



SPECIAL REPORT

Riding the Wave: Commodities Volatility in Q2 2025

July 2025

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Introduction

US President Donald trump's Liberation Day tariffs led to a busy second quarter.

Commodities were particularly volatile as markets reacted to sporadic tariff announcements and escalating tensions in the Middle East and Eastern Europe.

The energy markets continued to perform effectively however despite record volumes.

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ICE energy options latest to hit single day trading records

Intercontinental Exchange (ICE) has set energy options trading records, marking the latest highs from the US exchange as traders seek to hedge their positions against the crisis in the Middle East.

ICE on June 23 hit a single day oil options volume high of 950,233 contracts, beating the previous record of 937,913 lots on June 13 and marking the second single day record this month, according to the exchange.

The ICE oil options total included a record 871,791 lots of Brent options, the exchange said, beating the 818,889 contracts traded on June 13, as hostilities between Israel and Iran roiled markets.

The continuing crisis also led to fresh open interest highs on Monday of 7.24 million lots in all ICE oil options and 4.48 million Brent option contracts, the data showed.

Speaking at the FIA International Derivatives Expo (IDX) event in London,



Chris Rhodes, President, ICE

ICE president Chris Rhodes said in mid-June the Atlanta-based exchange has seen options use grow in the last three years as uncertainty has increased.

"In commodities we have seen

tremendous growth in our energy options franchise," Rhodes said.

"When I rejoined ICE in 2022, we were at about 32 million lots in open interest for commodity options, and now we have about 50 million on a regular basis... When it comes to uncertain probability distributions, it is those products that act as a more granular hedge."

Total ICE oil futures and options open interest was 17.5 million contracts on June 23, just outstripping the post-tariff bar set on April 24, the data showed.

In addition, ICE's gasoil futures contract delivered the equivalent of 160,000 tons of gasoil for the June 2025 delivery month, the largest delivery so far this year.

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Chris Rhodes, President, ICE



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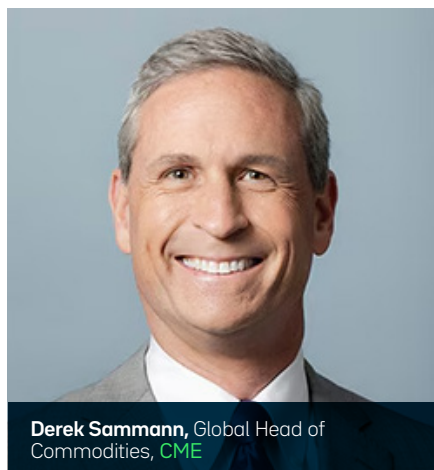
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CME Group riding 'risk-on' wave in commodity markets

CME Group's commodity markets have reported in recent months some of their busiest sessions ever as European and Asian traders join their US peers in positioning themselves for a rollercoaster second half of the year.



Speaking to FOW on the sidelines of the FIA International Derivatives Expo (IDX) event in London, CME's global head of commodities markets said in June cross-border demand has buoyed activity in the US group's main commodities products.

"Every risk-on parameter is flashing green right now," Derek Sammann said. "Volume is up, open interest is up, regional activity is up and both Europe, Middle East and Africa (EMEA) and the Asia Pacific are a meaningful part of the picture."

"That is important, and not at the detriment of the US. The US is growing 15%, versus 20% to 25% in those other regions. For us, it's an extension of the trend for the last three years. We are seeing consistent growth across all client segments, we are seeing faster growth outside the US, open interest staying steady or up and every client segment is also rising."

For CME, that spike in activity has also been replicated in the group's agricultural and metals products as the commodity complex has attracted the attention of systematic traders. The exchange on Friday June 13 hit a record 10.9 million lots traded across the segment.

"We are seeing model driven traders looking at this asset class, attracted by the breadth of adoption and the increase in new clients such as retail," Sammann added. "That has been driven by the convergence between ags, energy and metals – which has meant a widening of the components of this market overall."

