

# Oil surges as Mideast conflict spurs fears of supply tightness

HOUSTON — Oil prices surged 4% on Monday, recouping some of last week's steep losses, as military clashes between Israel and the Palestinian Islamist group Hamas ignited fears that a wider conflict could hit oil supply from the Middle East.

Brent crude settled \$3.57 or 4.2% higher at \$88.15 a barrel. US West Texas Intermediate (WTI) crude closed at \$86.38 a barrel, up \$3.59 or 4.3%. At their session highs, both benchmarks spiked by more than \$4 or over 5%.

Last week, Brent fell by about 11% and WTI retreated by more than 8%, the biggest weekly decline since March, as a darkening macroeconomic outlook intensified concerns about global demand.

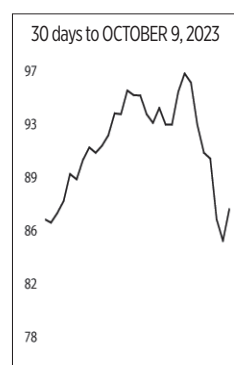
On Saturday, Hamas launched the largest military assault on Israel in decades. Israel retaliated with a wave of air strikes on Gaza.

"The most serious outcome for crude is that the conflict escalates into a more devastating proxy war which could affect crude supply," said Rebecca Babin, senior energy trader at CIBC Private Wealth US.

Israel's port of Ashkelon and its oil terminal have been shut in the wake of the conflict, sources said.

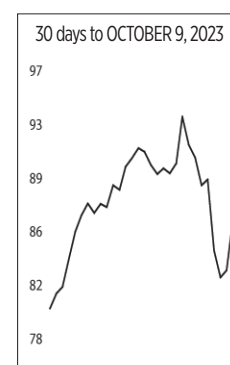
The eruption of violence threatens to derail US efforts to broker a rapprochement between

ASIA-DUBAI (OCTOBER CONTRACT)



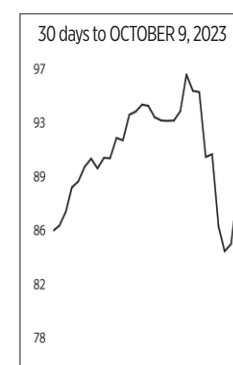
	Oct. 3	4	5	6	9
\$/bbl	91.10	90.67	86.35	84.80	87.05
Average (October 2-9)	\$88.85				
Average (September 4-29)	\$93.28				

NEW YORK-WTI (NOVEMBER CONTRACT)



	Oct. 3	4	5	6	9
\$/bbl	89.23	84.22	82.31	82.79	86.38
Average (October 2-9)	\$85.63				
Average (September 1-29)	\$89.43				

LONDON-BRENT (DECEMBER CONTRACT)



	Oct. 3	4	5	6	9
\$/bbl	90.92	85.81	84.07	84.58	88.15
Average (October 2-9)	\$87.37				
Average (September 1-29)	\$92.59				

Source: REUTERS

"If the US were to judge that Iran is involved in Hamas' attack, this could lead it to 'turn the screws' on Iran's oil exports by enforcing sanctions more strictly," said Caroline Bain, chief commodities economist at Capital Economics.

Iran's production has risen by close to 600,000 bpd during the past year, while crude stored on and offshore has been sold into market, mitigating some of the tightness being orchestrated by Saudi Arabia and Russia, said Saxo Bank's Ole Hansen.

Meanwhile, Venezuela and the US have progressed in talks that could provide sanction relief to Caracas by allowing at least one additional foreign oil firm to take Venezuelan crude oil for debt repayment if President Nicolas Maduro resumes negotiations with the opposition in Mexico, sources said.

The conflict is likely to lead to higher volatility and speculation in oil markets, the CEO of Brazil's Petrobras said.

On the demand side, major international air carriers have suspended or scaled back flights to or from Tel Aviv after the attack. High oil price due to the conflict could bolster inflation, analysts said, forcing rate hikes that could dampen demand. — Reuters

Saudi Arabia and Israel, in which the kingdom would normalize ties with Israel in return for a defense deal between Washington and Riyadh.

Saudi officials reportedly on Friday told the White House they were willing to raise output next year as part of the proposed Israel deal.

