The Commodities Feed: OPEC+ meeting pushed back

Your daily roundup of commodity news and ING views

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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

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