

The Commodities Feed: European gas moves lower

The move higher in oil appears to be running out of steam, while European gas prices saw further weakness yesterday as the noise around the stoppage of Russian gas through Ukraine settles



Energy – Saudis raise oil prices

The move higher in crude oil prices appears to be running out of momentum with ICE Brent settling 0.27% lower on the day, although it continues to trade above US\$76/bbl. While there has been some tightening in the physical market, fundamentals through 2025 are still set to be comfortable, which should cap the upside. [We still see oil prices trending lower through the year.](#)

Saudi Arabia raised its official selling price for Arab Light into Asia by US\$0.60/bbl month-on-month to US\$1.50/bbl over the benchmark for February loadings. All grades into Asia saw increases ranging between US\$0.40/bbl and US\$0.60/bbl. The increase comes after OPEC+ decided last month to extend supply cuts. In addition, the physical market in the Middle East has seen some strength more recently.

Preliminary OPEC production numbers are starting to come through, and according to a Bloomberg survey, crude oil production fell by 120k b/d MoM to total 27.05m b/d in December. Declines were driven by the UAE, Kuwait and Iran, where the former saw production falling by 100k

b/d, while the latter two saw output decline by 40k b/d. Meanwhile, Iraqi oil production is estimated at 4.12m b/d, still above its production target of 4m b/d.

The latest Commitment of Traders report shows that speculators increased their net long in ICE Brent by 33,070 lots over the last reporting week, leaving them with a net long of 186,915 lots as of 31 December. This move was predominantly driven by fresh longs entering the market after an improvement in sentiment. However, given expectations for a comfortable supply/demand balance this year, we expect speculators to have limited appetite to increase this position significantly.

European natural gas prices came under further pressure yesterday. TTF settled more than 4.6% lower on the day at EUR47.33/MWh, after having briefly traded above EUR50/MWh last week. Now that the market has confirmation of the stoppage of Russian pipeline flows through Ukraine, speculators who built a record net long through last year, could be starting to take some risk off the table. In addition, while storage has been falling at a quick pace this winter and storage is at its lowest levels for this time of the year since 2022, at 70%, storage is still comfortable. Although, admittedly the EU will face a bigger task of refilling storage this injection season compared to last year.

Agriculture – Crop concerns support cocoa

Cocoa prices remain elevated due to production concerns from top producer Ivory Coast. Dry harmattan weather conditions in the region are posing a threat to cocoa crops. Meanwhile, recent data indicates that total cocoa arrivals for the season at the Ivory Coast ports have been slowing and totalled 1.1mt as of 5 January. However, this is still up from 871kt at the same stage last season.

Weekly export inspection data from the USDA for the week ending 2 January shows that US wheat shipments rose while corn and soybean exports slowed over the last week. US weekly inspections of corn for export stood at 847.5kt, down from 907.6kt in the previous week and 1,092.4kt reported a year ago. Similarly, US soybean export inspections stood at 1,285kt over the week, much lower than 1,643.2kt in the previous week but up from the 1,040.8kt reported a year ago. Meanwhile, US wheat export inspections stood at 412.3kt, compared to 339.1kt a week ago and 501.9kt for the same period last year.

Author

Warren Patterson

Head of Commodities Strategy

Warren.Patterson@asia.ing.com

Ewa Manthey

Commodities Strategist

ewa.manthey@ing.com

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