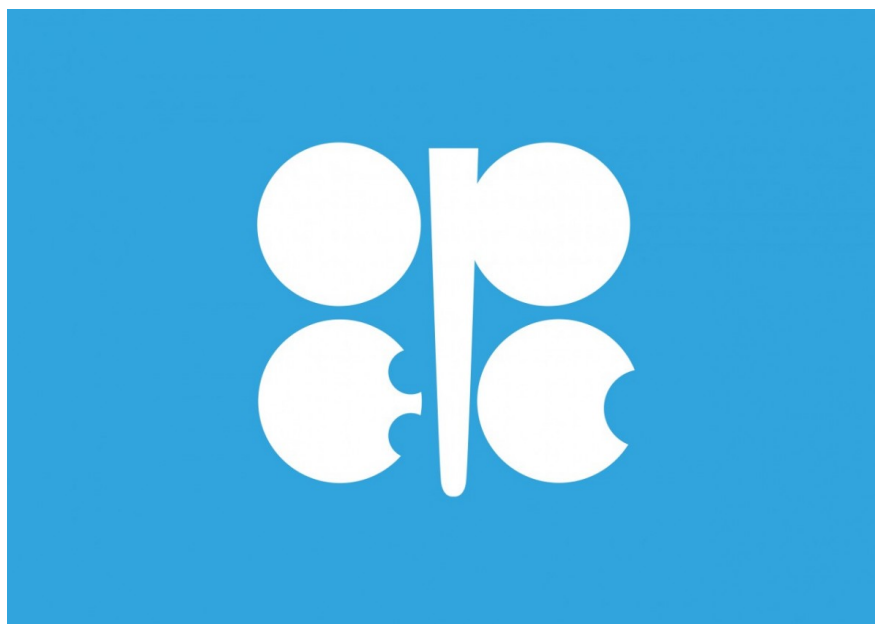


# The Commodities Feed: OPEC+ holds firm

Your daily roundup of commodity news and ING views



## Energy

The oil market saw yet another day of significant strength yesterday. ICE Brent settled almost 8% higher on the day and at one stage hit a high of US\$115.11/bbl, leaving it not too far off levels last seen in 2014. OPEC+ came to a quick decision at its meeting yesterday with the group agreeing to stick to its plan of increasing output by 400Mbbbls/d in April. According to reports, the topic of Russia was avoided. However, whilst members believe that the current price environment reflects geopolitical risks, it is becoming clearer that the Russia-Ukraine conflict is having an impact on the demand for Russian oil. Buyers are increasingly reluctant to commit to Russian oil given sanctions risk. Surgut failed once again to sell 880kt of Russian oil in its latest sales tender. This self-sanctioning from the oil industry (a trend we are also seeing in other commodity markets) is having an impact on the market and as a result, [we have revised higher our oil price forecasts](#).

The latest numbers from the EIA show that US commercial crude oil inventories fell by 2.6MMbbls over the last week, whilst stocks held in the SPR fell by 2.36MMbbls. As a result, total US crude oil inventories declined by 4.96MMbbls. This was largely driven by trade, with crude oil imports falling by 1.06MMbbls/d over the week, whilst crude exports increased by 1.11MMbbls/d over the period. In addition, crude oil stocks at Cushing declined by 972Mbbbls, leaving inventories at the WTI delivery hub at 22.8MMbbls, just 1MMbbls above the recent lows seen in 2018. Concern over broader tightness in the global market, along with falling Cushing inventories has seen the prompt

WTI time spread balloon to a backwardation of almost US\$3.60/bbl. The US products market also saw further tightening. Gasoline and distillate fuel oil stocks fell by 468Mbbbls and 574Mbbbls respectively.

## Agriculture

The meteoric rise in wheat prices continued yesterday with CBOT wheat trading above US\$11/bu at one stage, taking it to the highest level since 2008. Fear continues to grow given the ongoing Russia-Ukraine conflict. There were also media reports that the Chinese government has ordered relevant agencies to ensure adequate supplies of essential commodities given the supply disruptions we are likely set to see play out. Any immediate rush to buy grains is likely to add only further pressure to global agricultural markets. In addition, it is likely that we also see other key importers of grains enter the market more aggressively in order to ensure sufficient supply, given the uncertainty over both Russian and Ukrainian supply.

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