

# 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 5.65MMbbls/d, leaving demand to average 96.44MMbbls/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 4.15MMbbls/d, which would leave demand next year averaging 100.6MMbbls/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 3.02MMbbls/d, leaving non-OPEC supply to average 66.66MMbbls/d next year. Given this strong non-OPEC supply growth, the call for OPEC output in 2022 is about 28.65MMbbls/d, which is only 1.2MMbbls/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.

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