

# The Commodities Feed: The complex moves higher

Energy prices rallied with several supply risks lingering for oil and gas markets. Nickel prices also moved higher as President Putin asked his government to look at a potential export cap on nickel



## Energy – Hurricane Francine production impact

ICE Brent rallied back above US\$70/bbl yesterday and the front-month contract settled more than 2% higher on the day. As [mentioned yesterday](#), the market was moving into oversold territory and likely would have seen some short covering. Supply risks from Hurricane Francine in the US Gulf of Mexico would also have supported the market and provided another reason for shorts to cover some of their positions. According to the Bureau of Safety and Environmental Enforcement, the hurricane has seen almost 675k b/d oil production shut-in. That is equivalent to 39% of the US Gulf of Mexico's output.

The EIA's latest weekly storage report was fairly bearish. US commercial crude oil inventories increased by 833k barrels over the week, and there were also builds in refined products. Gasoline and distillate stocks increased by 2.31m barrels each. Implied gasoline demand also fell by 460k b/d WoW to 8.48m b/d, which is the weakest level since April, and not too surprising as we move towards the end of the driving season.

European natural gas prices rallied yesterday following recent weakness. TTF settled more than 2.4% higher on the day. Hurricane Francine will have raised concerns over LNG export capacity along the US Gulf Coast. Closer to Europe, a 5-day extension to maintenance work at the Kollsnes processing plant in Norway would have provided some support, and there was also nervousness around Russian gas flows through Ukraine. Preliminary nomination data showed that flows would fall from the usual 42mcm/day to just under 30mcm/day on Thursday. However, the latest nomination data should ease these concerns, as it now shows that gas flows should be in a normal range on Thursday, at a little over 42mcm/day.

The IEA will release its latest monthly oil market report later today. The market will be keen to see what the agency's latest views are on demand as well as the outlook for 2025. The EIA will also release its weekly US natural gas storage report today and expectations are that natural gas inventories increased by around 48Bcf over the last week.

## Metals – Russian nickel risk

LME nickel rallied almost 2.4% yesterday, taking it back above US\$16,000/t after reports that President Putin asked his government to look into potential export caps on several commodities, including nickel. Any action would be a retaliatory move for Western sanctions against Russia. Russia exported in the region of 100kt of nickel last year, which is roughly equivalent to the global surplus forecast in the market this year.

## Agriculture – WASDE release

The USDA is scheduled to release its monthly WASDE report later today. The market expects the agency to increase its US soybean ending stocks by roughly 8m bushels to 568m bushels while trimming its corn ending stock estimates by 40m bushels to 2,033m bushels. Little change is expected in global ending stocks for both corn and soybeans.

Brazil's total coffee exports rose 0.7% YoY to 3.7m bags (60kg) in August, according to data released by Cecafe Group. The group said that the Arabica coffee exports fell 6.6% YoY to 2.5m bags. In contrast, Robusta coffee exports rose 31.4% YoY to 924.7k bags.

### Author

#### Warren Patterson

Head of Commodities Strategy

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

#### Ewa Manthey

Commodities Strategist

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