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COMMODITIES DAILY

## The Commodities Feed: The tariff pause

President Trump surprised markets with a 90-day pause in reciprocal tariffs for most trading partners. This provided a boost to risk assets, including commodities. However, there's still plenty of uncertainty as the US again increased tariffs on China



### Energy – Tariff pause provides some relief

Oil prices rallied along with risk assets yesterday after President Trump paused reciprocal tariffs on most trading partners, at least those that haven't retaliated yet. This puts tariffs back to the baseline 10%. However, there was no relief for China. The US increased tariffs to 125% after China raised retaliatory tariffs on US goods to 84%. While the pause offers some relief to markets, there's still plenty of uncertainty on the trade front. This uncertainty is still likely to drag on global growth, which is clearly a concern for oil demand. Still, conditions are not looking as bad as they were just a few days ago.

The ICE Brent forward curve is signalling a better-supplied oil market, at least across parts of the forward curve. While the front end of the curve is in backwardation, it has shifted into contango from the January 2026 contract onwards. Meanwhile, the Brent Dec-25 - Dec-26 spread has fallen into contango. All signs point to a softer market balance a little bit further down the road.

US inventory data from the Energy Information Administration (EIA) shows that crude oil

inventories increased by 2.55m barrels over the last week. This takes stocks to a little over 442m barrels -- the highest since July. Meanwhile, crude stocks at Cushing grew by 681k barrels, leaving stocks at the WTI delivery hub at their highest level since November. The slightly bearish crude numbers were offset by refined products, with gasoline and distillate stocks falling by 1.6m barrels and 3.5m barrels, respectively.

European natural gas prices came under significant pressure yesterday with TTF falling by more than 7%. However, the tariff pause should see the gas market opening higher today. Meanwhile, the latest positioning data shows that investment funds have been heavily selling TTF. Funds sold 19.7TWh over the last reporting week to leave them with a net long of 126.3TWh -- the smallest net long since May last year.

### **Metals – Copper rallies on tariff pause**

Copper and other base metals rallied in early morning trading today following President Trump's 90-day tariff pause. Clearly, though, there's still plenty of uncertainty as tariffs against key metal consumer, China, have been raised to 125%. A prolonged trade war would drag on consumer confidence, weaken appetite for risk and weigh on demand for raw materials. However, the prospect of a prolonged trade war has also raised expectations for Beijing to unveil more aggressive stimulus measures. This could cap the downside to copper and other industrial metals.

### **Agriculture – WASDE expectations**

The USDA is scheduled to release its monthly World Agricultural Supply and Demand Estimates (WASDE) report later today. The market expects the agency to increase its US soybean ending stocks estimate by 2m bushels to 382m bushels, while trimming its corn ending stocks estimate by 28m bushels to 1,512m bushels. Global ending stock estimates are expected to see little change. For corn, stocks are expected to decline from 288.9mt to 288.3mt, while soybean and wheat ending stock estimates are expected to rise to 121.9mt (vs. 121.4mt) and 260.4mt (vs. 260.1mt), respectively.

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