

Monthly Commodity Outlook

29 August 2025

Month in Review:

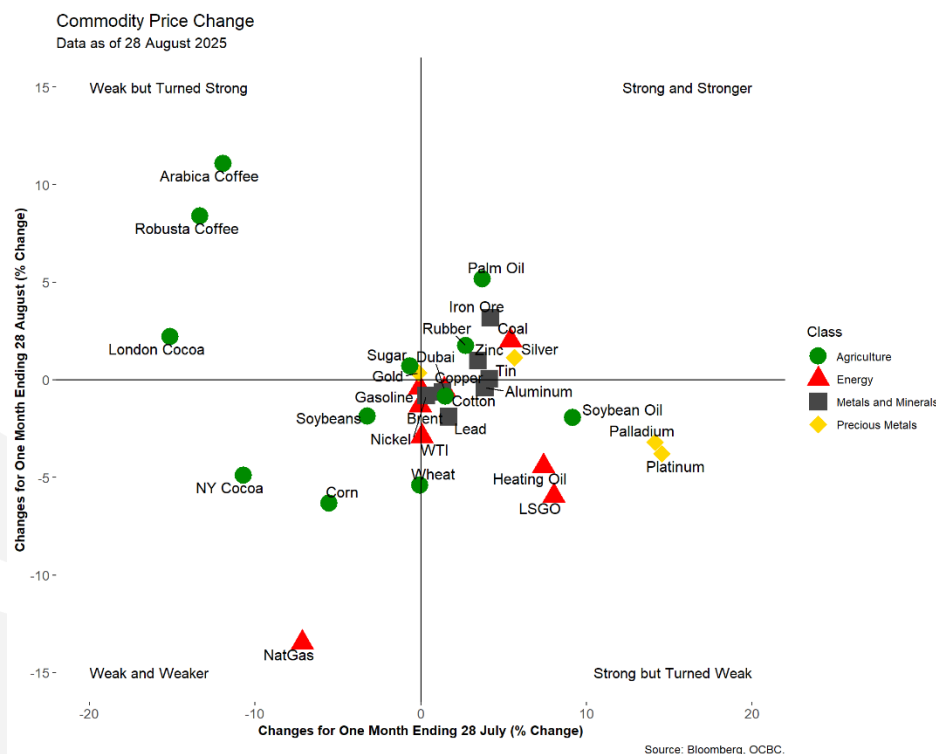
Commodity prices have traded lower in August, with only 12 out of the 31 commodities on our tracking list showing strong performance.

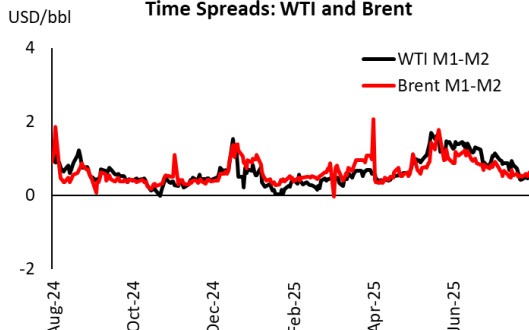
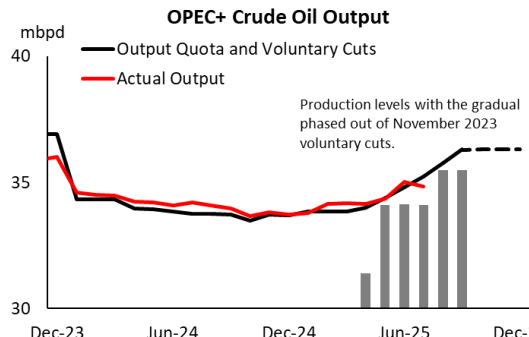
In the *Energy* market, oil prices edged down following another announcement by OPEC+ to raise oil production in September. This latest decision completes the unwinding of the 2.2mbpd of voluntary production cuts undertaken by eight member countries in the group. The increase in OPEC+ production is expected to exert downward pressure on oil prices for the remainder of the year amid worsening demand-supply dynamics. According to the International Energy Agency, "oil market balances look ever more bloated as forecast supply far eclipses demand towards year-end and in 2026." Nevertheless, losses are likely to be limited by potential geopolitical risks and fears of supply disruption in the near term. Gold prices, which reached multiple fresh highs throughout the year, remained relatively unchanged in August. Nevertheless, several structural factors continue to support higher prices, such as strong demand from central banks and the prospect of lower real yields due to potential Fed rate cuts in the coming quarters. Meanwhile the *agriculture* sector remains mixed. Prices of beverages such as coffee rebounded, while corn, soybean and wheat prices declined further. Crude palm oil (CPO) and rubber were the only outliers, extending gains from the previous month. In the case of palm oil, we expect momentum to be sustained in the near-term, driven by supportive demand dynamics such as restocking ahead of major festivals.

