| Weekly |

Commodity Compass Analytics

Oil blows through $100/bbl as risk intensifies —geopolitical risk premia spikes to highest level on record

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- **Brent pushed firmly above the $100/bbl threshold in the Sunday pre-open, at $107/bbl at the time of writing, having previously closed at $92.69/bbl on Friday**. Supply losses across the Middle East continue to deepen. We assume a prolonged disruption to transits through the Strait of Hormuz, while emphasising the considerable uncertainty surrounding the duration. Risk premia are at record levels, reflecting a situation that is totally unprecedented.
- On the Iranian side, Mojtaba Khamenei's elevation matters because it signals **hardline continuity, not capitulation (see our Economist's note: SG Markets Research & Insight)**. Reuters reporting suggests his appointment entrenches confrontation and likely strengthens the role of the IRGC rather than opening an obvious path to compromise. Air power alone can rarely deliver regime change; even boots on the ground – an option even more unpopular in the US – have proved to lead to prolonged conflicts more often than enduring and positive regime change. It is highly debatable whether a chaotic regime collapse is a more desirable outcome for global energy flows than otherwise.
- **Prolonged shut-ins materially raise restart risks** — reservoir physics, wellbore behaviour, surface-facility limits and logistics mean partial or permanent losses start to emerge after ~2 weeks, and after a month corrosion/scale build-up accelerates, with multi-month outages typically returning at only 80–95% of prior capacity. After Iraq and Kuwait last week, the UAE is likely next (5–7 days), Qatar is vulnerable, and Saudi shut-ins become plausible after 2–3 more weeks of Hormuz closure.
- **Most OPEC+ spare capacity (about 4 mb/d) is trapped behind Gulf export bottlenecks,** rendering near-term policy interventions ineffective. Even Saudi Arabia's pre-conflict ramp-up toward 10.9 mb/d does little to ease global supply unless export routes re-open. De facto, OPEC+ policy is on hold until the Strait normalises. The G-7 discussing possible joint release at an emergency meeting today.
- **Inventory buffers & market resilience:** global crude (~6.2 bn bbl) and product (~4.5 bn bbl) stocks are ample on paper, but a 17 mb/d shortfall would drain inventories back to last year's levels within 4–6 weeks — a period associated with a $75–$90/bbl trading range. Without restored flows, inventories will be forced to cover the deficit, tightening balances rapidly.
- **Brent options & risk-premium context: the risk premium is exceptionally elevated** (surpassing Russia-Ukraine peaks) and the options market is defensive: May-26 Brent put open interest surged (~6x the call build), clustered around $70/bbl puts vs $100/bbl calls; extreme tails include $150 calls and $30 puts (Aug). The option market illustrated optimism over fast conflict resolution that was incorrect. The forward curve is front-loaded (+~25% front vs ~5% back), signalling focus on near-term disruption. Risk premia is the highest level ever recorded.
- **Natgas (TTF/LNG) spillovers:** European/Asian gas prices have jumped today to €62/MWh as LNG demand +0.2 Mt (Egypt/Jordan) meets supply −2.4 Mt (Qatar/UAE) under a multi-week Hormuz disruption assumption. TTF options OI rose on both sides; Apr-26 puts average strike ~€40/MWh, calls ~€75/MWh; the forward curve trends lower through summer, but upside tails are bid (e.g., €200/MWh calls concentration).

The oil price spike is, for now, driven by elevated risk premia, but upside and real fundamental risks are mounting rapidly. Brent has pushed firmly above the $100/bbl threshold, trading at $107/bbl at the time of writing, previously closing at $92.69/bbl on Friday, as supply losses across the Middle East continue to deepen and uncertainty grows. We assume a longer disruption to transits through the Strait of Hormuz than the original scenario we discussed last week (see here), while continuing to stress the high uncertainty around this timeline. Given the elevated physical risks and the absence of an imminent solution, we expect to adjust our price forecasts shortly.

The market is still pricing predominantly geopolitical risk, and the cumulative build in geopolitical risk premia since early January is roughly $50/bbl, the highest level ever, reflecting a situation that is totally unprecedented. Focus is increasingly shifting toward tangible operational disruption as refinery outages and export constraints begin to impair crude processing and regional supply flows. Within the first week of the conflict, Iraq had already curtailed production by roughly 1.5 mb/d, while Kuwait appears to have reached tank-top capacity as it is unable to export crude. In response, Kuwait has cut refinery runs by nearly 0.6 mb/d, effectively shutting most export-oriented refining capacity and maintaining output only to meet domestic demand.

Prolonged shut-ins materially increase the risk of restart complications, reflecting a combination of reservoir physics, wellbore behaviour, surface facility constraints, and logistical frictions. While outcomes depend on field-specific characteristics, the probability of partial and potentially permanent production loss typically begins to rise after around two weeks offline. Beyond one month, risks intensify as reservoir pressure dynamics shift and corrosion, scale, and deposition issues build up in tubing and flowlines. Historically, fields that remain shut in for several months tend to return at only 80–95% of their pre-outage capacity. If producers beyond Iraq and Kuwait are forced to curtail output, the ability to restore pre-crisis supply quickly would become increasingly constrained. Time is therefore critical: the longer disruptions persist, the greater the likelihood that what initially appear to be temporary outages evolve into more durable supply losses.

The UAE is likely the next producer at risk of shutting in output, potentially within the next five to seven days. Qatar is also vulnerable, though its oil volumes are modest relative to its LNG exposure. Saudi Arabia faces less immediate risk but shut-ins would become plausible if the Strait of Hormuz remains closed for a further two to three weeks. While the East–West (Petroline) pipeline to Yanbu has capacity of around 5 mb/d (and roughly 2.5mb/d currently flowing), not all fields are connected and eastern terminals are already filling, limiting the extent to which this route can fully offset lost Gulf exports.

On current information, flows through the Straits have all but ceased, except for Iranian vessels. Estimated flows through the Straits are down by roughly 17 mb/d (so 10% of normal flows are currently occurring), as shippers remain in "wait-and-see" mode. Redirection of oil via pipelines and the ports in Yanbu (Saudi Arabia, Red Sea) are around 1mb/d versus a potential of perhaps up to 2.5mb/d more as 10 million barrels were loaded in the first four days of March implying a 2.5mb/d run rate. Recent attacks on Fujairah's port and oil storage infrastructure, coupled with emerging shortages of marine fuel for tankers—normally supplied from the Gulf via the Strait of Hormuz—and earlier strikes on key pipelines underscore the significant downside risks to any attempt to reroute regional energy flows. Insurance does not appear to be the primary constraint behind the sharp fall in Strait of Hormuz flows according to intelligent insurers analysis (see here). While premiums have risen materially, some cover remains available, and—on a narrow economic basis—completed voyages through the Strait still appear profitable, given that the surge in freight rates has more than offset higher insurance costs. This lack of supply implies a market currently in deficit that will ultimately require inventory draws due to lack of flow and push prices higher.

Chinese SPR buying will, no doubt, pause until prices come back down, and OPEC+ is scheduled to return an additional 206 kb/d from April. The problem is that almost all the alliance's spare capacity, call it 4mb/d, lies in countries that are dependent on the Strait for their exports – Saudi Arabia, UAE, Iraq and Kuwait. Saudi Arabia ramped up output in February in anticipation of the conflict to about 10.9mb/d, but getting that output to the global market is now problematic. The halt to exports through the Strait has effectively rendered OPEC+ policy moot.

A sustained shortfall of 17 mb/d would reduce crude and product stocks to their levels of a year ago within four to six weeks. When inventories were previously at those levels, prices traded in a $75–$90/bbl range. More broadly, and at least on paper, the world has ample crude and product stocks to manage a severe disruption for several months. Total global crude inventories are approximately 6.2 billion barrels, with refined product stocks around 4.5 billion barrels. The IEA pointed out last week that its member countries hold 1.2 billion barrels in emergency stocks and China has roughly 1.2 billion barrels in observable stocks according to Kpler.

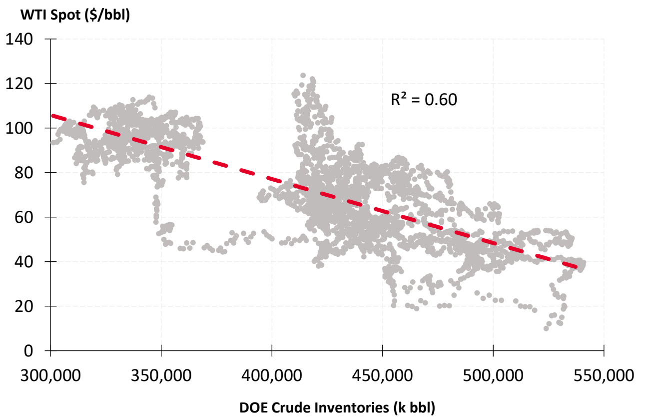
Price behaviour has also shifted materially over the past week. A steady stream of new shut-in announcements has replaced earlier choppiness with more persistent and forceful upside momentum. With no obvious catalyst for near-term supply relief, the balance of risks remains skewed to the upside, and a move into triple-digit prices this week is increasingly plausible if the situation does not stabilise in the weeks ahead.

At the same time, official signals from Washington and Jerusalem suggest air operations are likely to intensify this week, with little evidence that either side is prioritising a rapid diplomatic exit, despite the growing impact on energy markets and regional trade flows. The conflict has entered a more methodical phase. The U.S. is focused on degrading Iran's weapons production and logistics infrastructure, while Israel has shifted its emphasis toward the internal security apparatus and senior military figures, pointing to a transition from short-term deterrence to sustained pressure.

While Israeli intelligence has alluded to rising absenteeism within segments of Iran's police and regular armed forces, there are few outward signs of serious strain within the IRGC itself. Under the leadership of hardliner Ahmad Vahidi, the organisation appears to be operating with continued cohesion. From Tehran's perspective, prolonging the confrontation may be a deliberate strategy—stretching the conflict into a war of attrition that keeps energy prices elevated and intensifies economic and political pressure on Gulf neighbours.

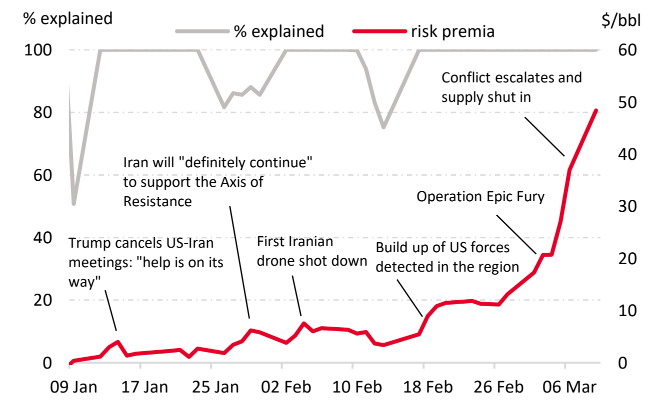
In this context, we see risks around the Strait of Hormuz remaining elevated for a couple more weeks, even if diplomatic efforts begin to regain traction in the coming days. Either a negotiated deal or clear U.S./Israeli military dominance would likely trigger a rapid and sharp decline in energy prices as the geopolitical risk premium evaporates. Even an Iran-only disruption of around 2–3 mb/d—such as under an internal Iranian conflict scenario—would be broadly manageable for global oil markets.

Risk premia model is based on the inventory and price relationship.



Source: SG Cross Asset Research/Commodities, Bloomberg

Current risk premia and proportion explaining price – now. The rise in prices is based mainly on fear not fundamentals



Source: SG Cross Asset Research/Commodities, Bloomberg

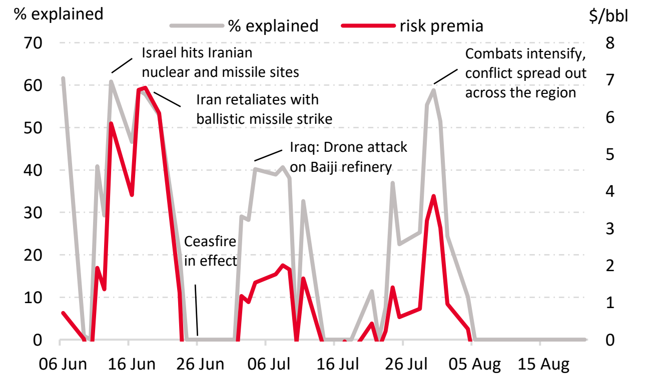
Oil prices can at times embed a risk premium that lifts them above levels implied by near-term supply, demand, and inventories, even in the absence of sizeable, realised supply losses from reduced flows through the Strait of Hormuz. This premium reflects the market's assessment of uncertainty rather than actual fundamentals. It typically emerges when there is a credible threat to future supply—such as geopolitical conflict involving major producers or transit routes, sanctions risk, civil unrest, or the possibility of policy intervention. Because oil demand is relatively inelastic in the short run and spare capacity is unevenly distributed, even a low-probability disruption can have an outsized impact on expected future balances. Financial participants price this asymmetry into futures curves, effectively paying for insurance against tail risks. As a result, prices can rise well above what current fundamentals might warrant.

Crucially, this risk premium can also evaporate very quickly. Unlike structural shifts in supply or demand, it is driven by expectations and probabilities, not realised flows. When a geopolitical risk is resolved, de-escalates, or simply fails to disrupt supply—as in cases of avoided conflict, successful diplomacy, or the continued functioning of key infrastructure—the premium can unwind in days or even hours. Clear communication from producers, evidence of spare capacity coming online, or confirmation that exports are continuing uninterrupted can all trigger sharp price retracements. In that sense, the risk premium is inherently unstable: it builds gradually as uncertainty rises but often collapses abruptly once worst-case scenarios are priced out. However, in the current environment, the longer uncertainty persists, the more quickly the risk premium risks being replaced by fundamentally justified price increases.

Building the risk premia framework: We begin by constructing a simple “fair value versus sentiment” decomposition for oil. The framework rests on the intuition that U.S. crude inventories are a key state variable for the physical oil market. When inventories are high, the market is typically well supplied and prices tend to be lower; when inventories are low, the market is tighter, and prices tend to be higher. Inventories therefore serve as a proxy for fundamental tightness or looseness. The model estimates the typical historical relationship between inventories and the WTI spot price using data from 2011 onward. Conceptually, this produces a baseline pricing rule: given today’s inventory level, what WTI price would normally be expected if the market were pricing oil purely off this inventory signal? This relationship is illustrated in the upper-left graphic.

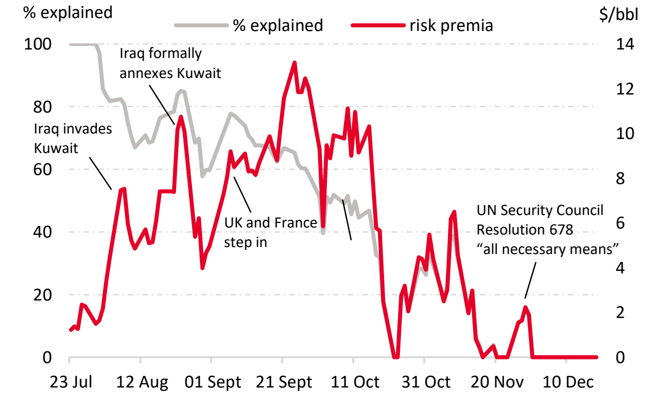
Once that baseline is established, the key output is the estimated “risk premia” (more generally, the residual). We define the risk premium as the difference between the observed WTI price and the inventory-implied (“risk-neutral”) price. A positive risk premium indicates that the market is paying more than inventories alone would suggest—consistent with additional bullish influences such as geopolitical risk, policy uncertainty, risk appetite, positioning, convenience yield, refinery constraints, or OPEC expectations. A negative premium implies prices are cheap relative to inventories, consistent with bearish sentiment, demand concerns, liquidation, or other non-inventory pressures. In the upper-right graphic, we plot the estimated risk premium, which has risen steadily since the start of January 2026 and is now approaching $50/bbl. We estimate that the entire price increase since early January is largely explained by the expansion of this risk premium.

Risk premium and proportion explaining price: Iran bombing June 2025



Source: SG Cross Asset Research/Commodities, Bloomberg

Risk premium and proportion explaining price: Iraq war 1990



Source: SG Cross Asset Research/Commodities, Bloomberg

Since 1970, there have been around thirty geopolitical events that have either severely disrupted oil supply or had the potential to do so but ultimately did not, or where the disruption was much smaller than initially expected. We plot the estimated risk premium and the share of price movements explained by that premium for two such events in the upper graphics. On the left, we show the risk premium estimated in June 2025 during the 12-day war. The maximum premium reached $7/bbl, explaining around 60% of the oil price move, implying that the remaining 40% was justified by fundamentals. The risk premium temporarily dropped to zero following the ceasefire but resurfaced after a drone attack on the Baiji refinery and as conflicts spread across the region. On the right-hand side, we display the path of the risk premium and its contribution during the 1990 Iraq war. The premium was volatile between July and October 1990, reaching a peak of $13/bbl in September. The proportion of the total price move explained by the premium declined over the year, and the risk premium had disappeared by December 1990.

Below, we also provide a summary of ten notable geopolitical events, including those discussed above. For each event, we present the starting month and year, the name of the crisis, the oil price at the onset of the event, the maximum level of risk premium observed, the risk premium as a percentage of the price, the date at which the premium peaked, the date we estimate the risk premium returned to zero, and, finally, the number of days it took for the premium to normalize.

Historical and current oil crisis and the level of risk premia and the time for the risk premia to go to zero

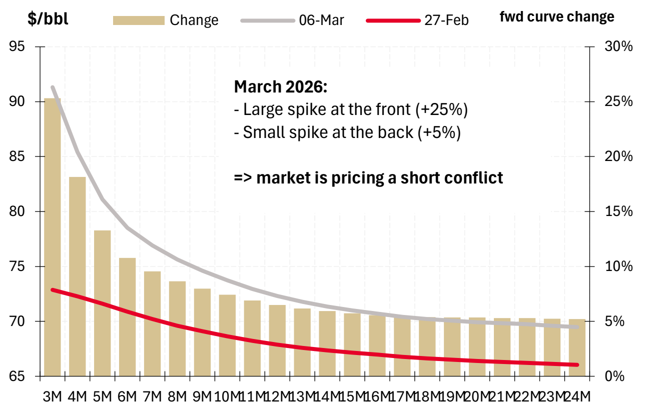
Period	Crisis	Price ($/bbl)	Max risk premia ($/bbl)	Premia % of price	Peak premia	Premia goes to zero	Days to "normalise"
Aug-90	Gulf crisis	39.15	13.17	34%	24/09/1990	30/11/1990	67
Jan-11	Libya Civil War	113.93	29.22	26%	29/04/2011	04/08/2011	97
Sep-13	Syria crisis	108.82	3.29	3%	06/09/2013	19/09/2013	13
May-18	US exits nuclear deal	71.73	4.12	6%	21/05/2018	25/05/2018	4
Sep-19	Saudi Aramco Abqaiq Attack	58.18	2.12	4%	27/11/2019	02/12/2019	5
Feb-22	Russia Ukraine	123.70	28.41	37%	08/03/2022	04/08/2022	149
Oct-23	Hamas Israel war	70.95	2.91	4%	21/10/2023	27/10/2023	6
Nov-23	Red Sea/Houthis Attacks Intensify	77.6	5.26	7%	20/11/2023	04/12/2023	14
Jun-25	US bombs Iran	75.14	6.79	9%	18/06/2025	24/06/2025	6
Feb-26	US and Israel bomb Iran	107.00	50.00	46%	04/03/2026	-	-

Source: SG Cross Asset Research/Commodities, Bloomberg

Without detailing each crisis and its specific characteristics, we can say that today's risk premium—measured as a share of the current oil price—is exceptionally elevated. It exceeds the levels observed during the Libyan civil war and is approaching the peak premium seen during the Russia–Ukraine war. Across past crises, the time required for the risk premium to normalize has ranged from as little as six days to as long as 149 days. In the context of the current crisis, a rapid de-escalation—where the Strait of Hormuz reopens within a week or two and the roughly 17 mb/d of stranded supply is restored quickly—would likely see the risk premium unwind at pace. The longer de-escalation is delayed, however, the greater the risk that today's elevated prices become increasingly underpinned by fundamentals rather than sentiment alone.

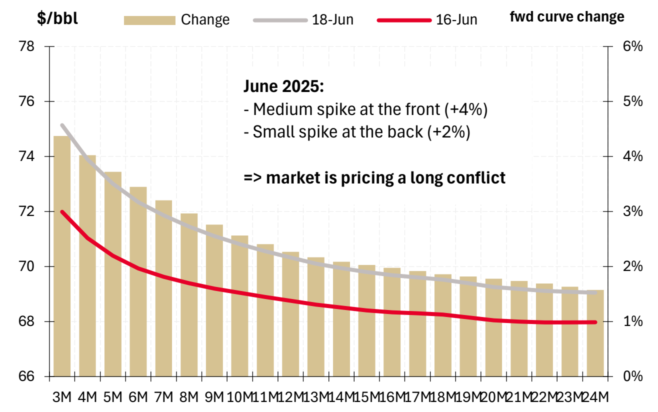
Another important indicator of market sentiment is the behavior of the forward curve. As we have noted previously (see here), during an oil crisis where the market believes supply disruptions could be prolonged, the back end of the forward curve should rise more sharply, reflecting heightened concern over long-term availability. In June 2025, the front of the curve rose by 4%, while the back increased by 2%. Last week, by contrast, the front of the curve surged by 25%, while the back rose by just 5%. During the Libyan civil war, the back end of the curve moved up by 59% of the front move. This divergence suggests that, as of last Friday, the market remains far more focused on near-term disruption than on the risk of sustained, long-lasting supply losses.

Forward curve evolution now



Source: SG Cross Asset Research/Commodities, Bloomberg

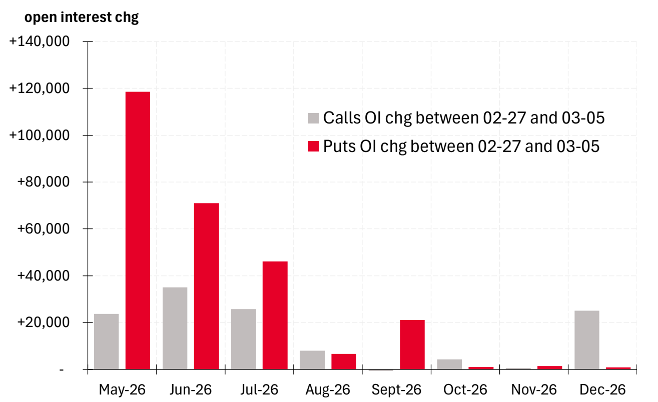
Forward curve evolution in June 2025



Source: SG Cross Asset Research/Commodities, Bloomberg

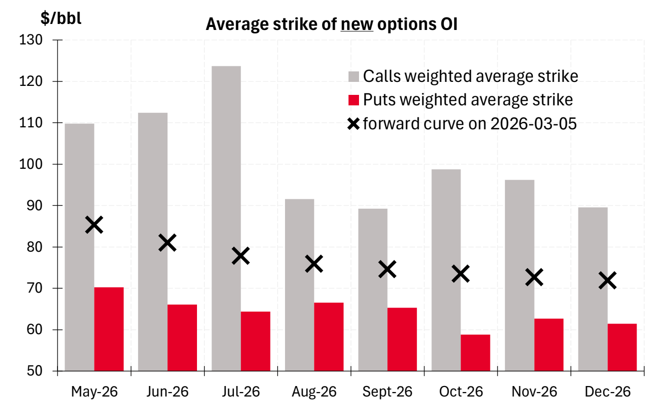
We next turn to the options market to assess sentiment. Last week saw a significantly larger build-up in put options than in call options for Brent, with most of the increase in open interest concentrated in the nearby May-26 contract. While open interest in calls did rise, the increase was only around one-sixth the size of that seen in puts for the May contract. The average strike price for May-26 puts was approximately $70/bbl, compared with around $100/bbl for the May calls. The bets pointed to a rather optimistic view that the conflict would be resolved quickly.

Option builds in Brent puts and calls



Source: SG Cross Asset Research/Commodities, Bloomberg

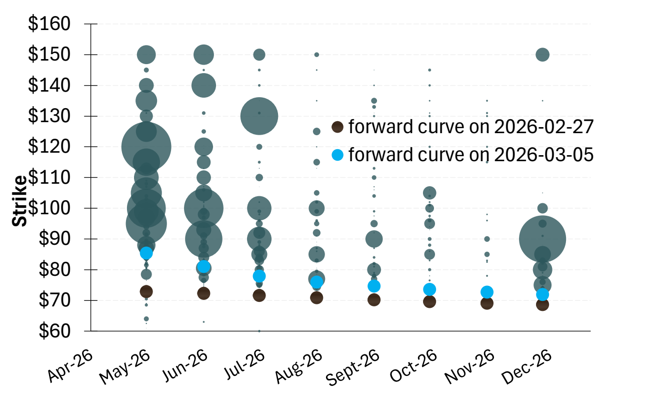
Brent option landscape for calls and puts



Source: SG Cross Asset Research/Commodities, Bloomberg

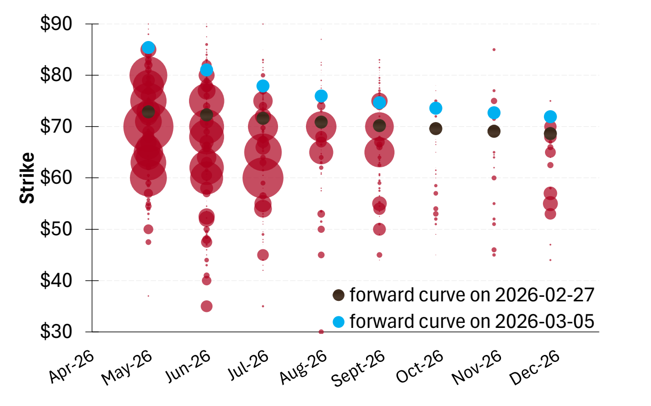
For individual strikes, we plot bubbles by strike and maturity. The size of each bubble represents the relative increase in open interest between 27 February and 5 March. The forward curve is overlaid in blue. The most aggressive positioning in calls is concentrated at the $150/bbl strike, while the most extreme put positioning is at the $30/bbl strike, concentrated in the August maturity.

