

# The Commodities Feed: OPEC's outlook remains unchanged

Your daily roundup of commodity news and ING views



## Energy

OPEC released its latest monthly market report yesterday which saw only marginal changes to supply and demand estimates for both this year and next. As a result, the report was fairly neutral for the market.

Global oil demand growth for 2021 was revised lower by 160Mbbbls/d to 5.65MMbbbls/d, leaving demand to average 96.44MMbbbls/d over the year. The slight revisions lower were driven by lower than expected demand from China and India over 3Q21. The group also revised lower demand estimates for the final quarter of this year, expecting that high energy prices will have a dampening impact on demand. Demand growth estimates for 2022 were left unchanged at 4.15MMbbbls/d, which would leave demand next year averaging 100.6MMbbbls/d - roughly 500Mbbbls/d above 2019 levels.

As for supply, the group left its non-OPEC supply growth estimate unchanged at 660Mbbbls/d for 2021. Non-OPEC supply growth for 2022 was also left unchanged at 3.02MMbbbls/d, leaving non-OPEC supply to average 66.66MMbbbls/d next year. Given this strong non-OPEC supply growth, the call for OPEC output in 2022 is about 28.65MMbbbls/d, which is only 1.2MMbbbls/d above October 2021 production levels.

It is this continued expectation from OPEC for a better-supplied market next year that is holding them back from easing supply cuts more aggressively in the short term.

## Agriculture

The monthly update from Brazil's agriculture agency CONAB was constructive for both soybean and corn yesterday with lower than expected supply estimates. CONAB has increased Brazil's 2021/22 soybean production estimates from 140.8mt to 142mt (up 3.4% YoY) on account of larger acreage, while yield estimates were left unchanged at around 3.5t/ha. The market was expecting a number in excess of 144mt due to larger acreage and increased yields following favourable weather over the past few weeks. For corn, the agency increased domestic production estimates marginally from 116.3mt to 116.7mt (up 34.1% YoY), which was again below the more than 119mt the market was expecting.

## 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).