

The Commodities Feed: Hurricane concerns continue to support the market

Your daily roundup of commodity news and ING views



Energy

Oil prices continued to strengthen yesterday with concerns over hurricane activity in the US Gulf of Mexico (GOM). While Hurricane Marco has weakened, Hurricane Laura is still a worry. The latest data from the Bureau of Safety and Environmental Enforcement (BSEE) shows that 84.3% of offshore oil production in the US GOM has now been shut in, which is equivalent to 1.56MMbbls/d. Almost 61% of natural gas production has also been shut in. In terms of refining capacity in the region, reports suggest almost 3MMbbls/d of refining capacity has been shut in, in preparation for the storm, which is around one-third of US Gulf Coast refining capacity and almost 16% of total US refining capacity.

Finally, the latest numbers from the API show that US crude oil inventories fell by 4.52MMbbls over the last week, which is more than the 2.5MMbbls drawdown the market expected. Looking at products, gasoline inventories fell by a massive 6.39MMbbls, much more than the 1.75MMbbls draw the market was expecting and seems to have provided some support to the RBOB. Later today we will have the more widely followed EIA numbers. But for a view on what the impact from recent hurricane activity will bring, we will have to wait until next week.

Agriculture

CBOT corn pushed higher again yesterday and settled at more than a one-month high of US\$3.41/bu (up 2.7%) on the back of poorer crop conditions in the US and stronger import data from China. The USDA reported sales of another 508kt of corn (408kt to China and 100kt to Japan).

Turning to Brazil, and CONAB released its first estimates for the 2020/21 crop, and expectations are that Brazilian corn and soybean production/exports will increase significantly on the back of stronger prices, a weaker BRL and healthy demand. The agency estimates soybean production to increase 10.4% YoY to 133.5mt in 2020/21 on account of higher acreage and better yields. Similarly, CONAB estimates corn production to increase to 112.9mt in 2020/21, compared to 102.1mt in 2019/20, which could see exports rise by 13% YoY to 39mt. CONAB estimates for both Brazilian crops are significantly higher than the USDA is currently forecasting.

Daily price update

	Current	% DoD ch	%YTD ch		Current	% DoD ch	%YTD ch
ICE Brent (US\$/bbl)	45.86	1.62	-26.07	Spot Gold (US\$/oz)	1,928.2	-0.04	27.08
NYMEX WTI (US\$/bbl)	43.35	1.71	-29.00	Spot Silver (US\$/oz)	26.5	-0.27	48.63
ICE Gasoil (US\$/t)	379	2.09	-35.87	LME Copper (US\$/t)	6,529	0.20	5.75
NYMEX HO (Usc/g)	126	1.00	-37.87	LME Aluminium (US\$/t)	1,776	0.28	-1.91
Eurobob (US\$/t)	397	-0.04	-32.83	LME Zinc (US\$/t)	2,482	1.49	9.24
NYMEX RBOB (Usc/g)	140	2.11	-17.78	LME Nickel (US\$/t)	14,976	0.33	6.78
NYMEX NG (US\$/mmbtu)	2.49	-0.96	13.70				
TTF Natural Gas (EUR/MWh)	8.87	6.05	-26.42	CBOT Corn (Usc/bu)	341	2.71	-12.12
				CBOT Wheat (Usc/bu)	527	1.25	-5.64
API2 Coal (US\$/t)	49	1.44	-15.45	CBOT Soybeans (Usc/bu)	914	1.56	-3.10
Newcastle Coal (US\$/t)	49	-0.20	-29.33	ICE No.11 Sugar (Usc/lb)	12.76	0.39	-4.92
SGX TSI Coking Coal (US\$/t)	112	0.00	-20.70	ICE Arabica (Usc/lb)	123	2.45	-5.01
SGX Iron Ore 62% (US\$/t)	118	-2.12	28.81	ICE London Cocoa (GBP/t)	1,696	0.71	-6.76

Source: Bloomberg, ING Research

Author

Warren Patterson

Head of Commodities Strategy

Warren.Patterson@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.