Option builds in Brent calls by strike and maturity



Source: SG Cross Asset Research/Commodities, Bloomberg

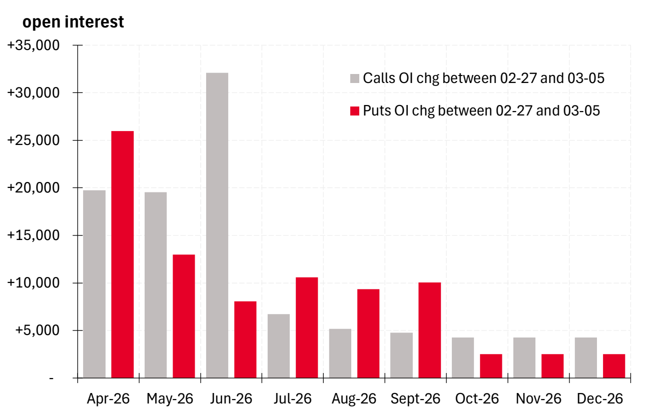
Option builds in Brent puts by strike and maturity



Source: SG Cross Asset Research/Commodities, Bloomberg

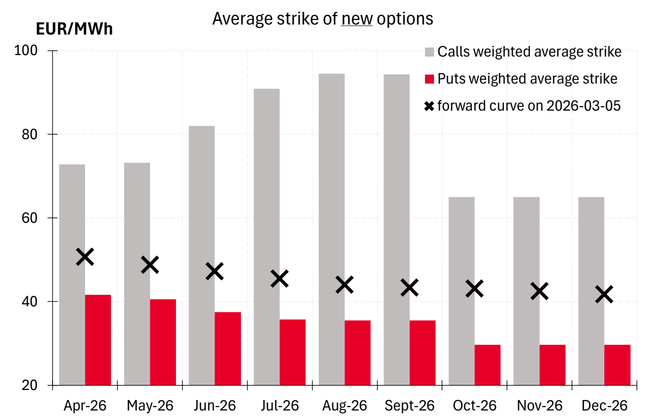
In natural gas markets, European and Asian prices have also moved sharply higher today with TTF rising to €64/MWh. This reflects tighter balances driven primarily by two factors: first, an increase in LNG demand of around 0.2 Mt, largely from Egypt and Jordan, as we assume marginal Israeli pipeline gas supply for at least two weeks while upstream fields remain offline; and second, a reduction of roughly 2.4 Mt in LNG supply from Qatar and the UAE. In the options market, the increase in open interest between 27 February and 5 March is more evenly split between calls and puts. The average strike for April 2026 put options is around €40/MWh, while the average strike for April call options built over the period is approximately €75/MWh.

Option builds in TTF puts and calls



Source: SG Cross Asset Research/Commodities, Bloomberg

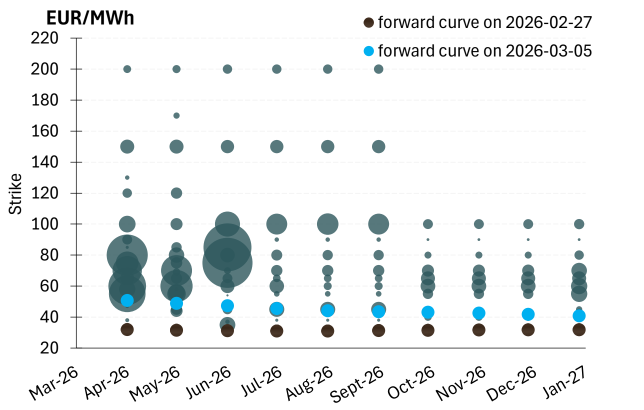
TTF Option landscape for calls and puts



Source: SG Cross Asset Research/Commodities, Bloomberg

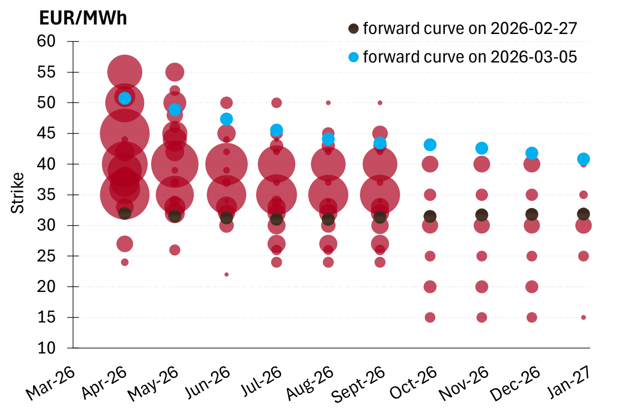
Lastly, for completeness, we plot the build in open interest by strike and maturity using bubble charts, where bubble size represents the relative increase in open interest. The most extreme call positioning in TTF through to September 2026 is concentrated at €200/MWh, while the most extreme put positioning is at €15/MWh for the upcoming heating season.

Option builds in TTF calls by strike and maturity



Source: SG Cross Asset Research/Commodities, Bloomberg

Option builds in Brent puts by strike and maturity



Source: SG Cross Asset Research/Commodities, Bloomberg

Key insights this week

WTI	Money managers' short positioning is highly concentrated (c.3304 contracts per trader)
Brent	6th largest money manager weekly long liquidation since 2011
Gasoil	Money managers' short positioning is highly concentrated (c.2396 contracts per trader)
Corn	Money managers turned net long this week New mismatch between the net number of money managers and their net positions Money managers decreased their short positions for the 6th consecutive week
Kansas Wheat	Extremely vulnerable to profit taking (extremely overbought) The mismatch between the net number of money managers and their net positions persists
Soybean	Vulnerable to profit taking (overbought) Money managers' long positioning is highly concentrated (c.2355 contracts per trader)
Soybean Meal	Vulnerable to profit taking (overbought) 6th largest money manager weekly long inflow since 2006 Money managers decreased their short positions for the 6th consecutive week Money managers' long positioning is highly concentrated (c.1696 contracts per trader)
Soybean Oil	Largest money manager long position since 2006 Extremely vulnerable to profit taking (extremely overbought)
Sugar	Largest money manager short position since 2006 Largest money manager net short position since 2006 Vulnerable to short covering (oversold) Money managers increased their long positions for the 6th consecutive week Money managers' short positioning is highly concentrated (c.5301 contracts per trader) Money managers' long positioning increased to the highest level since April 2025
Cotton	Money managers' long positioning is highly concentrated (c.1007 contracts per trader) Money managers' short positioning is highly concentrated (c.1142 contracts per trader)
Cocoa (New York)	The mismatch between the net number of money managers and their net positions was resolved Money managers' short positioning increased to the highest level since December 2023
Cocoa (London)	Vulnerable to short covering (oversold) Money managers' short positioning increased to the highest level since December 2021
Arabica	Vulnerable to short covering (oversold) Money managers' short positioning increased to the highest level since October 2023
Lean Hogs	Money managers' long positioning is highly concentrated (c.1425 contracts per trader)

Source: SG Cross Asset Research/Commodities

TRADING SIGNAL SCORECARD

Each arrow in the scorecard represents a value. Each of the arrows: ↑ ↖ ← ↙ ↓ represents a score of 1, 0.5, 0, -0.5 and -1 respectively for each signal. The "Score" column shows the sum of the signal scores for each commodity. The "Normalised score" in the final column is computed relative to the maximum or minimum possible score for a given commodity.

Trading signal scorecard this week

	Dry Powder		OBOS			Seasonality (SFCI)	Macro			Score	Normalised score
	Contracts	Notional	1y	2y	Clustering		VIX	VVIX	FCON		
CL	→	→	→	→	→	↑	↓	↓	↓	-2	-22%
CO	→	↘	→	→	→	↑	↓	↓	↓	-3	-28%
XB	↘	↘	→	→	↓	↑	↓	↓	↓	-4	-44%
QS	↘	↘	→	→	→	↑	↓	↓	↓	-3	-33%
HO	↘	↘	↘	↘	↘	↑	↓	↓	↓	-5	-50%
NG	→	→	→	→	↗	↑	↓	↓	↓	-1.5	-17%
GC	→	→	→	→	→	→	↑	↑	↑	3	33%
SI	→	→	→	→	→	↑	↑	↑	↑	4	44%
PL	→	→	→	→	→	→	↓	↓	↓	-3	-33%
PA	→	→	→	→	→	→	↓	↓	↓	-3	-33%
HG	↘	↘	→	→	→	↑	↓	↓	↓	-3	-33%
LP						↑	↓	↓	↓	-2	-50%
LA						→	↓	↓	↓	-3	-75%
LX						→	↓	↓	↓	-3	-75%
LL						→	↓	↓	↓	-3	-75%
LN						→	↓	↓	↓	-3	-75%
C	→	→	→	→	→	→	↘	↘	↘	-1.5	-20%
W	→	→	→	→	→	↓	↘	↘	↘	-2.5	-33%
KW	↗	↗	↓	→	→	↓	↘	↘	↘	-2.5	-33%
S	↘	↘	↘	↘	↘	↑	↘	↘	↘	-3	-40%
SM	↘	↘	↘	→	↘	↑	↘	↘	↘	-2.5	-33%
BO	↘	↘	↓	↓	↘	↑	↘	↘	↘	-4	-53%
CT	↗	↗	→	↗	→	→	↘	↘	↘	0	0%
SB	↗	↗	↗	↑	↗	↓	↘	↘	↘	0.5	8%
KC	→	→	↗	→	↗	→	↘	↘	↘	-0.5	-7%
CC	→	↗	→	→	↑	↑	↘	↘	↘	1	15%
LC	→	→	→	→	→	→	↘	↘	↘	-1.5	-20%
FC	↘	↘	→	→	→	→	↘	↘	↘	-2.5	-33%
LH	↘	↘	→	→	→	↑	↘	↘	↘	-1.5	-20%

Reading keys:
BO: CBOT Soybean Oil, **C**: CBOT Corn, **CC**: ICE Cocoa, **CL**: NYMEX WTI, **CO**: ICE Brent, **CT**: ICE Cotton, **FC**: CME Feeder Cattle, **GC**: COMEX Gold, **HG**: COMEX Copper, **HO**: NYMEX Heating Oil, **KC**: ICE Arabica Coffee, **KW**: KCBT Kansas Wheat, **LA**: LME Aluminium, **LC**: CME Live Cattle, **LH**: CME Lean Hogs, **LL**: LME Lead, **LN**: LME Nickel, **LP**: LME Copper, **LX**: LME Zinc, **NG**: NYMEX Natural Gas, **PA**: NYMEX Palladium, **PL**: NYMEX Platinum, **QS**: ICE Gasoil, **S**: CBOT Soybean, **SB**: ICE Sugar #11, **SI**: COMEX Silver, **SM**: CBOT Soymeal, **W**: CBOT Wheat, **XB**: NYMEX Gasoline

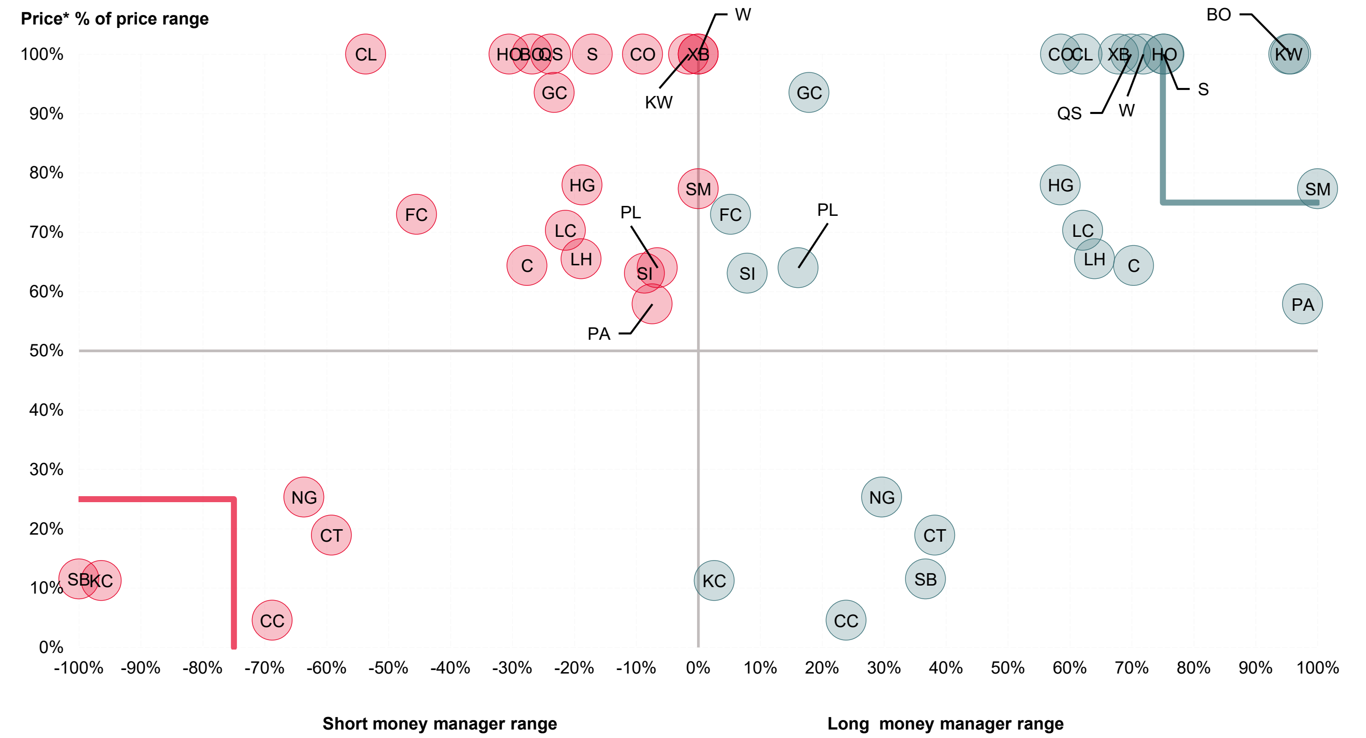
For more information relative to the "trading signal scorecard", please refer to the dedicated Commodity Compass "Blending it all together – a trading signal scorecard" published 2 July 2019 – link

SG OVERBOUGHT/OVERSOLD INDICATORS (OBOS)

Commodities in the oversold (red) box are generally vulnerable to short-covering and commodities in the overbought (blue) box are generally vulnerable to profit taking.

1-year OBOS indicator

link to last week's OBOS



2-year OBOS indicator

link to last week's OBOS

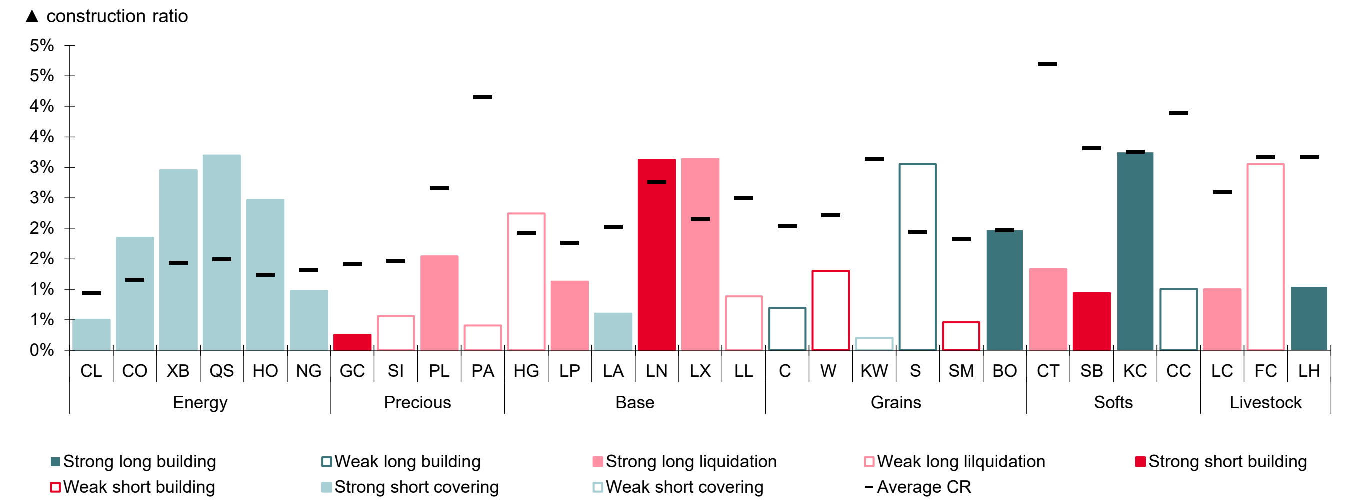
Reading keys: BO: CBOT Beanoil, **C**: CBOT Corn, **CC**: ICE Cocoa, **CL**: NYMEX WTI, **CO**: ICE Brent, **CT**: ICE Cotton, **FC**: CME Feeder Cattle, **GC**: COMEX Gold, **HG**: COMEX Copper, **HO**: NYMEX Heating Oil, **KC**: ICE Arabica Coffee, **KW**: KCBT Kansas Wheat, **LC**: CME Live Cattle, **LH**: CME Lean Hogs, **NG**: NYMEX Natural Gas, **PA**: NYMEX Palladium, **PL**: NYMEX Platinum, **QS**: ICE Gasoil, **S**: CBOT Soybean, **SB**: ICE Sugar #11, **SI**: COMEX Silver, **SM**: CBOT Soymeal, **W**: CBOT Wheat, **XB**: NYMEX Gasoline

* Prices are as of last available data (last week's Friday close) whereas positioning matches CFTC CoT's end of reporting period (last week's Tuesday)

FLOW ANALYSIS

The colour of each column in the chart below shows the trading activity into each commodity market for the week to Friday. Trading activities are defined by the Flow Cube introduced in Commodity Compass – The "Flow Cube" & the "Construction Ratio" (link) – understanding flow patterns, and are based on month-on-month changes in average price, aggregate volume and aggregate open interest. The height of each column represents the current construction ratio (CR) – the absolute change in aggregate open interest expressed as percentage of total volume traded during the week. A low CR could be a sign of heightened intraday trading activity. To provide some context for the (CR), it is compared to its one-year average, represented by the black dots in the chart.

Trading activity and construction ratio (CR) of average weekly flows into commodity markets.

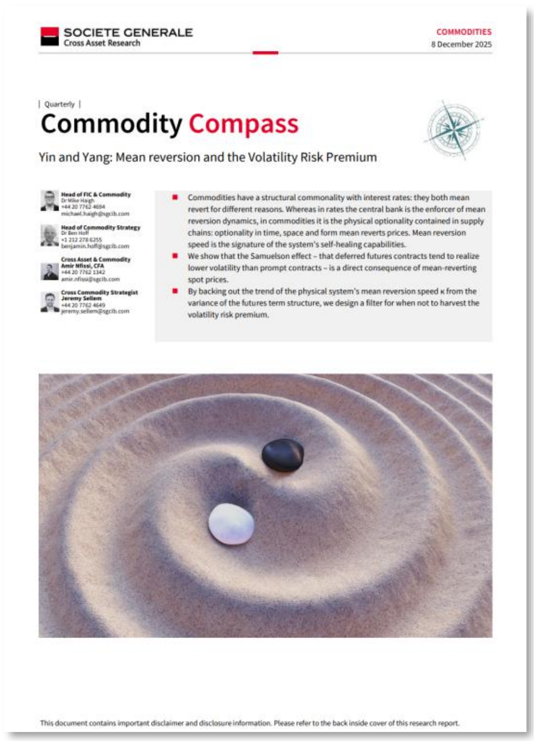


Reading key:
BO: CBOT Beanoil, **C**: CBOT Corn, **CC**: ICE Cocoa, **CL**: NYMEX WTI, **CO**: ICE Brent, **CT**: ICE Cotton, **FC**: CME Feeder Cattle, **GC**: COMEX Gold, **HG**: COMEX Copper, **HO**: NYMEX Heating Oil, **KC**: ICE Arabica Coffee, **KW**: KCBT Kansas Wheat, **LA**: LME Aluminium, **LC**: CME Live Cattle, **LH**: CME Lean Hogs, **LL**: LME Lead, **LN**: LME Nickel, **LP**: LME Copper, **LX**: LME Zinc, **NG**: NYMEX Natural Gas, **PA**: NYMEX Palladium, **PL**: NYMEX Platinum, **QS**: ICE Gasoil, **S**: CBOT Soybean, **SB**: ICE Sugar #11, **SI**: COMEX Silver, **SM**: CBOT Soymeal, **W**: CBOT Wheat, **XB**: NYMEX Gasoline

Source: SG Cross Asset Research/Commodities, Bloomberg.

> Link to last week's flow analysis

LATEST PUBLICATIONS



Commodity Compass

Yin and Yang: Mean reversion and the Volatility Risk Premium

Commodities have a structural commonality with interest rates: they both mean revert for different reasons. Whereas in rates the central bank is the enforcer of mean reversion dynamics, in commodities it is the physical optionality contained in supply chains: optionality in time, space and form mean reverts prices. Mean reversion speed is the signature of the system's self-healing capabilities.

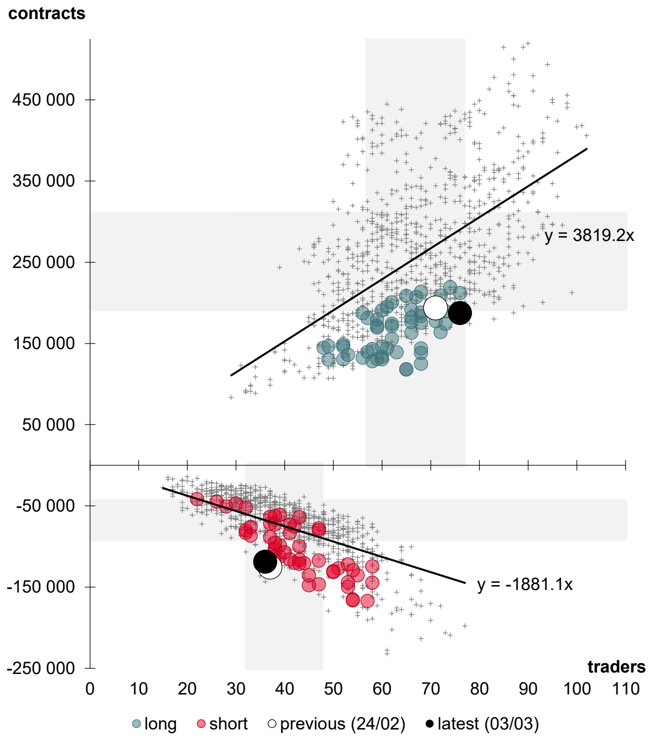
We show that the Samuelson effect – that deferred futures contracts tend to realize lower volatility than prompt contracts – is a direct consequence of mean-reverting spot prices.

By backing out the trend of the physical system's mean reversion speed κ from the variance of the futures term structure, we design a filter for when not to harvest the volatility risk premium.

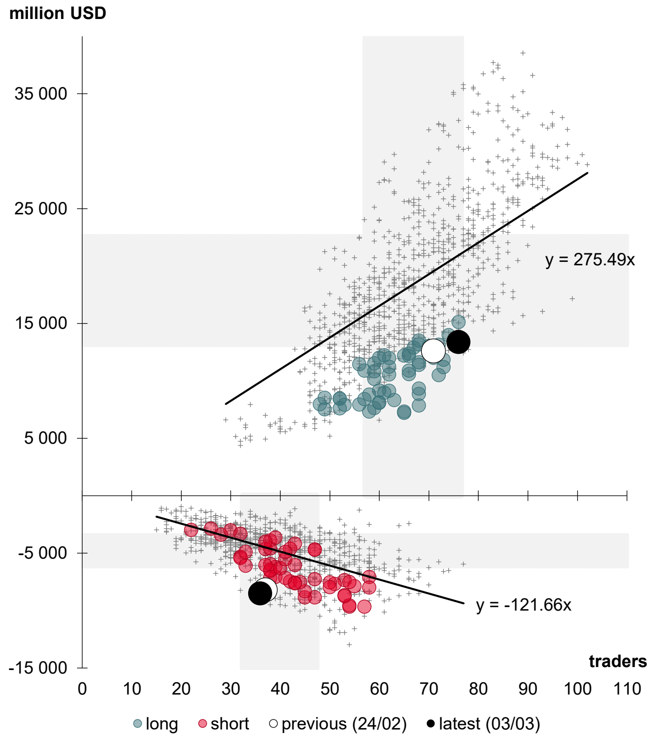
Published 8 December 2025 – link

NYMEX WTI

Money manager dry powder analysis (open interest)

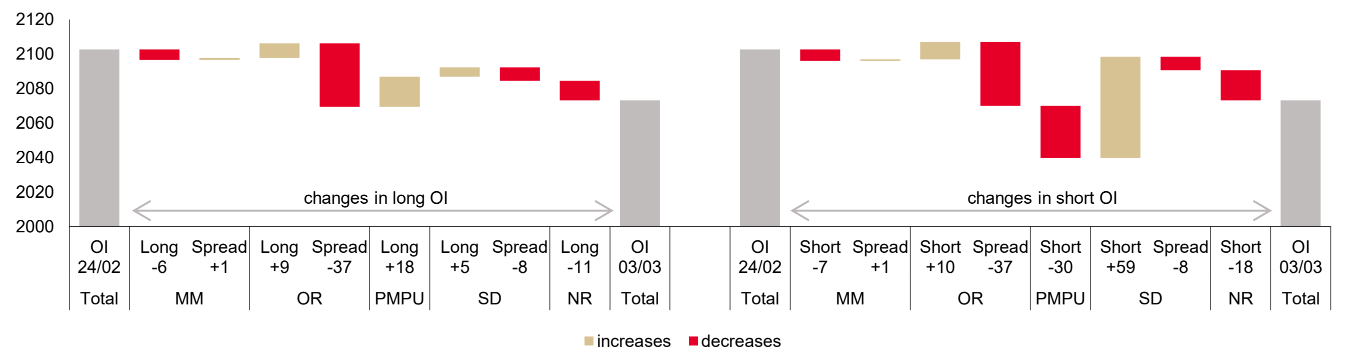


Money manager dry powder analysis (notional)

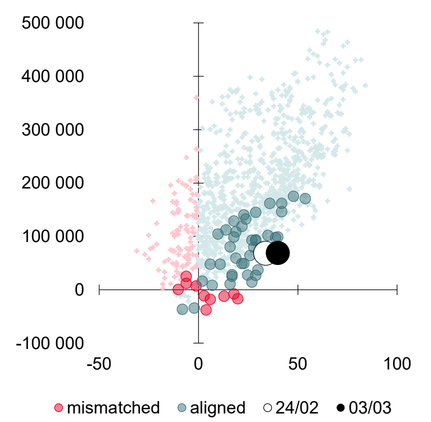


Coloured dots: last 52 weeks. Grey area: 25th to 75th percentile range, adjusted for total open interest

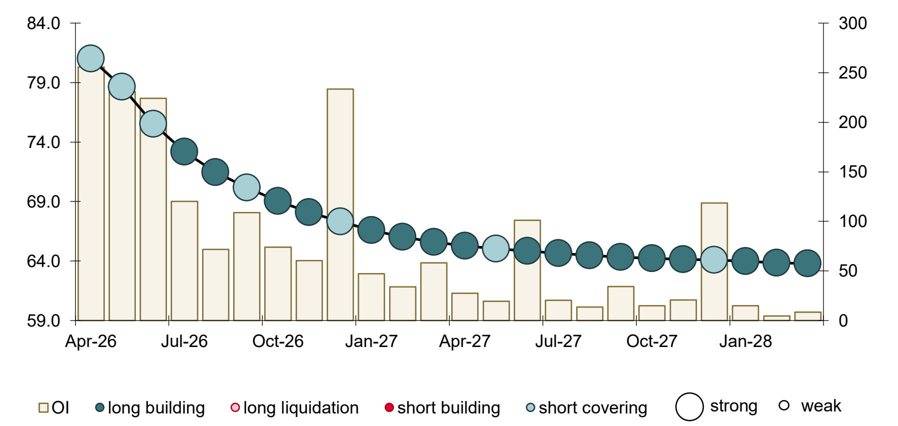
Position changes during the week, by trading group (thousand contracts)



