The Commodities Feed: WTI oil falls below $60 a barrel

Crude oil extended its fall in the early trading session today as broader market concerns have weighed on the complex, while the latest inventory numbers from the American Petroleum Institute (API) remain largely bearish

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Energy – High inventory adds pressure on oil

The oil market continued to decline for a third straight session this morning. WTI is trading back below $60/bbl while ICE Brent is down about 15% this month, with prices about to witness their record monthly loss. Lingering tariff risks and expectations of OPEC+ loosening output curbs continue to pressure oil prices. Meanwhile, a bearish inventory report from the American Petroleum Institute (API) further weighed on prices.

Numbers overnight from the API show that US crude oil inventories increased by 3.8m barrels over the last week, in contrast to the 0.8m barrel draw the market was expecting. Cushing crude oil stocks increased by 674k barrels. As for refined products, the API estimates that gasoline stocks decreased by 3.1m barrels, while distillate inventories fell by 2.5m barrels.

Despite the recent weakness in the oil market, demand for Middle East crude appears to remain stable, with the market expecting Saudi Arabia to raise the official selling price by around US$0.3/bbl for Asian buyers for June deliveries. Earlier, Saudi Arabia reduced its official selling price for its Arab Light grade into Asia for May loading by US$2.30/bbl – the biggest cut since 2022.

Metals – ICSG expects copper surplus to persist

In its latest forecasts, the International Copper Study Group (ICSG) expects the global copper market to see a supply surplus of 289kt in 2025, largely on higher mine supply and rising smelting capacity, compared to the 194kt of surplus projected earlier and 138kt of surplus seen last year. However, the surplus is expected to ease slightly to 209kt in 2026 amid a continued demand recovery.

On the supply side, global mine production is expected to grow by 2.3% year-on-year this year and by a further 2.5% YoY in 2026 following the additions from new mines. Global refined output is projected to increase by 2.9% YoY this year and 1.5% in 2026, primarily due to the continued expansion of Chinese capacity and the start-up of new capacity in other countries, most notably Indonesia, India and the Democratic Republic of Congo (DRC).

Total apparent refined copper consumption is forecasted to increase by 2.4% YoY in 2025 and would see a further expansion of 1.8% YoY in 2026, with Asian nations driving most of the demand growth. In China, the recent US tariffs diverted copper away from the country, leading to a significant decline in domestic inventories and eventually encouraging the buying interest and lifting prices.

Recent data from Shanghai Metals Market shows that the Yangshan copper premium (amount paid by Chinese consumers above the exchange price) continued to expand and stood at $94/t (the highest level since 18 December 2023) as of 29 April, compared to just $35/t at the end of February. This rise was largely driven by market tightness, supported by strong domestic demand and declining exchange inventories. The threats of recent US copper tariffs have driven a large flow of copper into the US. Chinese warehouse inventories fell by 54,858 tonnes (the biggest weekly decline on record) for a fifth consecutive week to 116,753 tonnes as of last Friday (the lowest since the end of January 2025).

The latest LME COTR report released yesterday shows that speculators decreased their net long position in copper by 3,529 lots to 64,806 lots for the week ending 25 April, the lowest since the week ending 17 January 2025. Similarly, net bullish bets for aluminium fell by 1,649 lots for an eighth consecutive week to 79,412 lots at the end of last week. This is the lowest net long since 15 September 2023. Meanwhile, money managers increased net bullish bets for zinc by 772 lots after declining for five consecutive weeks to 4,339 lots as of last Friday.

Agriculture – Coffee quality premium widens

The spread between Arabica and Robusta coffee continues to remain elevated after reaching its highest level of US¢178/lb as of 28 April, amid growing concerns over poor supplies of Arabica coffee in Brazil. Previously, CONAB – Brazil's agriculture agency – forecasted that Arabica coffee production in Brazil would decline by 12.4% YoY to 34.7m bags (the lowest level since 2022) for the 2025/26 season, due to drought conditions in the country. In contrast, Robusta coffee production in the country could increase to 17.1m bags (+17.2% YoY) for the above-mentioned period.

CONAB, in its first estimates for the 2025/26 season, expects Brazil's sugar cane production to fall

2% YoY to 663.4mt. The agency said that unfavourable weather conditions during the crop development phases in 2024 would result in a reduced yield by 2.3% YoY to 75.5t/ha for the 2025/26 season. In contrast, CONAB expects sugar production to rise 4% YoY to 45.9mt in 2025/26. If achieved, this will be the largest production in CONAB's historical series. The rise in sugar production estimates was largely despite the reduction in harvest, due to high inventories of sugar from the previous record harvest season.

Recent data from the European Commission shows that soft-wheat exports for the 2024/25 season dropped to 17.5mt as of 27 April, down 34% YoY compared to 26.6mt reported in a similar period a year ago. The export fall could be primarily attributed to the declining domestic production estimates for the ongoing season. Nigeria, Morocco, and Algeria were the top destinations for these shipments. In contrast, EU corn imports increased 11% YoY to 17.1mt for the above-mentioned period.

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