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The Commodities Feed: Oil falls as Strait of Hormuz talks advance

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Oil prices remain under downward pressure as Iran and Oman talks on the Strait of Hormuz move forward and Pakistan signals some progress in talks with Iran to end the Middle East war

Energy – Russia looking to extending diesel export ban

Oil prices continue to retreat, with ICE Brent settling 3.89% lower yesterday and breaking below $90/bbl. This downward pressure continued in early morning Asia trading today. The catalyst appears to be positive signals from Persian Gulf talks. Following a visit to Tehran, Pakistani officials say they have made significant progress on ending the war. Meanwhile, Iran and Oman appear closer to an agreement on shipping routes through the Strait of Hormuz. However, any agreement between these two parties does not mean we will see normalisation in oil flows through the key chokepoint. We would likely need to see the US lift its blockade on Iranian ports and ease sanctions on Iran before we see any move towards normalisation.

Oil flow surveillance has quietly become one of the market's most critical risk metrics. Tankers are increasingly transiting the Strait of Hormuz with transponders switched off, complicating visibility just as there's been a noticeable pickup in shuttle movements moving crude out of the Persian Gulf. Together, these trends make real time tracking of Hormuz flows a far more consequential and challenging task for traders. The US claims that an average of 8-9m b/d of oil is flowing through the Strait of Hormuz, which may be achievable over short time periods. However, over a longer time frame, this number seems aggressive. Several ship-tracking estimates are coming in much lower, ranging from 2m b/d to around 6m b/d.

Overnight API inventory data show US crude oil inventories rose by 4.2m barrels over the last week. However, the products market tightened further, with gasoline and distillate inventories falling by 3.2m barrels and 500k barrels, respectively.

Reports say Russia is considering extending its diesel export ban until 1 October amid ongoing attacks on refinery infrastructure in the country. This has tightened the domestic fuel market. Russia originally announced an export ban on 8 July, which was then extended until 1 September. Russia is the second-largest diesel exporter. So, the extended ban matters for the market, particularly given the tightness we are seeing globally in middle distillates.

Agriculture – Russia considers suspending grain export duty

Russia's Agriculture Ministry is considering suspending floating export duties on wheat, barley, and corn until the end of 2026. The proposal comes amid continued disruptions in shipments from the Azov Sea and Black Sea, which account for over 70%

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