The Commodities Feed: The OPEC+ JMMC meets

Your daily roundup of commodity news and ING views

Source: Shutterstock

Energy

Oil has come under pressure in early morning trading in Asia, despite the API reporting overnight that US crude oil inventories fell by 4.26MMbbls last week, which was larger than the market was expecting. The concern seems to be more on the product side, with API numbers showing that US gasoline inventories increased by 4.99MMbbls over the week, which was very different from the draw the market was expecting, and will likely raise worries once again over the demand recovery. The more widely followed EIA numbers will be released later today.

Today will also see the OPEC+ Joint Ministerial Monitoring Committee (JMMC) meet, which will discuss compliance with the output cut deal over the last month, with particular focus on the stragglers and their compensatory cuts. While there is still plenty of uncertainty over the demand outlook, along with weaker Brent time spreads, physical values and continued weakness in refinery margins, it is largely expected that OPEC+ will continue with the deal in its current form, and so retain cuts of 7.7MMbbls/d for now.

Metals

Spot gold prices managed to trade back above the US$2,000/oz level once again yesterday, with support for the metal coming from the continued weakness we are seeing in the USD, along with US treasury yields falling, with 10 year US yields edging back towards 65bps. Over the last 2 days, we have seen ETF holdings grow by 123koz, following the outflows seen last week. Total holdings now stand at around 108.4moz. The latest data from the IMF show that Kazakhstan expanded its gold reserves to 12.23moz in July, compared to 12.17mOz a month earlier, while Turkey's gold reserves rose to 22.3mOz in July from 22.08mOz in June.

In ferrous metals, the SGX's most active iron ore contract has broken above US$120/t, with robust demand from China. Mills are producing record volumes of crude steel, as recent industrial output data highlighted, and with steel margins in the country remaining healthy, iron ore demand from mills in the country is likely to remain strong. Uncertainties over Brazilian supply in recent months has also been supportive for the market, but as these uncertainties subside, we would expect prices to ease.

Daily price update

	Current	% DoD ch	%YTD ch
ICE Brent (US$/bbl)	**45.46**	0.20	-26.71
NYMEX WTI (US$/bbl)	**42.89**	0.00	-29.76
ICE Gasoil (US$/t)	**380**	1.33	-35.62
NYMEX HO (Usc/g)	**126**	1.72	-37.86
Eurobob (US$/t)	**397**	0.46	-32.85
NYMEX RBOB (Usc/g)	**128**	1.02	-24.43
NYMEX NG (US$/mmbtu)	**2.42**	3.33	10.42
TTF Natural Gas (EUR/MWh)	**8.55**	4.50	-29.06
API2 Coal (US$/t)	**52**	0.48	-14.12
Newcastle Coal (US$/t)	**51**	-0.10	-26.21
SGX TSI Coking Coal (US$/t)	**111**	0.78	-21.30
SGX Iron Ore 62% (US$/t)	**123**	4.97	34.37

	Current	% DoD ch	%YTD ch
Spot Gold (US$/oz)	**2,002.4**	0.86	31.98
Spot Silver (US$/oz)	**27.7**	0.67	55.00
LME Copper (US$/t)	**6,568**	1.88	6.37
LME Aluminium (US$/t)	**1,774**	1.00	-2.02
LME Zinc (US$/t)	**2,459**	0.68	8.21
LME Nickel (US$/t)	**14,675**	0.52	4.63
CBOT Corn (Usc/bu)	**327**	-1.21	-15.67
CBOT Wheat (Usc/bu)	**508**	-1.74	-9.17
CBOT Soybeans (Usc/bu)	**912**	-0.05	-3.29
ICE No.11 Sugar (Usc/lb)	**12.89**	-1.30	-3.95
ICE Arabica (USc/lb)	**119**	3.25	-8.02
ICE London Cocoa (GBP/t)	**1,648**	-1.14	-9.40

Source: Bloomberg, ING Research

Author

Warren Patterson
Head of Commodities Strategy
Warren.Patterson@asia.ing.com