Mismatch indicator



Curve flow profile (1 week)

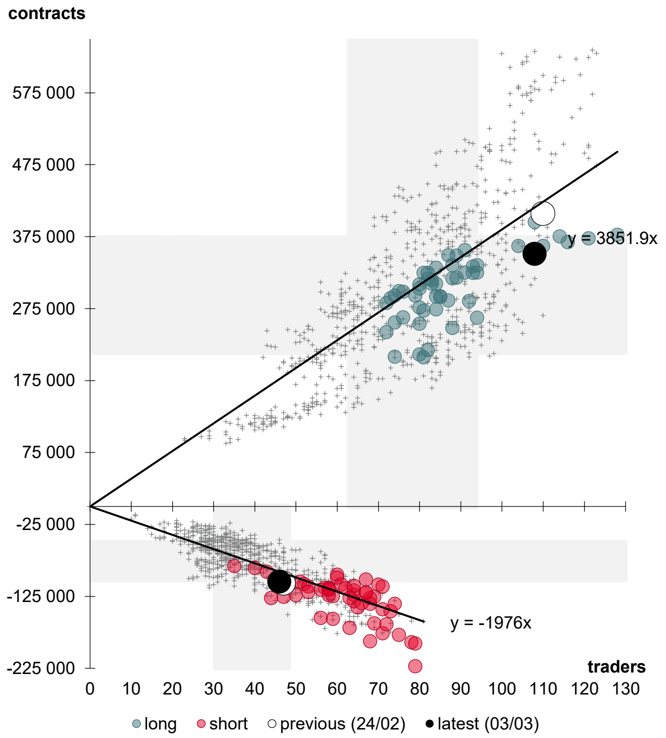


Source: SG Cross Asset Research/Commodities

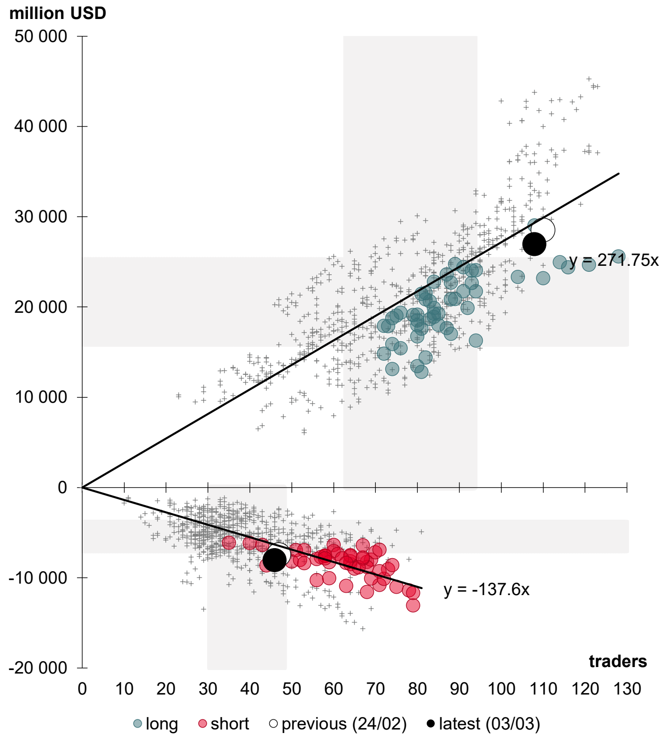
Price (lhs) vs open interest (rhs). Black dots show contracts with little trading volumes (daily average below 25 contracts)

ICE Brent

Money manager dry powder analysis (open interest)

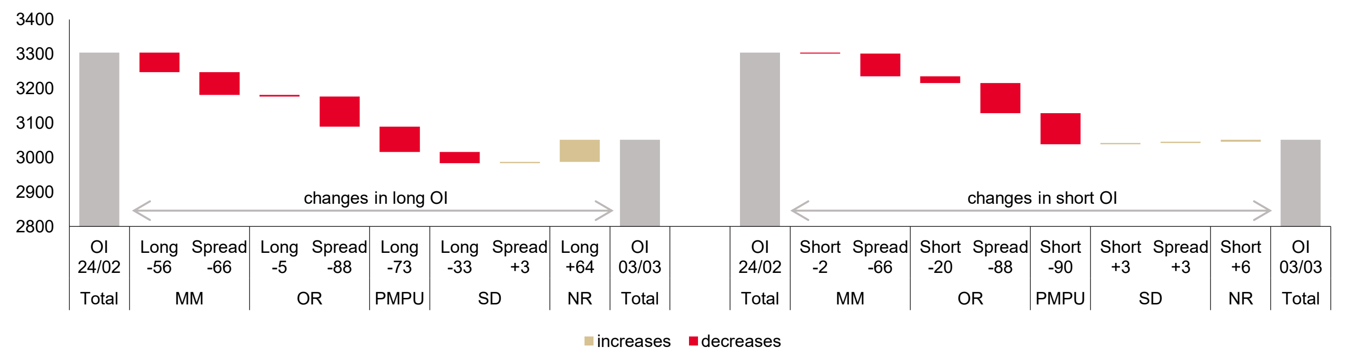


Money manager dry powder analysis (notional)

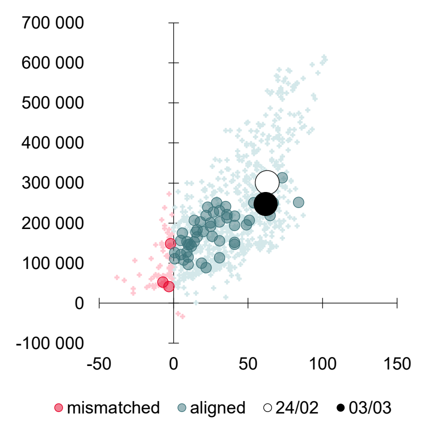


Coloured dots: last 52 weeks. Grey area: 25th to 75th percentile range, adjusted for total open interest

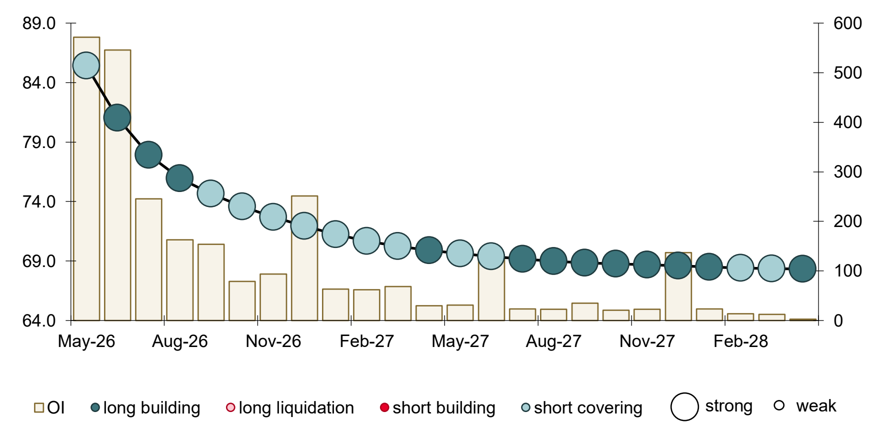
Position changes during the week, by trading group (thousand contracts)



Mismatch indicator



Curve flow profile (1 week)

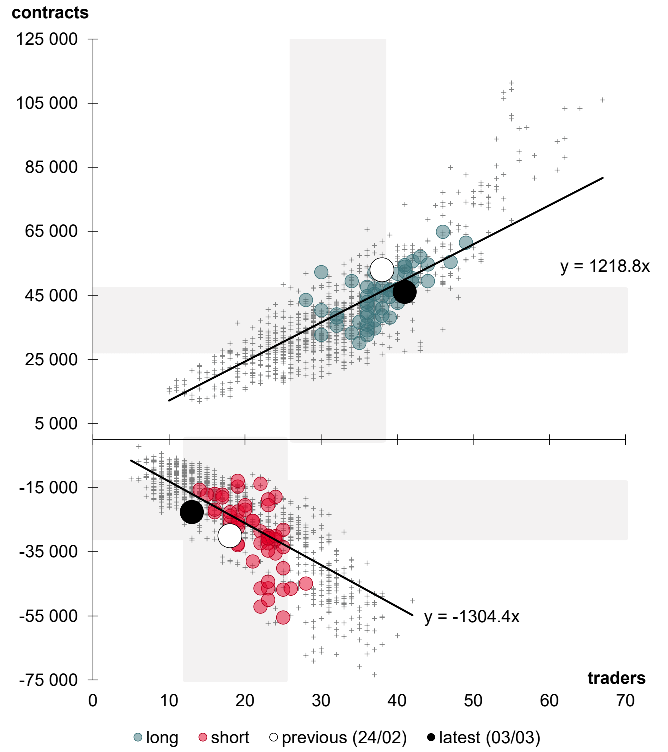


Source: SG Cross Asset Research/Commodities

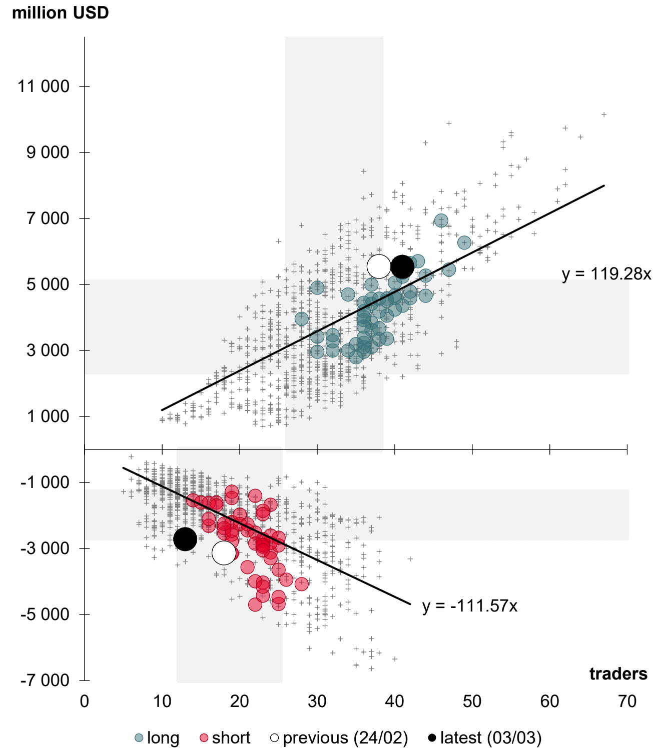
Price (lhs) vs open interest (rhs). Black dots show contracts with little trading volumes (daily average below 25 contracts)

NYMEX ULSD Heating Oil

Money manager dry powder analysis (open interest)

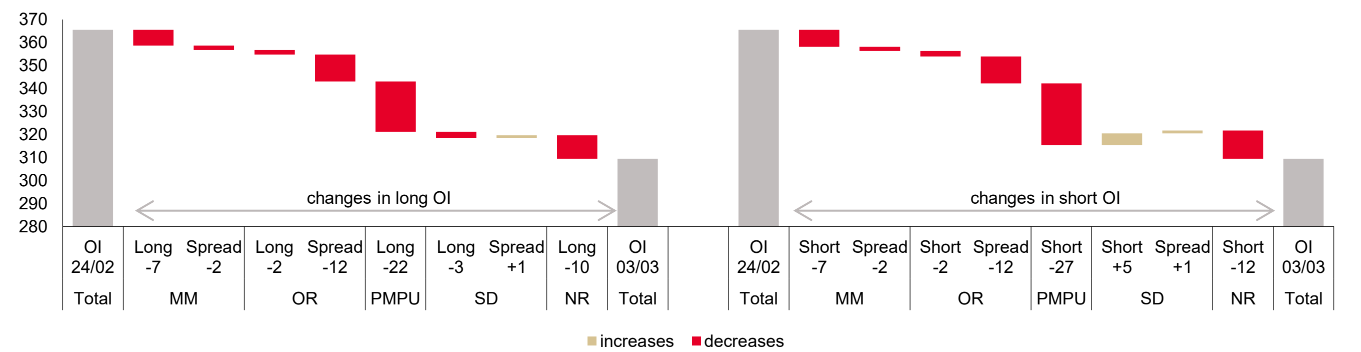


Money manager dry powder analysis (notional)

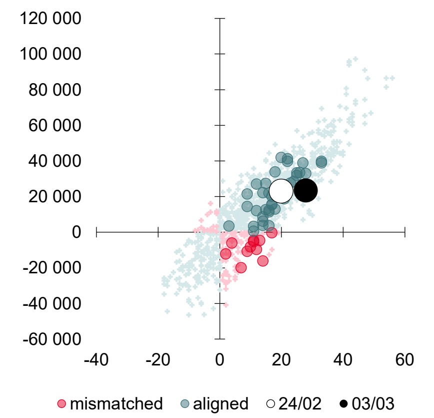


Coloured dots: last 52 weeks. Grey area: 25th to 75th percentile range, adjusted for total open interest

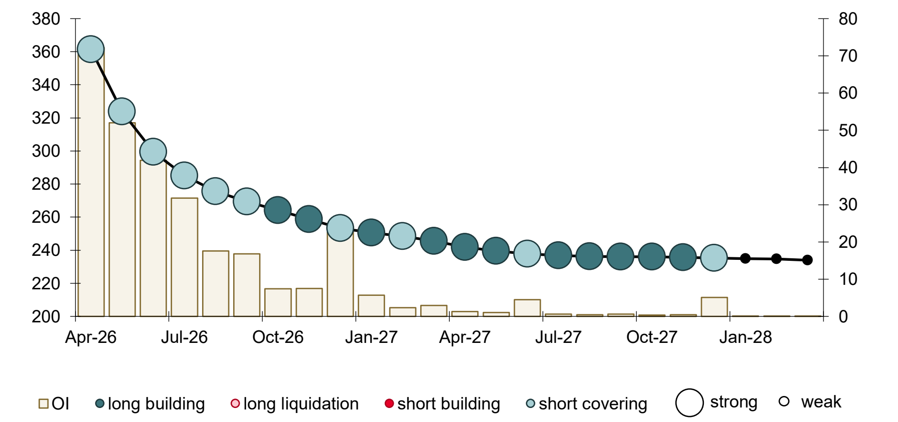
Position changes during the week, by trading group (thousand contracts)



Mismatch indicator



Curve flow profile (1 week)

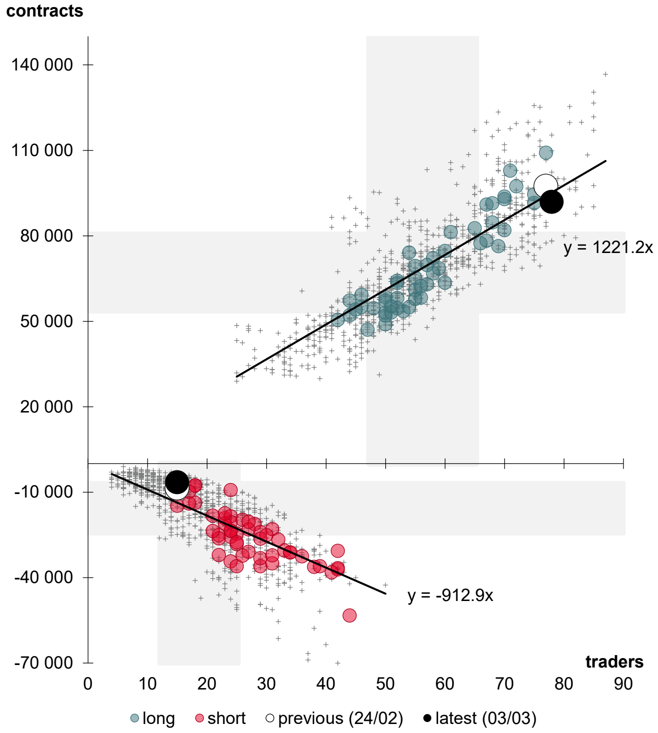


Source: SG Cross Asset Research/Commodities

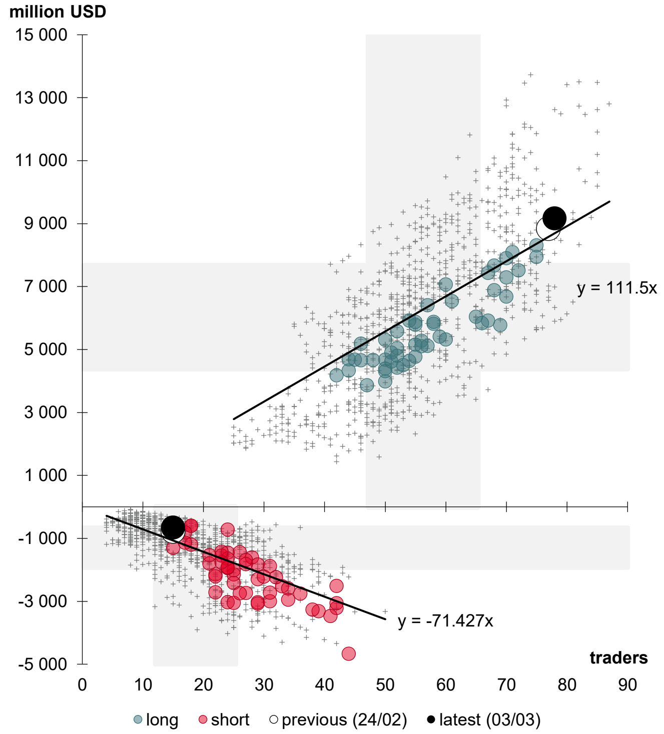
Price (lhs) vs open interest (rhs). Black dots show contracts with little trading volumes (daily average below 25 contracts)

NYMEX RBOB Gasoline

Money manager dry powder analysis (open interest)

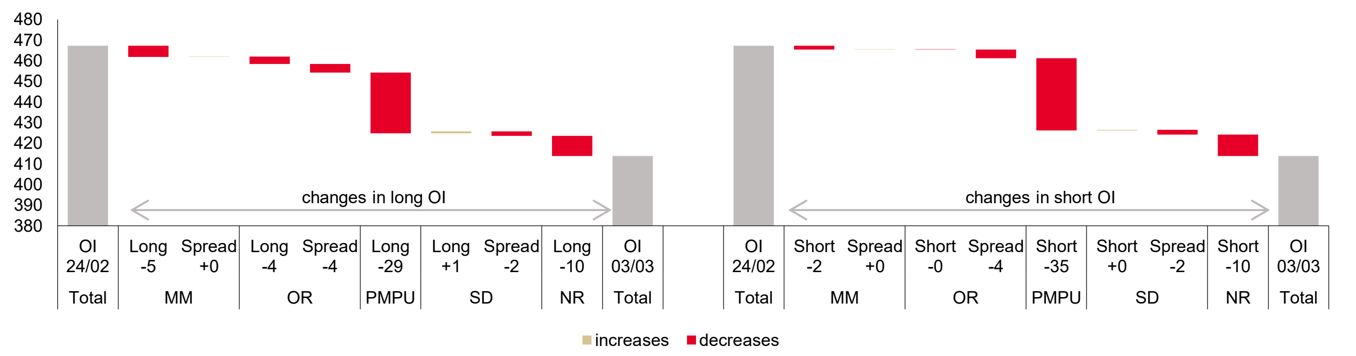


Money manager dry powder analysis (notional)

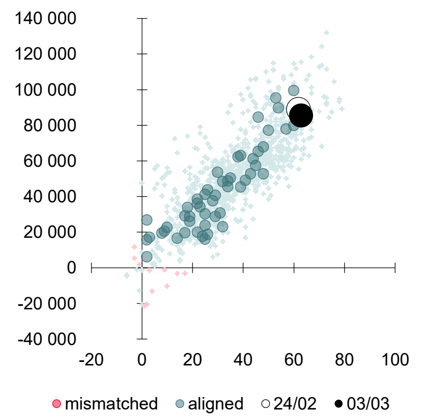


Coloured dots: last 52 weeks. Grey area: 25th to 75th percentile range, adjusted for total open interest

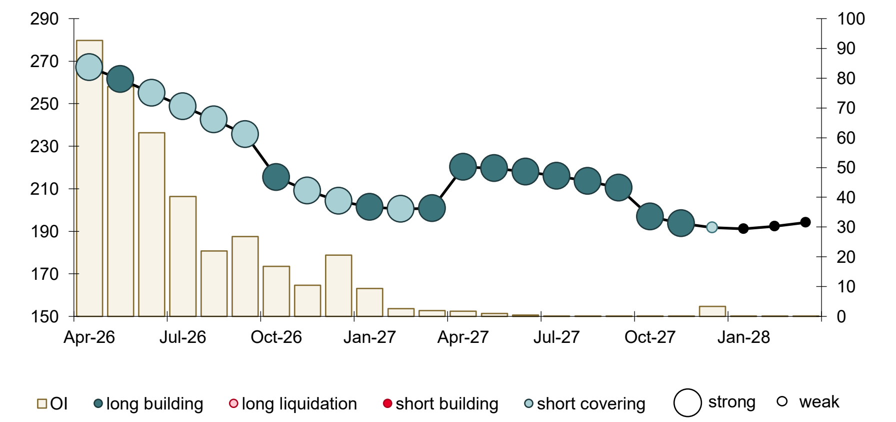
Position changes during the week, by trading group (thousand contracts)



Mismatch indicator



Curve flow profile (1 week)

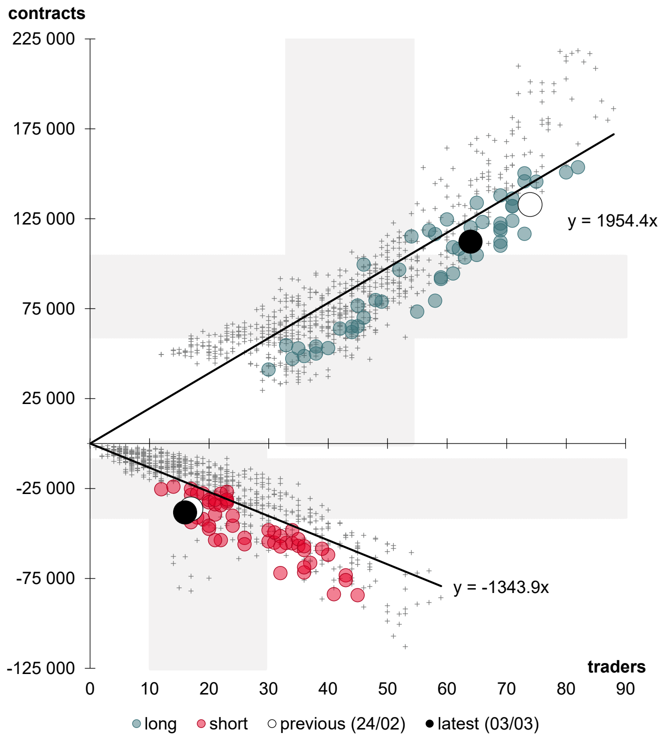


Source: SG Cross Asset Research/Commodities

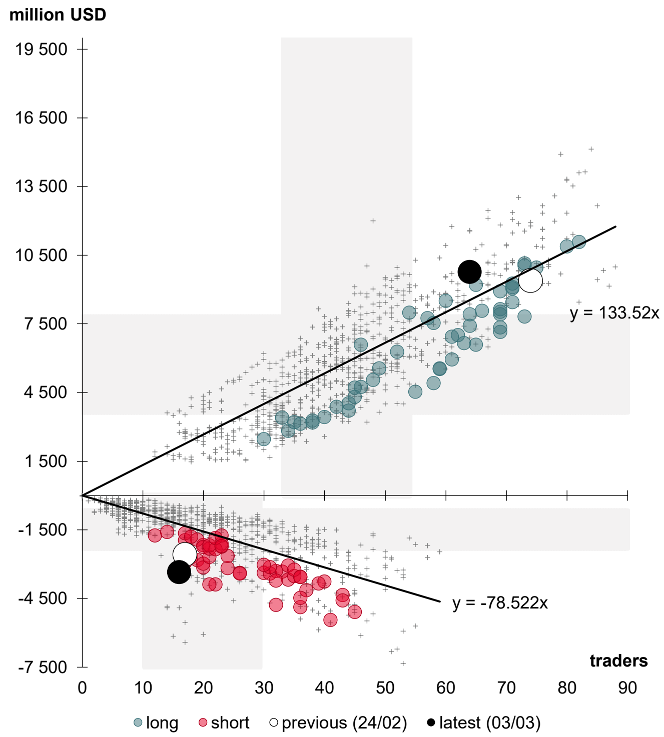
Price (lhs) vs open interest (rhs). Black dots show contracts with little trading volumes (daily average below 25 contracts)

ICE Gasoil

Money manager dry powder analysis (open interest)

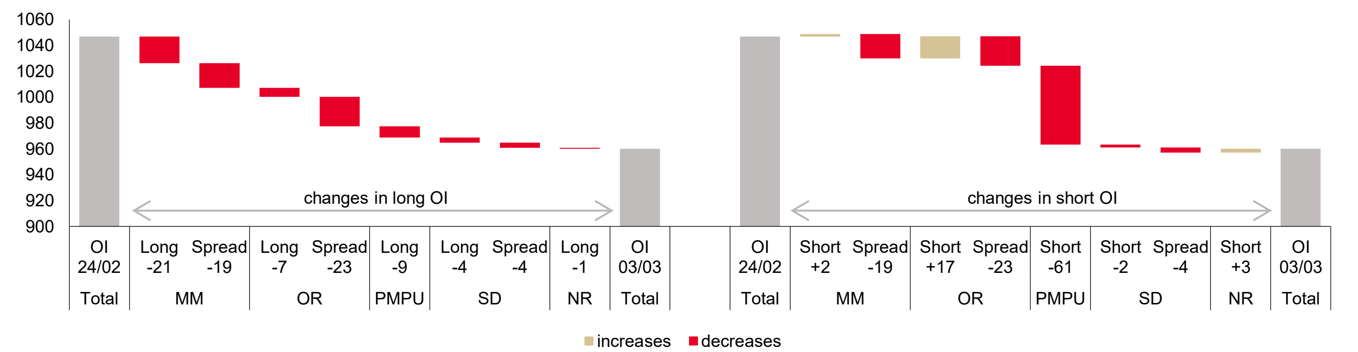


Money manager dry powder analysis (notional)

