

## The Commodities Feed: Oil holding firm heading into the FOMC

Oil prices remain well supported, although price direction today could be dictated by the FOMC meeting



Jerome Powell, Chair of the Federal Reserve

### Energy - US crude inventories fall

The oil market continues to hold relatively firm. ICE Brent is trading just shy of US\$95/bbl. The Saudi Energy minister yesterday said that OPEC remains committed to a balanced market and that they do not have a specific price target. In addition, the group will review supply cuts on a monthly basis. Pressure on the group will likely grow as long as prices stay elevated and we cannot rule out that OPEC or at least Saudi Arabia start to ease some of their supply cuts this year.

API numbers released overnight show that US crude oil inventories fell by 5.25MMbbls over the last week, which was more than the roughly 1.7MMbbls draw the market was expecting. Crude stocks at the WTI delivery hub, Cushing, also saw a large decline of 2.56MMbbls, which will provide some strength to the prompt WTI timespread. Meanwhile, gasoline inventories increased by 732Mbbls over the week, whilst distillate stocks fell by 258Mbbls. The more widely followed EIA inventory report will be released later today.

While fundamentals have been a key driver for oil prices in recent weeks, we could see macro influences come back into play at least in the immediate term, given the FOMC meeting.

Expectations are that the Fed will keep rates unchanged at this meeting. But markets will be closely looking for any indication about what the Fed could do at their meetings later in the year.

TTF rallied by almost 6.7% yesterday with further supply issues from Norway. The Troll field will see a full shutdown on Wednesday, which means that 125mcm/day of supply will be unavailable. A full halt will continue until Thursday, after which supply will make a gradual recovery. However, given the number of delays we have seen over the summer, there is clearly a risk that we see further delays to capacity returning to the market.

## Metals – LME on-warrant stocks rise

Recent LME data shows that total on-warrant stocks for lead increased 10,675 tonnes to 69,200 tonnes yesterday, leaving on-warrant stocks at their highest levels since June 2021. The majority of the inflows were reported in Singapore and Taiwan warehouses. This saw total exchange inventories rise by 10,075 tonnes to 71,050 tonnes. Zinc also saw increases with on-warrant stocks rising by 5,700 tonnes to 81,025 tonnes, whilst cancelled warrants extended their decline for a third consecutive session, falling by 9,000 tonnes to 34,325 tonnes yesterday.

The latest LME COTR report shows that investors increased their net bullish positions for copper by 3,016 lots to 55,941 lots in the week ending 15 September. Similarly, speculators increased their net long in zinc by 7,240 lots to 39,616 lots. In contrast, money managers decreased their net long in aluminium by 1,644 lots to 76,461 lots over the last reporting week.

## Agriculture – Nigeria’s cocoa output

Nigeria’s National Cocoa Association has said that domestic cocoa production for 2023/24 will be impacted by heavy rainfall and black pod disease, making it difficult for the association to come up with the production forecast for the season. Meanwhile, according to the Cocoa Research Institute of Nigeria, the ongoing black pod disease could damage over 40% of domestic output if left untreated.

In its latest report, the European Commission said that the EU’s soft wheat exports for the ongoing season stood at 6.32mt as of 17 September, down 27% YoY. The major destinations for these shipments were Morocco, Nigeria, and Algeria. As for corn imports, these stood at 3.3mt over the same period, down 44% YoY. Last season the EU saw stronger corn imports due to a poor domestic crop.

### 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).