Price dynamics of Crude Oil and Grains
Price dynamics of crude oil ($/bbl)

1. Pre-War risks
   - UA-RU tension rise
   - Iraq-Turkey pipeline outrage
   - Expecting more aggressive US Fed Reserve actions
   - Gap between OPEC+ output plan and fact

2. Full-scale war started
   - Russian invasion
   - Period of implementing sanctions against Russia

3. First hopes of diplomacy resolution
   - 1st UA-RU meeting in Turkey
   - UAE committed to OPEC+ agreement

4. No peace deal, supply concerns
   - Russia rejected hopes of peace plan
   - Iran deal faces problems
   - Storm damaged the Russian Black Sea terminal

5. Seeking peace. Again
   - New round of UA-RU peace talks
   - Increasing oil output worldwide

6. Long period of world oil supply-demand fears
   - Russia may cap oil production news
   - Doubts EU oil sanctions will be effective
   - New RU offensive in east of UA
   - Libya supply disruptions
   - China Omicron outbreaks
   - China eased lockdown
   - US summer driving season demand

7. World economy trajectory fears
   - US Federal Reserve interest big hike
   - Recession fears
   - Waiting for more EU sanctions against Russia energy sector
   - G7 announced RU oil price cap

8. Winter is coming
   - EU is preparing for a possible gas cut by Russia

Sources: CME, ICE, StoneX, Lachstock, Reuters, Bloomberg
The cost of oil and refined products is included in the logistics costs of transportation. Accordingly, the prices of wheat, corn and a significant part of other commodity assets absorb the price of oil in their value. Because of this, a sharp rise (or fall) in oil prices automatically supports (or puts pressure on) the prices of commodity assets. Commodity assets are also strongly influenced by the dollar exchange rate (as the main currency of settlements). The weaker the dollar against other currencies, the higher the price should be in dollar terms.

Thus, commodity assets, including grain crops exported around the world, are affected by fundamental factors of macroeconomic origin.

Sources: CME, ICE