

# The Commodities Feed: OPEC+ meeting pushed back

Your daily roundup of commodity news and ING views



Source: Shutterstock

## Energy

It is set to be another volatile week for the oil market, with developments over the weekend raising doubts over whether a broader OPEC+ deal could be made. The emergency OPEC+ meeting which was scheduled for today has been pushed back to the 9th April. While part of this may be to give other producers the opportunity to join the discussion, it is clear that tensions between the Saudis and Russians are still high, and both are playing a blame game over who was behind the failure of the OPEC+ meeting in early March. Meanwhile, it does not seem as though President Trump discussed mandated cuts with US oil majors at their meeting on Friday, according to media reports. However what President Trump has threatened, is tariffs on oil imports in a bid to protect the domestic oil and gas industry.

Noise over what OPEC+ may do is likely to build as we move closer to the meeting. However we continue to believe that it is going to be difficult for producers to agree on cuts, particularly in the region of 10-15MMbbls/d. Anything less than this would likely disappoint the market, given growing expectations last week, along with the deteriorating demand picture. The deal really hinges on the US though, with Russian participation dependent on the US contributing to cuts.

While mandated US cuts might be a tough ask, we continue to see more signs that market forces will drive US output lower. The latest data from Baker Hughes show that the number of active oil rigs in the US fell by 62 last week to just 562. This is the biggest weekly decline since March 2015, and means that the US oil rig count has fallen by 121 over the past three weeks.

## Metals

Data from the Shanghai Futures Exchange (SHFE) continues to be constructive for metal markets with inventories being drawn down over the last week as Beijing relaxes restrictions on industrial activity. Copper inventories at exchange warehouses fell by 31.6kt over the week, while outflows over the past three weeks totalled 47.7kt. Among other metals, zinc inventories declined by a marginal 1.9kt, while aluminium stocks fell by 6.2kt. The inventory withdrawals are largely in-line with seasonal norms, where demand for metals is generally stronger in the second quarter after the Lunar New Year holidays. However, it is still to be seen whether these withdrawals are sustained over the latter part of the quarter, as exports from China continue to come under pressure due to Covid-19.

For gold, three large gold refiners in Switzerland (PAMP, Valcambi and Argor-Heraeus) who were asked to shut operations in late March to curb the spread of the virus, received some positive news. The three refiners have been given approval to restart operations, although they must not run at more than 50% of capacity. COMEX gold has been trading at a significant premium over spot gold since the suspension due to supply concerns. The resumption of supply from Switzerland should help narrow this spread once again in the coming weeks.

## Daily price update

	Current	% DoD	ch	%YTD	ch		Current	% DoD	ch	%YTD	ch
ICE Brent (US\$/bbl)	34.11	13.93	-48.32			Spot Gold (US\$/oz)	1,620.8	0.42	6.82		
NYMEX WTI (US\$/bbl)	28.34	11.93	-53.59			Spot Silver (US\$/oz)	14.4	-0.70	-19.40		
ICE Gasoil (US\$/t)	297	7.61	-51.63			LME Copper (US\$/t)	4,840	-1.17	-21.61		
NYMEX HO (USc/g)	107	7.59	-47.22			LME Aluminium (US\$/t)	1,482	-0.64	-18.15		
Eurobob (US\$/t)	195	5.41	-66.14			LME Zinc (US\$/t)	1,882	-0.29	-17.17		
NYMEX RBOB (USc/g)	69	4.35	-59.26			LME Nickel (US\$/t)	11,239	-0.65	-19.86		
NYMEX NG (US\$/mmbtu)	1.62	4.45	-25.95								
TTF Natural Gas (EUR/MWh)	6.92	-0.19	-42.56			CBOT Corn (USc/bu)	331	-0.82	-14.70		
						CBOT Wheat (USc/bu)	549	1.38	-1.70		
API2 Coal (US\$/t)	48	-2.36	-15.90			CBOT Soybeans (USc/bu)	854	-0.52	-9.41		
Newcastle Coal (US\$/t)	63	-2.72	-9.49			ICE No.11 Sugar (USc/lb)	10.31	0.19	-23.17		
SGX TSI Coking Coal (US\$/t)	129	-5.32	-8.69			ICE Arabica (USc/lb)	115	-3.73	-11.41		
SGX Iron Ore 62% (US\$/t)	79.62	-0.04	-12.81			ICE London Cocoa (GBP/t)	1,817	2.77	-0.11		

Source: Bloomberg, ING Research

## 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 [www.ing.com](http://www.ing.com).