"They know that on the same exchange, and the same clearing house they

can manage risks in a maximally efficient way for both operations and capital. In this risk environment, what we are seeing is that liquidity trumps everything, and that is why we have seen more of these funds engage with this market over the last five years."

CME's trading volume was up 11% in May as commodities helped boost trading levels. CME reported energy futures and options trading up 6% year-over-year to 2.6 million contracts in May, including record energy options average daily volume (ADV) of 445,000 lots.

Metals ADV rose 8% to 933,000 contracts, including record monthly micro gold futures ADV of 347,000 lots, according to the exchange.

European and Middle Eastern demand also helped boost activity in the group's key energy benchmarks. West Texas Intermediate (WTI) crude oil futures activity increased 29% in May to a daily average of 1.3 million contracts, according to the exchange.

Henry Hub futures, CME's most liquid



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Derek Sammann, Global Head of Commodities, CME



People are not walking away from US commodities, people have to walk into US commodities because the US is the swing producer in oil and exporter in natural gas. That will only grow in the next ten years, so funds are adding exposure.

Derek Sammann, Global Head of Commodities, CME

natural gas benchmark, increased 34% to 660,000 lots.

"If anything, we are seeing outperformance of EMEA commercial participants in WTI, and it's the same thing in Henry Hub natural gas," Sammann said.

"People are not walking away from US commodities, people have to walk into US commodities because the US is the swing producer in oil and exporter in natural gas. That will only grow in the next ten years, so funds are adding exposure."

The leaders of the two largest European derivatives markets said in June the recent US tariff policy changes had driven a reallocation of funds into European products, boosting Eurex and Euronext volumes since April.

Speaking at the same event, London Metal Exchange head of market development said metals activity had benefited from energy companies expanding their activities.

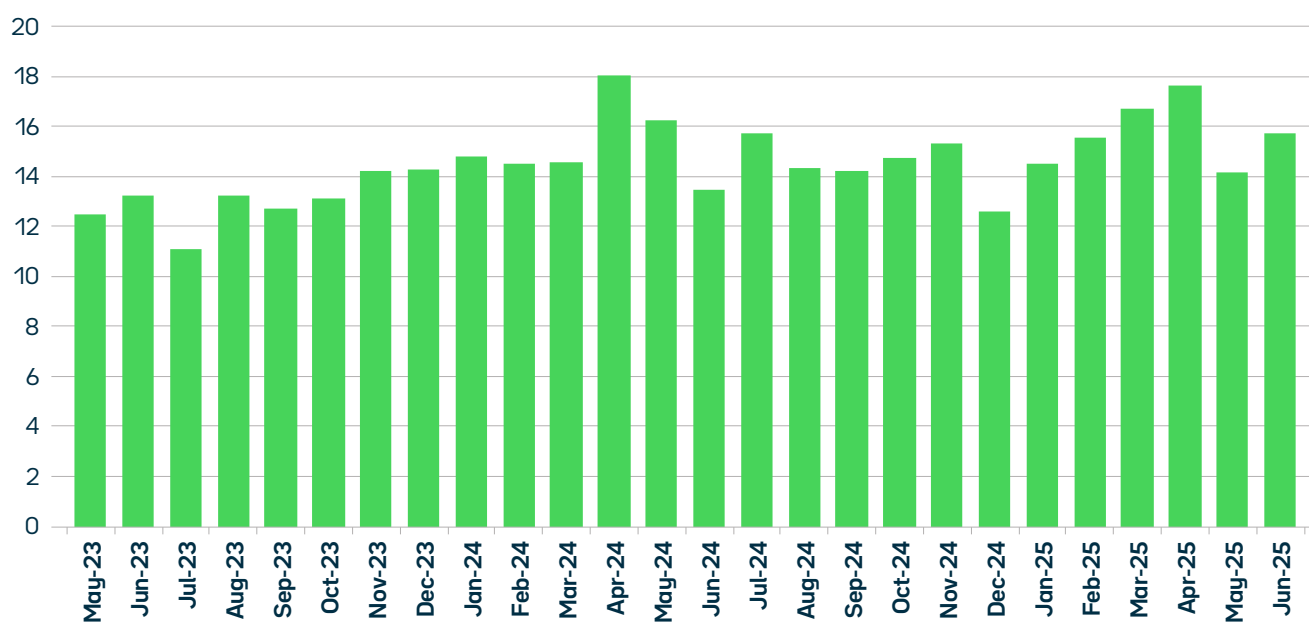
"One of things we have seen in the LME market in the physical space is the growing interest from energy majors

