Article | 17 December 2025 COMMODITIES DAILY

# The Commodities Feed: Trump's Venezuelan oil tanker blockade

The oil surplus environment saw Brent trade down to its lowest level since February 2021 yesterday. However, prices are finding better support in early morning trading today, with Venezuelan supply risks growing

## Energy - Venezuelan oil supply risks

The oil market sell-off accelerated yesterday. ICE Brent is settling 2.7% lower, breaking below US$60/bbl to its lowest level since February 2021. This pressure comes from a growing surplus outlook. Hopes for a Russia-Ukraine ceasefire will undoubtedly add to the downward pressure. As our oil balance shows, the peak of the surplus is expected in the first quarter of 2026. However, with every quarter of next year in surplus, inventories should grow throughout 2026, putting further pressure on oil prices.

There are clear supply risks to our view. Russian risks are well telegraphed, but there are clear risks to the Venezuelan oil supply. Oil prices have bounced higher in early-morning trading today (WTI up around 1.3% at the time of writing), after President Trump ordered a blockade of sanctioned oil tankers entering and leaving Venezuela. This follows the US seizing an oil tanker off the coast of Venezuela last week. Venezuela exported around 600k b/d of oil in November. It's likely that these volumes will fall given the latest developments. The bulk of this oil is shipped to China.

American Petroleum Institute (API) inventory numbers released overnight were also supportive of the market. US crude oil inventories are reported to have fallen by 9.3m barrels over the last week. Meanwhile, refined product inventory changes were more bearish, with gasoline and distillate fuel oil stocks increasing by 4.8m barrels and 2.5m barrels, respectively.

European natural gas prices continued to come under pressure yesterday, with the Title Transfer Facility (TTF) settling 2.4% lower. Milder weather weighed on the market. However, forecasts show that weather is set to turn colder than usual later in the month, which should provide some support to prices. Particularly when you consider that EU gas storage is below average, at 69% full at the moment vs. a 5-year average of 78%. The record-large gross short that investment funds hold in TTF continues to pose a risk.

## Metals – South32's Mozal aluminium smelter to shut

South32 will shut its Mozal aluminium smelter in Mozambique after failing to secure a long-term electricity supply, adding to an already tight market. This should keep global inventories low, while prices are expected to see further upside next year. Mozal will be placed on care and maintenance in March, when the current contract ends. South32 said it has not procured the raw materials required to sustain operations beyond that period. The Mozal smelter, in which South32 holds a 64% stake, is Mozambique's largest industrial employer. It accounted for around 29% of South32's total aluminium production in 2025. Aluminium is Mozambique's third-biggest export.

Producing aluminium is highly energy-intensive, and smelters globally have been struggling to secure long-power contracts at viable prices.

This means our global aluminium deficit will now increase to around 600kt. This also assumes Century's 12-month Iceland outage and China's capacity cap will remain at 45 million tonnes. Still, a faster-than-expected ramp-up in new Indonesian capacity could narrow that deficit and put downward pressure on prices.

Mozal has been a significant source of aluminium exports to Europe. The smelter's closure will directly impact the EU's aluminium industry. Europe is unlikely to restart enough idled smelting capacity to fill the Mozal gap, with power price volatility capping any meaningful domestic recovery. This means higher premiums and tighter supply, particularly for low-carbon aluminium. Mozal's aluminium, produced using hydropower, is considered low-carbon. It has helped European buyers meet decarbonization targets and limit CBAM exposure.

## Agriculture – Wheat declines on ceasefire hopes

CBOT wheat prices extended losses for a third consecutive session yesterday. They reached their lowest level since October 2025 amid expectations of abundant South American supply and renewed efforts to end the war in Ukraine. The nation is estimated to have produced around 23m tonnes of wheat in 2025/26, about 10m tonnes below 2021/22, largely due to reduced area. A ceasefire could ultimately lead to a recovery in both planted area and production.

Recent estimates from France's Agriculture Ministry show that the domestic winter grain plantings for 2026 will reach 6.4m hectares, thanks to better weather conditions, up 2.3% from last year. Similarly, the soft winter wheat harvest is expected to increase by 2.3% year-on-year to 4.6m hectares, roughly in line with the five-year average. The corn harvest is complete, with production (excluding seeds) estimated at 13.4mt, slightly higher than last month's forecast of 13.2mt. However, this was 8% below last season's output, largely due to heat waves and drought conditions during the summer weighing on yields.

## Author

**Warren Patterson**
Head of Commodities Strategy
Warren.Patterson@asia.ing.com

**Ewa Manthey**
Commodities Strategist
ewa.manthey@ing.com

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