

# The Commodities Feed: USD hits the complex

Your daily roundup of commodity news and ING views



## Energy

A stronger USD weighed on the commodities complex yesterday and oil was unable to escape this pressure. However, the 100-day moving average appears to be offering some support to the prompt ICE Brent contract. Fundamentally, the market is still waiting on a full return of US Gulf of Mexico (GoM) production following Hurricane Ida, which made landfall more than a week ago. According to the latest data from the Bureau of Safety and Environmental Enforcement, 1.44MMbbls/d of crude oil production remains shut in. This is equivalent to 79.33% of total US offshore GoM production. So far Hurricane Ida has resulted in 19.2MMbbls of production being lost, and with output still set to take a while to recover, these losses will only grow. Refinery operations appear to be making a quicker recovery. The latest situation report from the Department of Energy shows that as of yesterday, only 5 refineries remain shut as a result of Hurricane Ida. These temporary closures amount to 1MMbbls/d of capacity, down from a peak of more than 2MMbbls/d. However, those refineries that have restarted are unlikely to be operating at full capacity at the moment. Inventory reports from the EIA and API should be interesting this week, as the numbers should reflect the impact of the storm. Both reports this week will be delayed by a day due to a public holiday in the US earlier in the week.

The latest trade data from China shows that crude oil imports in August averaged 10.53MMbbls/d, which is an improvement from the 9.73MMbbls/d imported in July. This likely reflects the release of the latest batch of import quotas to refiners, as well as a recovery in independent refinery runs more recently. However, import volumes are still down by around 6% YoY, while cumulative imports for the first 8 months of the year are 5.7% lower YoY.

## Metals

The industrial metals complex was under pressure yesterday as a result of a stronger USD. While relatively poor trade data from China would have not helped, particularly for LME copper, which settled more than 1% lower on the day. The latest trade data shows that unwrought copper imports declined 7% MoM and 41% YoY to 394kt in August. This leaves cumulative imports over the first 8 months of the year at 3.6mt, down 15.4% YoY. Copper concentrate imports performed better. Volumes totalled 1.89mt in August, which is almost flat from the previous month. Cumulative imports for this year grew by 7.5% YoY to 15.27mt.

The stronger USD also saw aluminium settle lower yesterday, despite concerns over bauxite supply disruptions following the coup in Guinea over the weekend. While initial reports claimed that the military had closed land and air borders, miners have since been urged to continue operations. Up until now, there have been no reports of mine disruptions, but this can quickly change if the situation deteriorates. Guinea is the second largest supplier of bauxite and is a key supplier to China. So far this year 55% of China's bauxite imports originated from Guinea.

## Agriculture

The latest export inspection data from the USDA shows that corn and soybean exports dropped sharply over the week ending 2 September as Hurricane Ida disrupted shipments from the region around Louisiana. Soybean export inspections dropped to a five-year low of 68.1kt for the week, compared to around 387kt in the previous week, and around 1.5mt for the same week last year. Corn export inspections fell to 276kt for the week, compared to around 584kt a week ago, and 888kt at the same stage last year. Shipments are likely to recover this week, although it may take a while for exports to fully recover due to infrastructure damage and power outages.

China's trade data shows that soybean imports increased 9.5% MoM to 9.5mt over August, although was still marginally below the 9.6mt imported in the same month last year. Domestic soybean crush margins have recovered strongly since making a low in June, which should support future imports.

## 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 [www.ing.com](http://www.ing.com).