The Commodities Feed: Is Tariff relief real?

The oil market is quiet this morning as participants balance President Trump's temporary tariff exemptions on electronics and constructive nuclear talks between the US and Iran

Energy – Tariff relief vs Iranian talks

The oil market is quiet in early morning trading today, after settling lower for a second consecutive week last week. News that the Trump administration is offering tariff exemptions on certain electronics products initially supported risk assets. Since then, uncertainty returned as President Trump suggested exemptions are only temporary -- and that other more specific tariffs could be introduced in due course. Meanwhile, market participants are digesting the implications of indirect weekend talks between the US and Iran, which were described as constructive. Further talks are planned. This may help remove some of the sanction risk affecting the oil market, particularly if talks keep on moving in the right direction.

Unsurprisingly, the latest positioning data shows that speculators reduced net longs in ICE Brent significantly over the last reporting week. Speculators sold 162,344 lots, leaving them with a net long of 155,838 lots as of last Tuesday. This was driven predominantly by longs liquidating. There also was also a small portion of new shorts entering the market. This marks the largest amount of speculative selling in a single week since at least 2015 -- and by quite a distance. The move highlights the scale of the negative shift in market sentiment and the extent to which speculators were caught wrong-footed ahead of Trump's tariff announcement on 2 April.

Already, the weakness in the oil market appears to be causing a pullback in drilling activity in the US. The latest data from Baker Hughes shows that the US oil rig count fell by 9 last week, leaving it at 480. That's the largest weekly decline since June 2023. Current West Texas Intermediate (WTI) prices leave little incentive for US producers to drill. Prices remaining near current levels could result in further declines in drilling activity.

On the data front, China will release its first batch of trade data for March today, including crude oil imports and trade in refined products. OPEC will also release its latest monthly oil market report today. The group has been slower to adjust its demand growth estimates. It will be interesting to see if recent tariff developments prompt OPEC to revise demand estimates lower.

Metals – Gold ETF buying

Recent reports suggest that Chinese gold exchange-traded funds (ETF) inflows reached a fresh daily record late last week. Investors continue to rush towards the yellow metal amid intensifying trade tensions. According to Bloomberg data, inflows into China's four major gold ETFs reached a record of nearly 3 billion yuan (US$410M) on Thursday. However, speculative interest in Comex gold futures remains muted. Weekly Commodity Futures Trading Commission (CFTC) data show that managed money net longs in COMEX gold decreased a third consecutive week by 38,088 lots to 138,465 lots as of 8 April. That's the biggest weekly decline since 3 October 2023. Some of the selling could reflect meeting margin calls in other assets, given the recent volatility in broader markets.

Shanghai Futures Exchange (SHFE) data shows that weekly inventories for all base metals fell over the reporting week. Copper led the decline with stocks falling by 42,795 tonnes for a third consecutive week to 182,941 tonnes as of last Friday. This was the biggest weekly decline since April 2020, taking total inventories to the lowest since the end of January 2025. There are suggestions that domestic manufacturers and traders bought huge volumes of copper following the more recent weakness in prices. Meanwhile, aluminium inventories fell by 9,447 tonnes to 205,627 tonnes.

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