

By JASMINE NG

COMMODITIES extended their massive rally as Russia's invasion of Ukraine continues to roil global markets and fuel fears of supply crunches.

Tensions rose yesterday after Russia escalated its assault by attacking a Ukrainian nuclear plant, the biggest in Europe, according to Ukrainian officials.

Prices from crude to aluminum and wheat soared, as commodities stage their most stunning weekly surge since 1974 and the days of the oil crisis.

Russia's growing isolation is choking a major source of energy, metals and crops, sparking fears of prolonged shortages and sharper global inflation.

Traders, banks and shipowners are already avoiding business with Russia because of the difficulty in securing payments, while shipping lines are canceling or not taking bookings from the region.

Ukrainian officials said yesterday that the Zaporizhzhia power plant suffered a fire as Russian troops began shelling the facility in eastern Ukraine.

US President Joe Biden urged Russia to halt the attack after speaking with Ukrainian President Volodymyr Zelenskyy.

West Texas Intermediate oil jumped almost 5% to extend gains this week.

Global buyers are shunning Russian crude and fuels, sparking a race for alternative supplies. The International Energy Agency warned that global energy security is under threat, and a planned release of emergency oil reserves by the United States and other major economies has failed to quell supply concerns.

JPMorgan Chase & Co said global benchmark Brent crude could end the year at US\$185 (RM774.28) a barrel if Russian supply continues to be disrupted.

Prices were at about US\$114 (RM477.12) yesterday.

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Commodities soar after reports of Russia attack

Ukraine nuclear plant assault fuels fear of supply crunches



Stunning surge: A file picture showing a farmer tending wheat in a field. Wheat soars to the highest level since 2008 on deepening fears of a global shortage as the Ukraine war cuts off about a quarter of the world's exports. — Reuters

the world's exports of the staple used in everything from bread to cookies and noodles.

Futures jumped by the exchange limit in Chicago, rising 6.6% to US\$12.09 (RM50.60) a bushel.

The attack at the nuclear plant could worsen the risks to Ukraine's agricultural produc-

tion, said Jason Schenker, president of Prestige Economics.

"Recalling that food from the Chernobyl area is still not edible — over 35 years after that nuclear accident — the potential for long-term negative impacts on Ukrainian agriculture from high radiation due to nuclear power plant bombings could be significant,"

he said in a note.

Base metals also rallied further after the LME Metals Index, which tracks six major contracts, surged to a record on Thursday.

Soaring energy prices have added to the momentum by pushing up costs.

Aluminium, one of the most energy-thirsty metals, rose as much as 3.6% to US\$3,850 (RM16,113) a tonne on the London Metal Exchange, a fresh record. Copper is also closing in on its all-time high.

The war and the implications of sweeping US and European sanctions on Russia have upended Black Sea supplies at a time when global stockpiles of raw materials are already tight.

Russia is a major supplier of crude, natural gas, grains, fertilisers and metals such as aluminium, copper and nickel.

Higher commodity prices have the potential to be a drag on growth and stoke inflation, creating a dilemma for central bankers worldwide as they weigh the need to increase borrowing costs against the risk of stunting economic growth.

In other commodities, US gas futures rose as much as 4.3% to head for a third weekly increase, bolstered by European demand for American cargoes of liquefied natural gas.

Iron ore futures in Singapore are set for a 16% gain this week, the biggest in more than three months, amid growing expectations of a pickup in demand from China's economy. — Bloomberg