

The Commodities Feed: Brent below \$70 on demand concerns

Energy prices remain under pressure amid demand concerns, while copper prices get a boost from tariff uncertainty



Energy- Brent breaks below \$70/bbl

Sentiment remains negative in the oil market, with ICE Brent falling close to 2.5% yesterday. It settled below US\$70/bbl after briefly trading to its lowest level in three years. Rising OPEC supply and prospects for further increases, combined with ever-present tariff uncertainty, pushed the market lower.

Recent price weakness makes it difficult for US producers to “drill, baby, drill.” While prompt WTI is trading below \$67/bbl, forward values are even weaker. The calendar 2026 price is trading around \$63/bbl, reducing incentives for producers to increase drilling activity. If anything, we’re likely to see a bigger pullback in activity. Producers need, on average, a \$64/bbl price level to drill a new well profitably, according to the Dallas Federal Reserve Energy Survey.

Weekly US inventory data was also fairly bearish. Yesterday, the US Energy Information Administration (EIA) reported that US crude oil inventories increased by 3.61m barrels over the last week. That’s a marked increase from the 1.5m-barrel decline the American Petroleum Institute (API) reported the previous day. Also, crude oil stocks at Cushing rose by 1.12m barrels. This leaves stocks at the WTI delivery hub at the highest level since November. Lower refinery rates contributed to the build, with utilisation rates falling by 0.6pp, and crude inputs dropping by 346k b/d week on week. Among refined products, gasoline and distillate inventories fell by 1.43m barrels

and 1.32m barrels, respectively.

European natural gas prices traded in a volatile manner yesterday. Ultimately, prices closed lower with TTF settling 4.5% lower on the day. Positioning data shows that investment funds reduced their position in TTF by 56.5TWh to a net long of 174.8TWh, the smallest since July. It hardly helped that the European Commission delayed the release of a plan to phase out Russian fossil fuels. Some read this as a sign that a partial resumption in Russian pipeline gas is possible under a peace deal. In addition, the EU will allow some flexibility in storage targets, although member states should still aim to have storage 90% full by 1 November.

Metals – Comex/LME copper arb surges

Comex copper futures surged more than 5% yesterday after US President Donald Trump proposed a 25% tariff on copper imports. The move in COMEX copper also pushed LME copper prices higher. The COMEX/LME arb widened back towards \$1,000/t on the back of the news. Last week, Trump instructed the US Commerce Department to mull potential copper import tariffs. The market anticipated a relatively long investigation before tariffs are implemented. The latest indications are that the copper tariff could be enforced sooner.

China's National Development and Reform Commission pledged to enforce production cuts in the country's steel and oil industry. The aim would be to improve industry profitability and reduce pollution. China's steel production remains above 1bn tonnes despite Beijing's efforts to reduce capacity. Industry estimates suggest that cuts of around 50mt could be implemented.

Author

Warren Patterson

Head of Commodities Strategy

Warren.Patterson@ing.com

Ewa Manthey

Commodities Strategist

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 www.ing.com.