getting involved in metals trading," Robin Martin said. "We have seen a real uptick in the last six months. The media commonly focuses on one or two big names, but this is a much broader and bigger trend particularly in China and across Asia."

In the first four months of this year, the LME traded 64.3 million lots, 4% higher than the same period in 2024, according to FOW data.

Europe's largest base metals market reported ADV of 706,780 lots in May, down 8.5% on the same month last year.

LME, Total Volume (Lots, mn)



Source: FOW data

ICE, CME hit energy trading records as Gulf crisis roils markets

Intercontinental Exchange (ICE) and CME Group reported energy trading records on Friday June 13 as traders reacted to the escalating conflict in the Middle East.

ICE's energy futures hit on June 13 a new trading record of 9.69 million contracts, beating the previous record of 9.63 million lots on April 9 after US President Donald Trump's tariffs.

CME's energy derivatives complex had a single day record of 7.29 million contracts on June 13, beating the previous high of 6.87 million lots in March 2020, according to the exchanges.

ICE's oil futures and options traded 9.15 million lots, according to ICE, beating by nearly a quarter the previous daily record, also on April 9. Friday included a 30% jump in trading of ICE Futures Europe's flagship Brent derivatives to 5.64 million lots.

ICE's Gasoil futures and options breached a million lots in a single day for the first time on that Friday, hitting 1.076 million contracts.

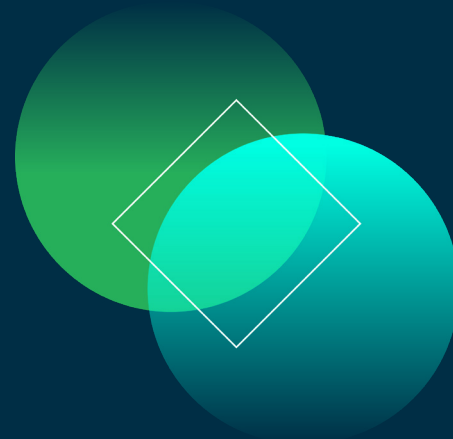
The price of a barrel of Brent rose from \$65 (£48) on June 2 to \$70 on June 6 driven by the worsening conflict between Israel and Iran, attracting the attention of policymakers.

"We will stay vigilant to the implications for international energy markets," Ursula von der Leyen, president of the European Commission said on June 15. "As I discussed with President Trump yesterday, we are ready to coordinate among like-minded partners to safeguard market stability. And finally, the recent events have underlined in the increasing interlinkage between the conflicts in Europe on one hand and the Middle East on the other hand."



We will stay vigilant to the implications for international energy markets

Ursula von der Leyen, President, European Commission



Commodity leaders point to resilience amid recent volatility

The commodity markets held up well in recent market volatility, having learned lessons from 2022 when there were problems, a panel of senior exchange executives has suggested.



Speaking at the FIA International Derivatives Expo (IDX) event in June, London Metal Exchange (LME) chief executive Matthew Chamberlain said his market performed normally through the trading volume spikes in April after the US rolled out its tariff regime.

