The Commodities Feed: US oil stocks build

Oil prices are under pressure due to a stronger USD and a surprise build in US inventories. However, we remain supportive towards the market in the coming months

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Energy – US oil stock builds

Oil prices came under pressure yesterday driven largely by a stronger USD. ICE Brent settled almost 1.2% lower on the day. We could see further pressure in the immediate term after API numbers overnight came in more bearish than expected. The API reported that US crude oil inventories increased by 914k barrels last week, compared to expectations for a 2.8m barrel draw. In addition, gasoline stocks increased by 3.8m barrels, while distillates saw a decline of 1.2m barrels. The market was expecting draws in both gasoline and distillates.

However, the market is likely to find some support along the 100-day moving average, while more broadly, tightening fundamentals through the third quarter of the year leaves us supportive towards the market over the period.

ExxonMobil has said it might have to suspend operations at its 240k b/d Gravenchon refinery in France due to striking workers blocking access to the plant. The refinery makes up around 20% of total French refining capacity. Workers have been blocking access to the site since Friday. The strike is in response to ExxonMobil's decision to shut down a steam cracker at the refinery.

European natural gas prices rallied yesterday. TTF settled almost 2.3% higher on the day. In Norway, an unplanned outage at the Visund field will reduce capacity. It's unclear how long the outage will last, but it is impacting around 7.4mcm/day of supply. In addition, Finnish energy company, Gasum, said it will stop importing Russian LNG from 26 July, following the EU's latest sanction package. This is because the latest sanction package prohibits the import of Russian LNG into an EU terminal which is not connected to the EU gas network. Finland imported only around 180mcm of LNG from Russia in 2023, around 11% of total Finnish LNG imports.

Agriculture – Cocoa prices extend losses

Cocoa prices came under further pressure yesterday. US cocoa has fallen around 26% since mid-June. Decent rainfall in Ghana and Cameroon is expected to boost the mid-harvest and next season's cocoa output. Ghana also forecasts its cocoa crop to recover next season on better weather conditions along with timely supplies of pesticides and fertilizers. There are suggestions that Ghana could harvest 700kt of cocoa for the 2024/25 season, up from an estimated 580kt in 2023/24.

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