

## The Commodities Feed: WTI holds at \$70/bbl

The oil market has steadied after falling for two consecutive sessions as the latest inventory numbers from the American Petroleum Institute (API) remain largely supportive. Natural gas rallied after the EU reaffirmed stoppages of Russian flows via Ukraine as scheduled



### Energy – API reports oil inventory draws

NYMEX WTI is trading above \$70/bbl while ICE Brent edged above \$73/bbl this morning as a recent report from API suggests a sizeable drawdown in US commercial crude oil inventories. The continued threats of additional sanctions on Iran and Russian oil supplies along with persistent tensions in the Middle East and Europe continued to provide a floor for oil prices.

API numbers released overnight were constructive for the oil market. The institute reported that US crude oil inventories dropped by 4.7m barrels over the last week, compared to the market expectations of a draw of 1.6m barrels. On the other hand, API reported large inventory builds for products, with gasoline and distillate stocks increasing by 2.4m barrels and 0.7m barrels respectively. The more widely followed Energy Information Administration (EIA) report will be released later today.

The latest trade numbers from Chinese Customs show that imports of liquefied natural gas in the country fell 8.7% year-on-year to 6.2mt in November. This is the biggest drop reported since January 2023. The decline was largely driven by higher prices eventually hurting spot purchases. However, gas imports via pipeline have increased, with the majority coming from Russia.

As for gasoline, trade data shows that Chinese exports rose 42% YoY to 1.26mt last month, the highest monthly shipments since August 2023. A sudden jump in shipments could be mainly attributed to the plants rushing to ship before the reduction of a tax rebate from 13% to 9%.

Meanwhile, European gas prices reported their biggest intra-day gain in a month following the comments from the European Union that it has no interest in continued gas flows from Russia via Ukraine. TTF front-month futures rose over 4% to close above EUR42/MWh as of yesterday as the EU reaffirmed that it is prepared for the expiry of the transit deal between Ukraine and Russia by year-end. In the US, Henry Hub prices made a strong recovery yesterday, with front-month contract increasing around 10% from the lower levels as weather forecasts moderated slightly while prospects of European LNG demand improved for the coming months.

## Metals – Iron ore falls on demand woes

Iron ore edged lower for a second straight session, with SGX prices falling below US\$103/t in the early trading session today. The recent announcement from China for greater fiscal and monetary support next year failed to lift sentiment as the market continues to focus on the struggling property market and signs of a weakening steel industry in China.

Iron ore has been one of the [worst-performing commodities](#) so far this year, as the outlook from the Chinese downstream industry continues to deteriorate. Meanwhile, the latest estimates from Mysteel show that both crude steel production and apparent consumption in China are expected to decline in 2025. The group forecasts that China's total crude steel output will fall by 1.3% YoY (around 13mt) to 990mt next year, as domestic steelmakers would be forced to curb output due to intensifying anti-dumping measures and tariff hikes targeting Chinese steel products.

The latest batch of trade numbers from Chinese Customs shows that imports of unwrought aluminium and aluminium products fell 17.6% YoY to 280kt in November, while cumulative shipments increased 26% to 3.45mt in the first 11 months of 2024. For steel products, imports fell by almost 23% YoY to 470kt last month, while cumulative imports fell 11.3% YoY to stand at 6.2mt in January-November this year. Looking at the exports, the country's alumina exports jumped 56.7% YoY to 190kt in November, and year-to-date shipments increased 42.5% YoY to 1.6mt in the first 11 months of the year.

The latest LME COTR report released yesterday shows that speculators reduced net long positions in copper by 2,739 lots for a second consecutive week to 59,307 lots for the week ending 13 December 2024. Similarly, net bullish bets for aluminium fell by 1,191 lots for the second week straight to 113,214 lots at the end of last week, the lowest since the week ending on 11 October 2024. In contrast, money managers increased net bullish bets for zinc by 4,540 lots for a third consecutive week to 37,206 lots (the highest since the week ending 25 October 2024) as of last Friday.

## Agriculture – India's sugar output declines

The latest data from the Indian Sugar Mills Association (ISMA) shows that Indian sugar production

(excluding ethanol diversion) fell 17% YoY to 6.14mt for the season until 15 December. Meanwhile, sugar diversion towards ethanol is estimated to rise to 4mt for the year, compared with 2.15mt last year. The Association added that despite the late start, the number of operating factories and the corresponding crush rate is picking up at a faster rate.

The latest trade numbers from China Customs show that corn imports dropped significantly by 92% YoY for a seventh consecutive month to 300kt in November, while cumulative imports declined 40% YoY to 13.3mt in the first 11 months of the year. For wheat, monthly imports fell 90% YoY to 70kt last month, while cumulative imports declined 4% YoY to a total of 11.02mt between January and November this year. The decline is very much in line with the government's initiatives to reduce overseas grain imports this year primarily to support the domestic market.

Recent estimates from France's agriculture ministry show that the domestic winter grain plantation for 2025 will reach 6.3m hectares due to better weather conditions, up 6.6% from last year but 1.9% below the five-year average. Similarly, the soft winter wheat harvest area is expected to increase by 9% YoY to 4.5m hectares for the above-mentioned period. However, it remains low compared to levels seen over the past 30 years.

Weekly data from the European Commission shows that soft-wheat exports for the 2024/25 season dropped to 10.5mt as of 15 December, down 31% YoY. Rising competition from Russia and a poor harvest in France have weighed on export volumes. Nigeria, the UK, and Morocco were the top destinations for these shipments. In contrast, EU corn imports increased by 10% YoY to 9.2mt mainly due to weaker domestic supply this season.

## Authors

### 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 <http://www.ing.com>.