

The Commodities Feed: Buy the rumour, sell the fact

Your daily roundup of commodity news and ING views



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Energy

Having got confirmation that OPEC+ would extend current cuts through until the end of July, the market sold off yesterday with ICE Brent settling more than 3.5% lower on the day. The realisation that OPEC+ has no way to enforce better compliance from those members who are lagging (never mind making them compensate for poor compliance), along with confirmation from Saudi Arabia that their additional voluntary cuts of 1MMbbls/d will only be for this month, was enough to put downward pressure on the market. A return of supply from Libya does not help, with the National Oil Corporation lifting force majeure on exports from the Sharara and El Feel fields.

Following the boost in official selling prices (OSP) from the Saudis over the weekend, Abu Dhabi has increased the OSP for its Murban crude for July by US\$5.45/bbl, leaving it at a US\$1/bbl premium to the Dubai benchmark. The strength we are seeing in physical differentials will not help refiners, who are already having to deal with very weak refining margins.

Finally, the EIA will be publishing its monthly Short Term Energy Outlook later today, where the focus will be on their estimates for US crude oil production. In their previous report, the EIA

estimated that US oil output would average 11.69MMbbls/d in 2020, and 10.9MMbbls/d in 2021.

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