

## The Commodities Feed: Supportive measures from China

Oil's positive momentum continues as tensions in the Middle East remain elevated alongside fresh hurricane threats for the US and Mexico. The latest supportive measures announced in Beijing have further buoyed sentiment in the commodity complex



Beijing, China

### Energy - Oil advances

Both NYMEX WTI and ICE Brent rose this morning with prices trading higher over 1% following the latest air strikes by Israel on Hezbollah targets in Lebanon, worsening the Middle East tensions. Meanwhile, threats of a hurricane are setting in for the US and Mexico, with many facilities suspending operations as preventive measures. There are suggestions that Shell Plc has curtailed production at the Appomattox project and the Stones oil field in the Gulf of Mexico amid bad weather, while Chevron Corp. also removed some crews from offshore installations.

European gas prices rose significantly with TTF front-month futures rising over 5% to close above EUR36/MWh as of yesterday. Gas prices continued to trade higher for a second consecutive session following the forecasts for colder weather, with temperatures falling below the seasonal norm in

parts of Europe through the start of October, potentially boosting gas demand for heating purposes.

Meanwhile, persistent threats on gas pipeline imports also kept the supply risks elevated. In Norway (Europe's largest supplier) several unplanned outages are compounding the impact of seasonal works at gas facilities. In the US, flows to the Cove Point liquefied natural gas export terminal slumped over the weekend, coinciding with scheduled maintenance. GIE data shows that storage is almost 94% full, fairly above the five-year average of 88.7%.

## Metals - China support measures lift the complex

Industrial metals edged higher while SGX iron ore prices jumped over 4% this morning, as [China's central bank announced fresh policy support for the economy](#). The People's Bank of China (PBOC) announced it will reduce the amount of money banks must hold in reserve to the lowest level since at least 2020 while reducing a key policy rate. The PBOC also unveiled a package to support the country's suppressed property market.

Spot gold prices extended the upward rally for a third consecutive session, reaching fresh record highs in the early trading hours today. The latest comments from Federal Reserve officials indicated the possibility of additional large rate cuts for the year. The market now expects at least three-quarters of a point of further easing (suggesting one more 50bp cut) by year-end.

First Quantum has temporarily suspended operations at its Kansanshi copper mine in Zambia following a fatal accident over the weekend. The mine produced 134.8kt of copper last year and plays an important role in First Quantum's revenue sources following the closure of the Cobre Panama mine.

## Agriculture - Thailand expects sugar output to recover next season

In its first estimates for 2024/25, Thailand's Office of the Cane and Sugar Board expects sugar production to rise by 18% year-on-year to 10.4mt for the upcoming season. The rise in estimates would be largely driven by favourable weather conditions and improved farming techniques. However, the global sugar market remains volatile with the outbreak of fires in Brazil, while Thailand's sugar export prospects are still subjected to international demand and fluctuating prices. Meanwhile, exports have been impacted in the 2023/24 season due to reduced output, which fell 20.4% YoY to 8.8mt.

In its monthly crop monitoring MARS report, the European Commission estimates that corn yields could drop to 6.84t/ha from a previous projection of 7.03t/ha and below the five-year average of 7.35t/ha. Dry weather and lower rainfall in Europe's southern-central and eastern regions weighed on corn yields. In contrast, soybean yield estimates rose from 2.75t/ha from its previous estimates to 2.81t/ha, higher than the five-year average of 2.73t/ha.

The latest data from the Uganda Coffee Development Authority show that Uganda's coffee shipments rose 2% month-on-month and 13% YoY to a record high of 837.9k bags (surpassing a previous record of around 821.6k bags in July 2024) in August. The healthy harvest in the Southwestern region and Greater Masaka and higher global prices are primarily responsible for the stronger shipments. Meanwhile, cumulative shipments for the season (October 2023-August 2024) stood at 5.8m bags (60kg bag), up 4.6% YoY.

The USDA's latest crop progress report shows that 65% of the US corn crop is in good to excellent condition, up from 53% at the same stage last year. The harvest is progressing well with 14% of the crop harvested, up from 13% at the same stage last year and also above the five-year average of 11%. As for the soybean crop, 64% is rated good to excellent, up from 50% at the same point the previous year. The harvest is showing decent progress with 13% of the area harvested, up from 10% at the same time last year. It is also higher than the five-year average of 8%. Finally, 25% of the winter wheat area has been planted, up from 23% at the same stage last year and slightly higher than the five-year average of 24%.

The USDA's weekly export inspection data for the week ending 19 September shows strong demand for US grains. Export inspection for corn stood at 1,102.8kt over the week, up from 568.9kt a week ago and 710.6kt reported a year ago. Similarly, US wheat inspection stood at 711.1kt, higher than the 588.8kt in the previous week and 485.7kt reported a year ago. For soybeans, US export inspections stood at 485.2kt, up from 473.3kt last week but lower than the 508kt seen in the previous year.

## Author

### Ewa Manthey

Commodities Strategist

[ewa.manthey@ing.com](mailto:ewa.manthey@ing.com)

### Warren Patterson

Head of Commodities Strategy

[Warren.Patterson@asia.ing.com](mailto:Warren.Patterson@asia.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](http://www.ing.com).