

The Commodities Feed: Suez Canal blockage

Your daily roundup of commodity news and ING views

<https://think.ing.com/uploads/hero/240321-image-cargo-ship-suez-canal.jpg>

Energy

Oil bounced back yesterday with Brent settling almost 6% higher on the day, with news that a container ship was stuck in the Suez Canal, preventing ships from passing through. It has also become apparent that it could take longer than expected to move the ship. The Suez Canal is a vital point for global trade, including energy markets. Around 10% of global seaborne oil trade passes through the canal, whilst around 8% of global LNG trade also uses the canal. Clearly, the longer this disruption lasts the more likely we see refiners/buyers having to turn to the spot market to ensure supply from elsewhere. Shippers will also have to make the decision on whether to wait out the clearing of the stuck container ship or to go around the Cape of Good Hope- either choice will lead to some delays. According to Lloyds List Intelligence data, there are 165 vessels waiting to pass through the canal, which includes 24 crude tankers, 15 product tankers and 16 LNG or LPG carriers.

The EIA released its weekly US inventory reports yesterday, which showed that US crude oil inventories increased by 1.91MMbbls over the last week, which was less than the 2.93MMbbls build the API reported the previous day. Refinery activity continued to recover over the week, with utilization rates increasing by 5.5 percentage points to 81.6%, which takes refinery activity almost back to the pre-freeze levels seen in early February of around 83%. On the trade front, crude oil imports increased by 299Mbbbls/d. However, crude oil exports remained low, registering a fifth consecutive week of sub 3MMbbls/d exports, with outflows of 2.48MMbbls/d over the week. Refined products also saw builds, with gasoline and distillate fuel oil stocks increasing by 204Mbbbls and 3.81MMbbls respectively.

Author

Warren Patterson

Head of Commodities Strategy

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.