

The Commodities Feed: European gas weaker

European natural gas prices continue to come under pressure, with TTF down more than 9% so far this week



Energy – Oil supported, gas weaker

Oil prices remain well supported with ICE Brent settling 1% higher yesterday. Sentiment remains positive on the back of colder weather across parts of the Northern Hemisphere, which is likely to boost oil demand. In addition, spot Asian LNG is trading at a premium to oil, increasing the risk of substitution. Meanwhile, uncertainty over how hawkish Trump will be with Iran will be providing some support. Asian buyers have already been looking for alternative grades from the Middle East, with broader sanctions against Russia and Iran making this oil flow more difficult. This move had pushed the Brent-Dubai spread into negative territory in recent weeks, although it has since reverted to a premium.

In Europe, refined product inventories in the ARA region increased by 50kt WoW to 6.77mt. The increase was driven by gasoline stocks which grew by 120kt. All other products saw a decline in inventories with gasoil stocks falling by 35kt. However, with gasoil inventories still standing at 2.47mt, they are at very comfortable levels for this time of the year.

European natural gas prices came under further pressure yesterday. TTF fell by 1.26% to settle just below EUR45/MWh. This leaves total declines at more than 9% so far this week. The forecast for North West Europe shows some milder weather next week, which will be easing some concerns. In

addition, the spread between European and Asian LNG prices means that Europe should be a more attractive market for LNG. EU storage is now 68% full, down from 83% at the same time last year and below the five-year average of 74%.

Agriculture – WASDE release

The USDA is scheduled to release its monthly WASDE report later today. Initial market expectations suggest that the agency could decrease its US corn-ending stocks by 64m bushels to 1,674m bushels while trimming its soybean ending stock estimates by 12m bushels to 458m bushels. Turning to global supply, the agency is expected to revise down its Argentina corn and soybean output estimates slightly to 50.6mt (-0.4mt) and 51.9mt (-0.1mt), respectively. Meanwhile, Brazilian corn and soybean output is estimated at 127mt and 170.1mt (+1.1mt) respectively. Global ending stocks for corn are expected to decline from 296.4mt estimated in December to 295.2mt, while for soybeans, ending stock estimates are expected to edge up from 131.9mt to 132.1mt.

Recent data from Russia's Agricultural Regulator shows that the grain exports increased by 4mt YoY to 73.1mt for 2024. This includes wheat exports of 57.5mt, while corn exports stood at 6.7mt.

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