

# The Commodities Feed: Bearish EIA report

Crude oil prices have been trading little changed this morning, with a bearish EIA report weighing on the sentiment



## Energy – EIA reports inventory gain for the week

The EIA's weekly inventory report released yesterday was bearish, with US oil and gasoline inventories rising unexpectedly over the week. US commercial crude oil inventories (excluding SPR) increased by 3.2m barrels for the week ended on 22 March 2024, compared to the market expectation of a decline of around 0.7m barrels. However, the build was less than the increase of 9.3m barrels that API reported a day earlier. When factoring in the SPR, the build was even higher, with total US crude oil inventories increasing by around 3.9m barrels. The increase was predominantly driven by stronger crude imports, which grew from 6.3m b/d to 6.7m b/d over the reporting week. Total US commercial crude oil stocks stand at 448.2m barrels, just 1% below the five-year average. Meanwhile, oil inventories at Cushing, Oklahoma rose 2.1m barrels to 33.5m barrels, this was the largest weekly build reported in over a year.

In refined products, stocks of gasoline increased by 1.3m barrels, against a forecast for a drawdown of 1.7m barrels. However, distillate fuel oil stockpiles fell by 1.2m barrels last week, compared to the expected build of 0.2m barrels. Meanwhile, refineries operated at 88.7% of their capacity, up from 87.8% in the previous week, but 1.6% lower than the same period last year.

## Metals – Chinese copper smelters propose output cuts

Major copper smelters in China have proposed a joint output cut ranging between 5%-10% in the latest quarterly meeting of the Copper Smelters Purchasing Team today. The move was largely

expected as the tight supply of concentrate pushed the copper treatment charges to near-zero levels. The planned output reductions would be applied to the existing production targets for the year, and the actual cuts will be decided after the discussion with the smelters individually.

Gold prices closed at the highest level on record yesterday as the market remains nervous ahead of the key US inflation data release. Meanwhile, a stable USD and lower US Treasury yields further helped the yellow metal to trade higher this morning. There are mixed views in the market regarding the number of interest rate cuts planned by the US policymakers for the year. CME data shows that swap markets have now trimmed the probability of a rate cut in the June meeting to 60%, down from 69% estimated late last week.

## Agriculture – UNICA reports higher cane crush

The latest fortnightly report from the UNICA shows that sugar cane crushing in Centre-South Brazil was at 2.2mt over the first half of March, compared to just 0.6mt during the same period last year, as the processing had almost completed by this time last year. The cumulative sugar cane crush for the season as of mid-March rose 19.4% year-on-year to 649.4mt. Meanwhile, sugar production rose 313.2% YoY to 64kt over the first half of March. Around 27.6% of cane was allocated to sugar production over the fortnight, largely in line with 26.8% allocated for sugar production in the same period last year. Cumulative sugar output so far this season stands at 42.2mt, up 25.8% YoY.

In its latest cereals market situation report, the European Commission estimated that the bloc's grain production could rise by 3.4% YoY to 278.8mt for the 2024/25 season. The rise in estimates was largely driven by an increase in harvest area by 0.5% to 50.6m hectares. Similarly, corn production projections were increased from 62.3mt to 69mt, up 10.8% YoY. However, soft wheat production could fall to 120.8mt for the period mentioned above, compared to 125.6mt of production expected in 2023/24. The decline in the production estimates is largely due to wet weather conditions impacting the plantings in the bloc.

### Author

#### Ewa Manthey

Commodities Strategist

[ewa.manthey@ing.com](mailto:ewa.manthey@ing.com)

#### Warren Patterson

Head of Commodities Strategy

[Warren.Patterson@asia.ing.com](mailto:Warren.Patterson@asia.ing.com)

### Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit [www.ing.com](http://www.ing.com).