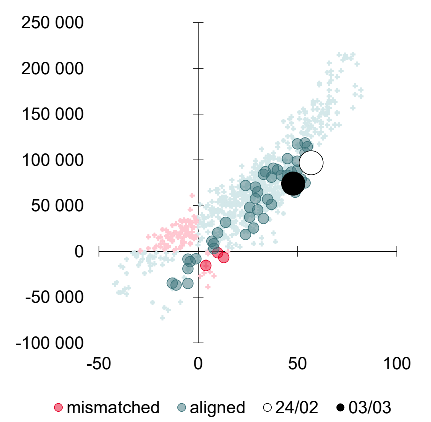


Coloured dots: last 52 weeks. Grey area: 25th to 75th percentile range, adjusted for total open interest

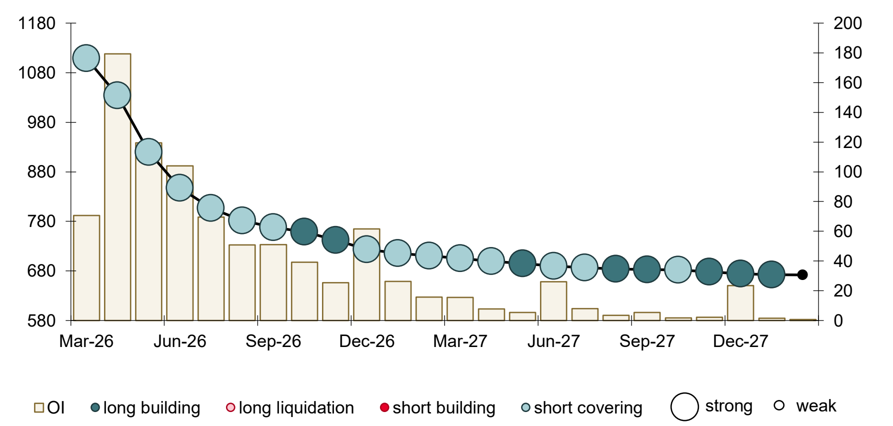
Position changes during the week, by trading group (thousand contracts)



Mismatch indicator



Curve flow profile (1 week)

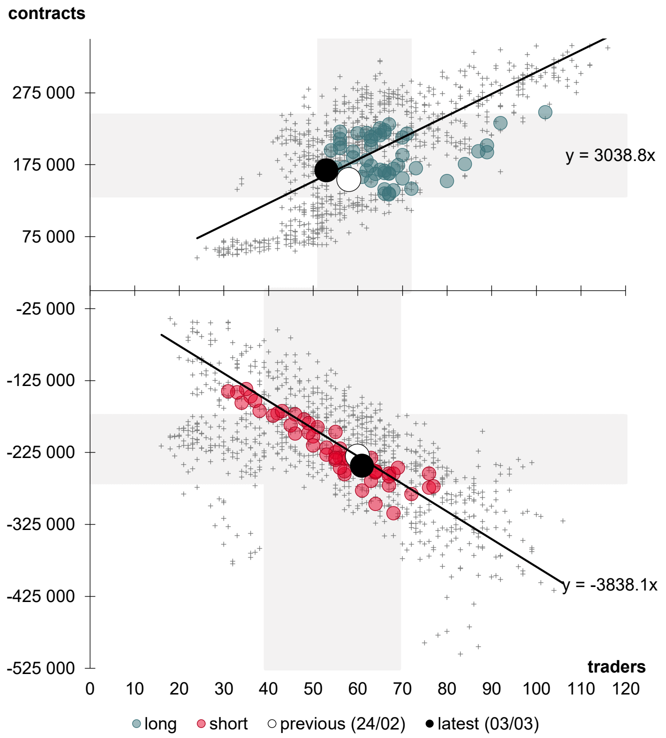


Source: SG Cross Asset Research/Commodities

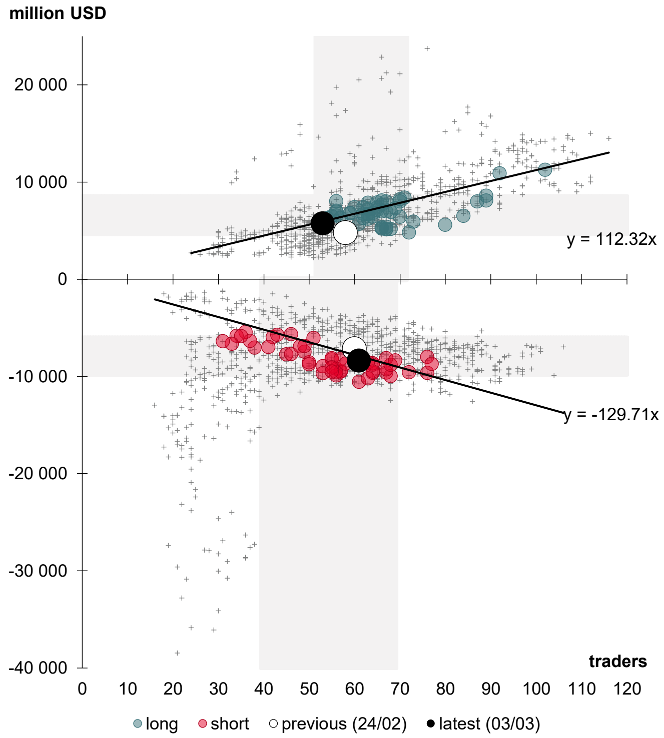
Price (lhs) vs open interest (rhs). Black dots show contracts with little trading volumes (daily average below 25 contracts)

NYMEX Natural Gas (Henry Hub)

Money manager dry powder analysis (open interest)

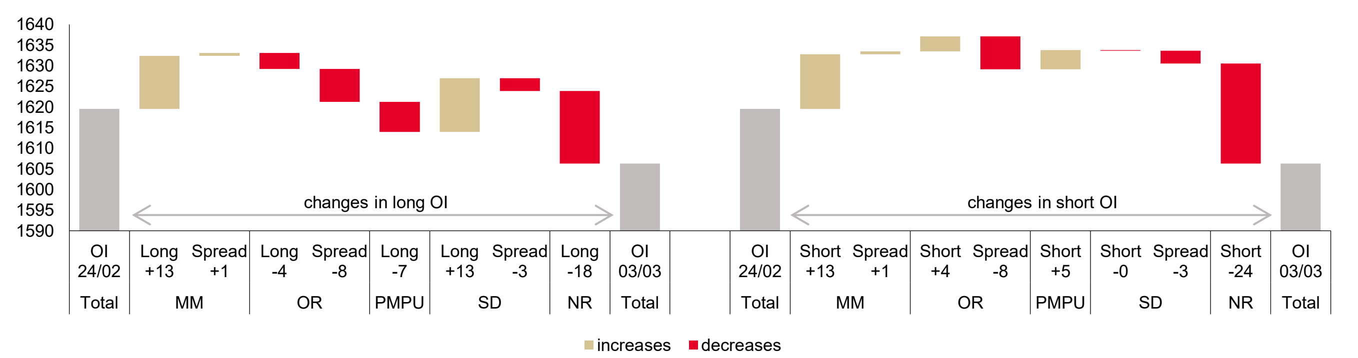


Money manager dry powder analysis (notional)

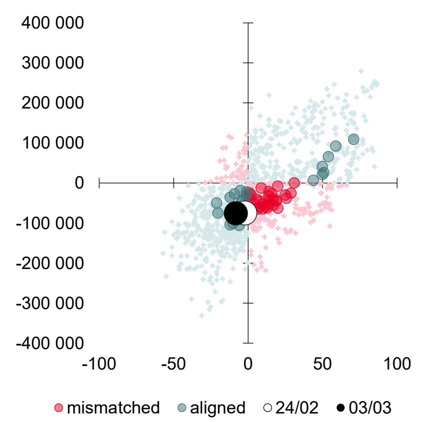


Coloured dots: last 52 weeks. Grey area: 25th to 75th percentile range, adjusted for total open interest

Position changes during the week, by trading group (thousand contracts)

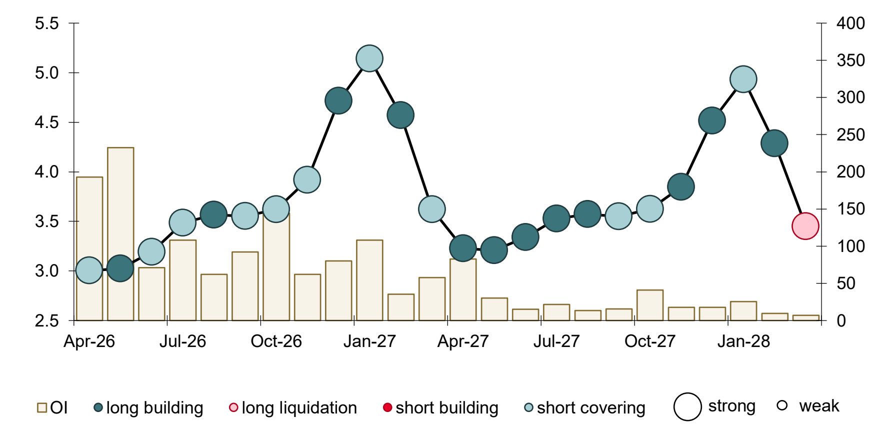


Mismatch indicator



Source: SG Cross Asset Research/Commodities

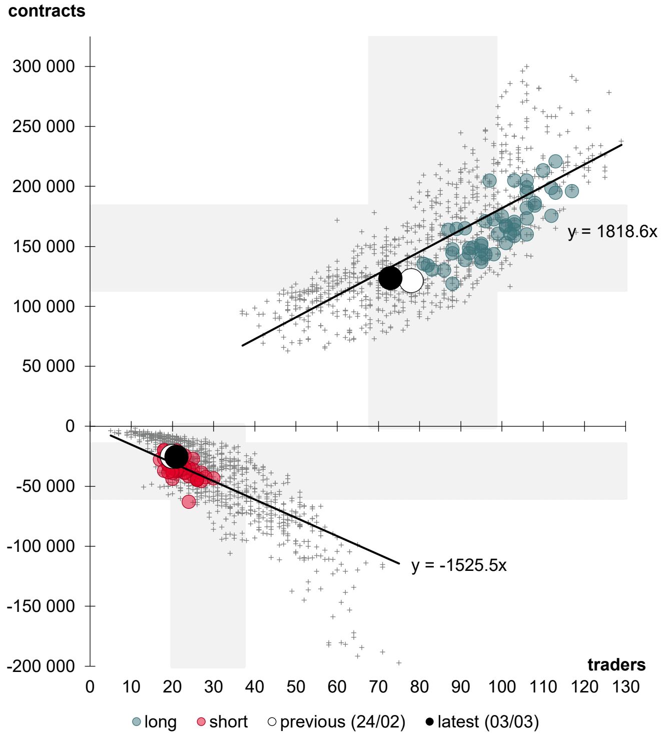
Curve flow profile (1 week)



Price (lhs) vs open interest (rhs). Black dots show contracts with little trading volumes (daily average below 25 contracts)

COMEX Gold

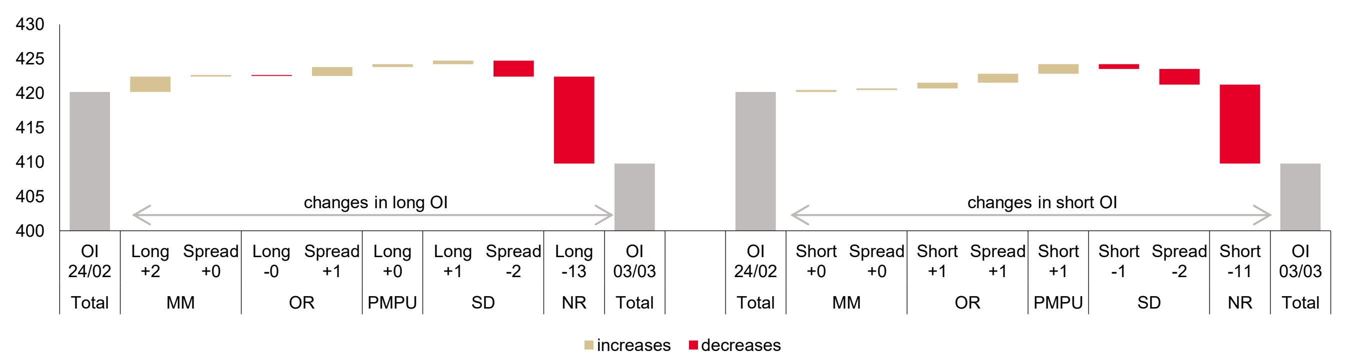
Money manager dry powder analysis (open interest)



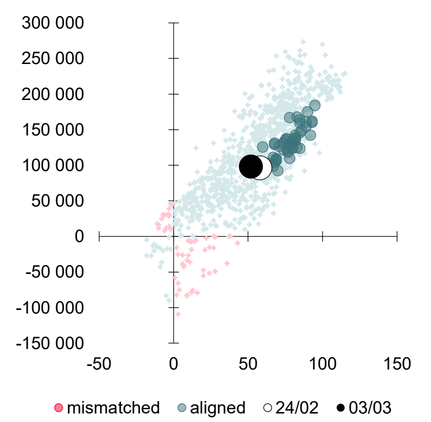
Money manager dry powder analysis (notional)

Coloured dots: last 52 weeks. Grey area: 25th to 75th percentile range, adjusted for total open interest

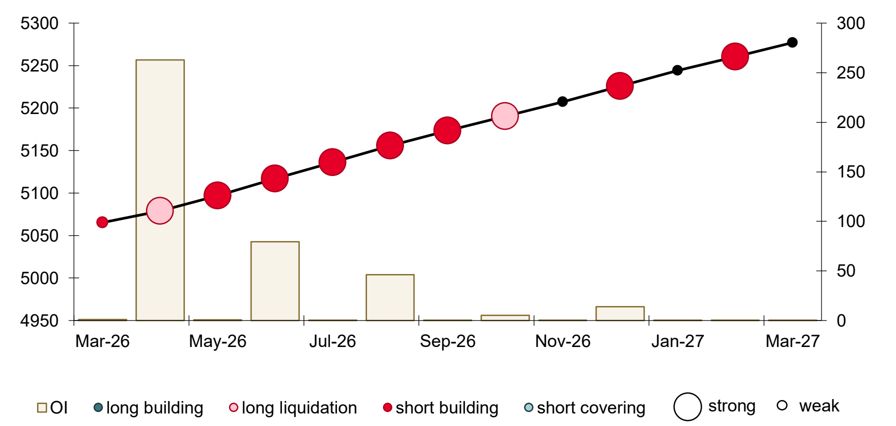
Position changes during the week, by trading group (thousand contracts)



Mismatch indicator



Curve flow profile (1 week)

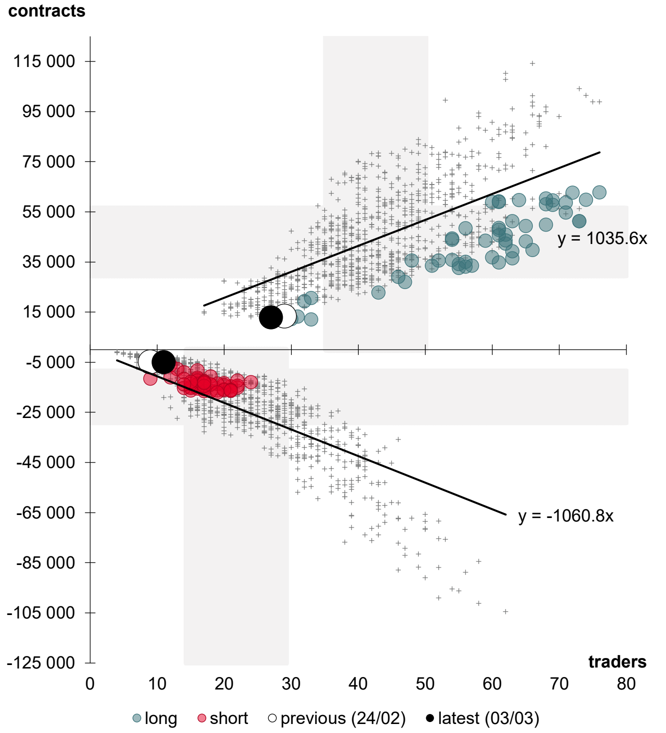


Source: SG Cross Asset Research/Commodities

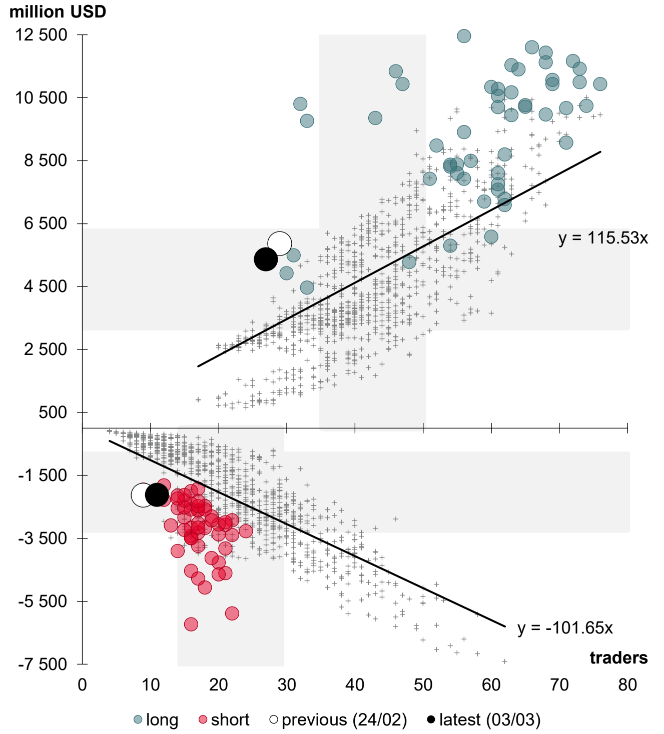
Price (lhs) vs open interest (rhs). Black dots show contracts with little trading volumes (daily average below 25 contracts)

COMEX Silver

Money manager dry powder analysis (open interest)

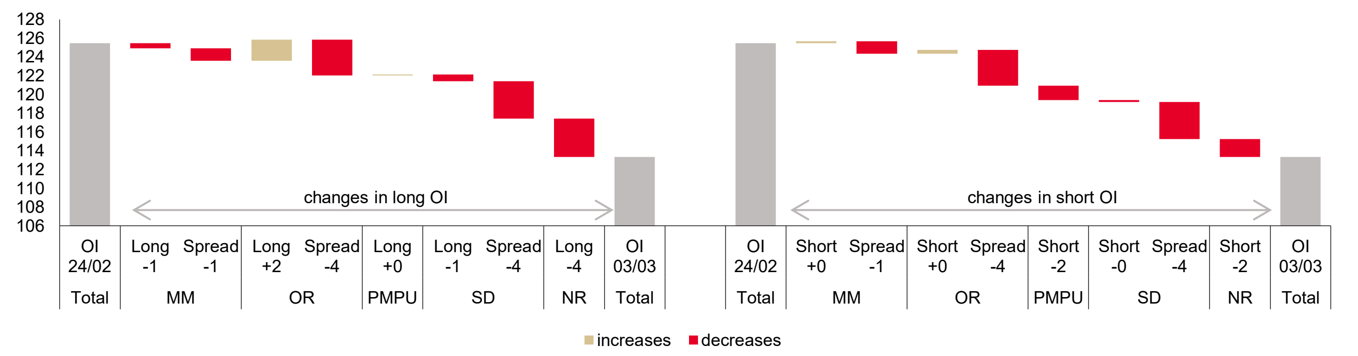


Money manager dry powder analysis (notional)

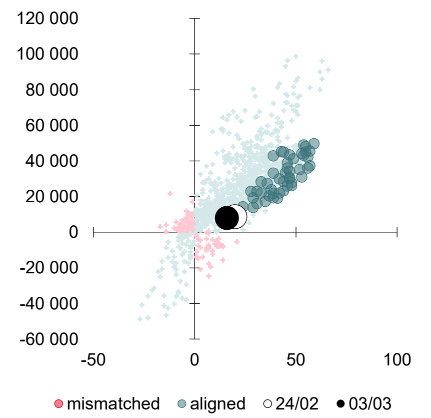


Coloured dots: last 52 weeks. Grey area: 25th to 75th percentile range, adjusted for total open interest

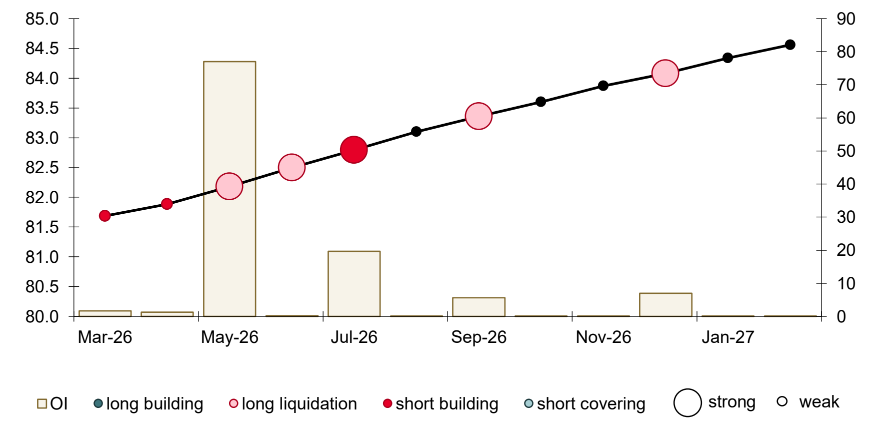
Position changes during the week, by trading group (thousand contracts)



Mismatch indicator



Curve flow profile (1 week)

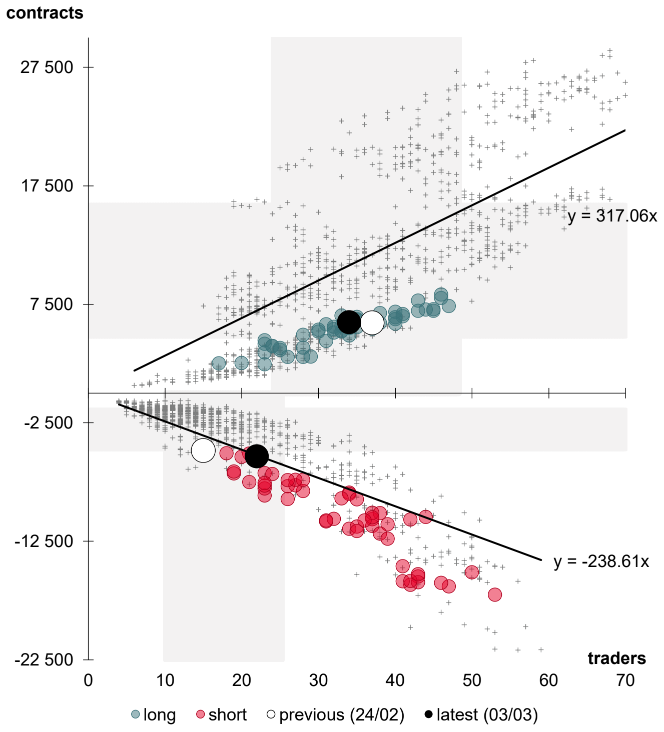


Source: SG Cross Asset Research/Commodities

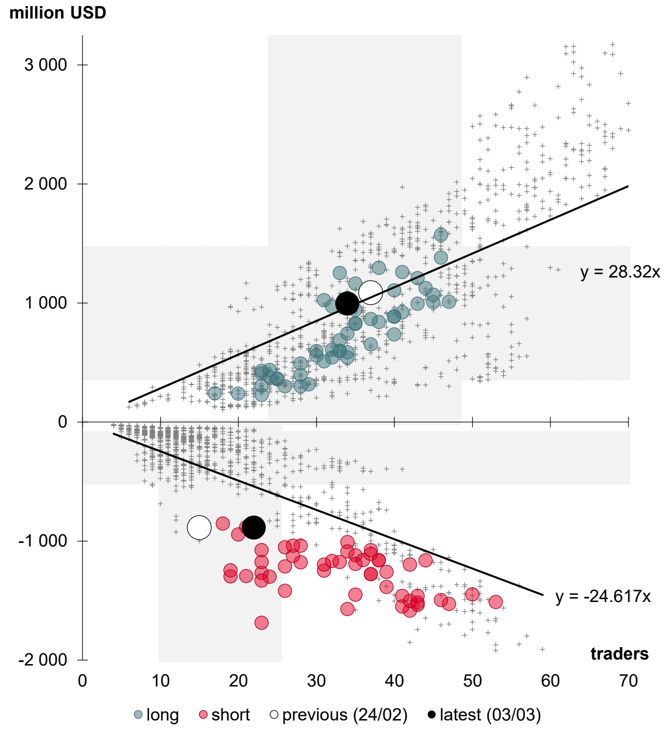
Price (lhs) vs open interest (rhs). Black dots show contracts with little trading volumes (daily average below 25 contracts)

NYMEX Palladium

Money manager dry powder analysis (open interest)

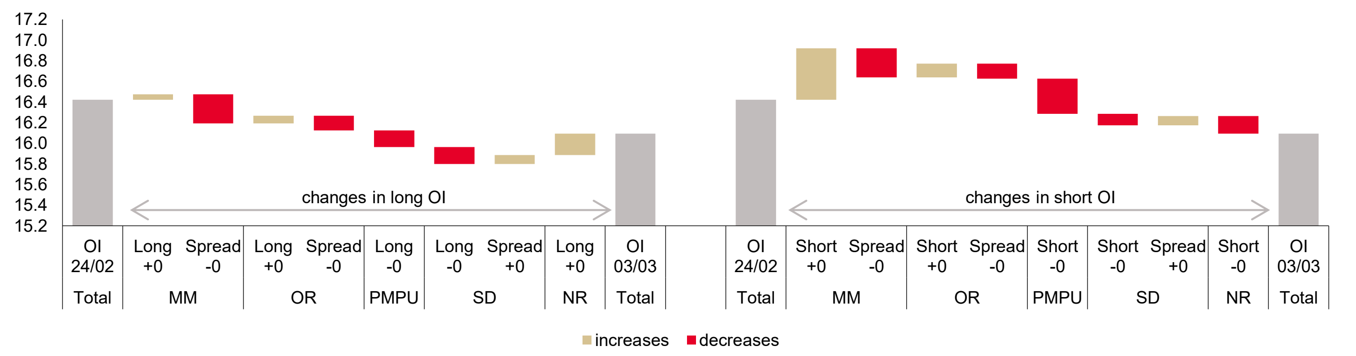


Money manager dry powder analysis (notional)

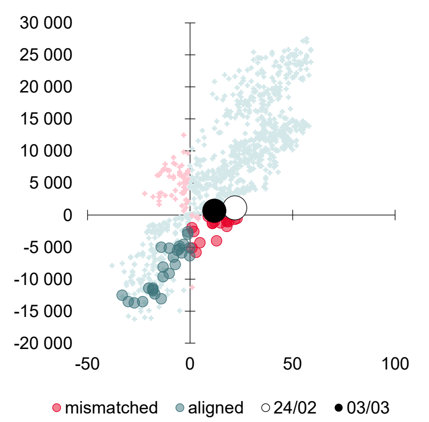


Coloured dots: last 52 weeks. Grey area: 25th to 75th percentile range, adjusted for total open interest