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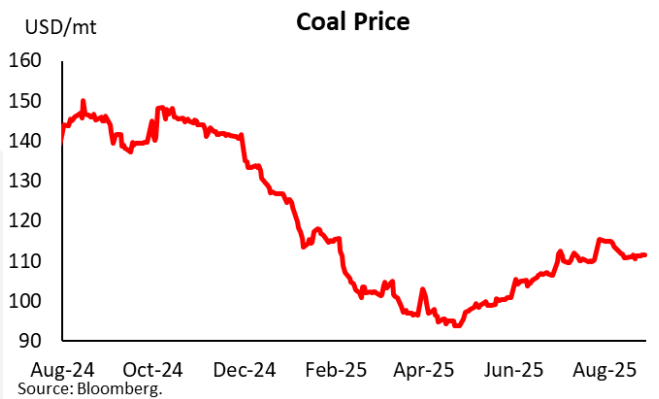
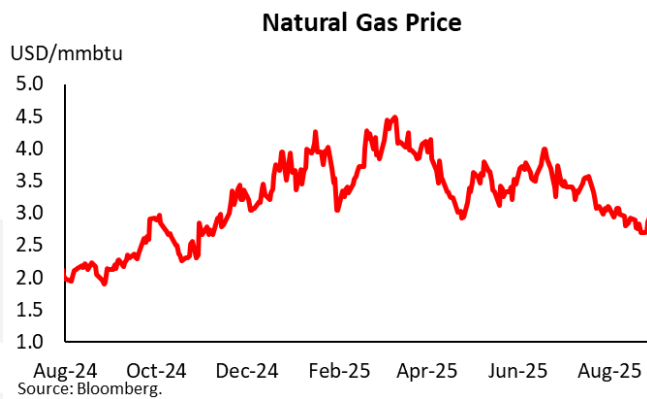
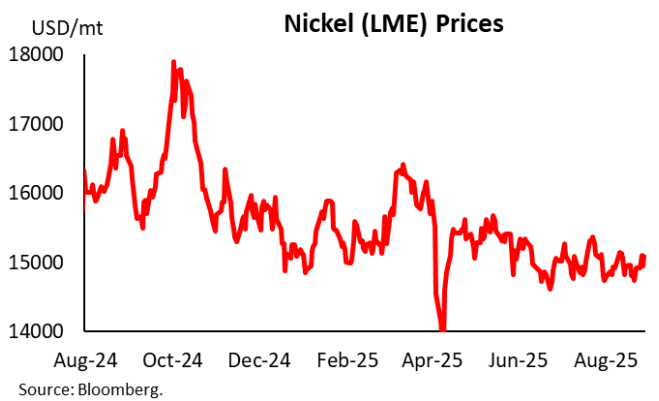
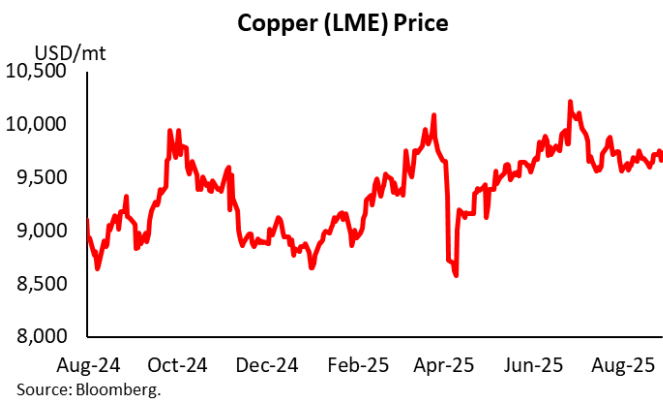
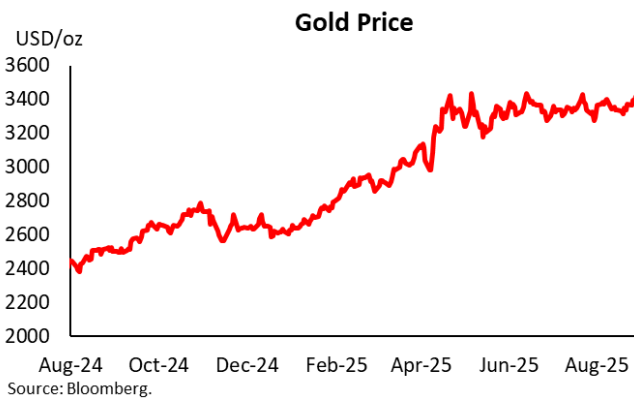
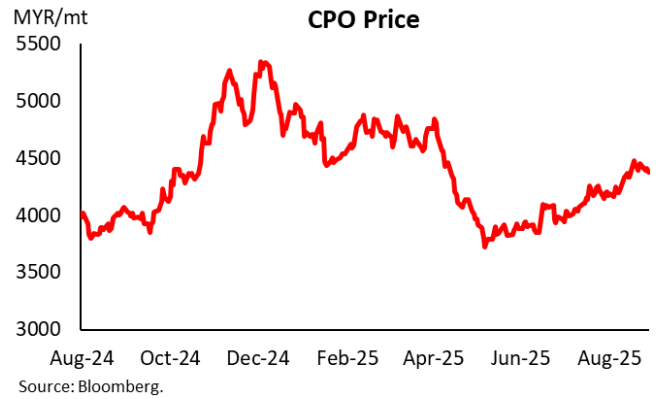
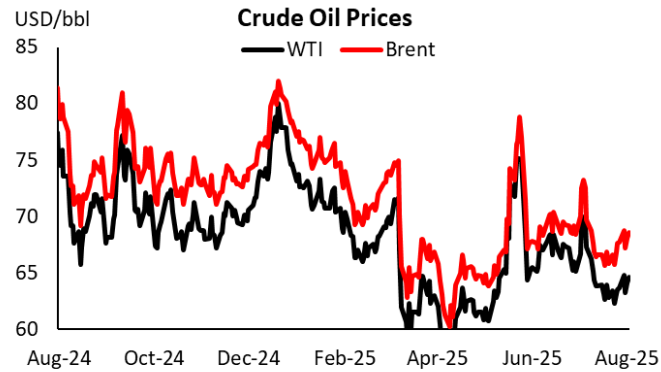
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Commodity	Latest Developments and Outlook	Charts																								
Oil	Crude oil benchmarks fell in August, with WTI and Brent averaging USD64.0/bbl and USD67.2/bbl, respectively. As of the close on 28 August, this represents a decline of more than 3.0% from their average closing prices in July. Most of the sell-off occurred in early August following OPEC+ announcement of another production increase for September. In a smaller group meeting, eight key OPEC+ members agreed to boost output by 0.55 mbpd, equivalent to four monthly increments. Consequently, this completes the unwinding of the 2.2mbpd of voluntary production cuts from these eight member countries. On the macroeconomic front, tariff uncertainty surrounding the impact of US President Donald Trump’s 1 August tariff deadline dampened sentiment, further exerting downward pressure on prices. Prices remained in a holding pattern in mid-August as the oil complex stayed on edge regarding the outcome of Trump-Putin summit in Alaska, which aimed to discuss a deal to end the Russia-Ukraine war that began in February 2022. However, a ceasefire deal did materialise, highlighting obstacles in the diplomatic effort. Prospects for a quick resolution were further dashed following the launch of military strikes between Russia and Ukraine. Nevertheless, the downside in prices was capped by fears of supply disruption. Prices gained in late-August after the Trump administration threatened sanctions and secondary tariffs on Russia due to the lack of progress in reaching a peace deal with Ukraine. Additionally, the Trump administration raised tariffs on all Indian imports to 50%, as part of its broader efforts related to the Russia-Ukraine War. This imposed rate doubles the adjusted reciprocal tariff rate announced in late July. Looking ahead, the combination of geopolitical risks and fears of supply disruption provides structural support for prices in the near term. Nonetheless, the oil complex will be overshadowed by increasing OPEC+ supply, which is likely to limit any upside gains. Indeed, the near-term time spreads of both WTI and Brent have shifted to a weaker backwardation, with the M1-M2 time spreads of WTI and Brent narrowing to USD0.5/bbl and USD0.6/bbl, respectively, as of 28 August 2025. This is a decline from USD1.1/bbl