

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



Source: Shutterstock

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.

Author

Warren Patterson

Head of Commodities Strategy

Warren.Patterson@ing.com

Ewa Manthey

Commodities Strategist

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.