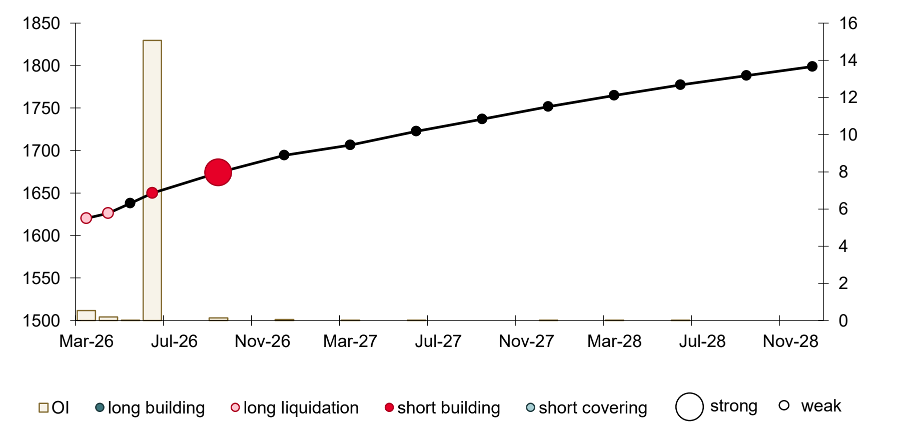
Position changes during the week, by trading group (thousand contracts)



Mismatch indicator



Curve flow profile (1 week)

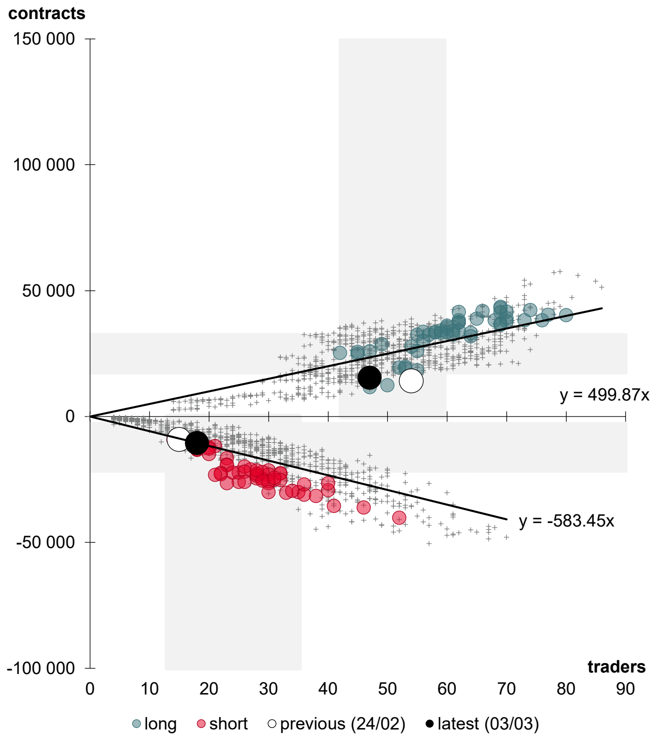


Source: SG Cross Asset Research/Commodities

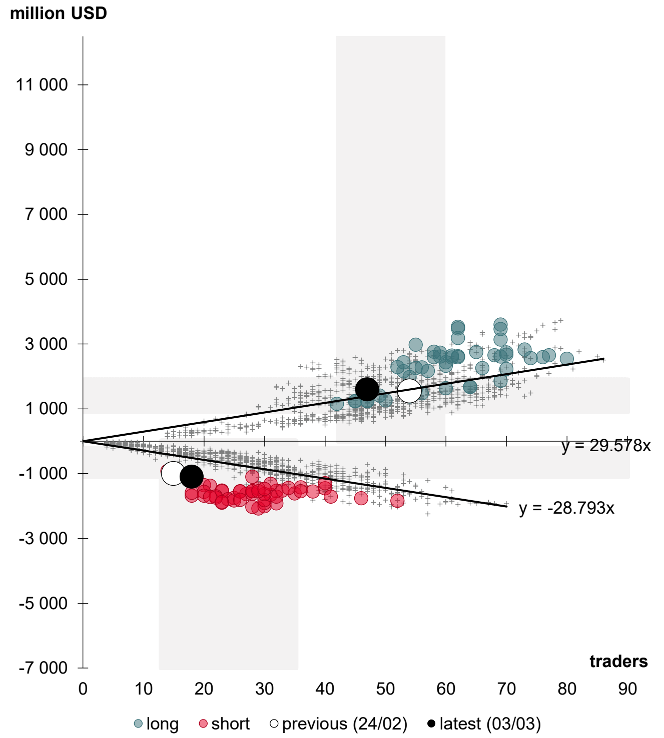
Price (lhs) vs open interest (rhs). Black dots show contracts with little trading volumes (daily average below 25 contracts)

NYMEX Platinum

Money manager dry powder analysis (open interest)

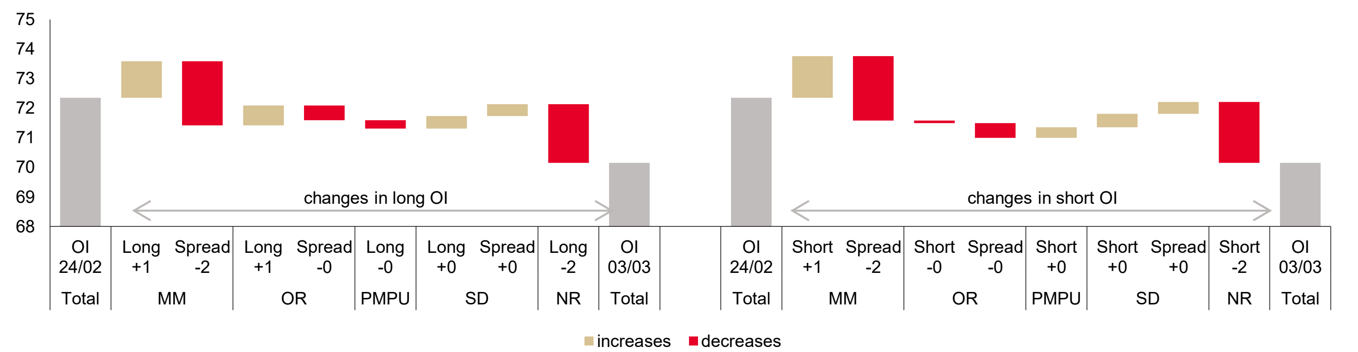


Money manager dry powder analysis (notional)

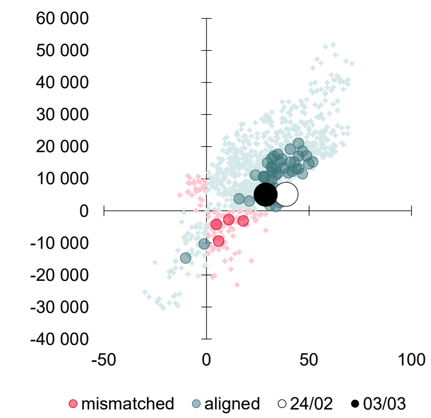


Coloured dots: last 52 weeks. Grey area: 25th to 75th percentile range, adjusted for total open interest

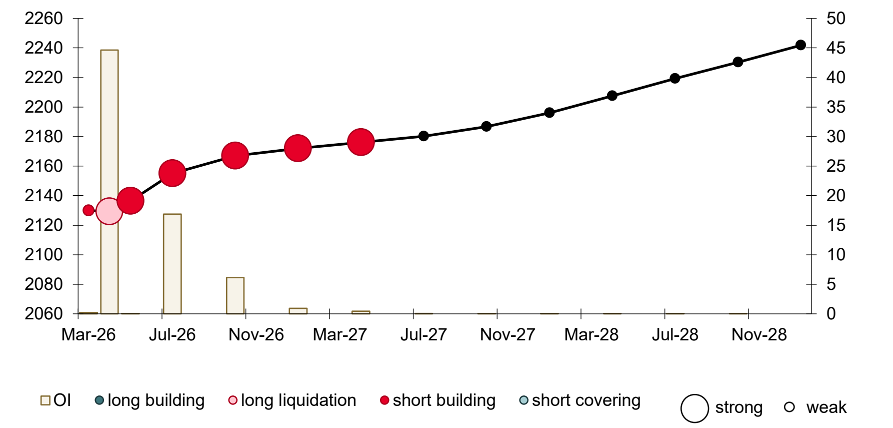
Position changes during the week, by trading group (thousand contracts)



Mismatch indicator



Curve flow profile (1 week)

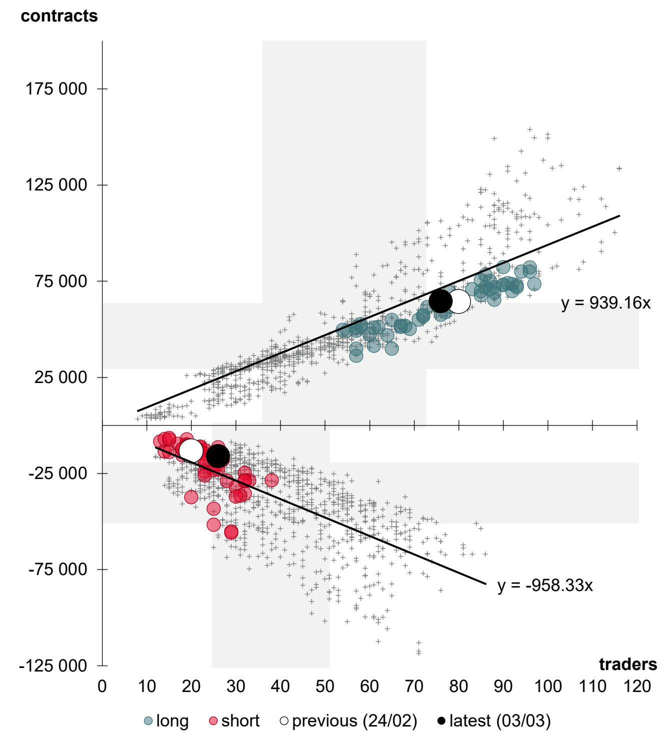


Source: SG Cross Asset Research/Commodities

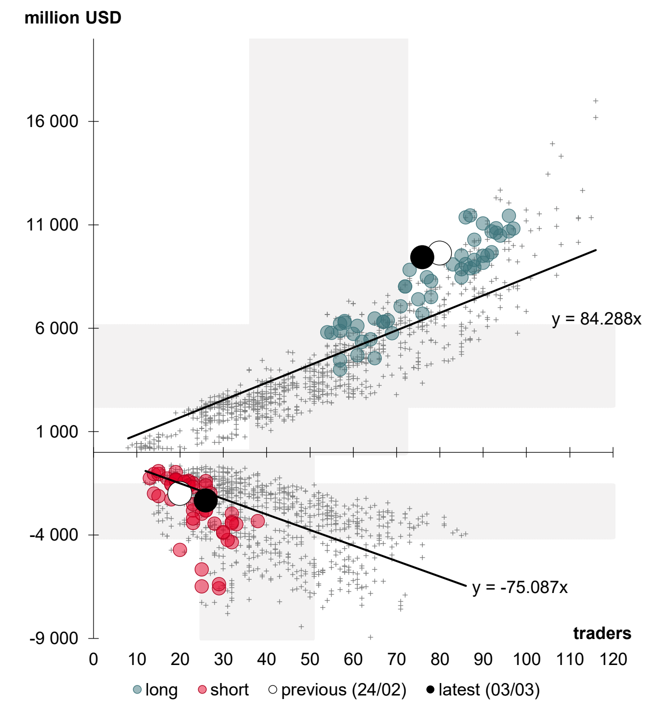
Price (lhs) vs open interest (rhs). Black dots show contracts with little trading volumes (daily average below 25 contracts)

COMEX Copper

Money manager dry powder analysis (open interest)

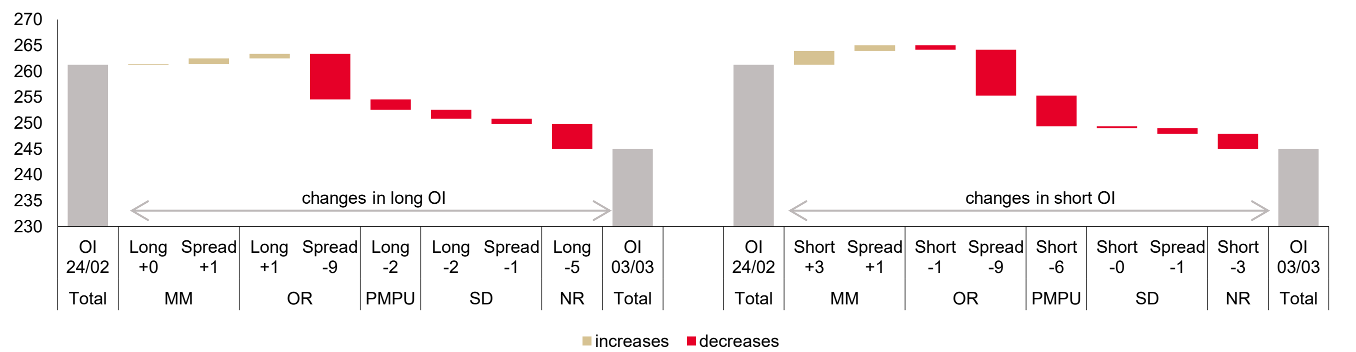


Money manager dry powder analysis (notional)

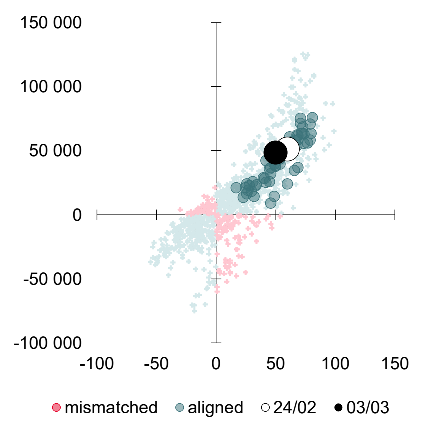


Coloured dots: last 52 weeks. Grey area: 25th to 75th percentile range, adjusted for total open interest

Position changes during the week, by trading group (thousand contracts)

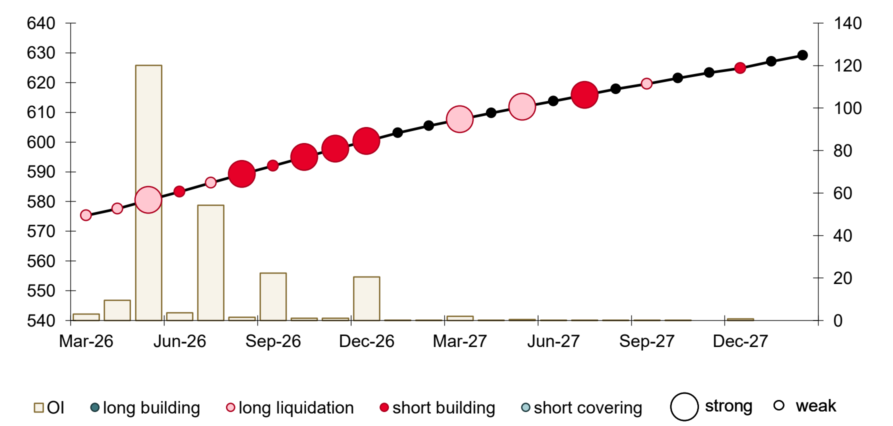


Mismatch indicator



Source: SG Cross Asset Research/Commodities

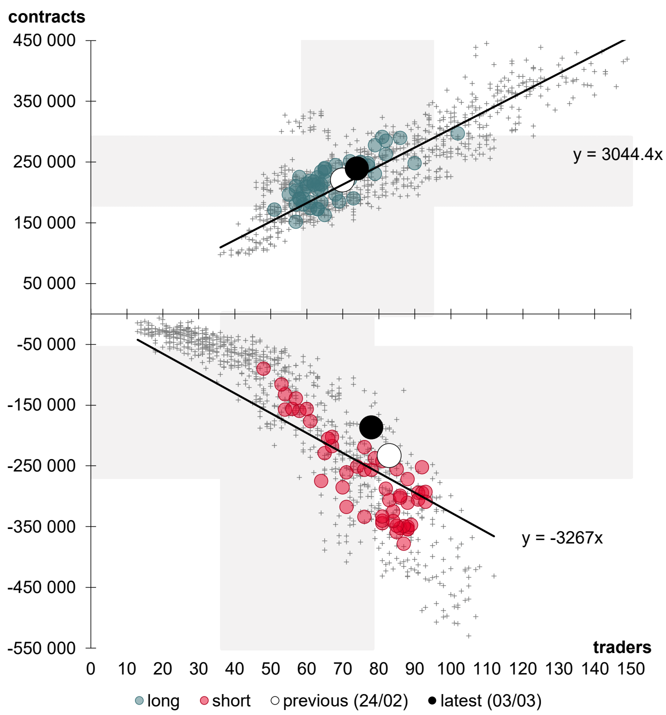
Curve flow profile (1 week)



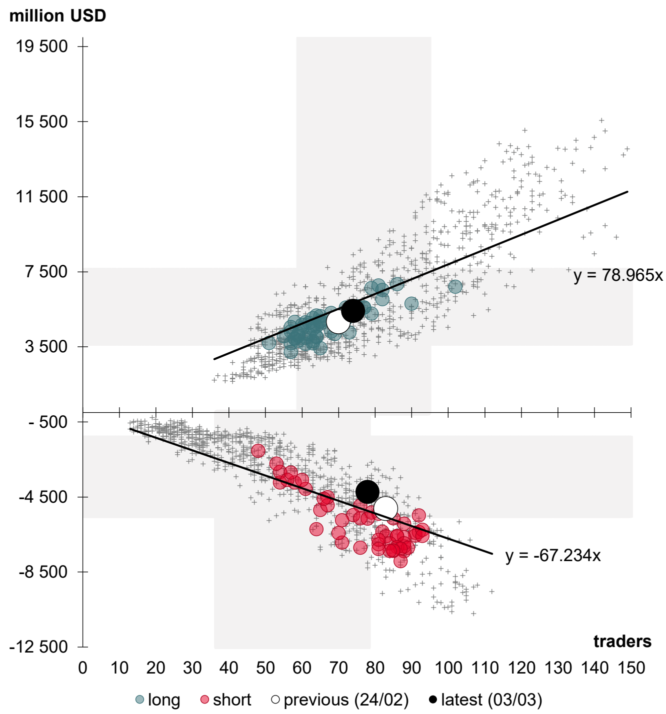
Price (lhs) vs open interest (rhs). Black dots show contracts with little trading volumes (daily average below 25 contracts)

CBOT Corn

Money manager dry powder analysis (open interest)

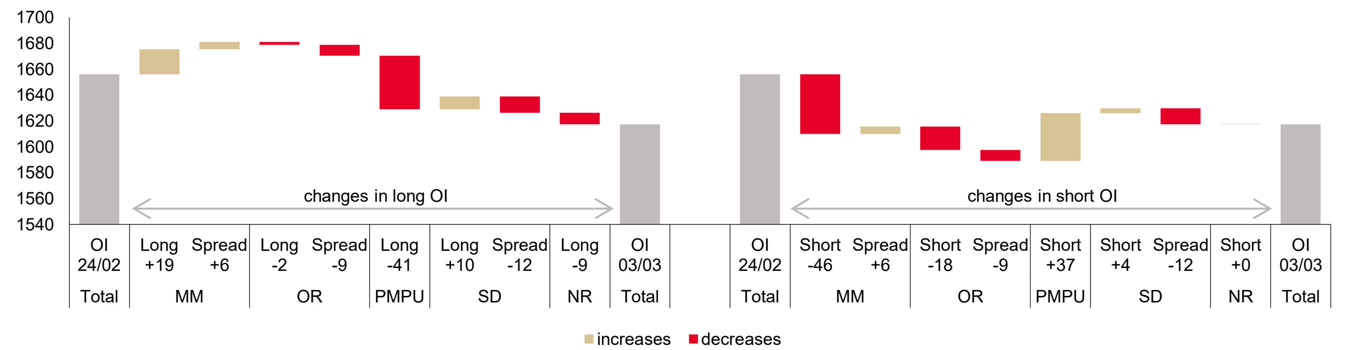


Money manager dry powder analysis (notional)

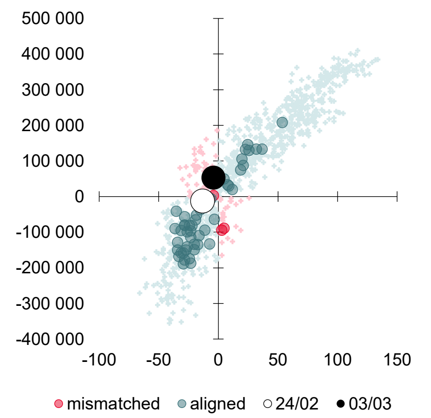


Coloured dots: last 52 weeks. Grey area: 25th to 75th percentile range, adjusted for total open interest

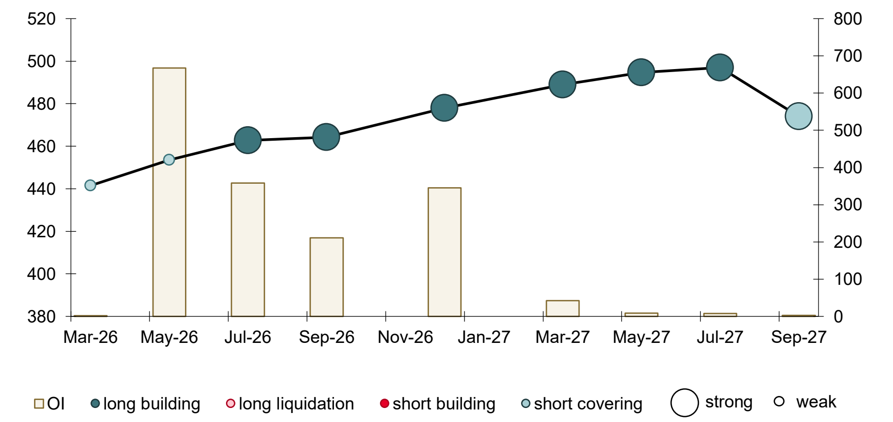
Position changes during the week, by trading group (thousand contracts)



Mismatch indicator



Curve flow profile (1 week)

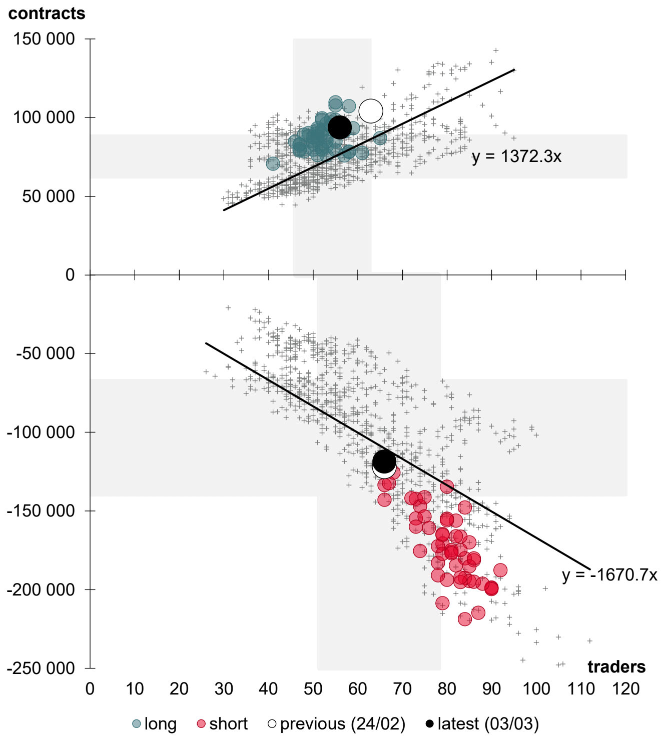


Source: SG Cross Asset Research/Commodities

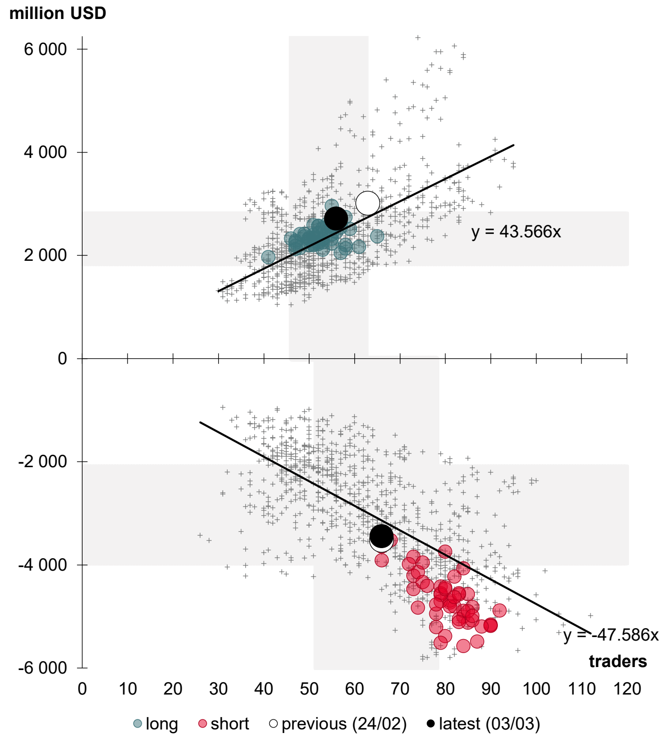
Price (lhs) vs open interest (rhs). Black dots show contracts with little trading volumes (daily average below 25 contracts)

CBOT Wheat (Chicago)

Money manager dry powder analysis (open interest)

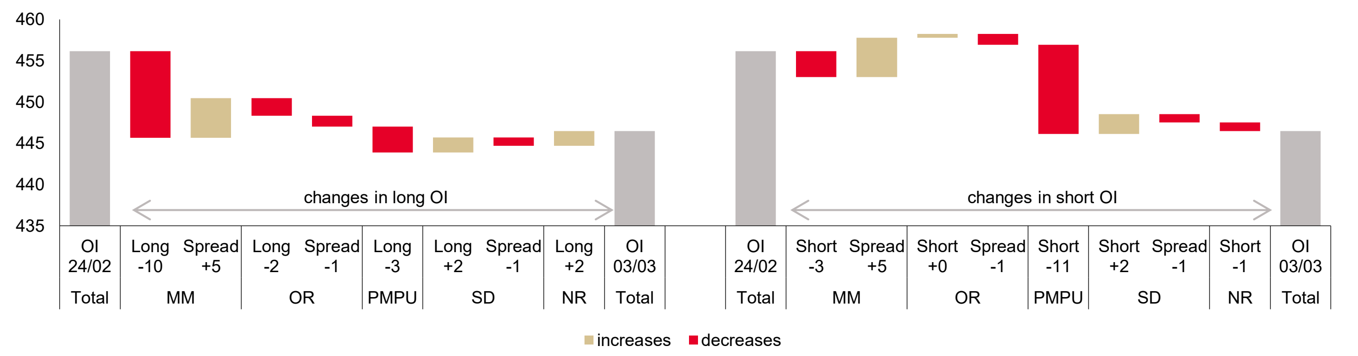


Money manager dry powder analysis (notional)