and USD0.8/bbl, respectively, on 31 July. We maintain our 2025 forecast for WTI and Brent crude oil prices to average around USD64/bbl and USD68/bbl, respectively, implying further declines in the coming months to ~USD60.5/bbl and ~USD63.5/bbl in 4Q25. Price forecast: <table><tr><th>USD/bbl</th><th>28 August Close</th><th>FC 3Q25</th><th>FC 4Q25</th><th>FC 1Q26</th><th>FC 2Q26</th><th>2024</th><th>FC 2025</th></tr><tr><td>Brent</td><td>64.6</td><td>64.8 ↓</td><td>63.5 ↓</td><td>64.0 ↑</td><td>62.5 ↓</td><td>79.9</td><td>68 ↓</td></tr><tr><td>WTI</td><td>68.6</td><td>61.7 ↓</td><td>60.5 ↓</td><td>61.0 ↑</td><td>59.7 ↓</td><td>75.8</td><td>64 ↓</td></tr></table> <i>Note: Last updated on 29 August 2025. Forecasts (FC) are based on OCBC estimates. Price arrows are compared to previous period, i.e., 4Q25 average of USD63.5/bbl where ↑, ↓, and →, suggest higher, lower, and flat price from previous period. 2024 price is the average of daily closing prices. Source: EIA, IEA, OPEC, Bloomberg, Reuters, OCBC.</i>	USD/bbl	28 August Close	FC 3Q25	FC 4Q25	FC 1Q26	FC 2Q26	2024	FC 2025	Brent	64.6	64.8 ↓	63.5 ↓	64.0 ↑	62.5 ↓	79.9	68 ↓	WTI	68.6	61.7 ↓	60.5 ↓	61.0 ↑	59.7 ↓	75.8	64 ↓	Time Spreads: WTI and Brent  Source: Bloomberg, OCBC. OPEC+ Crude Oil Output  Source: Platts OPEC+ survey by S&P Global Commodity Insights, OPEC, OCBC.
USD/bbl	28 August Close	FC 3Q25	FC 4Q25	FC 1Q26	FC 2Q26	2024	FC 2025																			
Brent	64.6	64.8 ↓	63.5 ↓	64.0 ↑	62.5 ↓	79.9	68 ↓																			
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Commodity	Latest Developments and Outlook	Charts																
Palm Oil	Crude palm oil (CPO) extended gains in August, with benchmark prices averaging MYR 4,334/mt month-to-date, up about 5% from July's MYR 4,144/mt. Prices were last seen at MYR4,314/mt, while futures also moved higher, pointing to sustained near-term momentum. Still, we expect prices to consolidate around our 2025 forecast average of MYR4,300/mt, as CPO's discount to soybean oil narrowed sharply to ~USD120/mt from USD245/mt in July, reducing its relative competitiveness. Production trends in Indonesia and Malaysia, which together account for over 80% of global supply, suggest 2025 output will modestly exceed 2024. Specifically, in Indonesia, CPO production increased by 6.5% YoY to 25.5mn tonnes during the January-June period, with June 2025 marking one of the most productive months in recent years at 4.8mn tonnes. In Malaysia, CPO production grew by 0.6% YoY to 10.8mn tonnes in the January-July period, and is entering a seasonally higher production phase. Improved weather conditions, greater labour availability, and enhanced fertilization efforts have collectively strengthened the