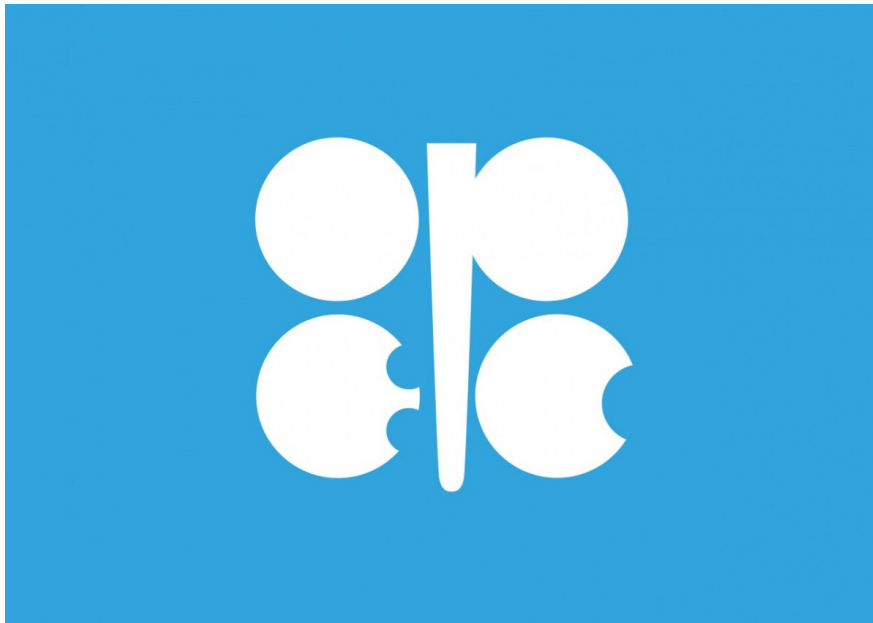


The Commodities Feed: OPEC+ week

Your daily roundup of commodity news and ING views



Energy

ICE Brent finished last week on a strong footing, managing to settle above US\$76/bbl, and the market has continued to hold firm in early trading in Asia today. All attention this week will be on OPEC+, with the group set to meet on Thursday to discuss output policy, and in particular what to do with supply over August. Given the strength in the market, and concerns over tightness it is largely expected that OPEC+ will increase supply, [and our expectation is that the group will agree on a 500Mbbls/d increase for August](#). Anything less than this amount would likely be enough to see bulls push the market higher in the near term. Between now and Thursday there will be plenty of noise around what the group may decide. Tuesday will see the OPEC+ Joint Technical Committee meet, which will be followed by the Joint Ministerial Monitoring Committee meeting on Wednesday.

Despite the recent strength in the market, speculative positioning was little changed over the last reporting week, with the managed money net long falling by 2,534 lots over the last week to 309,732 lots as of last Tuesday. Similarly for NYMEX WTI, the managed money net long declined by 2,752 lots over the week to 421,757 lots as of last Tuesday.

Turning to natural gas, and the market remains well supported, with TTF hub prices in Europe trading above EUR32/MWh and to the highest levels seen since 2008. Natural gas inventories in

Europe are around 23% below their 5-year average, following a colder and later than usual winter across parts of Europe. A stronger Asian LNG market has also meant that Europe is needing to compete more aggressively with Asia for LNG cargoes. If gas injections in Europe continue at the same pace as we have seen so far, we would likely see Europe entering the next winter with gas inventories that are still well below the 5-year average, which suggests that the market should remain fairly well supported.

Agriculture

The USDA is scheduled to release its annual acreage report on 30 June. Expectations are for it to revise higher its US corn acreage estimates for the 2021/22 season. Currently, the USDA estimates that corn acreage will total 91.1m acres. However, expectations are that this could be increased to anywhere between 93-96m acres, given the stronger price environment seen over the planting period. More recently though, prices have come under pressure on the back of these improved supply expectations, which has seen speculators reduce their net long in CBOT corn to an 8-month low of 243,365 lots as of last Tuesday.

Sugarcane crushing in CS Brazil was weaker over the first half of June, with rains in some regions slowing the pace of harvesting. Data released by UNICA shows that sugar cane crushing in CS Brazil dropped 14% YoY to 36mt over the first half of June, with sugar production falling 14.4% YoY to 2.2mt. Cumulative sugar cane crushing so far this season totals 165.6mt, down 11.6% YoY, whilst sugar production is 11.9% lower YoY to total 9.3mt. The sugar mix was largely unchanged from the previous fortnight, coming in at 46.3%. However, it was lower than the 47.1% seen over the same period last season.

Author

Warren Patterson

Head of Commodities Strategy

Warren.Patterson@asia.ing.com

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