

# The Commodities Feed: US imports of Saudi oil fall

Your daily roundup of commodity news and ING views



## Energy

EIA inventory numbers were largely supportive for the market, with US crude oil inventories declining by 7.2MMbbls last week, much more than the 500MMbbls drawdown the market was expecting, and closer to the API numbers from the previous day. The big driver in the decline, was a 571MMbbls/d fall in oil imports over the week, with the larger volumes seen in recent weeks from Saudi Arabia now starting to come down to more normal levels. Imports of Saudi oil peaked at the end of May at just shy of 1.6MMbbls/d (a result of the Saudi price war), and over the last week imports averaged 826MMbbls/d. In the weeks ahead, there is likely further downside to these volumes, with the armada of Saudi vessels slowly clearing.

With refinery utilisation continuing to edge higher, this should also help eat into US crude oil inventories. Refiners in the US increased their run rates by 0.9 percentage points over the week, leaving runs at 75.5% capacity. Clearly refiners still have some way to go before reaching the 90% plus we were seeing prior to the Covid-19 outbreak.

Turning to refined products, and the EIA reported that distillate fuel oil stocks declined by 593MMbbls over the week, whilst gasoline inventories surprisingly increased by 1.2MMbbls. The surprise build was driven by stronger imports, with gasoline volumes up 307MMbbls/d over the week, taking total gasoline imports to a little over 1MMbbls/d - the largest weekly number since August. Implied demand was slightly weaker, although it will be interesting to follow these demand numbers in the

coming weeks, with a number of states having re-tightened Covid-19 related restrictions.

## Metals

Copper managed to hold above US\$6,000/t yesterday, with better than expected US ISM manufacturing data proving supportive. Miner, BHP said it will downsize operations at its Chile-based Cerro Colorado mine, and in doing so bring forward an earlier plan to scale back operations by 2023. The mine produced a little under 72kt of copper in 2019.

Meanwhile the better macro data yesterday saw COMEX gold futures fall back below US\$1,800/oz. Yesterday the CME Group also revealed plans to expand the delivery of its new gold futures contract into London vaults. In April, the market had seen a large dislocation between COMEX and London gold, with the gold EFP surging to over US\$50/oz, with some US traders facing logistical issues, along with a number of Swiss refineries having to suspend operations.

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