

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



Oil prices are trading softer this morning, with further talks between the US and Iran planned for Thursday

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.

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