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The Commodities Feed: Oil near $90 on escalating Middle East risks

Oil remains supported near $90/bbl by Middle East tensions and attacks on vessels in the Strait of Hormuz

ICE Brent prices remain supported by renewed fighting in Lebanon and attacks on vessels in the Strait of Hormuz

Energy - Brent near $90/bbl on supply risks

ICE Brent traded just below $90/bbl in early Asian trading, extending Monday's gains. Prices remained supported by renewed fighting in Lebanon and attacks on vessels in the Strait of Hormuz, raising concerns over regional supply disruptions and complicating prospects for a US-Iran deal. Several vessels, including ships linked to Abu Dhabi National Oil Co., were reportedly targeted in the waterway late last week.

Speculative positioning turned more bullish. Money managers increased their net long position in ICE Brent by 76,026 lots to 240,748 lots as of last Tuesday, the largest bullish position since early June 2026. The increase was primarily driven by fresh long positions, with gross longs rising by 51,818 lots week-on-week. In NYMEX WTI, net longs increased by 2,665 lots to 103,715 lots.

Meanwhile, US drilling activity continued to expand**.** The US oil rig count rose by one to 455 active rigs last week, marking a third consecutive weekly increase, according to Baker Hughes.

The count is now 43 rigs higher than a year ago and at its highest level since May 2025. Drilling activity has trended higher since the start of the US-Iran conflict in late February. The EIA estimates US crude oil production will average 13.8mb/d in 2026, up from 13.6mb/d in 2025, before increasing further to 14.2mb/d in 2027.

Metals – Copper rally extends on supply tightness

LME copper rose 1.7% this morning to a record high of $14,396/t, extending its rally for a third session and marking a seventh consecutive week of gains. The cash/3M spread widened to a backwardation of $518.5/t, the strongest since October 2021, highlighting acute near-term supply tightness.

LME inventories fell for a 42nd consecutive session to 204,975 tonnes, their lowest level since February. Continued flows to the US and China, where prices trade at premiums to the LME, have drained stocks, while nearly half of remaining inventories are already earmarked for withdrawal.

On the supply side, Chile's copper commission Cochilco expects national copper output to fall 2.6% year-on-year to 5.3mt in 2026, reflecting weaker production from Codelco and BHP operations. Copper is now up around 16% year-to-date.

Speculative positioning remains supportive, with money managers increasing net long COMEX copper positions by 3,084 lots to 80,880 lots, the highest since February 2021. In precious metals, net long COMEX gold positions rose by 9,470 lots to 141,868 lots, the highest since September 2025, while net long COMEX silver positions edged lower by 755 lots to 10,312 lots.

Agriculture – Black Sea disruptions hit Ukraine grain exports

Ukraine's grain exports remain under pressure as the Black Sea corridor stays closed. Data from the Agriculture Ministry showed grain exports reached just 590kt during the first 12 days of August, around 30% of the pace needed to meet demand. While rail and Danube routes are helping to offset some disruptions, they are unlikely to fully compensate for the loss of Black Sea access. The Danube route is also facing drought-related constraints, although capacity could rise to around 1.5mt per month by year-end.

Russian grain sales continue to strengthen**.** Rosstat data shows agricultural organisations sold 5.4mt of grain and legumes in July, up 9.1% year-on-year. Cumulative sales over the first seven months of 2026 rose 24.2% YoY to 32.8mt, led by wheat sales, which increased 28% YoY to 21.8mt. Corn sales reached 3.8mt, up 21% YoY. Meanwhile, grain inventories held by agricultural organisations fell 9% YoY to 24.7mt at the end of July, including wheat stocks of 18.7mt (-6.3% YoY).

Speculative positioning was mixed across major grain markets. Money managers increased their net short position in CBOT wheat by 7,615 lots to 31,401 lots, extending bearish bets for a second consecutive week despite recent price gains. In CBOT corn, net longs fell by 15,176 lots to 166,770 lots, driven largely by an increase in gross short positions. Soybean net longs also declined for a second straight week, falling by 24,104 lots to 101,362 lots as gross shorts increased.

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