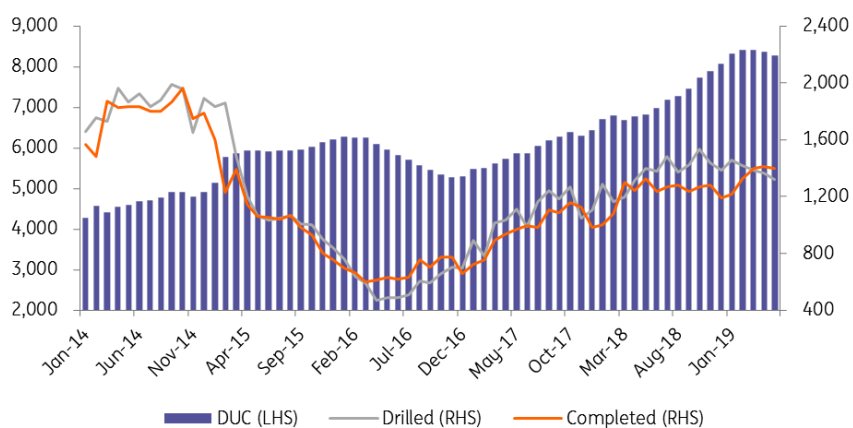


The Commodities Feed: OPEC meeting uncertainty

Your daily roundup of commodity news and ING views



US drilled but uncompleted wells



Source: EIA, ING Research

Energy

US oil numbers: The API is scheduled to release its weekly oil inventory report later today, and expectations are that US crude oil inventories declined by around 1.75MMbbls over the last week.

Meanwhile expectations are for builds of around 950Mbbls and 650Mbbls in gasoline and distillate fuel oil respectively.

Yesterday the EIA released its monthly drilling productivity report, in which they estimate that US shale production will increase from an estimated 8.45MMbbls/d in June to a record 8,52MMbbls/d in July. Unsurprisingly the bulk of this increase is expected to come from the Permian region, with the EIA estimating production in the region increases by 55Mbbls/d. Meanwhile drilling activity did slow in May, with 1,318 wells drilled- the lowest number since April 2018, meanwhile producers completed 1,395 wells, which saw the number of drilled but uncompleted wells (DUCs) fall by 77 over the month to total 8,283. This is the third consecutive month that we have seen a drawdown in DUC inventory.

OPEC+ meeting: There is still plenty of uncertainty around when OPEC+ will hold their mid-year meeting, and given that a possible production cut extension will be discussed at this meeting, it is of much interest to market participants. Russia wants to delay the meeting until early July, whilst Iran has wanted to keep the meeting to the originally agreed dates of 25 & 26 June. Yesterday the Russian and Iranian oil ministers met, and Iran said that they would be able to postpone the meeting until the 10-12 July. If other members agree to this date, it would only mean a longer period of uncertainty over what OPEC+ decide to do, and this all comes at a time when there are growing concerns over oil demand growth.

Metals

Chinese metals output: China's refined copper output fell 5.2% YoY (down 3.9% MoM) to total 711kt in May. Treatment charges have come under pressure for much of the year, suggesting a tightening in the concentrate market. Although cumulative production over the first five months of the year is largely flat at around 3.7mt. Meanwhile Chinese refined zinc output increased by 7.4% in May to total 480kt- smelters in the country appear to be taking advantage of increased concentrate supply and stronger treatment charges.

Zambia copper smelter: Glencore's Mopani Copper Mines in Zambia has shut down its Mufulira copper smelter to refurbish the plant. The smelter is likely to remain closed until the year-end. The company has not provided an estimate for output losses; though Mopani Copper Mines produced 119kt of finished copper in 2018. Previously, Vedanta also temporarily closed its Nchanga smelter in Zambia due to lack of concentrate availability.

Agriculture

US crop progress: The USDA's latest crop progress report showed that 92% of corn area has been planted, which compares to 83% in the previous week, and 100% by the same stage last year. This progress was in line with market expectations ahead of the report. Meanwhile 59% of the corn crop is rated good to excellent, unchanged WoW, but down from 78% at the same stage last year. Meanwhile, soybean plantings were 77% complete compared to 60% a week ago and 96% at the same stage last year.

Daily price update

	Current	% DoD ch	%YTD ch		Current	% DoD ch	%YTD ch
ICE Brent (US\$/bbl)	60.94	-1.73	13.27	Spot Gold (US\$/oz)	1,339.7	-0.15	4.46
NYMEX WTI (US\$/bbl)	51.93	-1.10	14.36	Spot Silver (US\$/oz)	14.8	-0.26	-4.22
ICE Gasoil (US\$/t)	558	-1.06	9.25	LME Copper (US\$/t)	5,845	0.40	-2.01
NYMEX HO (Usc/g)	180	-1.63	7.06	LME Aluminium (US\$/t)	1,759	-0.34	-4.74
Eurobob (US\$/t)	587	-1.42	22.33	LME Zinc (US\$/t)	2,470	0.69	0.12
NYMEX RBOB (Usc/g)	169	-2.41	27.73	LME Nickel (US\$/t)	11,769	-0.80	10.09
NYMEX NG (US\$/mmbtu)	2.39	-0.04	-18.84	CBOT Corn (Usc/bu)	455	0.39	21.27
TTF Natural Gas (EUR/MWh)	11.57	2.24	-47.36	CBOT Wheat (Usc/bu)	540	0.19	7.20
API2 Coal (US\$/t)	50	-2.34	-41.56	CBOT Soybeans (Usc/bu)	913	1.78	3.43
Newcastle Coal (US\$/t)	70	-1.75	-30.77	ICE No.11 Sugar (Usc/lb)	12.66	-0.71	5.24
SGX TSI Coking Coal (US\$/t)	196	0.51	-7.55	ICE Arabica (Usc/lb)	96	0.05	-5.69
SGX Iron Ore 62% (US\$/t)	102.85	-2.08	48.05	ICE London Cocoa (GBP/t)	1,826	-0.27	3.40

Source: Bloomberg, ING Research

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