near-term production outlook. Demand dynamics remain supportive. Restocking ahead of major festivals, coupled with compliance needs under the EU's deforestation regulation, have underpinned demand outlook. China's vegetable oil inventories rose 9.7% YoY in July to 2.2mn tonnes, while India's demand is expected to stay firm ahead of Deepavali in October. Domestically, Indonesia's CPO consumption increased 6.9% YoY to 12.3mn tonnes in 1H25, driven by biofuel uptake, which surged 14.3% YoY to 6.2mn tonnes following the B40 mandate. Looking ahead, the focus will now shift to the potential implementation of the B50 mandate in 2026. Policy developments also provide upside. Indonesia's Coordinating Minister for Economic Affairs Airlangga Hartarto signalled that the US has agreed in principle to exempt palm oil, cocoa, and rubber exports from the 19% reciprocal tariffs. Similar arrangements are anticipated from the EU under the Comprehensive Economic Partnership Agreement, which may also include phased tariff reductions on CPO. Meanwhile, Malaysia's Trade Minister Zafrul Aziz confirmed that discussions with the US remain ongoing, with exemptions for palm oil, cocoa, and rubber under negotiation. Once finalized, these agreements should reinforce medium-term demand for the world's most consumed vegetable oil.	Malaysia CPO Physical Futures Source: Bloomberg, OCBC. Oil & Fats Ending Stocks Note: Ending stocks for China (CHN) consist of palm oil, soybean oil, and rapeseed oil, while those for India (IND) consist of palm oil, soybean oil, and sunflower oil. Source: MPOC, OCBC. Indonesia CPO Production Source: Indonesia Palm Oil Association, CEIC, OCBC.																
Price forecast: <table><tr><th>MYR/mt</th><th>28 August Close</th><th>FC 3Q25</th><th>FC 4Q25</th><th>FC 1Q26</th><th>FC 2Q26</th><th>2024</th><th>FC 2025</th></tr><tr><td>Malaysia CPO</td><td>4,375</td><td>4,200</td><td>4,100 ↓</td><td>4,000 ↓</td><td>4,100 ↑</td><td>4,218</td><td>4,300 ↑</td></tr></table> Note: Last updated on 29 August 2025. Forecasts (FC) are based on OCBC estimates. Price arrows are compared to previous period, i.e., 3Q25 average of MYR4,200/mt where ↑, ↓, and →, suggest higher, lower, and flat price from previous period (i.e., 2Q25 average of MYR4,050). 2024 price is the average of daily closing prices. Source: MPOB, GAPKI, Intertek Testing Services, The Solvent Extractor's Association, CEIC, Bloomberg, OCBC.			MYR/mt	28 August Close	FC 3Q25	FC 4Q25	FC 1Q26	FC 2Q26	2024	FC 2025	Malaysia CPO	4,375	4,200	4,100 ↓	4,000 ↓	4,100 ↑	4,218	4,300 ↑
MYR/mt	28 August Close	FC 3Q25	FC 4Q25	FC 1Q26	FC 2Q26	2024	FC 2025											
Malaysia CPO	4,375	4,200	4,100 ↓	4,000 ↓	4,100 ↑	4,218	4,300 ↑											

