

The Commodities Feed: Further pressure on OPEC+ laggards

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Energy

Oil strengthened yesterday, with ICE Brent breaking back above US\$43/bbl, following the OPEC+ Joint Ministerial Monitoring Committee (JMMC). The Saudis put renewed pressure on members who are falling short of the deal, to hit compliance, as well as compensate for their lack of compliance so far. The JMMC supported the request of several of these laggards to extend the period for compensatory cuts through until the end of December 2020. The UAE, which has produced above its quota for the last 2 months, has said that it will not exceed its quota in September, and will make up for its shortfall over October and November. The JMMC also said that member countries should be willing to take further action if necessary, particularly in the current environment. But as of now, the OPEC+ deal will continue in its current form, with the group cutting by 7.7MMbbls/d.

Finally, in the US, as of yesterday 30.69% of US Gulf of Mexico (GOM) production was shut-in as a result of Hurricane Sally, according to the Bureau of Safety and Environment Enforcement. However, now the storm has passed, we should start to see this production coming back online, following inspections. 24.73% of US GOM natural gas production is also shut in.

Metals

The latest data from China's National Bureau of Statistics (NBS) released yesterday show that China's monthly refined output for copper, zinc and lead reached YTD highs last month as domestic smelters continue to boost production levels, with the expectation of recovering metals demand. Refined copper production jumped 9.8% MoM to reach 894kt in August, and compares to 800kt in August 2019. Among other metals, lead output rose by 17% YoY to total 564kt, whilst zinc production increased by 2.1% YoY to total 539kt in August.

Author

Warren Patterson

Head of Commodities Strategy

Warren.Patterson@asia.ing.com

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