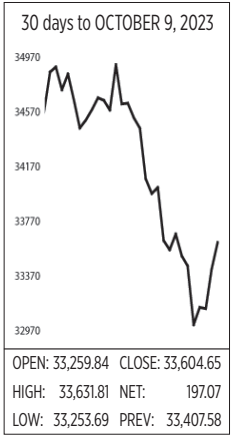
Goldman Sachs said the conflict reduced the likelihood of normalization of Israel's relations with Saudi Arabia, and the associated boost to Saudi production over time. It does not see

any immediate major effect on near-term oil inventories from the attacks.

Riyadh and Moscow have agreed to a combined 1.3 million barrel per day (bpd) voluntary cut until the end of 2023. New disruptions would exacerbate an expected supply tightness for the rest of the year.

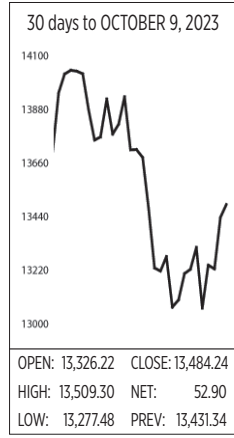
Analysts suggested the implications of the conflict could include a potential slowdown in Iranian exports, which have grown significantly this year, despite US sanctions.

DOW JONES



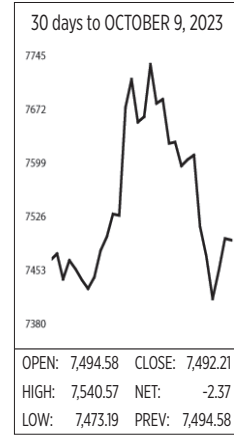
OPEN:	33,259.84	CLOSE:	33,604.65
HIGH:	33,631.81	NET:	197.07
LOW:	33,253.69	PREV:	33,407.58

NASDAQ COMPOSITE



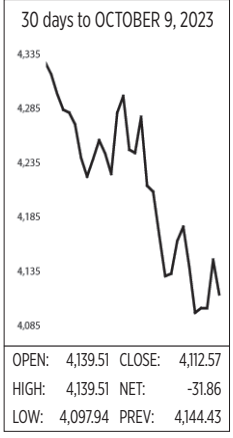
OPEN:	13,326.22	CLOSE:	13,484.24
HIGH:	13,509.30	NET:	52.90
LOW:	13,277.48	PREV:	13,431.34

FTSE



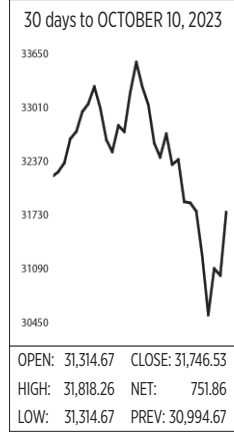
OPEN:	7,494.58	CLOSE:	7,492.21
HIGH:	7,540.57	NET:	-2.37
LOW:	7,473.19	PREV:	7,494.58

DJ EURO STOXX



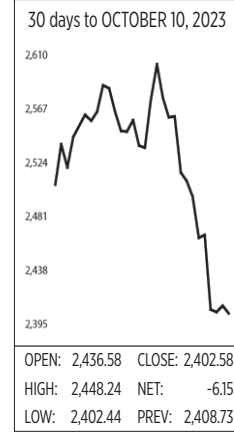
OPEN:	4,139.51	CLOSE:	4,112.57
HIGH:	4,139.51	NET:	-31.86
LOW:	4,097.94	PREV:	4,144.43

225-NIKKEI



OPEN:	31,314.67	CLOSE:	31,746.53
HIGH:	31,818.26	NET:	751.86
LOW:	31,314.67	PREV:	30,994.67

KOSPI



OPEN:	2,436.58	CLOSE:	2,402.58
HIGH:	2,448.24	NET:	-6.15
LOW:	2,402.44	PREV:	2,408.73

## US stocks rise as investors monitor news headlines on Israel-Hamas conflict

WALL STREET'S major indexes closed higher on Monday while energy stocks rallied as investors digested the latest news about the conflict between Israel and the Palestinian Islamist group Hamas.

