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COMMODITIES DAILY

The Commodities Feed: Oil edges higher amid Persian Gulf tanker attacks

Oil prices are modestly stronger this morning amid the latest escalation in the Persian Gulf. However, European gas prices are seeing more strength given the latest attacks

Energy - Tanker strikes persist in the Persian Gulf

The oil market remains well-supported with little sign of a peace between the US and Iran. The US struck several Iranian-linked tankers in response to Iran targeting US warships. Iran says it has also taken action against tankers navigating unauthorised routes, and now plans to enforce a new restricted zone outside the Strait of Hormuz — a move that could put additional vessels in the Gulf of Oman at risk.

Despite the escalation, oil continues to flow. The US energy secretary said oil moving through the Strait of Hormuz is averaging a little more than 9m b/d, made possible by US Navy escorts.

Given the recent flare-up between Iran and the US, it's not surprising that speculators increased their net long in ICE Brent over the last reporting week. Speculators bought 37,837 lots to leave them with a net long of 261,435 lots as of last Tuesday. While fresh buying and short covering were relatively sizeable, most of the increase came from short covering.

OPEC+ kept its output quotas unchanged for October, which comes as no surprise. The group announced increases this year, which fully unwind voluntary cuts of 1.65m b/d. However, given ongoing disruptions in the Persian Gulf, most members will produce well below their quota.

While oil price action has been more modest with the latest developments in the Middle East, European gas prices have seen more upside. The TTF was trading almost 4% up in early morning trading today. Unfortunately, LNG has not been flowing out as much as crude oil, leaving the gas market increasingly vulnerable as we near the 2026/27 heating season.

Agriculture – Speculators jump into agri markets

Ukraine's Agriculture Ministry reported that grain and legume exports in the 2026/27 marketing year have fallen 14% year-on-year to 3.9mt as of 4 September. Corn exports nearly doubled from a year earlier to 1.7mt, while wheat shipments declined 40% to 1.8mt. The overall drop in exports was primarily driven by continued Russian attacks on Black Sea trade routes.

Russia's Agriculture Ministry says domestic grain harvests exceeded 110mt as of 4 September, up 10.5mt from the same period last year. Higher yields supported the increase, with wheat production reaching 83.5mt. Meanwhile, winter sowing advanced to 2.3m hectares, compared with 2.1m hectares a year earlier.

France's Agriculture Ministry reported that 27% of the corn crop was rated good-to-excellent as of 31 August, highlighting the impact of this summer's heatwave across key growing regions. This was down from the previous week and well below the 62% recorded a year ago.

Speculative positioning remained supportive across grain markets. Money managers shifted to a net long position of 14,654 lots, the most bullish stance since May 2022. Black Sea tensions have seen speculators jump into the wheat market. In corn, speculative net longs rose by 54,549 lots to a record 431,062 lots. It was supported by expectations of a smaller US crop, the potential for lower European yields, and ongoing Black Sea disruptions. Similarly, the soybean net long increased by 42,929 lots to 241,183 lots, the highest level since August 2012.

The sugar market also saw strong speculative buying, with the net long in No.11 raw sugar growing by 36,685 lots to 243,467 lots- the highest since December 2022. Tightening supplies across major producing regions, including India, Thailand, and the EU, supported the move.

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