"All of this is what our markets are here to do and I think the observation for us is managing that volatility," Chamberlain (pictured) said on a panel. "I'm really pleased that a lot of lessons were learned coming out of the nickel situation in 2022.

"I think it really demonstrated their value in terms of managing volatility on an exchange, reflecting real market conditions but ensuring that you have that underlying orderliness. Of course that translated into volumes, we also had a record April, but for me the other big thing is the value of that global physical benchmark price that everybody can work off."

The LME in April reported a record 834,580 contracts in average daily volume, before seeing a decline in May. The LME has introduced since March

2022 reforms including increased OTC position reporting to ensure against a repeat of the market conditions that led to the controversial nickel closure three years ago.

Speaking on a panel, the head of market development at the LME said the metal markets had benefitted from new traders such as macro funds, systematic traders and energy firms expanding their derivatives activity. In the first four months of this year, the LME traded 64.3 million lots, 4% higher than the same period in 2024, according to FOW data.



"If we zoom out, I think it's fair to say that the last few months have been characterised by incredible volatility in our market," Martin added.

"To put some context around that, in the immediate aftermath of the Donald Trump liberation day announcement we saw three of our top five highest ever trading volume days on the LME and our volumes are up over last year which was already a very strong growth year."

Derek Sammann, global head of commodities markets at CME Group, said macro traders and other funds are increasing their use of the US group's commodities markets.

"What we have seen over this last couple of years is a market that has been able to see, assess, understand and adapt to a rapidly changing market with – I would say – far more structural changes than cyclical or short term changes," he said. "When you look at the response to these markets from what we see in commodities with a capital 'C' across our complex of energy, ags and metals markets we see a risk-on environment."

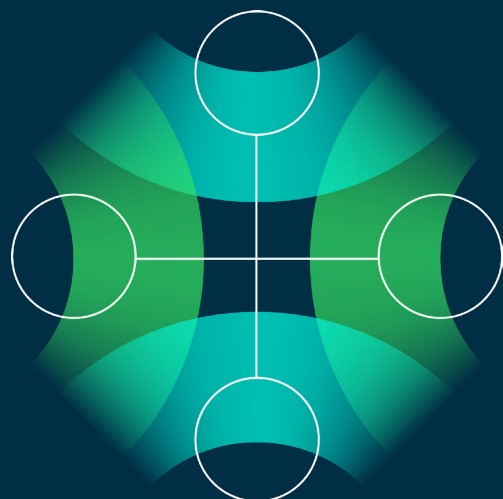


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Matthew Chamberlain, Chief Executive, London Metal Exchange (LME)

European Energy Exchange plans power, natural gas spreads in October

The European Energy Exchange plans to launch in October contracts that allow clients to trade the spread between its power and natural gas markets.



The exchange owned by Deutsche Boerse said in June it plans to launch on October 1 some 17 spread contracts including combinations of spark spreads, which enable firms to trade disparities between the cash-settled power market and physically-delivered natural gas markets.

EEX said it will also launch in October bespoke financial-physical natural gas spreads, enabling clients to buy the physical gas leg and simultaneously sell the EEX European Gas Spot Index (EEXEGSI).

Peter Reitz, CEO of EEX, said: "This extension of our product portfolio is a perfect reflection of our cross-commodity approach when it comes to supporting the trading community at perfecting their trading strategies."

EEX said in a client notice trades in these combined instruments will benefit from a transaction and

clearing fee waiver on the natural gas futures leg.

The CEO added: "Spark spreads will leverage the synergies between our physical natural gas markets and selected financially settled power markets, bringing a more effective management of price exposure, with greater flexibility and transparency."

Leipzig-based EEX traded just short of 6 million lots in May, according to FIA Data, which was up 13.2% on the same month last year.

The spreads are the latest innovation by the European exchange after it partnered in June with a Taiwan-based market to support that country's new Emissions trading system.

The European group already has a growing market in Japan, having established its first subsidiary there one year ago.

