

The Commodities Feed: US oil supply makes a return

Your daily roundup of commodity news and ING views



Energy

The US oil industry is making a fairly quick return following last week's hurricane activity. At its peak, almost 1.6MMbbls/d of US Gulf of Mexico (GOM) oil production was shut in, which is a little over 84% of total US GOM production. However, the latest data from the Bureau of Safety and Environmental Enforcement (BSEE), reported as of yesterday only 989Mbbls/d of oil production remained shut in. The impact from the shut-ins, along with lower utilisation rates at refiners in the region will be reflected in the EIA weekly numbers on Wednesday.

The latest monthly data from the EIA shows that US oil production rose 4.2% MoM in June to average 10.44MMbbls/d. This increase reflects producers bringing back production that they shut in over April and May due to the low price environment. However, total output was still down 13.7% YoY. We would have likely seen production continue to grow over July and August as more producers brought back shut-in production. Obviously given the collapse in rig activity in the US, we are not going back to pre-Covid-19 production levels anytime soon.

Metals

Precious metals have resumed their upward rally, with spot gold prices trading above US\$1970/oz

after hitting US\$1923/oz on Friday. Expectations of lower for longer when it comes to US interest rates and continued weakness in the USD index are setting a favourable environment for precious metals, especially gold. Looking at ETF holdings, total known gold holdings reported inflows of around 367koz over the last 4 days, taking total holdings to 108.9moz.

Looking at base metals, LME was shut yesterday due to a bank holiday, however COMEX copper managed to settle more than 1.5% higher, on the back of strong manufacturing data from China. The latest data from the National Bureau of Statistics shows that China's manufacturing PMI expanded for a sixth straight month and stood at 51 in August, not far off market expectations of 51.2. Meanwhile, the latest data from the Shanghai Metals Market shows that treatment charges for imported copper concentrate in China extended their declines, falling to US\$50/t on Friday, compared to YTD highs of US\$69/t in March.

Daily price update

	Current	% DoD ch	%YTD ch		Current	% DoD ch	%YTD ch
ICE Brent (US\$/bbl)	45.28	-1.16	-26.52	Spot Gold (US\$/oz)	1,967.8	0.15	29.69
NYMEX WTI (US\$/bbl)	42.61	-0.84	-30.22	Spot Silver (US\$/oz)	28.1	2.33	57.64
ICE Gasoil (US\$/t)	362	-0.96	-38.67	LME Copper (US\$/t)	N/A	N/A	N/A
NYMEX HO (Usc/g)	120	-1.65	-41.03	LME Aluminium (US\$/t)	N/A	N/A	N/A
Eurobob (US\$/t)	399	-2.79	-31.26	LME Zinc (US\$/t)	N/A	N/A	N/A
NYMEX RBOB (Usc/g)	128	-3.00	-24.84	LME Nickel (US\$/t)	N/A	N/A	N/A
NYMEX NG (US\$/mmbtu)	2.63	-1.02	20.15				
TTF Natural Gas (EUR/MWh)	11.24	0.63	-6.74	CBOT Corn (Usc/bu)	349	0.72	-10.12
				CBOT Wheat (Usc/bu)	544	0.93	-2.60
API2 Coal (US\$/t)	53	0.85	-8.58	CBOT Soybeans (Usc/bu)	951	0.08	0.87
Newcastle Coal (US\$/t)	53	4.25	-23.61	ICE No.11 Sugar (Usc/lb)	12.66	0.48	-5.66
SGX TSI Coking Coal (US\$/t)	113	-0.04	-20.14	ICE Arabica (Usc/lb)	130	2.12	0.08
SGX Iron Ore 62% (US\$/t)	122	1.48	33.55	ICE London Cocoa (GBP/t)	N/A	N/A	N/A

Source: Bloomberg, ING Research

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.