Commodity	Latest Developments and Outlook	Charts																		
Gold	We still look for gold prices to trend higher over time but expect the pace of gains to moderate versus the sharp rally seen earlier this year. The drivers that had driven gold prices sharply higher have somewhat faded. For example, there was a lot more geopolitical conflicts but now we have some hopes of ceasefire. Earlier in the year, there was a great deal of uncertainty on tariffs but over the last two months, many countries have reached deals with the US, and the tariff rates were lower than initially threatened. This eased anxieties about a broader and prolonged trade war. It also helps remove some uncertainty for businesses and brings about some sort of closure to the tariff uncertainty we have seen so far though we cannot rule out the risk of tariffs being raised again in the future. Looking on, several structural supports remain in place. Ongoing diversification out of the USD, with central banks, institutional investors, and retail buyers continuing to add to gold holdings. Strong official-sector demand, led by China and other EM reserve managers appear likely to continue while potential Fed rate cuts over the coming quarters is likely to lower real yields and enhance gold’s appeal. Over the last few sessions, gold rose over 2%. In a speech at Jackson Hole (22 August 2025), Powell’s expression of openness to rate cut and acknowledgement of downside risks to labour market suggests a pivot though he stopped short of being committal – on timing and trajectory of Fed cuts. This weighed on USD and provided support for gold prices. Subsequently, Trump’s dismissal of Fed Governor Lisa Cook raises concerns over Fed’s independence but also implies that the potential make up of Fed may have more dovish-leaning voices. This adds to rate cut prospects, a softer USD and is also supportive of a firmer gold outlook. Gold was last at 3375 levels. Daily momentum is mild bullish, but RSI shows signs of turning lower. Downside risks not ruled out in the short term. Support at 3345/55 levels (21, 50 DMAs), 3327 (100DMA) and 3288 (23.6% fibo retracement of Dec low to 2025 high). Resistance at 3410 (recent high), 3450 (Jul high). Into September, the key focus is on NFP (5 Sep) before FOMC (17 Sep). We will keep a lookout on whether data or Fedspeak changes the narrative from a 25bp cut expectation to discussion of a 50bp cut at Sep FOMC or whether the trajectory of cut increases. For now, markets are still pricing in 86% chance of 25bp cut at Sep FOMC and a total of about 55bps cut this year. Price forecast (End-period): <table><tr><th>USD/oz</th><th>26 August Close</th><th>FC 3Q25</th><th>FC 4Q25</th><th>FC 1Q26</th><th>FC 2Q26</th><th>2024</th><th>FC 2025</th><th>FC 2026</th></tr><tr><td>Gold</td><td>3394</td><td>3460 ↑</td><td>3570 ↑</td><td>3670 ↑</td><td>3750 ↑</td><td>2624</td><td>3570 ↑</td><td>3850 ↑</td></tr></table> Note: Last updated on 27 August 2025. Forecasts (FC) are based on OCBC estimates. Price arrows are compared to previous period, i.e., 4Q25 (end-period) of USD3570/oz where ↑, ↓, and →, suggest higher, lower, and flat price from previous period. These are not meant to serve as point forecast for the quarter-end but meant as trajectory bias of the currency pair. Source: Bloomberg, OCBC.	USD/oz	26 August Close	FC 3Q25	FC 4Q25	FC 1Q26	FC 2Q26	2024	FC 2025	FC 2026	Gold	3394	3460 ↑	3570 ↑	3670 ↑	3750 ↑	2624	3570 ↑	3850 ↑	China Gold Reserves Source: Bloomberg, OCBC. Weekly gold price WU Currency (Gold Spot 6/102) Candle Chart Weekly 20462022-27462025 Copyright © 2025 Bloomberg Finance L.P. 27-Aug-2025 16:52:16
USD/oz	26 August Close	FC 3Q25	FC 4Q25	FC 1Q26	FC 2Q26	2024	FC 2025	FC 2026												
Gold	3394	3460 ↑	3570 ↑	3670 ↑	3750 ↑	2624	3570 ↑	3850 ↑												



