out.

For today, much of the attention is on a scheduled call between President Trump and President Putin about the Russia-Ukraine war. The market will be on the lookout for any signs of potential de-escalation. Fundamentally, though, even if we were to see a peace deal and the eventual lifting of sanctions against Russia, there would only be a limited increase in supply. Russia has managed to weather Western sanctions relatively well by rerouting oil flows to China and India.

The latest positioning data shows that speculators increased their net long in ICE Brent by 53,586

lots to 151,144 lots over the last reporting week. This increase was predominantly driven by fresh longs entering the market as sentiment improved with the tariff pause between China and the US.

The US oil rig count fell for the third consecutive week, declining by 1 last week to 473, leaving the count at its lowest since late January, according to Baker Hughes data. Lower prices have seen a pullback in drilling activity in the US. If current prices persist, we're likely to see a further easing.

## Agriculture – Indian sugar output falls

The latest data from the Indian Sugar and Bio-energy Manufacturers Association (ISMA) shows that 2024/25 sugar production in India fell 18.6% year-on-year to 25.7mt (after diversion of ethanol) through 15 May, compared to 31.6mt during the same period last year. By the end of April, sugar mills diverted 2.7mt of sugar for ethanol production. ISMA expects domestic sugar production to end the season at 26.2mt, while consumption is estimated to total 28mt. Following exports of 900kt, this would leave stocks at the end of the 2024/25 season at 5.2mt-5.3mt.

The latest CFTC data shows that money managers increased their net short position in CBOT wheat by 13,161 lots to 126,895 lots (the most bearish position since May 2023). The move was driven by fresh selling. Meanwhile, the net speculative longs in CBOT soybean rose by 16,537 lots to 38,407 lots. Speculators moved to a net short in CBOT corn, after selling 98,869 lots over the last week. This leaves them with a net short of 84,976 lots as of last Tuesday.

### Author

#### Warren Patterson

Head of Commodities Strategy

[Warren.Patterson@asia.ing.com](mailto:Warren.Patterson@asia.ing.com)

#### Ewa Manthey

Commodities Strategist

[ewa.manthey@ing.com](mailto:ewa.manthey@ing.com)

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