The Israeli military said it called up reservists and was imposing a total blockade of the Gaza Strip in signs it could be planning a ground assault there to defeat Hamas which launched a deadly attack over the weekend.

But late in the afternoon, a senior Hamas official said the group is open to discussions over a possible truce with Israel. US President Joseph Biden said he directed his team to coordinate with regional partners to warn anyone seeking to take advantage of the situation.

News of the conflict sparked an oil rally due to supply concerns. But stock indexes managed to reverse earlier declines with the help of more dovish US Federal Reserve official comments.

As a result, investors appeared to refocus on more US centric matters, John Augustine, said chief investment officer at Huntington National Bank in Columbus, Ohio.

"The stock market and investors are focused on two things, the economy and earnings. The US economy is not slowing, and earnings are expected to come out of a recession with reports starting this week," Mr. Augustine said.

"Those fundamentals are more powerful in the market than terrible geopolitical headlines from the weekend just as they were more powerful than a strong jobs report and worries about the Fed on Friday."

The US bond market was shut on Monday for Columbus Day, also known as Indigenous Peoples' Day.

A recent surge in US Treasury yields had pressured equities. That pressure eased as gains in the iShares Core 10+ years US bond Exchange Traded Fund (ETF) and the iShares 20+ years Treasury bond ETF suggested that yields could fall on Tuesday.

Meanwhile, Fed officials indicated that recent gains in yields on long-term US Treasury bonds, which directly influence financing costs for households and busi-

nesses, could steer the Fed from further hikes in its short-term policy rate. This eased some concerns among equity investors.

The Dow Jones Industrial Average rose by 197.07 points or 0.59% to 33,604.65. The S&P 500 gained 27.16 points or 0.63% at 4,335.66 and the Nasdaq Composite added 52.90 points or 0.39% at 13,484.24.

After rising as high as 19.6 during the session, the CBOE volatility index, often referred to as Wall Street's "fear gauge," ended at 17.7.

But traditional safe-haven assets remained in demand, with gold climbing by 1.6%, although the US dollar index gave up earlier gains and was down by 0.18%.

Rising oil prices boosted the S&P energy sector, which ended up by 3.5%, making it the biggest gainer among the S&P 500's 11 major industry sectors.

United Airlines, Delta Air Lines, and American Airlines suspended direct flights to Tel Aviv. Shares of the airlines, also hurt by rising oil prices, ended down by more than 4% each. This put pressure on the S&P 500 Passenger Airlines index, which lost 3.7%.

Defense companies had rallied after the news from Israel, with the S&P 500 Aerospace & Defense index ending up by 5.6% for its biggest one-day percentage gain since November 2020. Its biggest advancers were Northrop Grumman, which rose by 11.4%, and L3Harris Technologies, which added 9.96%.

Exchange-traded funds exposed to Israel were selling off, with iShares MSCI Israel ETF falling by 7% while the ARK Israel Innovative Technology ETF fell by 5%.

Advancing issues outnumbered declining ones on the NYSE by a 2.19-to-1 ratio; on Nasdaq, a 1.03-to-1 ratio favored decliners.

The S&P 500 posted eight new 52-week highs and 19 new lows; the Nasdaq Composite recorded 37 new highs and 326 new lows.

On US exchanges, 8.71 billion shares changed hands compared with the 10.68 billion average for the last 20 sessions. — Reuters

### SPOT PRICES

MONDAY, OCTOBER 9, 2023

METAL	
PALLADIUM free \$/troy oz	1,133.65
PALLADIUM JMI base, \$/troy oz	1,143.00
PLATINUM free \$/troy oz	884.67
PLATINUM JMI base \$/troy oz	885.00
KRUGGERAND, fob \$/troy oz	1,844.00
IRIDIUM, whs rot, \$/troy oz	4,690.00
RHODIUM, whs rot, \$/troy oz	4,090.00
GRAINS (October 5, 2023)	
(FOB Bangkok basis at every Thursday)	
FRAGRANT (100%) 1 <sup>st</sup> Class, \$/ton	869.00
FRAGRANT (100%) 2 <sup>nd</sup> Class, \$/ton	855.00
RICE (5%) White Thai- \$/ton	597.00
RICE (10%) White Thai- \$/ton	596.00
RICE (15%) White Thai- \$/ton	581.00
RICE (25%) White Thai- \$/ton (Super)	581.00
BROKER RICE A-1 Super \$/ton	461.00
FOOD	
COCOA ICCO Dly (SDR/mt)	2,692.69
COCOA ICCO \$/mt	3,533.14
COFFEE ICA comp 2001 cts/lb	146.31
SUGAR ISA FOB Daily Price, Carib. port cts/lb	25.55
SUGAR ISA 15-day ave.	25.96

