

# The Commodities Feed: OPEC+ JMMC holds firm

Your daily roundup of commodity news and ING views



## Energy

There was little from the OPEC+ Joint Ministerial Monitoring Committee (JMMC) meeting yesterday, with the focus remaining on compliance, along with compensatory cuts. The JMMC reported that compliance between the group was 102% over September, with 249Mbbbls/d of compensatory cuts over the month. There were no suggestions as to what OPEC+ may do when the full group meets on 30 November and 1 December, although the committee did say the group needs to remain proactive, given the 'precarious market conditions'. There have been growing calls for OPEC+ to scrap the plan of easing cuts from 1 January, given that the demand recovery has stalled, whilst Libyan output continues to grow. Meanwhile, the US election only provides further uncertainty, particularly if we were to see a Biden victory, as this could see a shift in US policy towards Iran.

The API is due to release its weekly US inventory numbers later today, and given that there was still sizeable offshore production shut-in last week due to Hurricane Delta, we would expect to see another drawdown in crude oil inventories over the last week.

## Metals

The metals complex benefited from robust industrial production and GDP data from China yesterday, while a weaker dollar also helped. However, aluminium took a hit from the latest production numbers, which showed that Chinese output hit a monthly record of 3.16mt in

September. The rise was largely expected, and was largely a result of new capacity coming online, along with restarts due to higher profit margins. The concern for bears is that there still has not been a significant stock build in the Chinese market. The latest social inventory numbers came in at 703kt, suggesting another moderate drawdown from the prior week (-6kt).

Separately, the Ministry of Ecology and Environment (MEE) of China revealed updates with regards to import guidance and HS codes for secondary brass (7404000020), secondary copper (7404000030) and secondary cast aluminium alloys raw materials (7602000020). Secondary metal-containing materials that meet the standards, which had been detailed back in July, will no longer be classified as solid waste that is subject to several import restrictions. The new rule will become effective from 1 November this year. This adds clarifications to the current rule book attached to secondary metal imports. Since China banned Category 7 copper scrap imports from the end of 2018, and further restricted the import of Category 6 from July 2019, the copper content within imported scrap has improved significantly. The majority of the materials imported since 2019 has already met the standards in the version issued during July.

## Agriculture

The weekly crop progress report from the USDA shows that soybean harvesting in the US has been progressing at a very good pace, with 75% of the crop harvested for the week ending 18 October. This compares to 40% of the crop harvested at this time last year, and an average of 58% over the past five years. Meanwhile, corn harvesting is also progressing well, with 60% of the crop harvested in the same reporting week, compared to 28% at the same stage last year, and the five year average of 43%.

## Author

### Warren Patterson

Head of Commodities Strategy

[Warren.Patterson@asia.ing.com](mailto:Warren.Patterson@asia.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 <http://www.ing.com>.