

# The Commodities Feed: Saudi infrastructure attacked

Your daily roundup of commodity news and ING views



## Energy

Oil prices have surged this morning, with Brent trading above US\$70/bbl after reports that Iranian-backed Houthi rebels attacked a Saudi oil export facility over the weekend. The target was in fact, the Ras Tanura export facility, which is the world's largest export facility, capable of shipping around 6.5MMbbls/d of crude oil, and with a storage capacity of around 33MMbbls. The Saudis have said that the attack did not lead to any injuries, loss of life, or damage to the facilities targeted. This is the second attack on the country's oil infrastructure this month, with an attack on oil facilities in Jeddah on 4 March. Clearly, the market was already digesting the surprise decision from OPEC+ to keep output levels over April largely unchanged (with the exception of Russia and Kazakhstan). Then, adding only further support to the market was the constructive Chinese trade data released over the weekend, along with news that the US\$1.9t US stimulus package was passed by the Senate. This suggests that we could see further upside in the market in the near-term, particularly as the market probably now needs to be pricing in some sort of risk premium, with these attacks picking up in frequency.

But while sentiment in the paper market is clearly bullish, the physical market is not showing the same sort of tightness. Oil demand still appears pretty weak. Investors appear to be looking further forward to expectations for a strong demand recovery over the second half of this year. This obviously means that if this stronger demand does not materialize as we move through the year,

the market could be in store for a rather hefty downward correction.

## 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 <http://www.ing.com>.