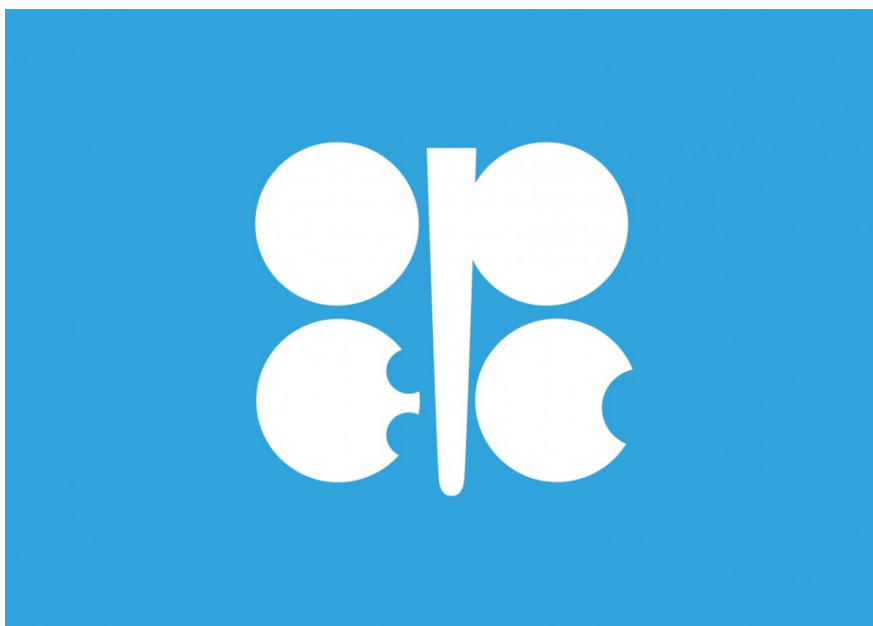


The Commodities Feed: OPEC+ day

OPEC+ is scheduled to meet today and there is growing noise around deeper cuts. The group will want to avoid disappointing the market given high expectations



Energy - OPEC+ uncertainty

All eyes are on OPEC+. The group is set to meet later today to discuss output policy for 2024. There are growing expectations that they could make deeper supply cuts, which would be in addition to the rollover of the voluntary cuts from Saudi Arabia and Russia. Clearly, this growing expectation leaves downside risk for the market if OPEC+ disappoint later today. Adding to the uncertainty from the meeting is that it is still not clear if the group has been able to resolve a disagreement over Angolan and Nigerian production targets for next year. However, for now, the market appears focused on the potential for deeper cuts with ICE Brent rallying 1.74% yesterday to settle above US\$83/bbl- the highest close since early November.

The market ignored what was a relatively bearish inventory report from the EIA. US commercial crude oil inventories increased by 1.61MMbbls over the week to 449.7MMbbls. The market had been expecting a small draw. The build comes despite US net exports of crude and products hitting an all-time high of 4.45MMbbls/d last week. Refinery utilisation rates increased by 2.1pp to 81.8% as refiners returned from maintenance season. Higher refinery run rates and weaker implied demand over the week meant that product inventories also increased. Gasoline stocks grew by

1.76MMbbls, while distillate stocks increased by 5.22MMbbls. This is the first weekly build in distillate inventories since late September. Although with stocks at just under 111MMbbls, they are still at their lowest levels since 2013 for this time of year.

Agriculture – Brazilian sugar output estimates raised

In its monthly report, Brazil's agriculture agency, CONAB, now expects sugar cane production in Brazil to reach 677.6mt in 2023/24 following favourable weather conditions, up from its previous estimate of 653mt and also higher than the 610.8mt in 2022/23. As a result, sugar output estimates were revised up to 46.9mt for 2023/24, compared to a previous estimate of 40.9mt. In 2022/23, Brazilian sugar output totalled 36.8mt.

Authors

Warren Patterson

Head of Commodities Strategy

Warren.Patterson@asia.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 <http://www.ing.com>.