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# The Commodities Feed: Trump-Putin call yields little progress

Oil prices remain steady as the market digests the Trump-Putin call, which appears to have resulted in no significant breakthroughs



# Energy – Chinese oil demand falls

The oil market eked out a small gain yesterday, with ICE Brent holding above US\$65/bbl. The scheduled call between President Trump and President Putin doesn't appear to have led to any significant breakthroughs. Trump said that Russia and Ukraine would begin talks on ending the war. However, Putin said the main aim remains to "eliminate the root causes of the crisis". So, there appears to be little willingness on the Russian side to make any concessions. As such, there was no threat of further sanctions on Russia or a timeline for negotiations. Yet there are concerns that with Trump leaving negotiations to Russia and Ukraine, the US might step back from its role as mediator. Energy markets have been focused on potential peace talks, with an eventual deal possibly leading to an easing of sanctions against Russia.

Iranian nuclear talks appear to be hitting some stumbling blocks. The US has said that any deal with Iran must include a suspension of uranium enrichment, which is a red line. Iran has said that it is "absolutely non-negotiable". Indirect talks raise prospects for an eventual nuclear deal, which would lead to the lifting of sanctions and increased Iranian oil supply. However, the latest developments demonstrate that reaching a deal won't be easy.

Chinese data released yesterday shows refiners processed a little under 14.2m b/d of crude oil in April, down 5% month-on-month and 1.3% lower year on year. In addition, apparent oil demand

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fell to 13.8m b/d last month, down 3.9% MoM and 5.3% lower YoY. It's the weakest monthly apparent demand number since August. Weaker demand coincides with rising US-China trade tensions following "Liberation Day".

US natural gas prices came under significant pressure yesterday. Front-month Henry Hub futures settled more than 6.6% lower on the day. This left the market at its lowest level since late April. Strong gas injections into storage and forecasts for cooler weather in the southern regions of the US have weighed on prices.

## Metals - LME aluminium inventories surge

Readily available aluminium inventories in London Metal Exchange (LME) warehouses jumped by 92,950 tonnes to 343,025 tonnes yesterday. It's the biggest tonnage increase since May 2024. It comes after aluminium ordered for withdrawal from warehouses in Malaysia was placed back on warrant.

Aluminium prices on the LME fell more than 1% in yesterday's trading, leading most metals lower. Surging inventories added to the downbeat mood along with Moody's downgrade of US debt and mixed economic data releases from China.

Meanwhile, in aluminium supply developments, Chinese output reached a record high last month. Primary aluminium output in April rose 4.2% year-on-year to 3.75m tonnes (flat with the March level). For the year-to-date period, output rose 3.4% year-on-year to 14.79m tonnes, according to the latest data from China's National Bureau of Statistics.

## Agriculture— US crops progressing at good pace

The USDA's weekly US crop progress report for the week ending 18 May shows domestic corn plantings stood at 78% complete. This is up from 62% planted last week and 67% planted a year ago. It's also above the five-year average of 73%. US soybean plantings are 66% completed as of 18 May, compared to 48% planted last week, 50% a year ago and the five-year average of 53%. The agency rated around 52% of the winter wheat crop in good-to-excellent condition, compared to 54% a week ago and 49% at this point last year.

Good planting progress and larger corn area suggest that the US corn market should loosen over the 2025/26 season, assuming normal weather conditions over the growing season. This suggests that Chicago Board of Trade (CBOT) corn prices are likely to remain largely under pressure.

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