

The Commodities Feed: Oil rallies as Zelensky-Putin meeting looks unlikely

Oil prices moved higher yesterday after the German Chancellor poured cold water on hopes for a meeting between Zelensky and Putin



Energy – Peace deal hopes fade further

Oil prices rallied after the German Chancellor Merz said it's unlikely that Presidents Zelensky and Putin will meet, providing a blow to hopes for a peace deal between Ukraine and Russia. Given the lack of progress since Putin's summit with President Trump, this isn't a big surprise. Meanwhile, Russia carried out a fresh wave of deadly attacks on Kyiv, damaging buildings housing the EU mission and the British Council. The lack of progress towards a peace deal means risks of sanctions and secondary tariffs continue to hang over the oil market.

Insights Global data shows that gasoil inventories in the Amsterdam-Rotterdam-Antwerp (ARA) region increased by 53kt WoW to 2.09mt, the fourth consecutive week of increases. Inventories have now increased by more than 20%. This takes gasoil inventories in the ARA region close to the 5-year average, which should help ease concerns over middle distillate tightness. However, gasoline inventories fell by 54kt WoW to 991kt, extending a trend we've seen for much of the year. European gasoline demand in some key markets has been fairly robust for much of this year, contributing to lower stocks. Tighter gasoline stocks are providing some late-season strength to gasoline cracks in NW Europe.

In Singapore, onshore refined product stocks fell by 346k barrels to 47.54m barrels. Light and

middle distillate stocks fell by 1.67m barrels and 366k barrels, respectively, while residual fuel inventories grew 1.69m barrels.

European natural gas prices came under pressure yesterday, with the Title Transfer Facility (TTF) settling 2.95% lower. This is despite Norwegian gas flows to Europe falling to their lowest level since mid-July amid ongoing maintenance work in Norway. Despite these lower flows, EU storage continues to tick higher, standing at close to 77% full, although this is still below the seasonal 5-year average of 84%.

Metals - Iron ore gets a boost after report that China aims to cut steel output

China will aim to cut steel production and curb new capacity between 2025 and 2026, according to Reuters. A planning document issued jointly by multiple Chinese ministries outlined proposals to reduce steel output, given excess supply and insufficient demand. Iron ore in Singapore rose as much as 1.7% to above \$104/t, its highest in more than two weeks.

The document did not set targets for output cuts pledged by the government earlier this year. It did, however, set a goal of raising the industry's "value-add" by 4%, investing in new technology and promoting steel use in infrastructure and residential construction, Reuters reports. Crude steel output fell 3.1% in the first seven months of this year.

The report said China would achieve annual steel output cuts by forcing the closure of outdated and inefficient furnaces and supporting the development of advanced enterprises.

Beijing will increase efforts to ensure the supply and price stability of raw materials, including iron ore and coking coal, according to the document. Also, efforts will be made to enhance the management of steel exports, the document said, without elaborating. China's steel exports surged over the past two years, triggering anti-dumping measures from trade partners. China's steel exports from January to July hit an all-time high and are on track to surpass a record high hit in 2015.

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