

The Commodities Feed: Oil rising as US-Iran tensions re-emerge

Oil prices received a boost as tensions between the US and Iran resurface. For now, though, the latest escalation isn't derailing planned talks



Energy – Middle East tensions linger

Oil prices are trading firmer this morning, after settling 1.55% higher yesterday. Tensions between the US and Iran have re-emerged after the US shot down an Iranian drone flying near a US aircraft carrier. In addition, Iran's Islamic Revolutionary Guard Corps threatened to seize a US-flagged tanker in the Strait of Hormuz. Despite these incidents, President Trump said negotiations are ongoing. The White House also said US-Iran talks are still scheduled for Friday. Uncertainty about how these talks will play out means the market will likely continue to price in some risk premium.

It is also worth monitoring developments in Iraq amid growing disagreement between the White House and the Iraqi government. Politicians in Iraq want to appoint Nouri Al-Malaki as the next prime minister. The US administration feels Al-Malaki is too closely aligned with Iran, which has Trump threatening diplomatic and economic consequences. Iraq is the second-largest OPEC producer, pumping a little over 4.1m b/d in December.

The oil market got another boost from a bullish inventory report from the American Petroleum Institute (API). The numbers show that US crude oil inventories fell by 11.1m barrels over the last week, significantly larger than the roughly 640k barrel draw the market was expecting. For refined products, gasoline inventories increased by 4.7m barrels, while distillate fuel oil stocks fell by 4.8m

barrels. This reflects the impact of a recent winter storm hitting large parts of the US. It affected energy infrastructure and boosted heating demand. The more widely followed Energy Information Administration (EIA) report will be released later today. If EIA numbers show a similar drop in crude oil inventories, it would be the largest decline since June 2025.

EU gas storage has now fallen just below 40% full, well below the 5-year average of 56%, leaving storage on track to finish the 2025/26 heating season below 2022 levels. Despite the continued tightening in storage, forecasts for milder weather have weighed on prices. The TTF settled 3.2% lower yesterday.

Metals - Rebound across the complex

Base metals rebounded on Tuesday, with copper leading gains after last week's sharp swings. The sell-off in gold and silver also eased, as broader market conditions stabilised and the US dollar softened.

After plunging from record highs amid elevated volatility, precious metals attracted renewed buying interest. As market stress receded, both gold and silver retraced part of their earlier losses. Spot gold rose more than 6%, while silver gained around 8%.

For gold, [the recent correction does not point to a shift in the underlying macro narrative](#). Safe haven demand, ongoing central bank buying, and the outlook for real rates remain supportive over the medium term. Although shorter-term dynamics triggered the latest rally, the foundation of gold's multiyear uptrend continues to rest on steady official sector accumulation. This trend began in 2022 following Russia's invasion of Ukraine. Although central bank purchases moderated slightly last year, institutions remain significant net buyers.

Copper prices gained after a state-backed industry group called for China to increase its strategic copper reserves. LME copper rebounded strongly, rising almost 5%, after an 11% plunge from last Thursday's record high to Monday's close. The China Nonferrous Metals Industry Association urged authorities to expand reserve capacity and coordinate with major state-owned producers to bolster commercial stockpiles.

The latest Commitment of Traders report shows the net long in LME copper fell by 11,323 lots to 35,980 lots for the week ending 30 January -- the lowest since 27 October 2023. Among other metals, money managers cut their net long in aluminium by 20,130 lots to 90,636 lots, the lowest since the week ending 23 March 2025. In contrast, speculators increased their net long in zinc by 1,122 lots to 41,415 lots.

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