Steffen Koehler, COO of EEX, said last year: "Japan is one of our most dynamically growing power derivatives markets. We are committed to supporting local and international market participants by strengthening our presence as well as substantially expanding our product portfolio."

EEX Japanese power futures volumes surged in May 246% year-over-year to 10.9TWh, according to the firm.

Overall, EEX Japanese power futures increased 127% in the first five months of this year, to 57,400 lots traded, according to FIA Data.

EEX director of business development, power derivatives and global commodity markets Steffen Riediger said in May his planned move to Singapore this summer is linked to the firm's ambitious growth plans in the region.



This extension of our product portfolio is a perfect reflection of our cross-commodity approach when it comes to supporting the trading community at perfecting their trading strategies

Peter Reitz, CEO, EEX

EEX partners with Taiwan to build domestic emissions trading scheme

The European Energy Exchange has opened up another market in Asia, striking a partnership with a Taiwan-based market to support that country's Emissions trading system.

Leipzig-based European Energy Exchange (EEX) signed in June a memorandum of understanding with the Taiwan Carbon Solution Exchange (TCX) which runs the Taiwanese Emissions Trading System (TW ETS).

The partners said EEX, owned by Deutsche Boerse, will use its experience working with the EU Emissions Trading System (EU ETS) to help develop the equivalent Taiwan market.

Joshua Tien, CEO of TCX, said: "The EU ETS has been one of the world's leading carbon pricing mechanisms since its launch in 2005, with EEX serving as a key infrastructure partner."

Tien went on to say Taiwan plans to enter the pilot phase with its Emission platform in late 2026.

Peter Reitz, CEO of EEX, said: "Emission Trading Systems worldwide are essential for our joint journey of decarbonisation and the wider energy transition. EEX has accumulated vast experience in developing and operating such schemes and we are always delighted to contribute our expertise for the development of new systems. We remain committed to the advancement of carbon pricing all around the globe."

EEX said in a release Japan and

South Korea are also working on their domestic Emissions trading schemes, which could present further opportunities for EEX.

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Joshua Tien, CEO, TCX



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CME launched more European natural gas futures on June 30

CME Group has raised the stakes in the buoyant European natural gas market by launching more contracts at the end of June, increasing the competition with Intercontinental Exchange and the European Energy Exchange.



The New York Mercantile Exchange, part of CME Group, launched on June 30 three new Dutch TTF natural gas contracts.

CME said in a notice the contracts are: Dutch TTF Natural Gas Physical Day-Ahead/Weekend (ICIS Heren) Calendar Month Futures; the Dutch TTF Natural Gas Physical Day-Ahead/Weekend (ICIS Heren) Daily Futures; and the Dutch TTF Natural Gas Financial Day-Ahead/Weekend (ICIS Heren) Daily Futures.

The new contracts will complement CME's three existing European natural gas contracts, one of which reported stellar growth in April.

The NYMEX-listed Dutch TTF Natural Gas Calendar Month TTF futures contracts traded 204,240 lots in April, according to FIA Data, which was up 1075% on the same month last year.

