The Commodities Feed: Oil shrugs off Bessent’s ‘D-day’ plan for Iran

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Oil prices drifted lower yesterday despite renewed US plans to tighten economic pressure on Iran. Meanwhile, anxiety is building in Europe’s gas market as storage levels look increasingly fragile heading into the heating season

Energy - EU gas prices continue to move higher

Oil prices are steady this morning, holding onto yesterday’s losses after ICE Brent closed 2.35% lower. The market seems largely unfazed by Washington’s push for tighter economic pressure on Iran, with traders treating the US effort to nudge partners away from Iranian trade as marginal rather than market□ moving. The US announced more than 70 Iran-related sanctions and is threatening secondary sanctions on those that do not cut trading ties with Iran. However, China is the largest buyer of Iranian energy. It remains unclear whether the US would risk a fragile trade truce with Beijing over secondary sanctions. The market is still awaiting further details on a possible timeline for trading partners to wind down ties with Iran.

Supply concerns continue to grow in the European natural gas market, particularly with storage levels, as the region moves closer towards the heating season. TTF front-month futures settled more than 3.7% higher yesterday, with prices breaking above EUR68/MWh and to their highest level since March. EU gas storage is a little under 63% full, below the 5-year average of 80% and also lower than the almost 76% seen at the same stage last year. At the current rate, it will be difficult for the EU to hit even the lower storage target of 75% ahead of the heating season. This raises the prospects of forced buying, increasing upside risk for gas prices.

Metals - Copper supported by fresh LME inventory drawdowns

Copper edged higher after fresh withdrawals from LME warehouses renewed concerns over tight exchange inventories. LME cancelled warrants increased by 51.4kt, the largest daily rise since May. Most cancellations were concentrated in US and Asian locations. The move follows last week's squeeze in the nearby market, which pushed prompt premiums to record levels.

Recent deliveries into LME warehouses helped ease some of the tightness. However, the latest withdrawal suggests that any recovery in inventories may prove temporary. Inventory movements remain a key focus, with exchange stocks still relatively low.

Copper remains supported by strong metal flows into the US. Elevated US premiums are encouraging shipments into the country, tightening availability elsewhere.

Meanwhile, record-high prices are raising demand concerns, particularly in China. Physical market conditions remain healthy, but buyers are becoming more cautious as prices continue to climb.

Copper has also found support from a weaker US dollar and remains up almost 15% year-to-date.

For now, tight inventories and continued US-bound flows remain the dominant drivers, leaving the market vulnerable to further bouts of tightness and volatility.

Agriculture – Corn rises on lower yield expectations

CBOT corn prices extended their rally yesterday, as expectations for a smaller US harvest and ongoing Black Sea tensions raise supply concerns. The recent Pro Farmer crop tour pegged the US corn crop at 15.3bn bushels with an average yield of 173.2bu/acre, well below the USDA's production estimate of 16.01bn bushels and yield estimate of 180.7bu/acre.

EU corn yields are set to weaken further, with the European Commission's latest MARS crop report estimating output at 6.61t/ha, down from a previous projection of 6.93t/ha, and below the five-year average of 7.1t/ha. Persistent hot and dry weather across Western and Central Europe significantly reduced summer crop yields. Yield estimates for wheat rose from 5.66t/ha to 5.68t/ha, in line with the five-year average.

Meanwhile, the Indian Sugar Mills Association (ISMA) lowered its 2025/26 gross sugar production forecast to 30.9mt from an initial estimate of 34.5mt (including volumes diverted to ethanol production). It cited adverse weather, lower cane yields, and weaker sugar recovery rates. Annual domestic demand is estimated at 28 to 28.5mt. To bolster domestic availability and curb prices, the government has introduced a duty-free import window, tightened stock-holding limits, continued special crushing operations, and facilitated an early start to the new harvest.