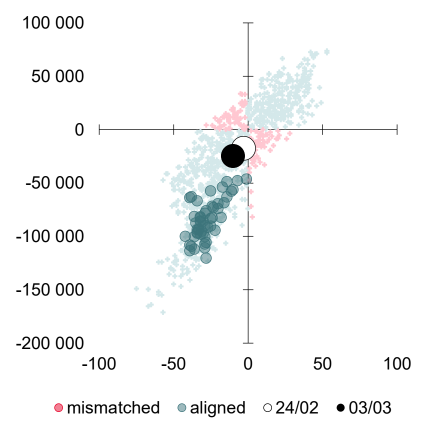


Coloured dots: last 52 weeks. Grey area: 25th to 75th percentile range, adjusted for total open interest

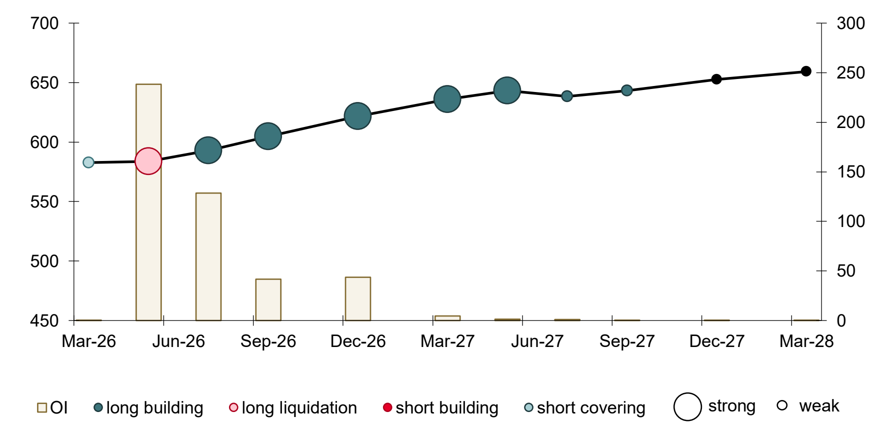
Position changes during the week, by trading group (thousand contracts)



Mismatch indicator



Curve flow profile (1 week)

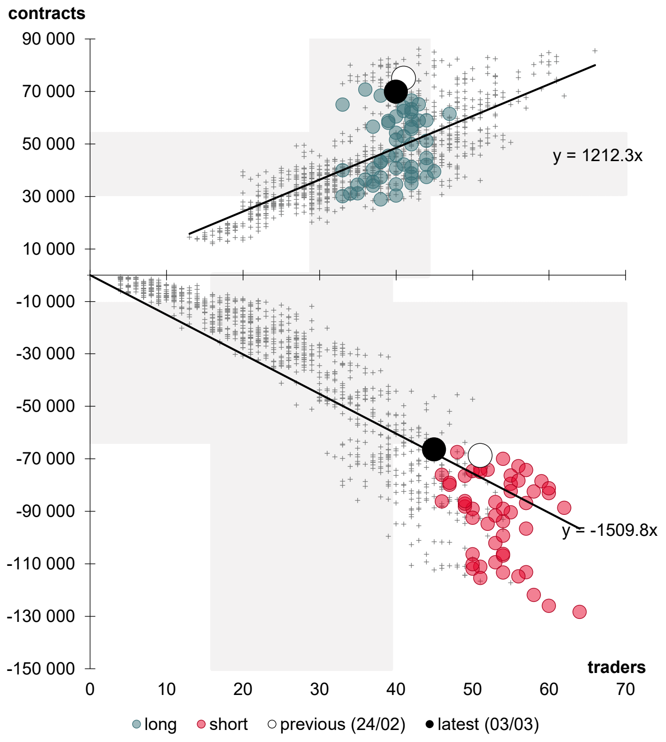


Source: SG Cross Asset Research/Commodities

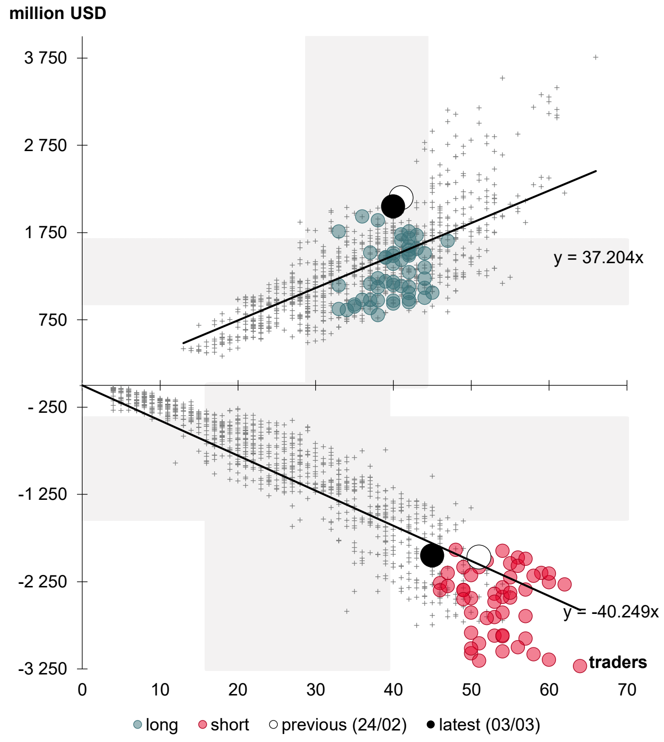
Price (lhs) vs open interest (rhs). Black dots show contracts with little trading volumes (daily average below 25 contracts)

KCBT Wheat (Kansas)

Money manager dry powder analysis (open interest)

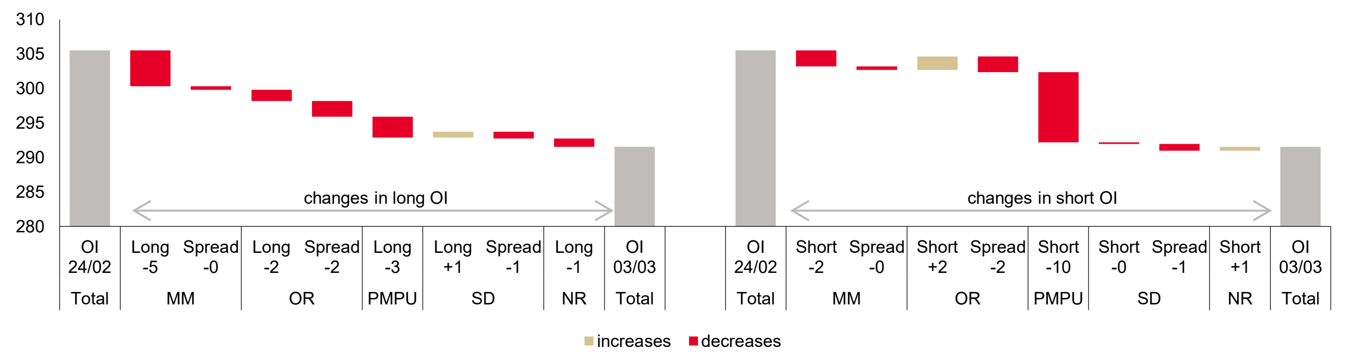


Money manager dry powder analysis (notional)

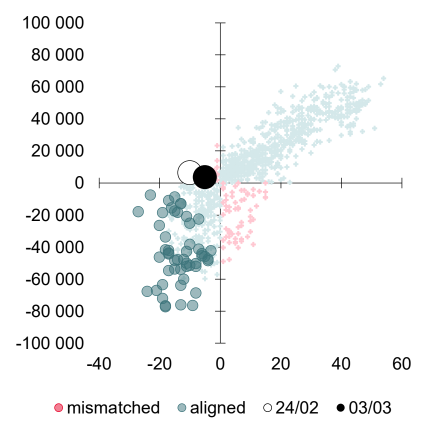


Coloured dots: last 52 weeks. Grey area: 25th to 75th percentile range, adjusted for total open interest

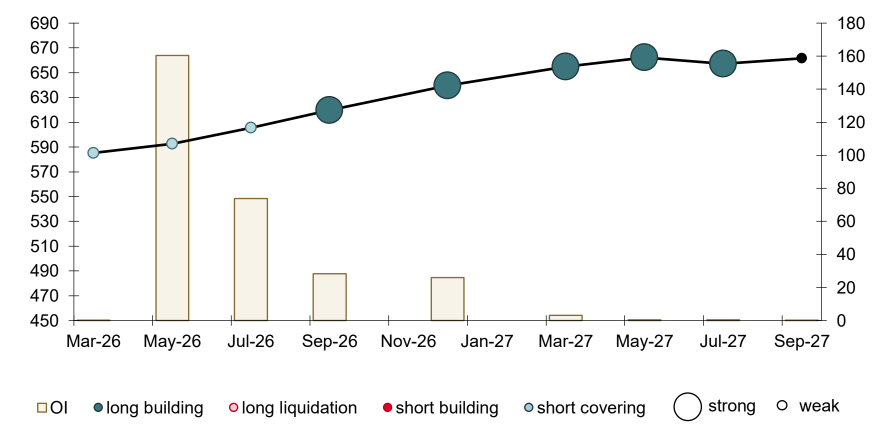
Position changes during the week, by trading group (thousand contracts)



Mismatch indicator



Curve flow profile (1 week)

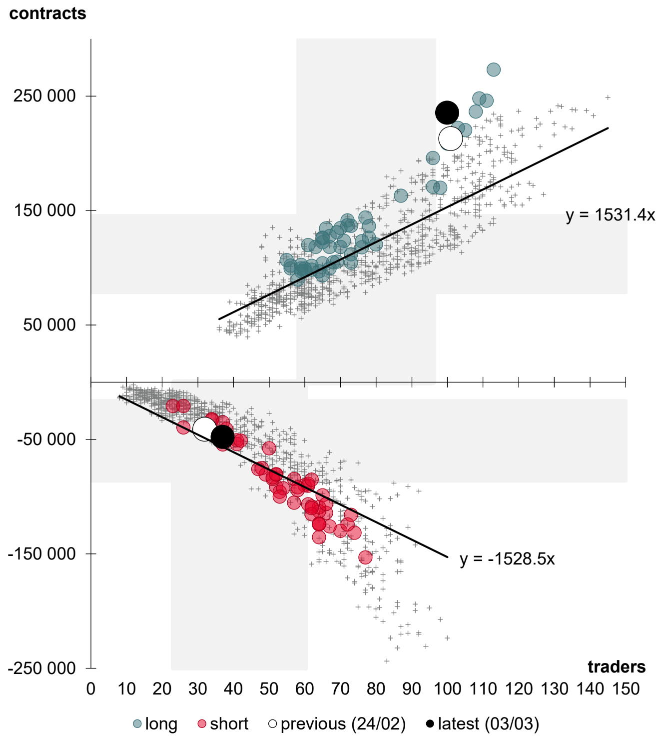


Source: SG Cross Asset Research/Commodities

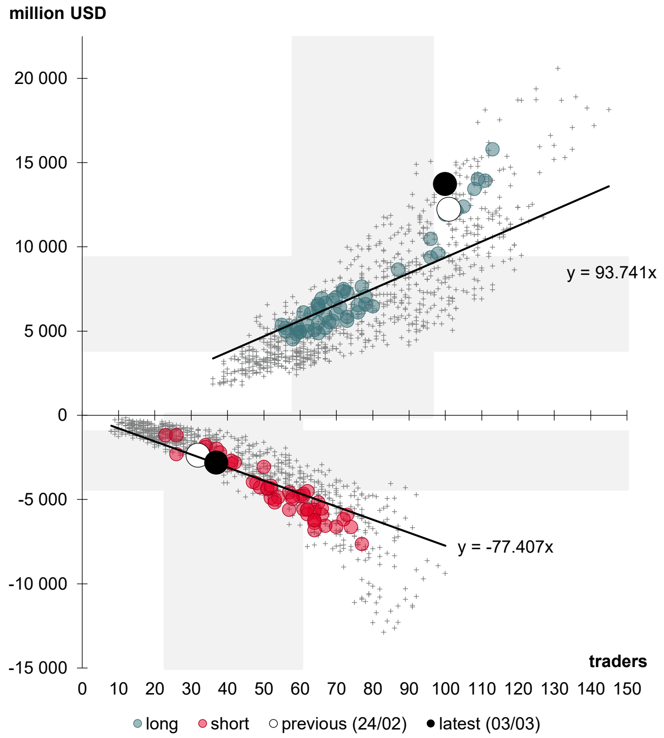
Price (lhs) vs open interest (rhs). Black dots show contracts with little trading volumes (daily average below 25 contracts)

CBOT Soybean

Money manager dry powder analysis (open interest)

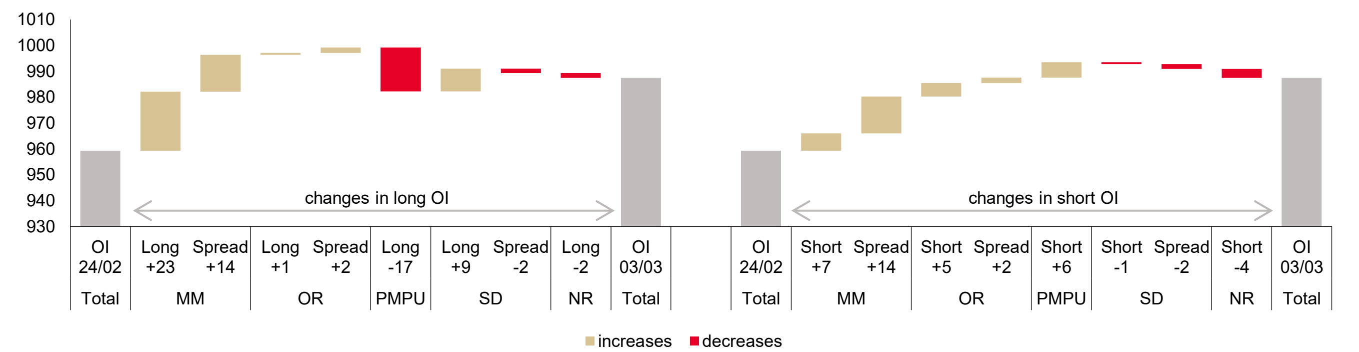


Money manager dry powder analysis (notional)

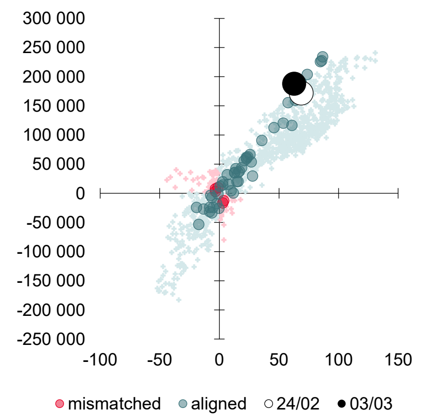


Coloured dots: last 52 weeks. Grey area: 25th to 75th percentile range, adjusted for total open interest

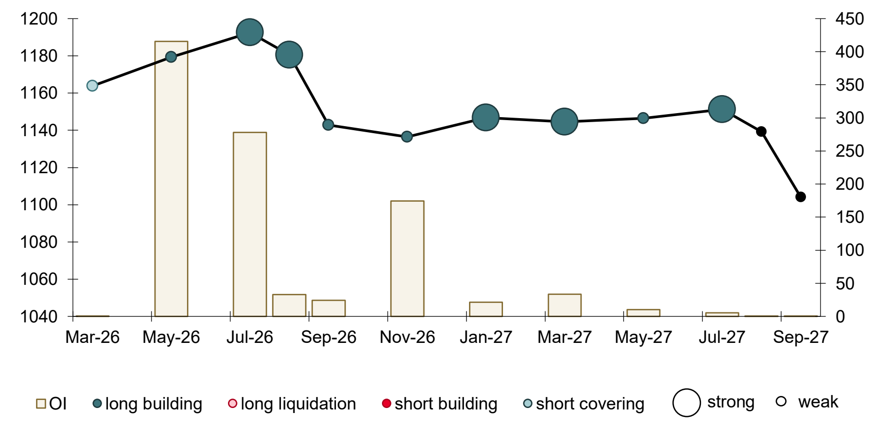
Position changes during the week, by trading group (thousand contracts)



Mismatch indicator



Curve flow profile (1 week)

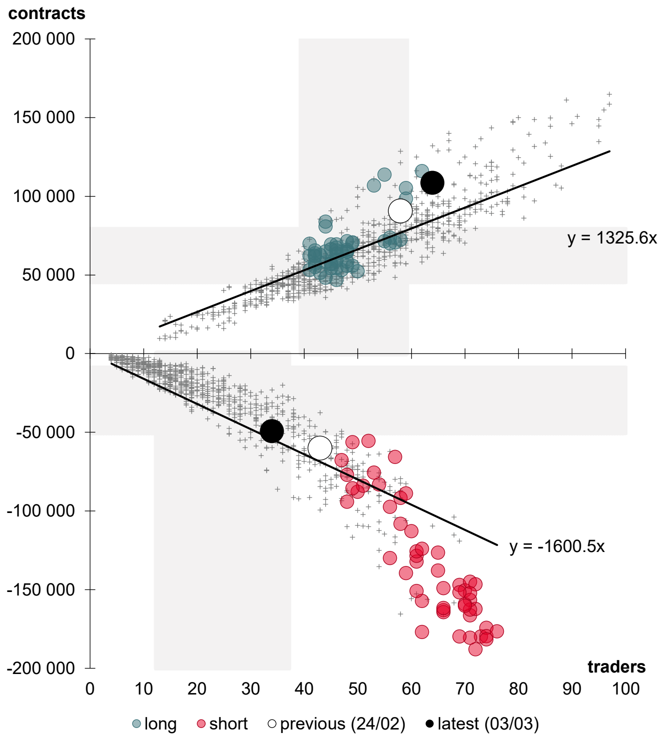


Source: SG Cross Asset Research/Commodities

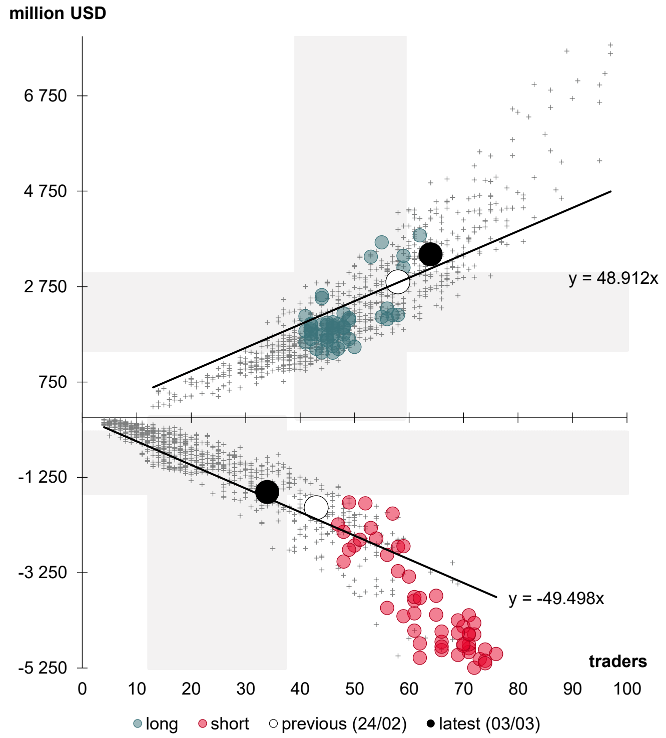
Price (lhs) vs open interest (rhs). Black dots show contracts with little trading volumes (daily average below 25 contracts)

CBOT Soybean Meal

Money manager dry powder analysis (open interest)

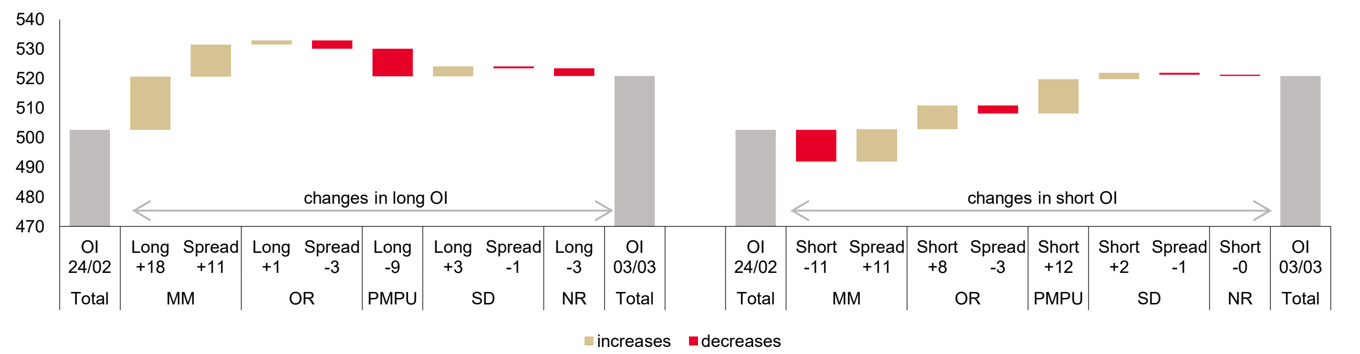


Money manager dry powder analysis (notional)

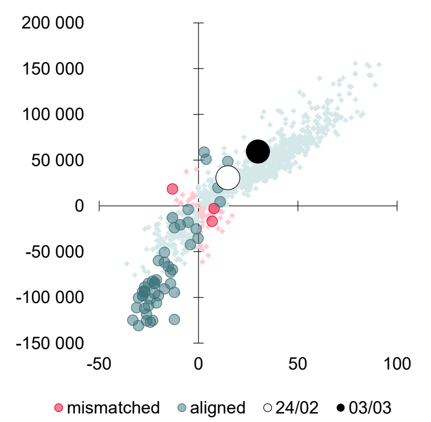


Coloured dots: last 52 weeks. Grey area: 25th to 75th percentile range, adjusted for total open interest

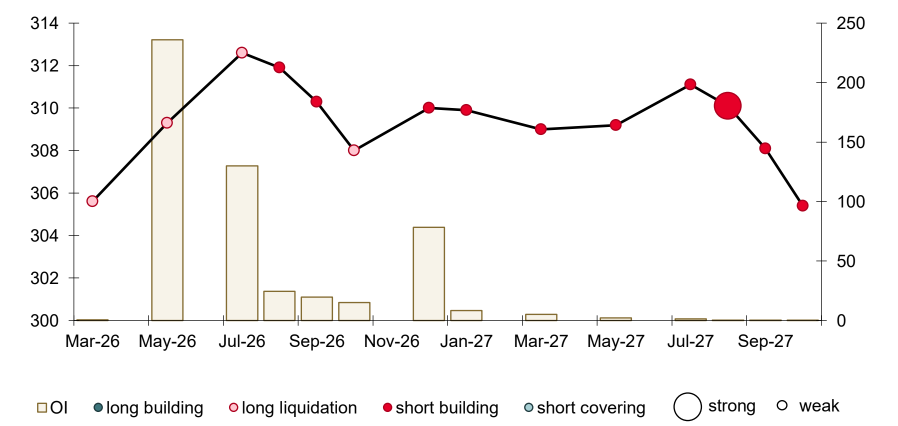
Position changes during the week, by trading group (thousand contracts)



Mismatch indicator



Curve flow profile (1 week)

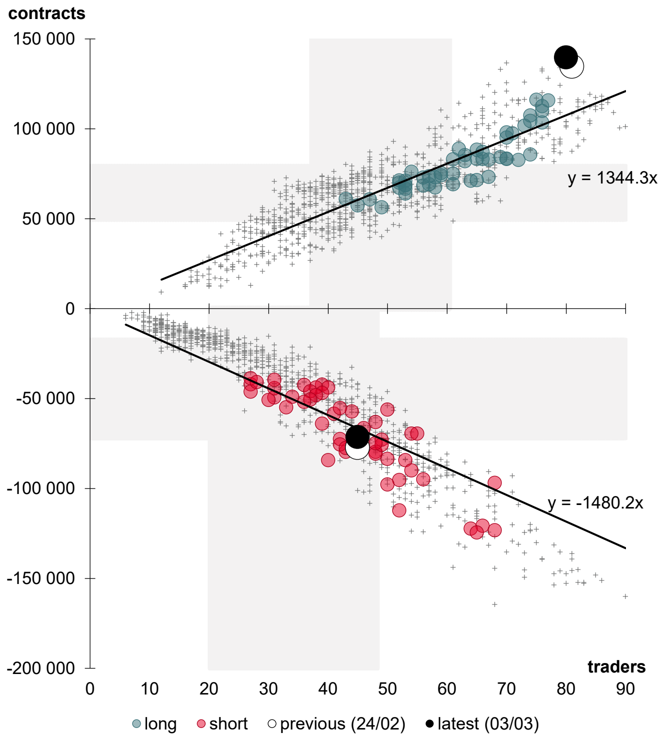


Source: SG Cross Asset Research/Commodities

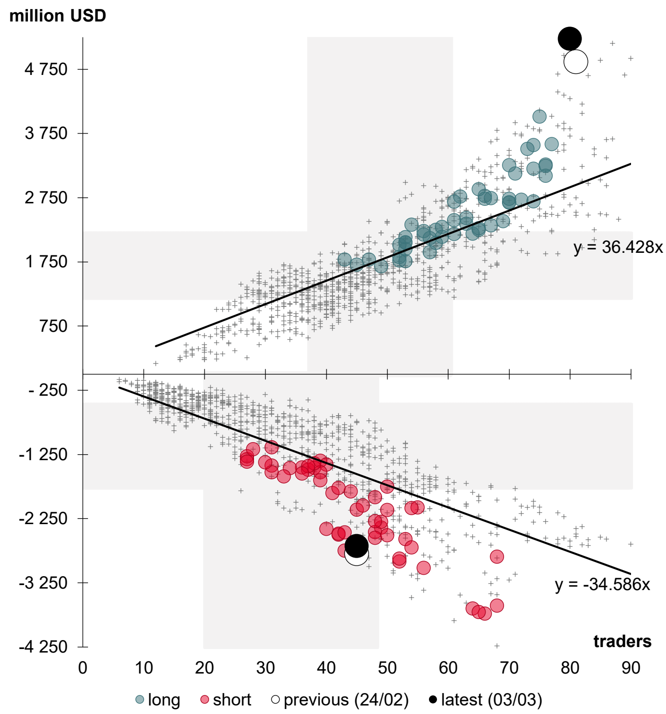
Price (lhs) vs open interest (rhs). Black dots show contracts with little trading volumes (daily average below 25 contracts)