### LIFFE COFFEE

New Robusta 10 MT - \$/ton

	High	Low	Sett	Psett
Nov.	2,360	2,321	2,325	2,359
Jan.	2,276	2,240	2,243	2,280
Mar.	2,223	2,193	2,196	2,228
May	2,203	2,177	2,179	2,209

### LIFFE COCOA

(Ldn)-10 MT-E/ton

	High	Low	Sett	Psett
Dec.	3,001	2,950	2,970	2,985
Mar.	2,971	2,929	2,948	2,954
May	2,872	2,837	2,855	2,857
July	2,789	2,757	2,775	2,773

### COCONUT

MANILA COPRA (based on 6% moisture)

	Buyer/Seller
Peso/100kg	23
Lag/Qzn/Luc	23
Philippine Coconut Oil - Crude	3,300.00/3,350.00
CIF NY/NOLA	53.00
PALM OIL RAIL/NOLA	56.00
COCONUT OIL (PHIL/IDN), \$ per ton,	
CIF Europe	
Oct./Nov.'23	0.00/1,080.00
Nov./Dec.'23	0.00/1,060.00
Dec./Jan.'24	1,010.00/1,050.00
Jan./Feb. '24	1,015.00/1,060.00

### LONDON METAL EXCHANGE

LME FINAL CLOSING PRICES, US\$/MT

	3 MOS.
ALUMINUM H.G.	2,241.50
ALUMINUM Alloy	1,580.00
COPPER	8,104.00
LEAD	2,130.50
NICKEL	18,939.00
TIN	25,140.00
ZINC	2,513.00

## Safe-haven gold sprints to 1-week high as Middle East unrest swells

GOLD PRICES scaled a one-week high on Monday after military conflict between Israeli forces and Palestinian Islamist group Hamas raised political unrest in the Middle East, bolstering the safe-haven appeal of the metal.

Israel's troops were battling on Monday to clear out Hamas gunmen more than two days after they burst across the fence from Gaza on a deadly rampage.

Gold is considered a safe store of value amid political and economic turmoil.

Spot gold was up 1.1% at \$1,853.20 per ounce by 1:41 p.m. EDT (5:41 p.m. GMT), its highest since Sept. 29.

US gold futures settled 1% higher at \$1,864.30.

There are a lot of questions about what could happen next in the Middle East, and if the situation further escalates, gold prices could move toward \$1,900, said Bob Haberkorn, senior market strategist at RJO Futures.

Wall Street's main indexes fell, while crude prices jumped by more than 4% as the Middle East violence rattled markets.

Market focus is also on minutes from the US Federal Reserve's latest monetary policy meeting and the US inflation data due later this week.

"We do not believe the FOMC will continue to hike rates into increased uncertainty, and the prospect for peak rates have suddenly moved closer despite the potential inflationary im-

pact of higher oil prices," Ole Hansen, head of commodity strategy at Saxo Bank, wrote in a note.

Traders are now pricing in a 28% chance of another rate hike from the Fed this year, according to the CME Fedwatch tool.

Higher interest rates increase the opportunity cost of holding bullion. Spot silver gained 1.2% to \$21.86 per ounce. Platinum rose by 1% to \$885.81, while palladium slumped by nearly 2% to \$1,135.99.

"Platinum demand from fuel cell vehicles is expected to offset a portion of the demand lost as autocatalyst demand falls," Heraeus analysts wrote in a note. — Reuters

## Raw sugar futures climb; robusta coffee hits 6-month low

NEW YORK — Raw sugar futures on ICE rose on Monday, buoyed by gains in energy markets driven by conflict in the Middle East, while robusta coffee prices slumped to a six-month low.

