

## The Commodities Feed: The Fed goes big

The 50bp cut from the Fed led to some brief price spikes across the commodities complex. However, with the 50bp cut largely priced in, the move was short-lived



US Federal Reserve  
Chairman Jerome  
Powell

### Energy – SPR refill

While oil prices saw a brief spike following the Fed's 50bp rate cut, the market settled marginally lower on the day. In early morning trading in Asia, oil is again under pressure. Expectations for a 50bp cut had grown in recent weeks, so the move was largely priced in.

For oil, that means attention will likely turn back to demand worries. China has obviously been the key concern when it comes to demand, but there have also been reports of refiners in Europe cutting run rates due to poor margins.

EIA weekly numbers yesterday showed that US commercial crude oil inventories fell by 1.63m barrels over the last week, somewhat different to the 1.96m barrel build the API reported the previous day. US commercial crude oil inventories are now at their lowest level in a year. Crude inventories at the WTI delivery hub, Cushing, also fell by 1.98m barrels over the week to 22.71m barrels, which will also create noise around inventories nearing tank bottoms and provide some support to prompt WTI timespreads. The draw in inventories was driven by trade. Crude oil exports grew by 1.28m b/d WoW, while imports fell by 545k b/d. On the refined product side, small builds were reported. Gasoline and distillate stocks increased by 69k barrels and 125k barrels

respectively. Gasoline demand continues to trend lower following the end of the summer driving season. The 4-week average implied demand number fell by 104k b/d WoW to 8.88m b/d.

The US administration is looking to buy 6m barrels of crude oil for the Strategic Petroleum Reserve (SPR) for delivery February-May 2025. Given the recent weakness in oil prices, it makes sense for the Department of Energy (DoE) to increase purchases to refill the SPR. The DoE's target price is below US\$79.99/bbl, while WTI early 2025 forwards are trading sub-\$69/bbl currently.

## Metals – Zinc surplus eases

The latest data from the International Lead and Zinc Study Group (ILZSG) shows that the global zinc market recorded a surplus of 254kt in the first seven months, lower than the surplus of 466kt during the same period last year. Global refined zinc production remained almost flat at 8.1mt, while total consumption reported gains of 2.6% YoY to 7.8mt between January and July 2024. As for lead, total production was flat at around 7.6mt while consumption fell by 1.3% YoY to 7.5mt over the first seven months of the year. The global lead market witnessed a surplus of 59kt in Jan'24-Jul'24, compared to a deficit of 36kt during the same period last year.

The latest batch of trade numbers from Chinese Customs shows that imports of unwrought aluminium and aluminium products rose 2% YoY to 280kt in August, while cumulative shipments increased 51% to 2.6mt in the first eight months of 2024. For steel products, exports increased by almost 15% YoY to 9.5mt, which leaves cumulative steel product exports at 70.58mt over the first eight months of the year, up 20% YoY. Weaker domestic demand continues to see larger volumes of steel exports from China.

## Agriculture – Ukrainian grain exports

The latest data from Ukraine's Agriculture Ministry shows that grain exports so far in the 2024/25 season rose by 51% YoY to 8.9mt as of 18 September. This includes wheat exports of 5mt (+76% YoY) and corn shipments of 2.5mt (almost the same as last year). Farmers have already harvested 30mt of the grains.

Trade numbers from China Customs show that corn imports dropped 64% YoY (for a fourth consecutive month) to 430kt in August, while cumulative imports declined 15.7% YoY to 12.6mt in the first eight months of the year. China has already taken steps to protect farmers by limiting overseas purchases with domestic warehouses holding plenty of grain. For wheat, monthly imports fell 51% YoY to 410kt. However, cumulative imports are still up 9.8% YoY to 10.5mt in Jan'24-Aug'24.

### Authors

#### Warren Patterson

Head of Commodities Strategy

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

#### Ewa Manthey

Commodities Strategist

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