Source: Bloomberg.

Last Updated: 29 August 2025

	Level (As of 29 Aug 25)	Δ 1W (%)	Δ 1M (%)	Δ YTD (%)	Bloomberg Ticker
Gold (USD/oz)	3410.6	1.1	2.5	30.0	<i>XAU Curncy</i>
Silver (USD/oz)	38.9	0.1	1.9	34.7	<i>XAG Curncy</i>
US Dollar Index	98.0	0.3	-0.9	-9.7	<i>DXY Curncy</i>
Brent (USD/bbl)	68.3	0.9	-5.8	-8.5	<i>CO1 Comdty</i>
WTI (USD/bbl)	64.3	1.0	-7.1	-10.3	<i>CL1 Comdty</i>
Natural Gas (USD/MMBtu)	3.0	10.3	-3.4	-18.1	<i>NG1 Comdty</i>
Palm Oil (MYR/mt)	4341.0	-2.5	3.7	-10.7	<i>KO1 Comdty</i>
Soybean Oil (USD/lb)	51.8	-3.5	-8.5	30.1	<i>BO1 Comdty</i>
Rapeseed Oil (EUR/mt)	465.5	-2.4	-0.3	-8.9	<i>IJ1 Comdty</i>
Copper (USD/mt)	9735.2	1.1	0.0	12.5	<i>LMCADY Comdty</i>
Nickel (USD/mt)	15087.6	1.9	0.2	-0.2	<i>LMNIDY Comdty</i>
Aluminium (USD/mt)	2611.1	1.4	-0.8	3.3	<i>LMAHDY Comdty</i>
Coal (USD/mt)	111.6	0.9	-3.4	-10.9	<i>XW1 Comdty</i>
Dry Baltic Index	2017.0	4.7	-4.4	102.3	<i>BDIY Index</i>

Source: Bloomberg.

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