CBOT Soybean Oil

Money manager dry powder analysis (open interest)

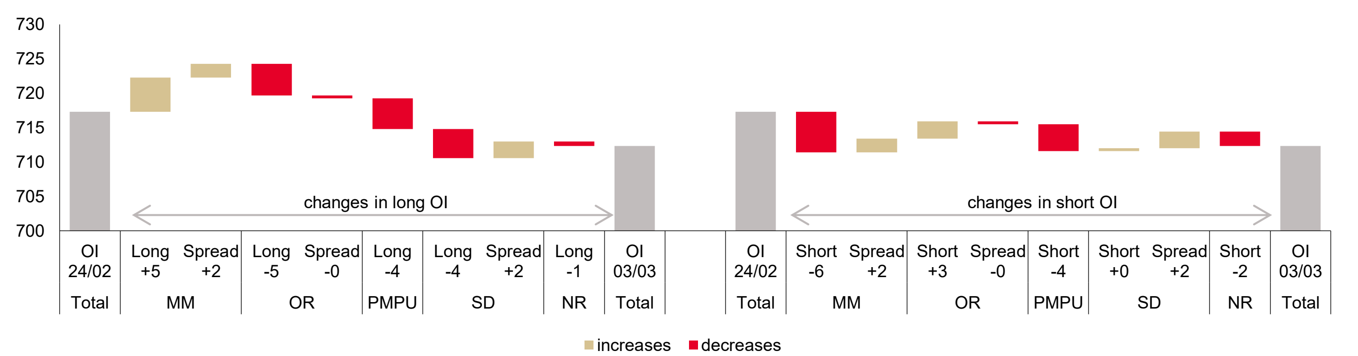


Money manager dry powder analysis (notional)

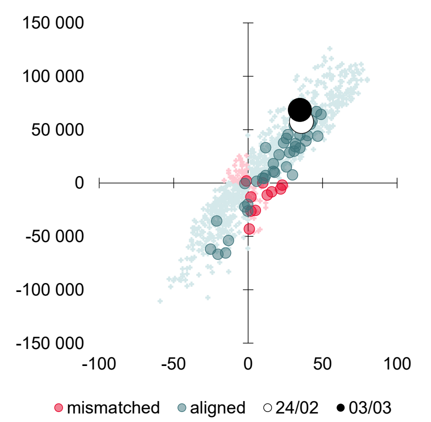


Coloured dots: last 52 weeks. Grey area: 25th to 75th percentile range, adjusted for total open interest

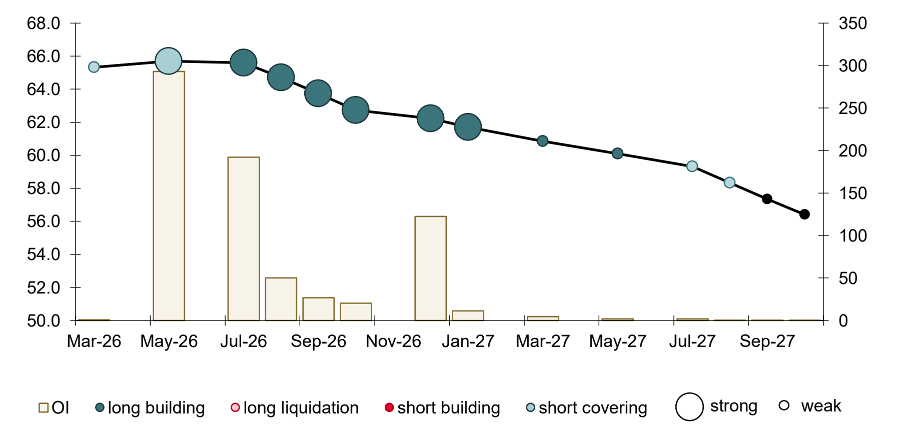
Position changes during the week, by trading group (thousand contracts)



Mismatch indicator



Curve flow profile (1 week)

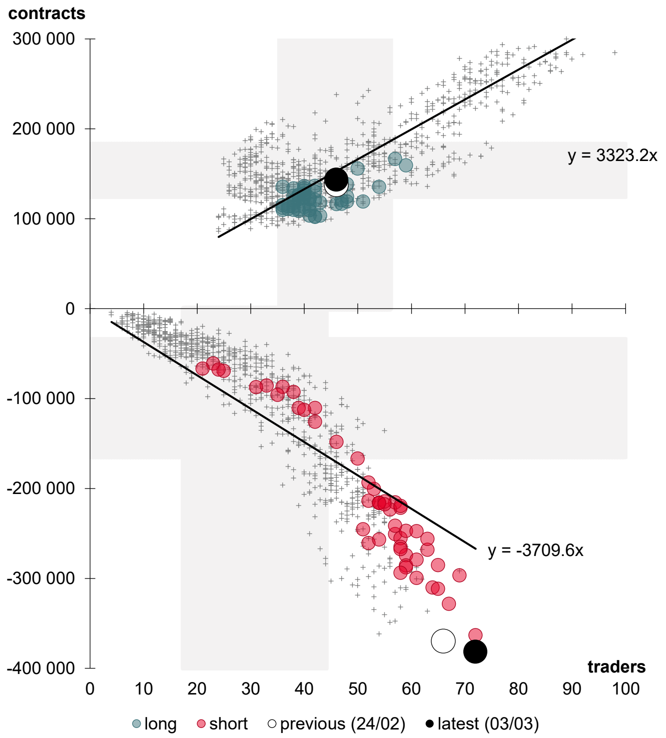


Source: SG Cross Asset Research/Commodities

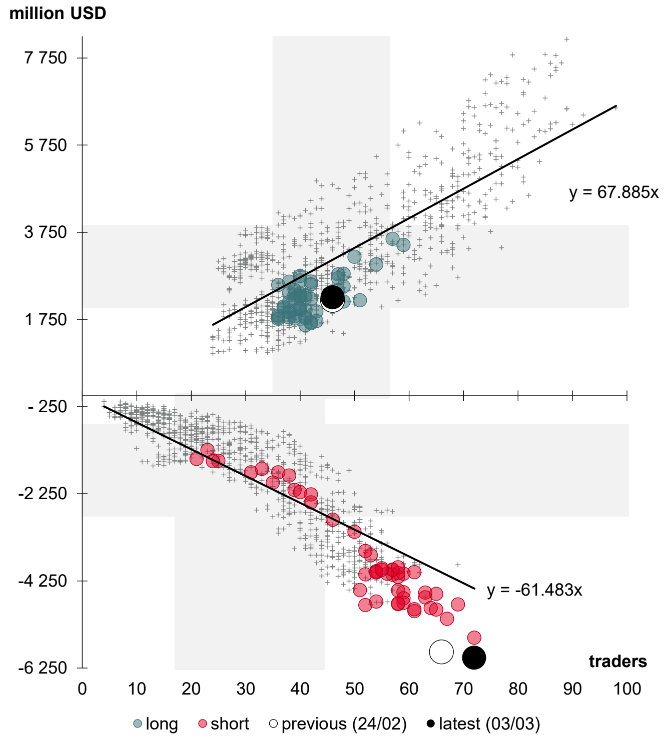
Price (lhs) vs open interest (rhs). Black dots show contracts with little trading volumes (daily average below 25 contracts)

ICE Sugar #11

Money manager dry powder analysis (open interest)

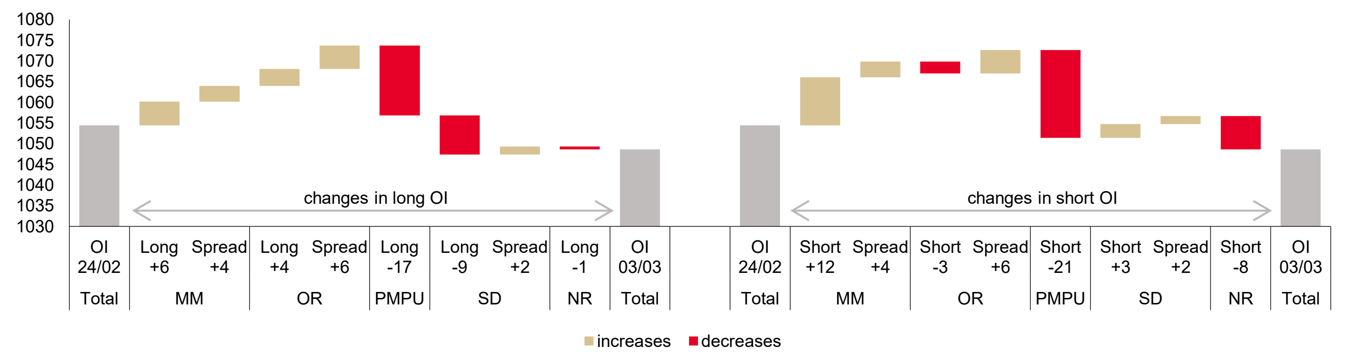


Money manager dry powder analysis (notional)

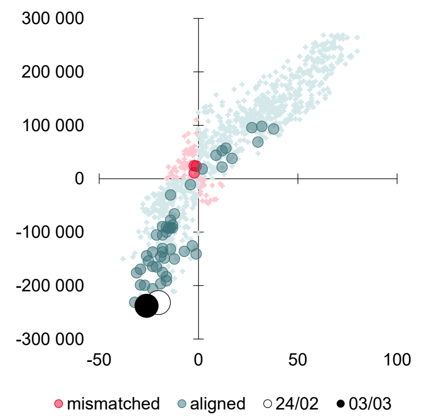


Coloured dots: last 52 weeks. Grey area: 25th to 75th percentile range, adjusted for total open interest

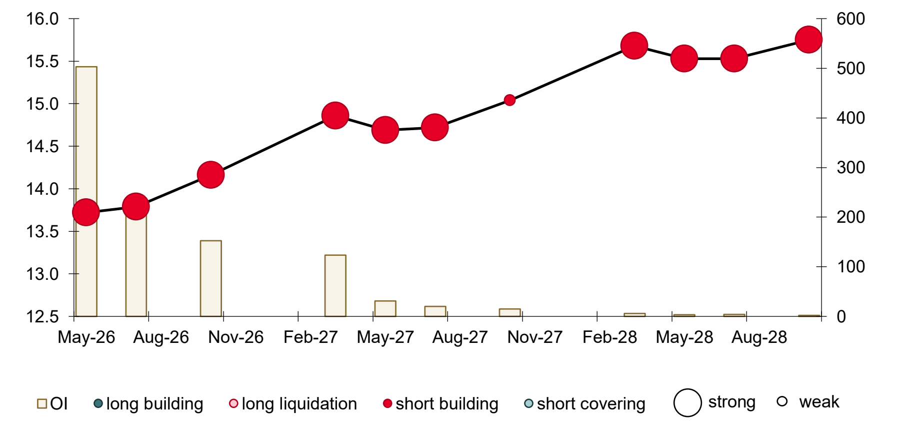
Position changes during the week, by trading group (thousand contracts)



Mismatch indicator



Curve flow profile (1 week)

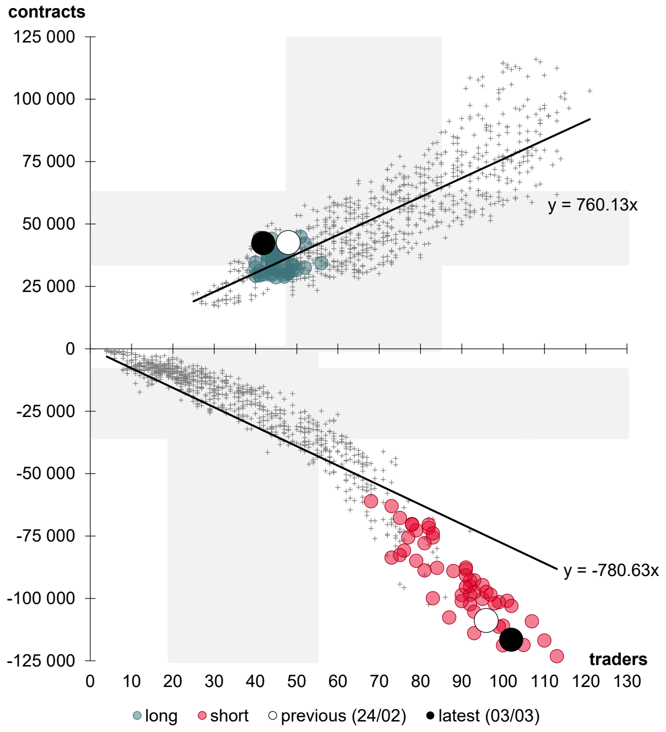


Source: SG Cross Asset Research/Commodities

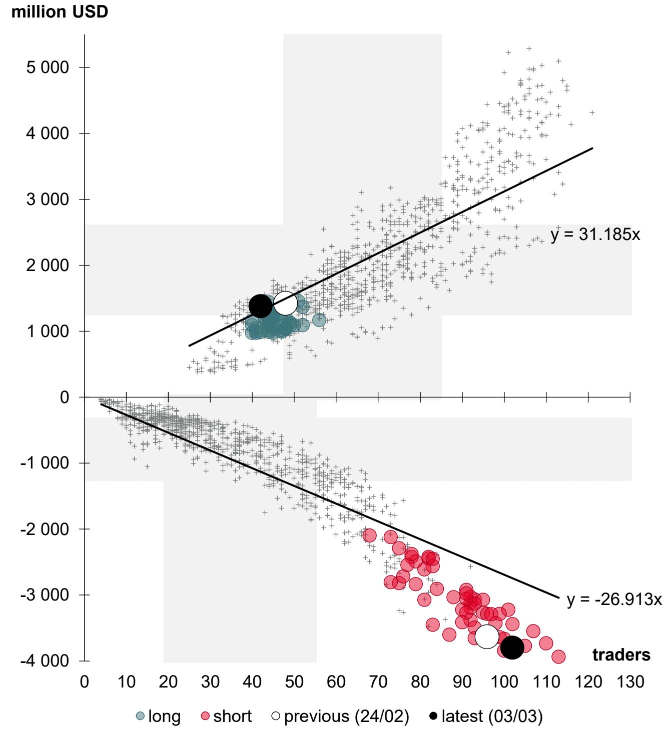
Price (lhs) vs open interest (rhs). Black dots show contracts with little trading volumes (daily average below 25 contracts)

ICE Cotton

Money manager dry powder analysis (open interest)

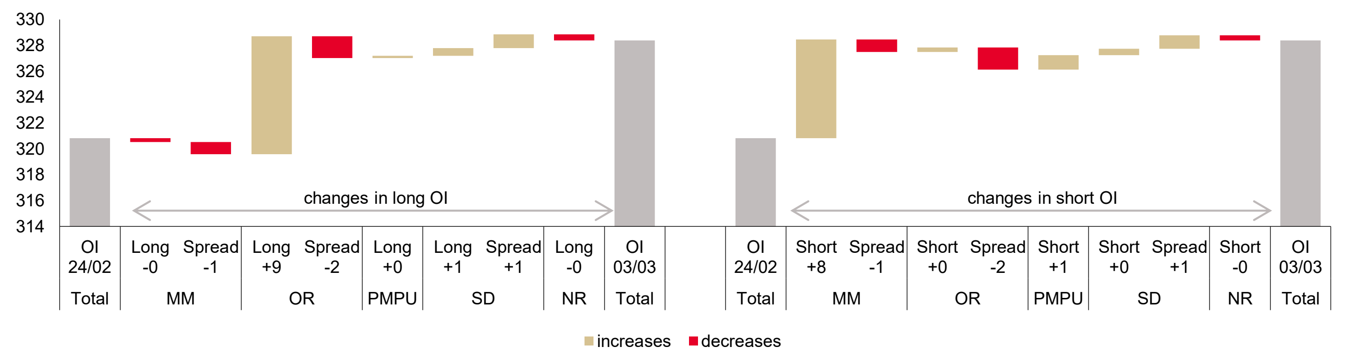


Money manager dry powder analysis (notional)

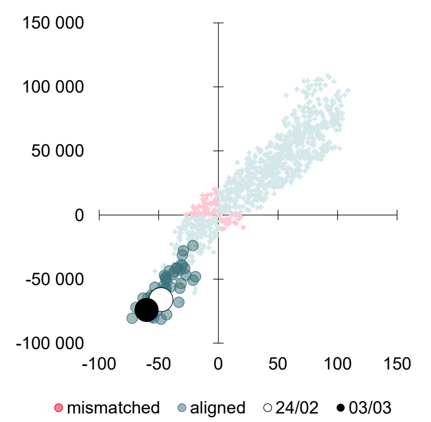


Coloured dots: last 52 weeks. Grey area: 25th to 75th percentile range, adjusted for total open interest

Position changes during the week, by trading group (thousand contracts)

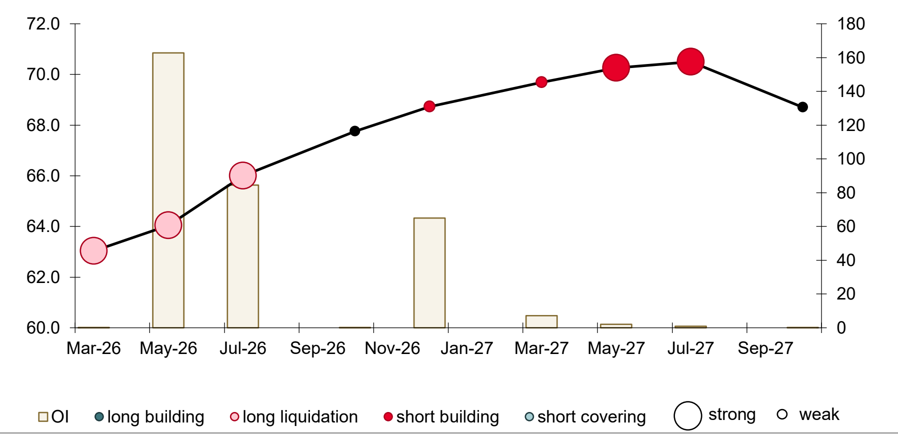


Mismatch indicator



Source: SG Cross Asset Research/Commodities

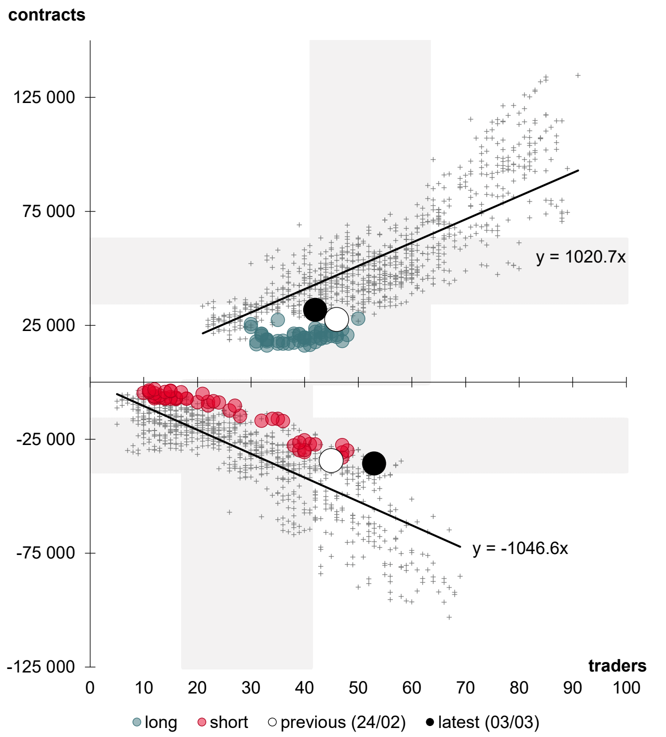
Curve flow profile (1 week)



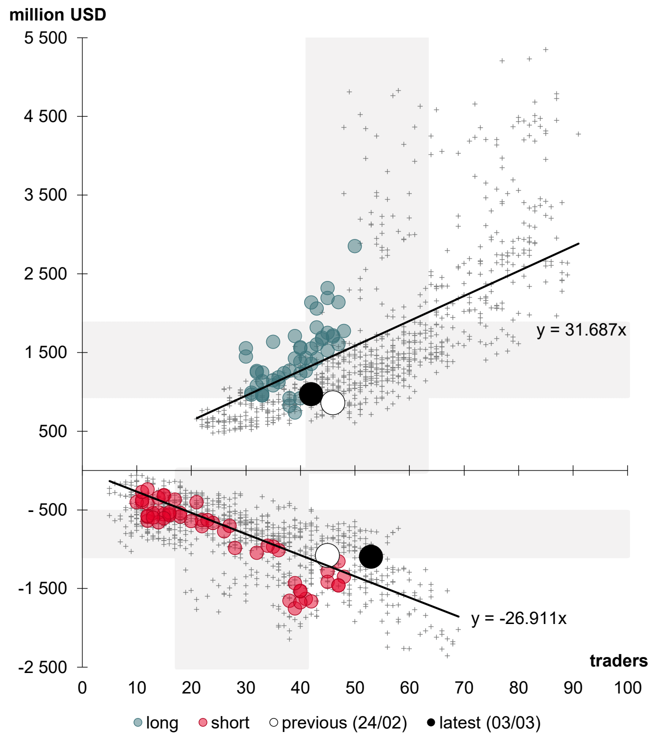
Price (lhs) vs open interest (rhs). Black dots show contracts with little trading volumes (daily average below 25 contracts)

ICE Cocoa (New York)

Money manager dry powder analysis (open interest)

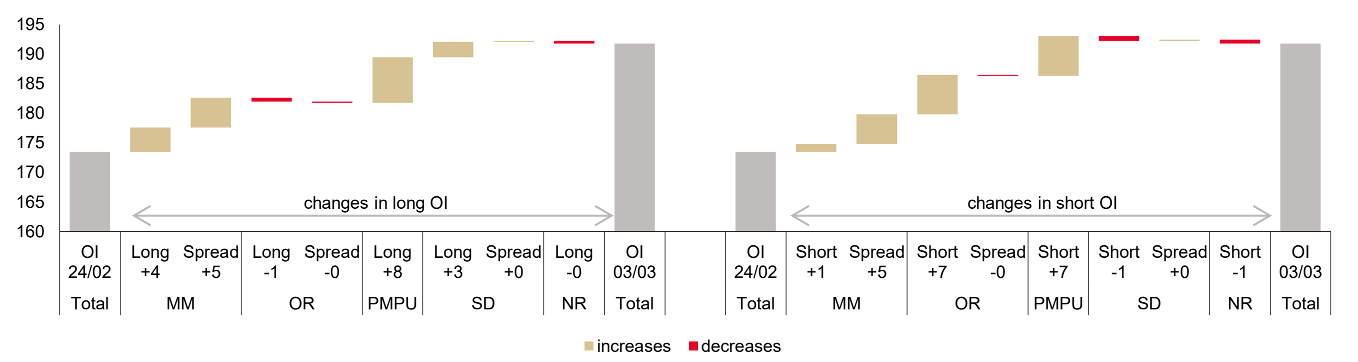


Money manager dry powder analysis (notional)

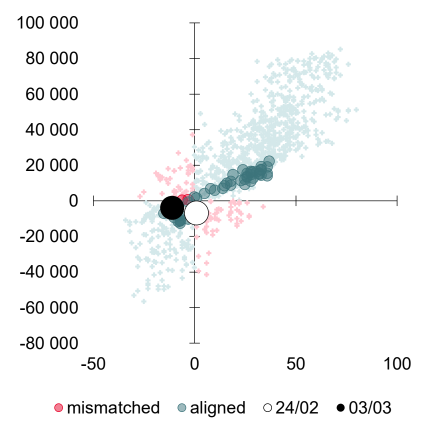


Coloured dots: last 52 weeks. Grey area: 25th to 75th percentile range, adjusted for total open interest

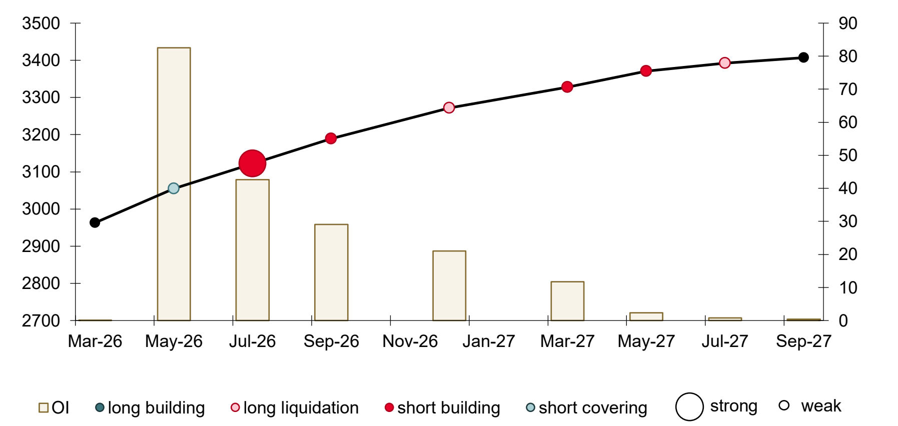
Position changes during the week, by trading group (thousand contracts)



Mismatch indicator



Curve flow profile (1 week)

