

FWA DJ Global Commodities Roundup: Market Talk
22922594760:FWA:20241009

The latest Market Talks covering Commodities. Published exclusively on Dow Jones Newswires throughout the day.

1352 ET - Gold futures fall 0.1% to \$2,632.70 a troy ounce, extending declines for the sixth straight session as recent comments from the U.S. Federal Reserve indicated interest rate cuts won't be as aggressive as previously hoped. Market expectations have now shifted to a more gradual pace of monetary policy easing this year, ING analysts say in a note. Traders are now projecting 50 basis points of cuts for 2024, down from expectations of 75 basis points around two weeks ago, ING says. Interest rates typically have a negative correlation with gold prices, as higher rates dampen the appeal of non-interest bearing bullion. All eyes now turn to the U.S. September inflation data scheduled for release later this week, ING adds. (joseph.hoppe@wsj.com)

1035 ET - Prices received by Russian wheat exporters continue to be a key factor moving CBOT wheat futures this week, and lifting the most-active contract up 0.6%. Russian prices have risen nearly \$10 per metric ton in the past two weeks, says SovEcon in a note, bringing them to around \$230 per ton now. A record-high pace in export selling is supporting them, says the firm--with the current pace measured at 9.5 million tons over the past two weeks. Also supporting global wheat prices are weather issues faced by many major growers, including Russia, Australia, and France. (kirk.maltais@wsj.com; @kirkmaltais)

1025 ET - Oil prices extend losses in afternoon European trade amid reports of rising U.S. crude inventories and Chinese demand concerns. Brent crude is down 2.4% at \$75.33 a barrel, while WTI falls 2.5% to \$71.71 a barrel. U.S. crude oil stocks rose by nearly 11 million barrels last week, according to reports citing the American Petroleum Institute ahead of official figures from the Energy Information Administration. Meanwhile, concerns over sluggish demand continue to weigh on the market. On Tuesday, the EIA lowered its demand forecast for next year, citing weakening economic activity in China and North America. Still, price declines are capped by risks of supply disruptions due to the Middle East conflict and Hurricane Milton in the U.S. (giulia.petroni@wsj.com)

1010 ET - Live cattle futures on the CME are down 0.3%. Traders are eyeing what demand for beef may look like in the upcoming holiday season. Higher beef cutout prices and lower slaughters suggest that demand is healthy, says ADM Investor Services in a note. "With the lower cattle slaughter and with high employment, beef usage should remain at least the same as a year ago for the holiday season," says the firm. Most-active lean hogs are down 1.1%. (kirk.maltais@wsj.com; @kirkmaltais)

0926 ET - U.S. natural gas futures are lower with the market watching Hurricane Milton as it approaches Florida with the threat of devastation and power outages lowering demand for gas. Still, heating demand is expected to pick up over the next week to 10 days, and LNG exports are likely to increase as Cove Point LNG completes maintenance, Eli Rubin of EBW Analytics says in a note. "If support at \$2.66/mmBtu can hold, a near-term rebound is probable," he says. The Nymex front month is off 1.9% at \$2.682/mmBtu.
(anthony.harrup@wsj.com)

0921 ET - CBOT grains are higher pre-market, turning around from Tuesday's lower close as traders size-up positions ahead of Friday's WASDE report. While traders are bracing for any potential surprises, the prevailing logic is that the USDA will confirm large corn and soybean crops over the past month. "Most farmers are reporting that yields are coming in at least as good as the USDA has been projecting and cash selling has been picking up, with basis levels in some areas beginning to erode," says Tomm Pfitzenmaier of Summit Commodity Brokerage in a note, talking about corn specifically--with soybeans facing similar circumstances. (kirk.maltais@wsj.com; @kirkmaltais)

