

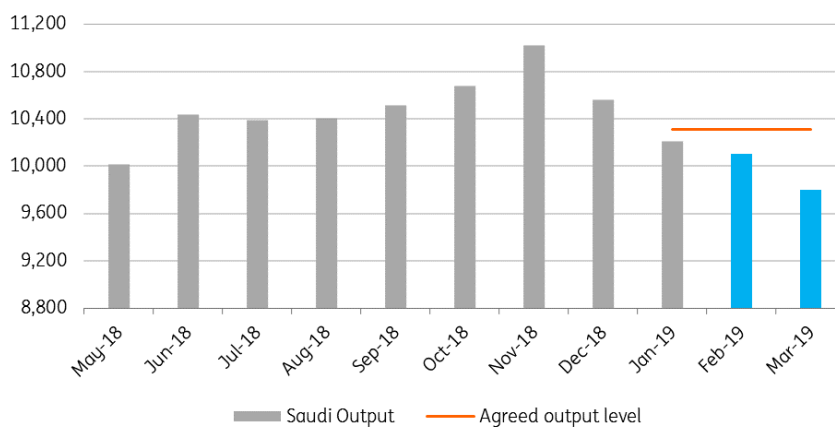
# The Commodities Feed: Saudis set to cut oil output further

Your daily roundup of commodity news and ING views



Source: Shutterstock

## Saudi oil production set to fall (Mbbbls/d)



Source: OPEC, ING Research

## Energy

**OPEC and US supply:** OPEC released its monthly oil market report yesterday, which showed that OPEC output totalled 30.81MMbbls/d over January, down 797Mbbls/d month-on-month. The group also lowered its demand growth estimate for 2019 by 50Mbbls/d to 1.24MMbbls/d. It estimates that demand for OPEC crude oil will fall by 240Mbbls/d over 2019 to 30.6MMbbls/d.

The [Financial Times reported yesterday](#) that Saudi Arabia plans to reduce oil output to 9.8MMbbls/d in March, which is well below their agreed output level of 10.3MMbbls/d, as well as their January output level of 10.2MMbbls/d.

Finally, the EIA released its latest Short Term Energy Outlook yesterday, revising higher its US supply growth estimates for 2019 from 12.1MMbbls/d to 12.4MMbbls/d, whilst its 2020 estimate was increased from 12.9MMbbls/d to 13.2MMbbls/d.

**US crude oil inventories:** The API reported yesterday that US crude oil inventories declined by 998Mbbls over the last week, this compares to market expectations for an inventory build of around 2.4MMbbls. It also reported a 746Mbbls build in gasoline, which was less than the 1.17MMbbls increase expected, while the 2.48MMbbls draw in distillate fuel oil was larger than the 1.67MMbbls draw expected. The EIA is scheduled to release its weekly report later today.

## Metals

**LME aluminium queues:** The queue to withdraw aluminium from one LME warehouse at Port Klang in Malaysia reached 118 days at the end of January. There is currently 626kt of aluminium inventory sitting in Port Klang, of which 427kt is earmarked for withdrawal. The prospect of not paying rent for metal in the queue does suggest that we could see further cancellations moving forward, which would likely increase waiting times further.

## Agriculture

**Brazilian soybean output:** Brazilian state agency, Conab, has revised down its estimate for 2018/19 soybean production to 115.3mt, this compares to the January estimate of 118.8mt. The reduction in output is due to lower than expected yields amid dry weather conditions in growing regions. While a fairly large downgrade, the agency's latest estimate is still higher than the 114.6mt the market was expecting, according to a Bloomberg survey.

## Daily price update

	Current	% DoD ch	%YTD ch		Current	% DoD ch	%YTD ch
ICE Brent (US\$/bbl)	62.42	1.48	16.02	Comex Silver (US\$/oz)	15.7	0.00	0.97
NYMEX WTI (US\$/bbl)	53.1	1.32	16.93	LME Copper (US\$/t)	6,106	-0.72	2.36
ICE Gasoil (US\$/t)	583	0.00	14.05	LME Aluminium (US\$/t)	1,861	-1.01	0.81
NYMEX HO (Usc/g)	191	0.79	13.47	LME Zinc (US\$/t)	2,608	-1.36	5.72
Eurobob (US\$/t)	512	0.54	6.75	LME Nickel (US\$/t)	12,410	-0.64	16.09
NYMEX RBOB (Usc/g)	143	0.56	7.82				
NYMEX NG (US\$/mmbtu)	2.69	1.74	-8.57	CBOT Corn (Usc/bu)	378	1.48	0.87
				CBOT Wheat (Usc/bu)	520	0.34	3.33
API2 Coal (US\$/t)	72	-1.03	-16.65	CBOT Soybeans (Usc/bu)	918	1.38	3.97
NYMEX Coking Coal (US\$/t)	208	0.24	-8.72	ICE No.11 Sugar (Usc/lb)	12.85	1.42	6.82
				ICE Arabica (Usc/lb)	100	0.25	-1.37
				ICE London Cocoa (GBP/t)	1,709	-0.58	-3.23

Source: Bloomberg, ING Research

## 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>.