The Commodities Feed: Oil inventory draws

Oil prices were supported by a constructive inventory report from the EIA, while European natural gas prices rallied on the back of increased LNG buying interest from Asia

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Energy – supportive EIA inventory report

Oil prices rebounded yesterday due to supportive inventory numbers from the US.

The EIA reported that US commercial crude oil inventories fell by 3.74m barrels over the last week. This leaves total commercial crude oil inventories at 436.49m barrels- the lowest since February. Crude oil imports fell 166k b/d WoW, while crude oil exports increased 222k b/d WoW. However, refinery runs declined further over the week, falling 2.1pp to 91.6%, effectively reducing crude inputs into refiners by 521k b/d WoW. Lower refinery rates also resulted in product inventories falling. Gasoline and distillate fuel oil stocks fell by 5.57m barrels and 2.75m barrels respectively. Demand numbers would have provided some further support. Implied gasoline demand increased by 673k b/d WoW

European natural gas prices saw renewed strength yesterday. TTF settled almost 3.2% higher on the day despite European storage continuing to edge higher. The strength in the market has been attributed to some Asian buying interest in the spot LNG market. Meanwhile, investment funds increased their net long in TTF by 5TWh over the last reporting week to a little over 131TWh. The move higher is being pinned on some Asian buying in the spot LNG market. Speculators continue to hold a sizeable position in TTF, despite the comfortable storage situation in Europe.

In the US, the EIA will release its weekly natural gas storage report today. Expectations are that storage increased by 11Bcf over the last week, while the 5-year average for the week ending 19 July is a 31Bcf increase.

Metals - Beijing plans to cut aluminium emissions

China said it will support aluminium producers to use more renewable energy, including wind and solar, and no longer approve any new coal-fired power generators for smelting, according to a government plan published this week.

By the end of 2025, 30% of the industry's capacity is expected to meet the efficiency benchmark, and capacity below the baseline efficiency level must undergo technical upgrades or be phased out. The utilization rate of renewable energy in the industry should reach over 25%, according to the plan. Meanwhile, secondary aluminium production should hit 11.5 million tonnes. The government's plan is expected to save 2.5 million tonnes of coal and cut carbon dioxide emissions by 6.5 million tonnes from 2024 to 2025.

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