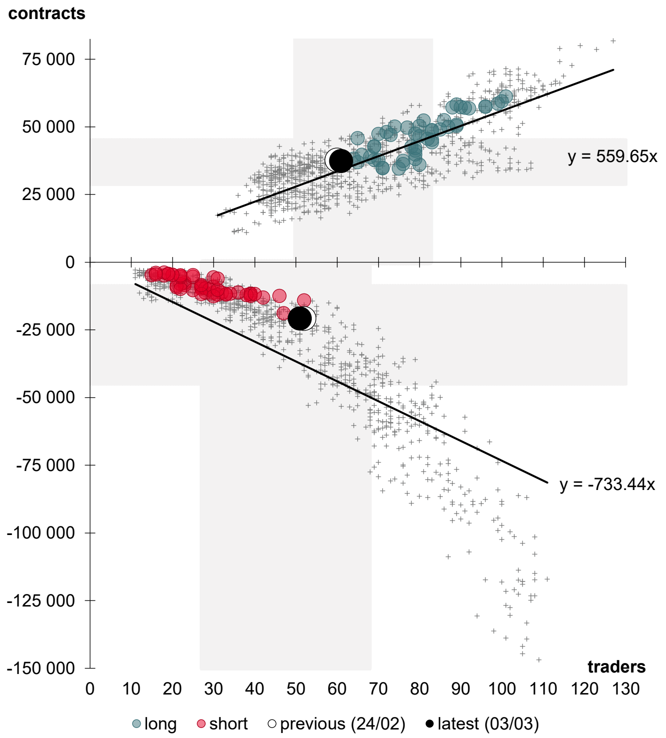


Source: SG Cross Asset Research/Commodities

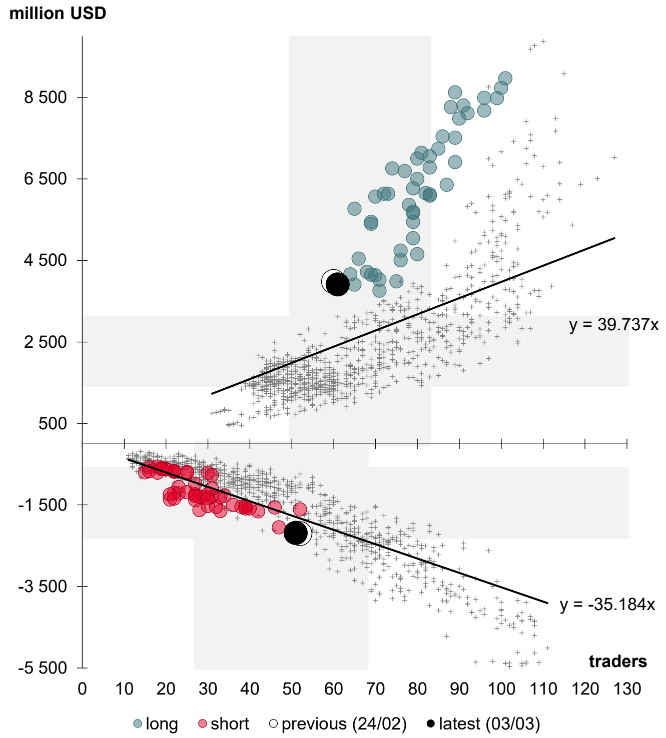
Price (lhs) vs open interest (rhs). Black dots show contracts with little trading volumes (daily average below 25 contracts)

ICE Arabica Coffee

Money manager dry powder analysis (open interest)

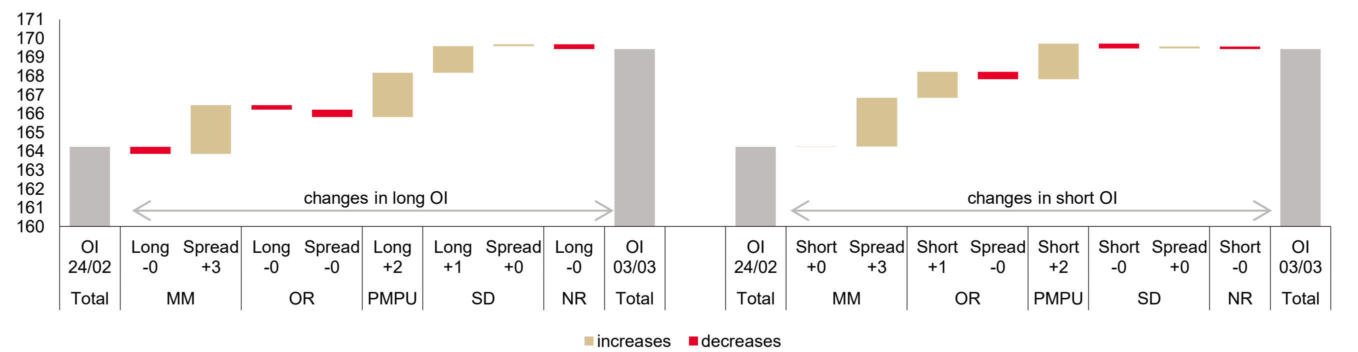


Money manager dry powder analysis (notional)

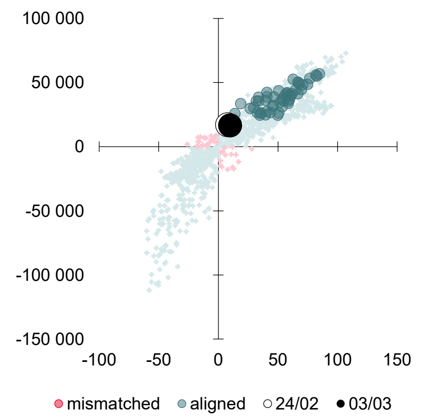


Coloured dots: last 52 weeks. Grey area: 25th to 75th percentile range, adjusted for total open interest

Position changes during the week, by trading group (thousand contracts)

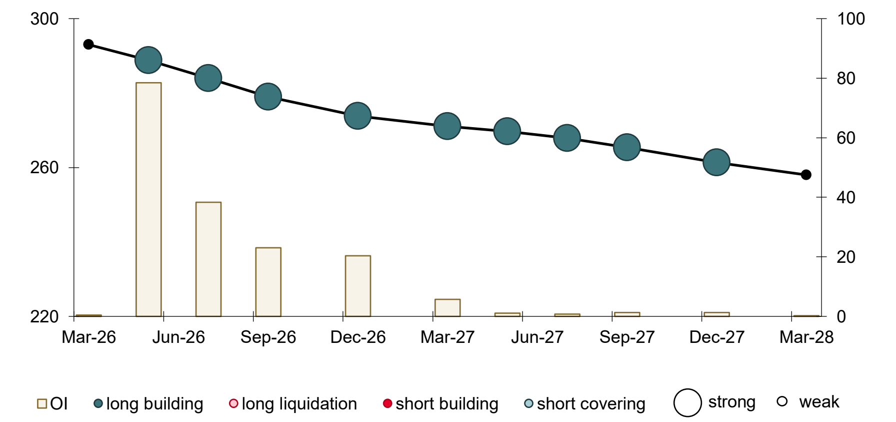


Mismatch indicator



Source: SG Cross Asset Research/Commodities

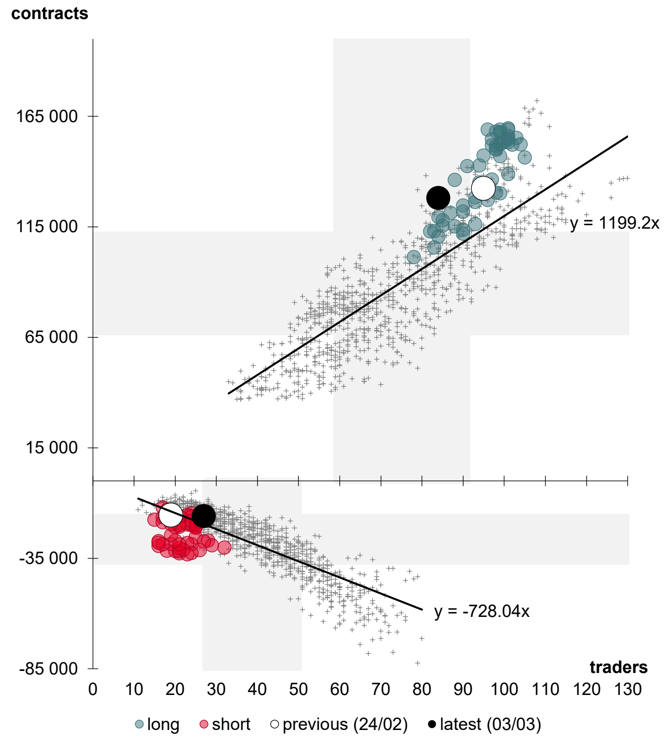
Curve flow profile (1 week)



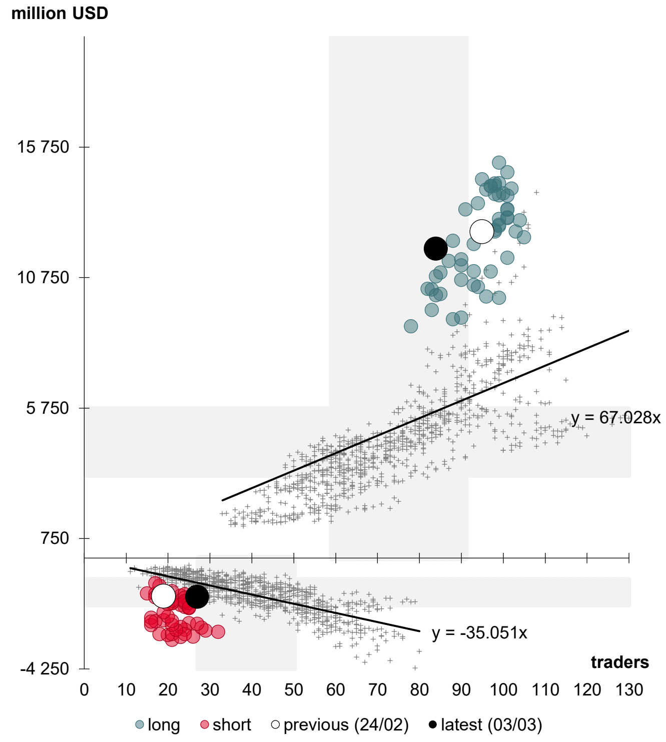
Price (lhs) vs open interest (rhs). Black dots show contracts with little trading volumes (daily average below 25 contracts)

CME Live Cattle

Money manager dry powder analysis (open interest)

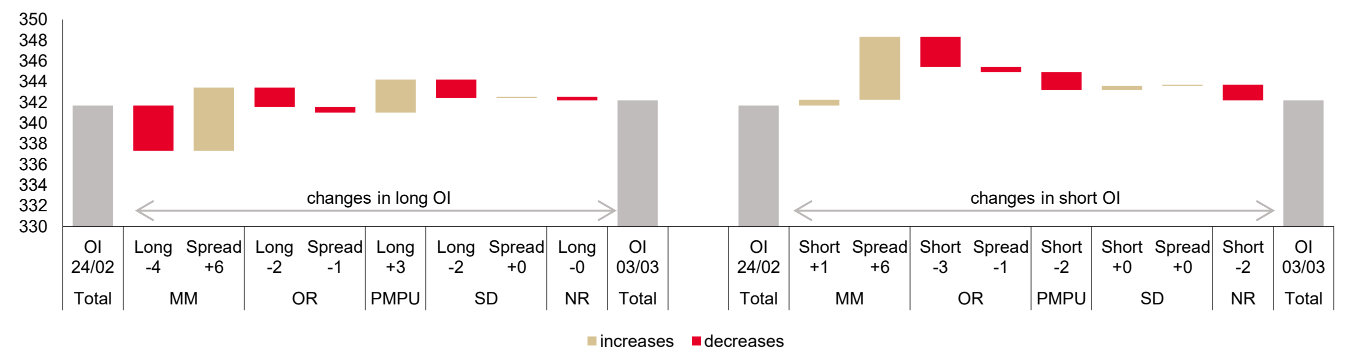


Money manager dry powder analysis (notional)

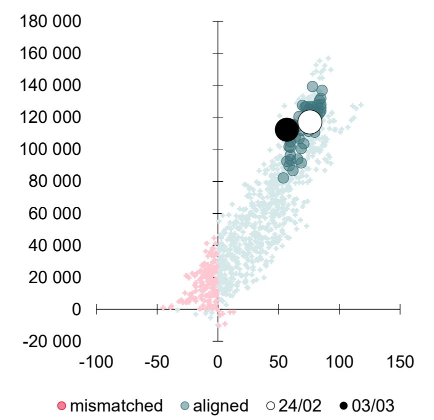


Coloured dots: last 52 weeks. Grey area: 25th to 75th percentile range, adjusted for total open interest

Position changes during the week, by trading group (thousand contracts)

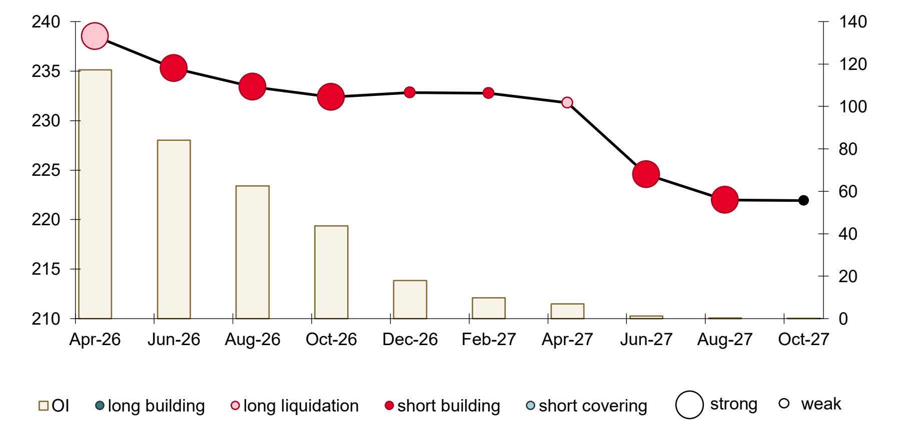


Mismatch indicator



Source: SG Cross Asset Research/Commodities

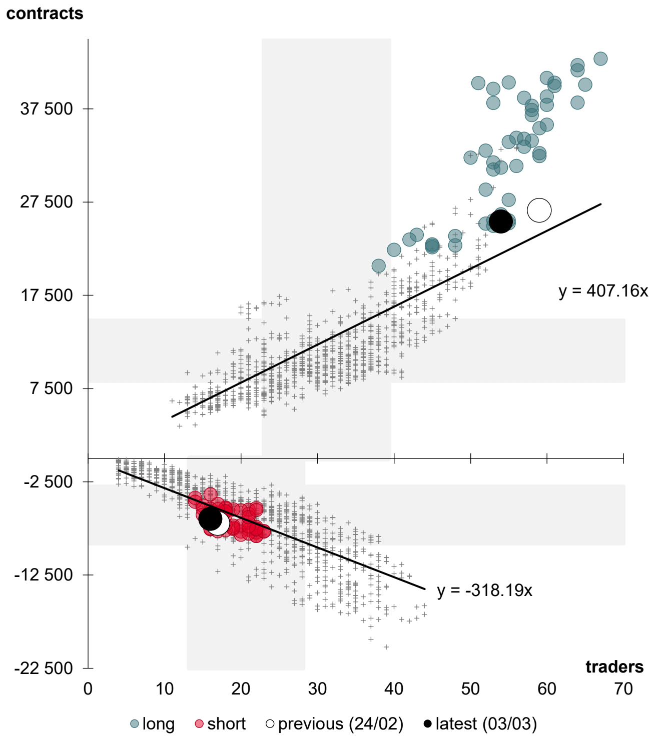
Curve flow profile (1 week)



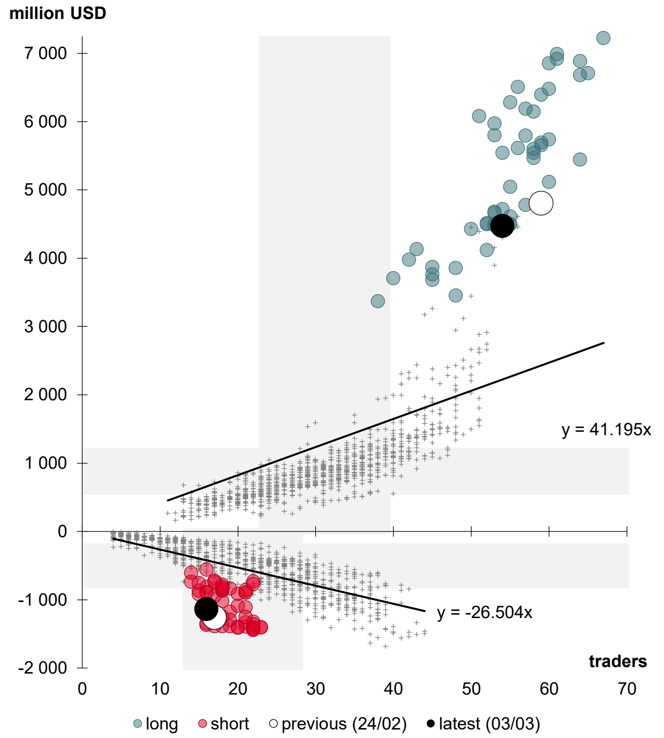
Price (lhs) vs open interest (rhs). Black dots show contracts with little trading volumes (daily average below 25 contracts)

CME Feeder Cattle

Money manager dry powder analysis (open interest)

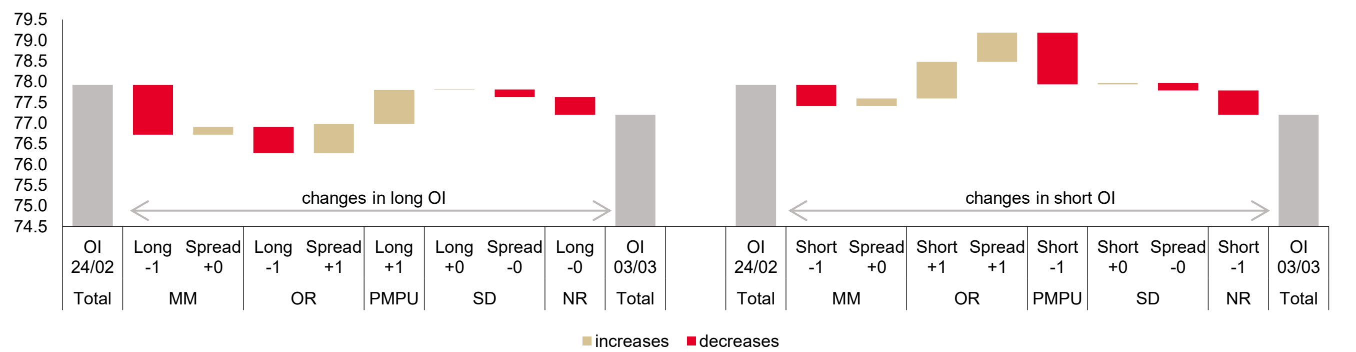


Money manager dry powder analysis (notional)

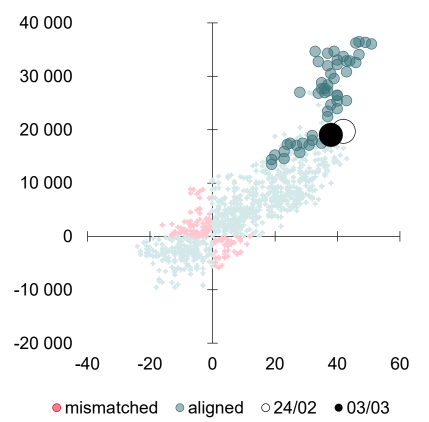


Coloured dots: last 52 weeks. Grey area: 25th to 75th percentile range, adjusted for total open interest

Position changes during the week, by trading group (thousand contracts)

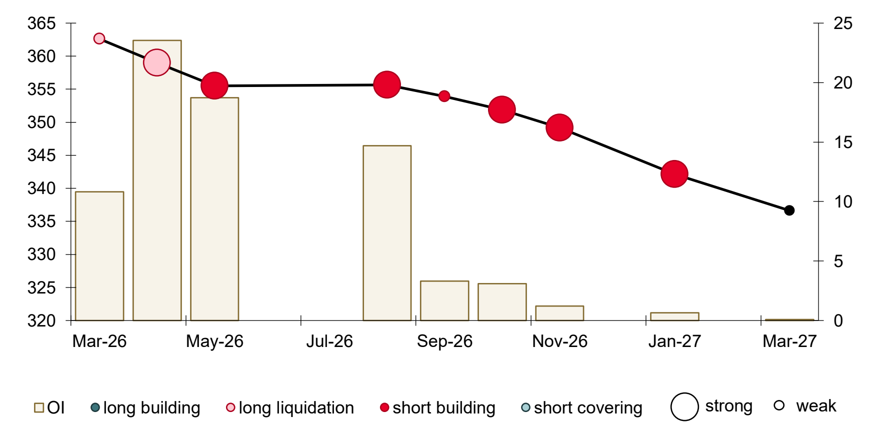


Mismatch indicator



` Source: SG Cross Asset Research/Commodities

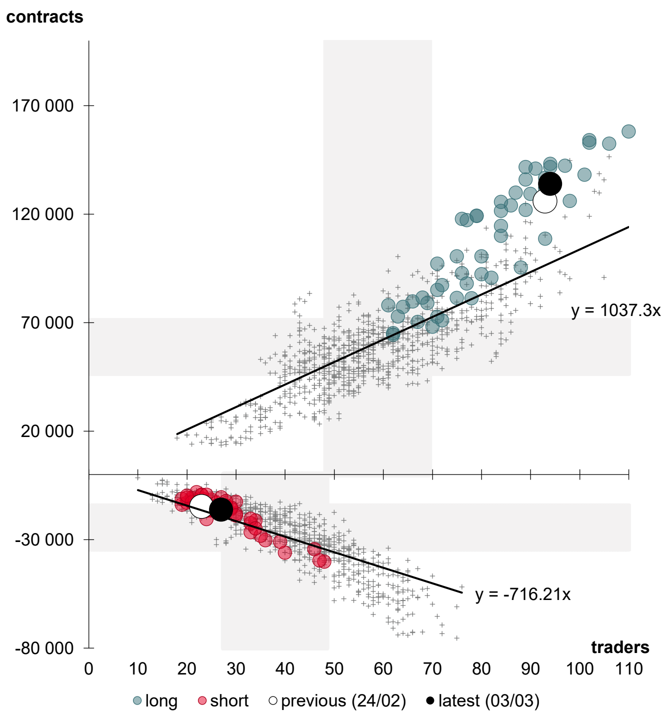
Curve flow profile (1 week)



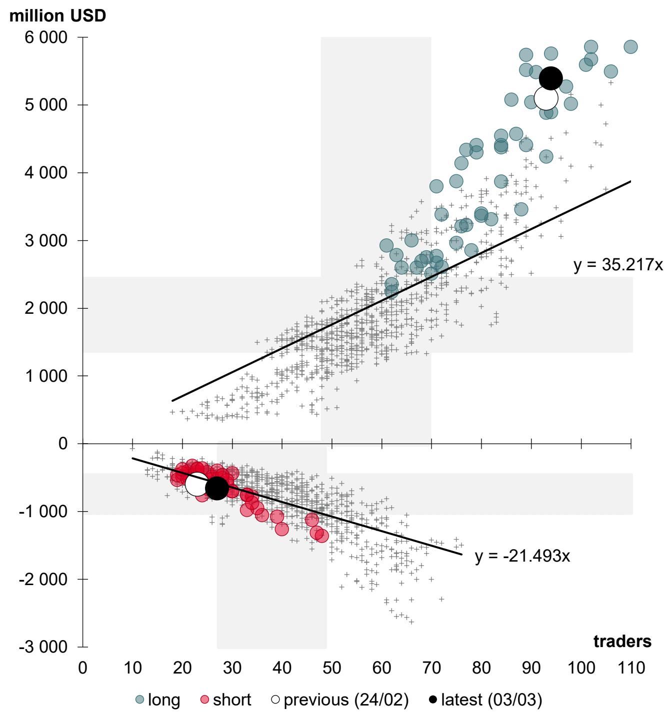
Price (lhs) vs open interest (rhs). Black dots show contracts with little trading volumes (daily average below 25 contracts)

CME Lean Hogs

Money manager dry powder analysis (open interest)

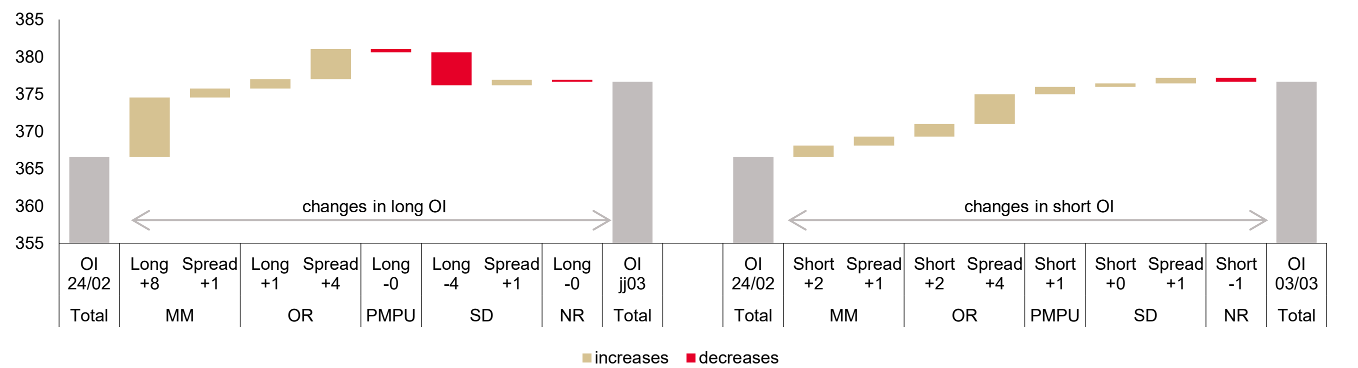


Money manager dry powder analysis (notional)

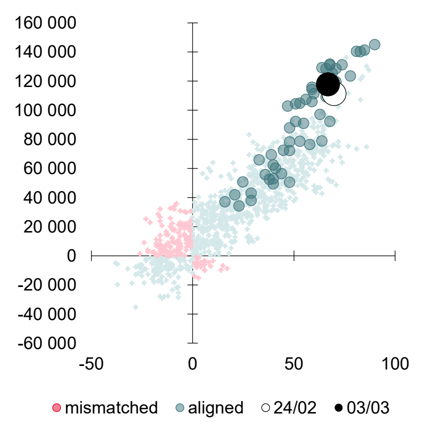


Coloured dots: last 52 weeks. Grey area: 25th to 75th percentile range, adjusted for total open interest

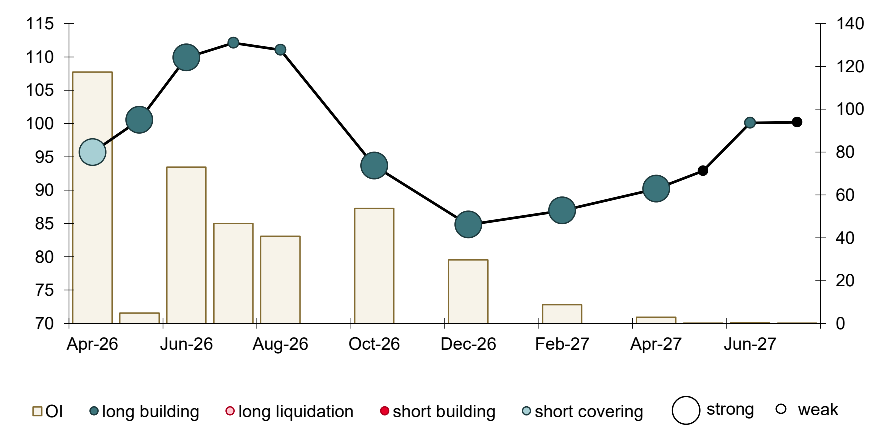
Position changes during the week, by trading group (thousand contracts)



Mismatch indicator



Curve flow profile (1 week)



Source: SG Cross Asset Research/Commodities

Price (lhs) vs open interest (rhs). Black dots show contracts with little trading volumes (daily average below 25 contracts)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