Article | 18 August 2026 COMMODITIES DAILY

The Commodities Feed: Oil extends gains on supply concerns

Oil prices remained supported by rising geopolitical risks and supply concerns

Brent's rally has continued to extend

Energy - Brent extends rally above $91/bbl

Oil prices extended gains for a third consecutive session, with ICE Brent trading above $91/bbl. Sentiment remained supported by US President Donald Trump's decision not to extend the US-Iran peace agreement and continued security concerns in the Strait of Hormuz, raising fears of supply disruptions.

Saudi Arabia is reportedly offering crude cargoes from locations off the coast of Oman, signalling efforts to expand export routes outside the Persian Gulf. Saudi Aramco is marketing Arab Medium and Arab Heavy grades via ship-to-ship transfers from terminals including Sohar.

Chinese refinery throughput fell 15.8% year-on-year to 12.5m b/d in July, highlighting weak refining activity. Apparent oil demand also declined 17.5% YoY to 12.04m b/d amid softer industrial activity, weak refining margins and growing EV adoption.

US natural gas prices fell 3.5%, pressured by rising production, cooler weather forecasts and comfortable storage levels. Inventories stood at 3.15Tcf as of 7 August, 6.7% above the fiveyear average.

Middle distillates strengthened further, with the ICE gasoil crack nearing $76/t. Support came from reports of Ukrainian attacks on Russia's Ust-Luga processing facility and ongoing Russian diesel export restrictions. Reflecting tighter market expectations, speculative net-long positions rose for a sixth consecutive week to their highest level since February.

Metals – Gold extends rally; copper squeeze deepens

Gold extended its recent advance, with prices holding above $4,400/oz after rebounding sharply from July lows near $3,900/oz. The move has been supported by a weaker US dollar and growing market conviction that the Federal Reserve is close to the end of its tightening cycle, reducing the headwind from higher interest rates. Ongoing geopolitical tensions in the Middle East have also continued to underpin investor demand. Markets will look to the release of the Fed's latest meeting minutes for further direction, while developments in the Middle East remain a key upside risk for prices.

In base metals, copper prices pushed higher, with three-month LME copper trading above $14,000/t and approaching the record highs reached earlier this year. The rally continues to be driven by tightening nearby market conditions. The LME copper tom-next spread surged to a premium of $75/t yesterday, marking the widest spread since January, as a growing supply squeeze intensified ahead of potential import tariffs. Meanwhile, the cash/3m copper spread traded at a premium of $545/t yesterday, highlighting tightness in spot supplies.

Ongoing shipments to the US ahead of a potential refined copper import tariff, combined with Chinese buying, have reduced available inventories in the LME warehouse network and tightened prompt supply. While LME stocks saw a modest increase recently, inventories remain near multi-month lows and physical market indicators continue to point to limited metal availability. Near-term supply tightness is likely to keep the market well supported, particularly if demand linked to electrification, data centre expansion and grid investment remains resilient.

Meanwhile, Chinese primary aluminium production rose 3.8% YoY to 3.9mt in July, supported by healthy smelter margins. Output reached 27.2mt over January-July, up 3.8% YoY. In contrast, crude steel production fell 3.6% YoY to 76.9mt, the lowest level since December 2025, as weaker demand continued to weigh on the sector.

Chinese imports of unwrought aluminium and aluminium products fell 22% YoY to 280kt in July, while steel imports declined 2.1% YoY to 440kt. Alumina exports increased 33% YoY to 300kt, with year-to-date shipments up 21.7%, highlighting strong overseas demand.

Agriculture - Coffee backwardation hits record on supply tightness

The September-December coffee spread widened to a record US¢27/lb backwardation for 2026 contracts as traders rushed to cover short positions ahead of September expiry. Tight nearby supplies continue to support the market, with harvest delays in Brazil slowing bean deliveries and pushing exchange inventories to their lowest level since 2023. In Colombia, a deadly earthquake has added to logistical disruptions following earlier weather-related damage. While Brazil is expected to harvest a large crop in 2026/27, near-term supply remains constrained.

Author

Ewa Manthey
Commodities Strategist
ewa.manthey@ing.com

Warren Patterson
Head of Commodities Strategy
Warren.Patterson@asia.ing.com

Disclaimer