March raw sugar settled up by 0.44 cents or 1.6% at 27.18 cents per pound (lb).

Dealers said military clashes between Israel and the Palestinian Hamas group had driven up oil prices and also had a supportive spillover impact on some other commodity markets.

Brokers also cited potential production cuts in North America as the weather has been negative for the southern part of the United States and for Mexico. The United States Department of Agriculture will release new estimates on Thursday.

The European Commission raised its estimate of white sugar production in the current 2023/24 season to 15.6 million metric tons, from 15.5 million projected previously, and now 7% above last year's output.

December white sugar rose by \$11.90 or 1.7% at \$721.10 a metric ton.

January robusta coffee fell by \$37 or 1.6% at \$2,243 a ton after hitting a six-month low of \$2,240. Dealers noted there had been generally favorable weather in top robusta producer Vietnam where the harvest should begin to gather pace next month.

December arabica coffee was little changed at \$1.4605 per lb.

Brazil's coffee group Cecafe will release September export numbers on Tuesday.

March London cocoa fell by 6 lbs or 0.2% to 2,948 pounds per ton.

Dealers said the market had lost ground after climbing to a 46-year high in mid-September and funds were continuing to scale back long positions in both London and New York cocoa.

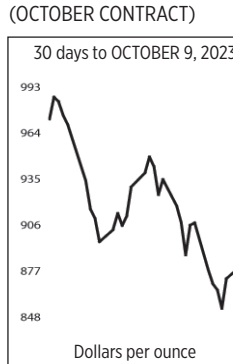
The market remained underpinned by supply woes in West Africa with a third consecutive global deficit widely forecast for the 2023/24 season (October/September).

Europe's third-quarter cocoa grind, due to be published on Thursday, will however be closely watched for any indication that high prices are curbing demand.

December New York cocoa fell by \$18 or 0.5% to \$3,435 a ton. — Reuters

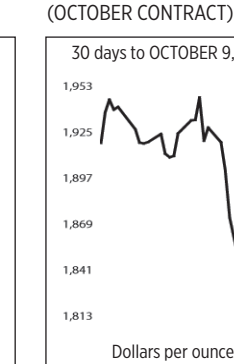
### US COMMODITY FUTURES

PLATINUM (OCTOBER CONTRACT)



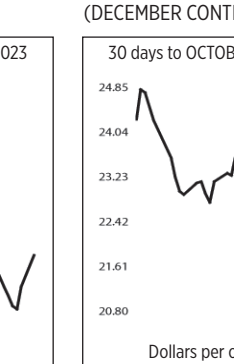
OPEN:	876.40	CLOSE:	879.20
HIGH:	880.70	NET:	7.50
LOW:	876.40	PREV:	871.70

GOLD (OCTOBER CONTRACT)



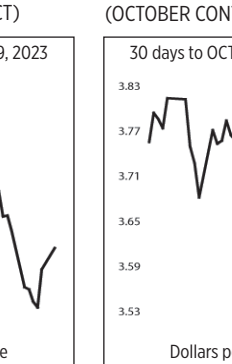
OPEN:	1,842.50	CLOSE:	1,849.50
HIGH:	1,861.50	NET:	19.30
LOW:	1,842.50	PREV:	1,830.20

SILVER (DECEMBER CONTRACT)



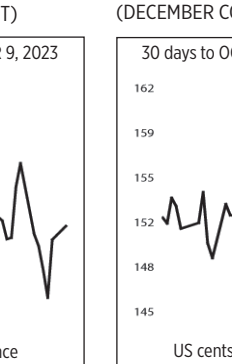
OPEN:	21.940	CLOSE:	21.924
HIGH:	22.180	NET:	0.384
LOW:	21.705	PREV:	21.540

COPPER (OCTOBER CONTRACT)



OPEN:	3.643	CLOSE:	3.643
HIGH:	3.654	NET:	0.018
LOW:	3.643	PREV:	3.625

COFFEE (DECEMBER CONTRACT)



OPEN:	146.05	CLOSE:	146.05
HIGH:	147.90	NET:	