

The Commodities Feed: Noise around OPEC+ production increases

Oil prices came under pressure yesterday, and in early morning trading today, amid increasing noise around OPEC+ production policy for July



Energy – OPEC+ output policy

The oil market is under renewed pressure as noise builds around what OPEC+ will do with their July output levels. There are reports suggesting the group is considering another large supply increase, similar to those in May and June output. This would cement the shift in policy from the group -- moving from defending prices to defending market share. In our balance sheet, we assume that OPEC+ will go ahead with a 411k b/d supply increase for July. Therefore, our price forecasts will remain unchanged if an increase of this size is confirmed at the beginning of next month. We currently forecast Brent to average US\$59/bbl in the fourth quarter. The front-month ICE Brent timespread has also come under pressure, falling from a backwardation of US\$0.74/bbl at the start of the week to around US\$0.50/bbl.

Meanwhile, following a G7 summit in Canada, finance ministers have threatened further sanctions against Russia if no progress is made towards a peace deal with Ukraine. In addition, the EU is throwing around the idea of lowering the G7 price cap for Russian oil to US\$50/bbl from US\$60/bbl.

Russian Urals are currently trading at around US\$55/bbl, which allows western shipping services to be used in the trade of this oil.

US natural gas prices sold off yesterday, with NYMEX Henry Hub settling 3.4% lower on the day. This was after Energy Information Administration data showed that US natural gas storage increased by 120 billion cubic feet over the last week. This was slightly above market expectations and well above the 5-year average for an 87 bcf increase. It leaves total gas storage at 2.375 tcf, 3.9% above the 5-year average.

Agriculture – Looser corn balance sheet

In its monthly update, the International Grains Council (IGC) raised its 2025/26 global corn output forecasts and cut its demand forecast. Estimated global ending stocks are rising from 281mt to 284mt. For wheat, the council left 2025/26 production estimates unchanged. However, it lowered demand estimates marginally, raising global ending stock estimates from 260mt to 262mt. Finally, for soybeans, global ending stock estimates for 2025/26 were cut from 83mt to 81mt amid expectations for stronger demand.

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.