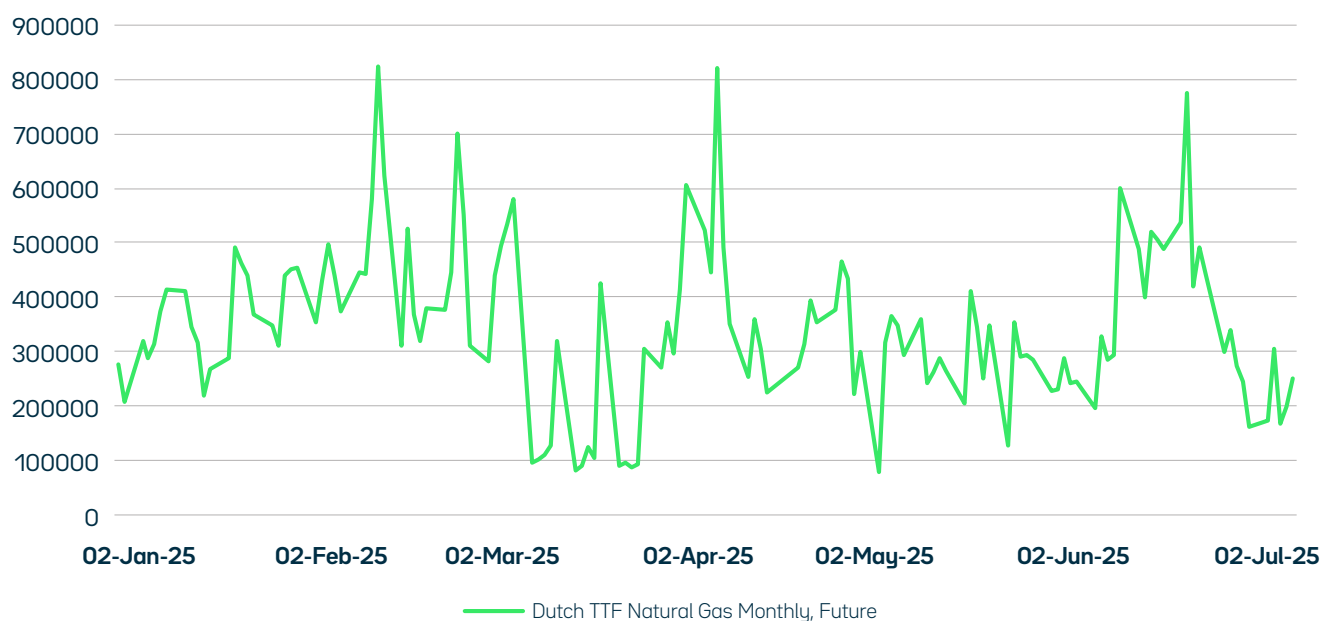
The new launches will pitch CME further into competition with Deutsche Boerse-owned European Energy Exchange

which has monthly, quarterly and seasonal TTF futures, which collectively traded 182,740 lots in April.

Intercontinental Exchange's Endex is the largest Dutch TTF gas futures market, reporting 8.2 million lots in April.

ICE's energy derivatives ADV rose a tenth year-over-year in May to 4.7 million contracts, with open interest up 6% including record futures of 40 million lots on May 26, the exchange said in June.

ICE Endex Dutch TTF Natural Gas Futures Volumes (Lots)



Source: ICE Data Services

EEX to build Nordic power open interest under new incentive plan

The European Energy Exchange (EEX) has said its new Nordic power incentive plan will help build open interest, ahead of the Deutsche Boerse-owned exchange's September roll-out of a raft of benefits for traders.

EEX sales director Tim Greenwood told FOW the new incentives, which take effect in September, are more varied and extensive, as the firm looks to build liquidity in the market.

"What we are doing is not just fee-related or just throwing money towards the market and expecting a different result," Greenwood (pictured) said in an interview. "The financial incentives are important but the big new one is building the package to be able to build open interest. That wasn't on the table last year, and is quite substantial - we think it will have the most effect in the market."

Leipzig-based EEX said it will introduce on September 1 various measures to stimulate trading of its Nordic power futures. This includes waiving trading fees for a year, launching a market-maker scheme for all EEX power contracts, while "initiators of a transaction" will also be able to cover clearing costs. Cross-margining across its European and Nordic power markets will also provide a cost benefit to clients, Greenwood added.

"We also think the establishment of cross-margining Nordics and the continental markets is extremely important for the actual cost of trading, not just the fees and incentives to actually trade, but the actual general cost of trading as well," he said.

Euronext in late January agreed a deal with Nasdaq to buy the US group's Nordic power futures market, pitching it into direct competition with Leipzig-based EEX.