0910 ET - Oil futures add to yesterday's selling, returning more of the gains made over five sessions on concerns that Israel could strike Iranian oil infrastructure in retaliation for a missile attack. Expectations of supply disruptions have eased, although geopolitical tension remains high. While Middle East tensions keep oil prices in a consolidating range, "sustained improvement in the Chinese economy is awaited to validate this rally," Forex.com market analyst Razan Hilal says in a note. "Technically, as long as prices remain below the \$81 barrier, a neutral to bearish outlook persists." Brent is off 0.9% at \$76.51 a barrel and WTI is down 1% at \$72.83 a barrel.
(anthony.harrup@wsj.com)

0847 ET - Fed minutes to be released today may reveal that some officials were against a 50-basis-point cut before being convinced to vote with the majority, BBH analysts say in a report. In the September 18 meeting that kicked off monetary easing, Governor Bowman was the only dissent, voting for a 25-bps cut. Fedspeak since then has pointed to another 25-bps cut next month, a prospect that offers some support to the dollar. The WSJ Dollar Index is up 0.3%. The greenback is up 0.4% versus the yen and 0.2% versus the euro.
(paulo.trevisani@wsj.com; @ptrevisani)

0823 ET - Rio Tinto's \$6.7 billion acquisition of Arcadium Lithium isn't expected to face significant antitrust issues, given that Rio Tinto is "still in development mode on its lithium ambitions," Mizuho analysts say in a research note. So far, the lithium industry has been dominated by very focused producers, including Albemarle and the Chile-based SQM, but the competitive landscape is shifting with the entrance of a mega-miner like Rio Tinto, the

analysts say. (dean.seal@wsj.com)

0617 ET - Palm oil ended lower on profit-taking after a recent surge amid escalating Middle East tensions. Investors await Malaysia's official September output and exports data by the Malaysian Palm Oil Board due Thursday. Carg surveyors AmSpec and ITS reported modest increases in September exports, while the Malaysia Palm Oil Association estimated September production to have fallen 3% on month, Philip Nova analyst Lim Tai An said in a research note. From a technical perspective, Philip Nova sets support at MYR4,240 and resistance at MYR4,410. The Bursa Malaysia Derivatives contract for December delivery ended MYR20 lower at MYR4,251 a ton. (sherry.qin@wsj.com)

0549 ET - Base metal prices fall, with copper down 0.3% at \$9,732 a metric ton and aluminum dropping 0.7% to \$2,551.50 a ton. In the short term, copper prices should hold steady on positive market sentiment from mainland China's economic stimulus announcements and upside risks to Chinese growth in 2025, BMI analysts say. A weaker U.S. dollar could also provide support. While there are risks a Trump win in the presidential election will support the dollar, copper prices will likely rise regardless given global transition efforts to low-carbon economies, they say. A Harris win would support copper prices too due to the candidate's green infrastructure and technology policies, the analysts say in a note. BMI maintains its 2024 average copper price estimate at \$9,600 a ton, implying prices will remain elevated over the remainder of the year, and maintains its 2025 average price estimate of \$11,000 a ton. (joseph.hoppe@wsj.com)

0403 ET - Gold futures fall 0.1% to \$2,632.70 a troy ounce, broadly stabilizing after Tuesday's moderate sell-off. The precious metal closed 1% lower in the prior session, as positive U.S. economic data lowered the chances of more and bigger Federal Reserve interest rate cuts, as well as on reports of talks over a potential Israel-Hezbollah ceasefire, prompting some profit-taking, says Rania Gule, senior market analyst at XS.com. The prospects of easing tensions has started to shift capital from safe-haven assets like gold, to higher-risk assets like stocks, Gule says in a note. Gold remains in an unstable position for now, as investors closely watch the Fed minutes and upcoming inflation data--events that could be pivotal in determining gold's direction in the coming weeks, she adds. (joseph.hoppe@wsj.com)

(END) Dow Jones Newswires

October 09, 2024 12:15 ET (16:15 GMT)

Copyright (c) 2024 Dow Jones & Company, Inc.