"When talking about competition, cross-margining is a big competitive advantage

that we have in terms of its saving potential for companies trading other power products, as well as our proven track record in other markets," EEX's Greenwood told FOW. "The impetus for the measures is that we want to actually get stuff moving on the Nordics.

"We had our previous deal with Nasdaq not go through, and we've more or less had a year where little has been going on in terms of a push, which has been noticed by existing and potential clients. There wasn't that much interaction from our side because we've been held back from doing so. We're now able to go full steam ahead and put together a package of measures which we feel would work to actually build liquidity and boost the trading activities on the platform with us."

EEX Nordic power futures volume was down 66% year-over-year in May to 493 megawatt hours, according to EEX data, despite wider European power volumes rising 8% year-over-year to 680 terawatt hours.

"When everybody says the liquidity has disappeared in the Nordics, what they mean is that our target groups - these companies that trade elsewhere - have just pulled back from the Nordic market for trading. It's not necessarily that the whole of the member base is doing less, as a lot of the utilities - whether small, medium or large in size - are still active in the market," EEX's Greenwood told FOW.

"It's that other segment - diversified trading firms - which have actually disappeared. If you want them to return, you've got to get them active in the Nordic market again. And how you actually do that is the question we're



tackling - you have really got to target what it actually means to get the liquidity going to get because getting it moving is quite broad."

The EEX sales director also pointed to recent successes in building power markets in other geographies. EEX launched its Japanese power futures offering in 2020, adding its first Japanese power base options on February 3. This followed EEX's Japanese power derivatives trading volume surging 299% to a new record of 72.9 terawatt hours (TWh) in 2024 from 18.3TWh in 2023, according to the exchange.

"These measures are a good mix of what is actually needed to kickstart the market based on our experiences of doing that with other geographies. EEX has got quite a good track of record of building up markets like the Italian markets, Spanish markets and the Japanese market recently, getting in there from absolutely no open interest or no trading activities to actually becoming a market leader. You learn from it what works and what doesn't work," Greenwood said.



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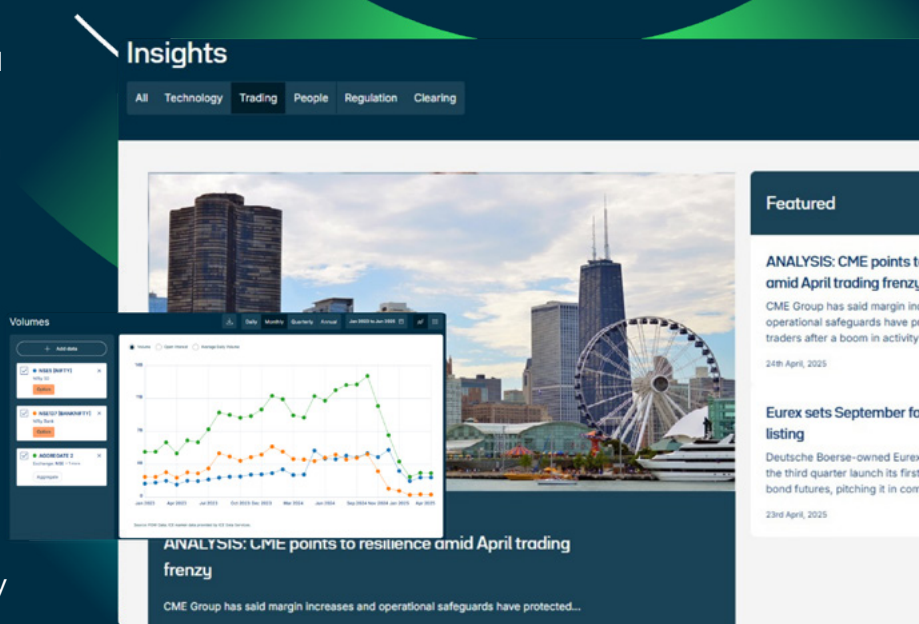
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