Commodity Call

5 June 2025

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Fork in the road

OPEC doubled down on its decision to extend accelerated production hikes into July. Its next move will be even more critical to the direction of oil prices in the second half of the year.

A gathering of the OPEC+ alliance saw the group approve another 411kb/d increase in output for July. This will bring the increase in supply to 1.38mb/d in the first four months of the phase out plan, or 64% of the 2.2mb/d in voluntary production cuts. The original plan to boost output was based on some fundamental issues, but the acceleration is rooted in more strategic imperatives.

OPEC appears to be taking the opportunity of stronger seasonal demand and a lack of response from non-OPEC producers to regain market share. What is not clear is whether that will extend into the second half of the year. A permanent shift to a market driven strategy would push the oil market move into a sizeable surplus in H2 2025 and almost surely lead to lower oil prices. If Saudi Arabia chooses to keep its powder dry and revert to smaller monthly increase, that may alleviate the downward pressure on prices.

Whichever way the OPEC+ moves on the pace of the phase out, it raises the question of whether it will bring forward the unwinding of the broader supply agreement with all members of the group. If prices prove resilient despite the recent acceleration in OPEC's output, a broader recalibration of the group's production ceiling might come sooner than anticipated. This will limit the upside in prices for the foreseeable future.

OPEC looks focused on regaining market share after years of decline

Source: , Bloomberg, Macrobond, ANZ Research

What we are watching

China's rare earth exports. In response to US tariffs, China imposed export restrictions on rare earth metals. This is threatening to disrupt the global supply of key materials used in high tech manufacturing. European and US car makers raised concerns this week about shortages of components containing these materials, with some already forced to idle factories. This could have wider implications for metals markets. The auto industry is a key consumer of metals such as copper. Any disruption could lead to weaker demand.

Weekly outlook

Crude	LNG	Copper	Gold	Iron ore
↓	↔	↑	↓	↔

Strategy

Saudi Arabia's shift in strategy doesn't auger well for the oil market

In a video conference over the weekend, the OPEC+ alliance agreed to another additional and sizeable production increase for July. The 411kb/d increase will be the third consecutive month in which output has increased above the originally planned monthly hikes of 138kb/d.

In total, the increases amount to 1.38mb/d in the first four months of the phase out plan, or 64% of the of 2.2mb/d in voluntary production cuts that eight members including Saudi Arabia implemented in 2023 (Figure 5).

The original plan to boost output was based on some fundamental issues. The oil market was broadly balanced in Q1 2025. While OPEC supply inched higher during the quarter, this was largely offset by falls in non-OPEC production.

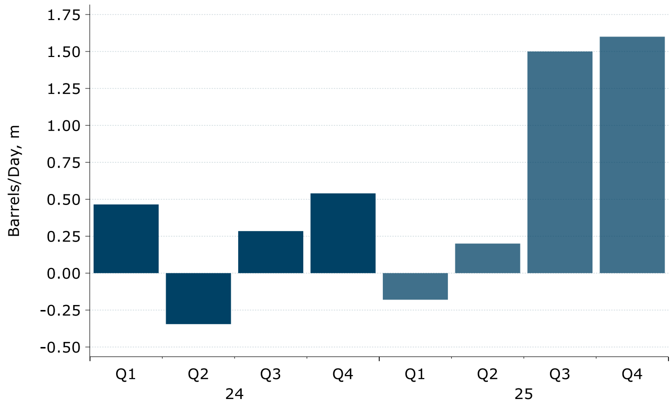
Demand has held up relatively well, with no clear sign of weakness despite President Trump's tariffs triggering a trade war with China. Moreover, the market is now entering its key period, where demand for jet fuel, gasoline and distillate is at its strongest.

However, **the acceleration of the original plan** is rooted in more strategic imperatives. Given the failure of the output cuts to maintain high prices, we suspect Saudi Arabia is keen to unwind the 2.2mb/d of cuts, which includes its own 1mb/d of curbed, as quickly as possible.

Saudi Arabia has faced rising fiscal pressure in recent years. The kingdom swung from a budget surplus of USD27.68bn in 2022 to a deficit of USD21.6bn in 2023 amid falling oil prices and increased government spending. The government planned to narrow its budget deficit to 2.3% of GDP this year, but the IMF forecasts it will widen to above 4% this year and next.

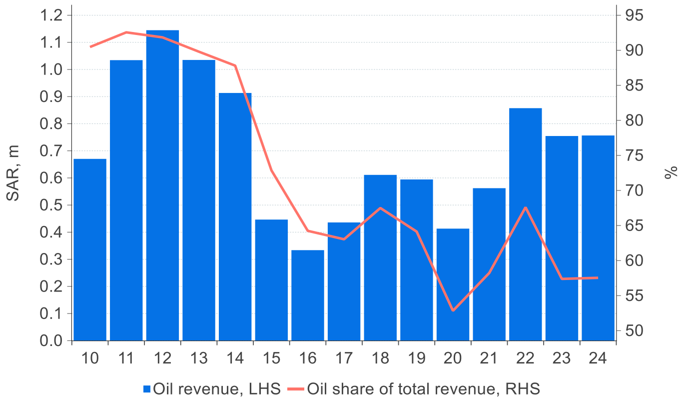
An additional 1mb/d at current prices would bring in USD23.7bn in revenue for the gulf state. That could wipe out the budget deficit in one move.

Figure 1. Oil market balance



Source: Bloomberg, Macrobond, ANZ Research

Figure 2. Saudi Arabia's oil revenue



Source: , Bloomberg, Macrobond, ANZ Research

Geopolitical sensitivities have played a part in this shift in strategy. Trump has made no secret of his desire to lower oil prices. Driven by a desire to ease the cost-of-living pressure on the US public, he called on OPEC to increase production when he began his second term. Middle East countries would have this in mind as they negotiate Trump's tariff decisions.

The move suggests OPEC has abandoned its strategy of supporting prices. The cartel's goals have tended to be around stabilising the oil market and prices rather than countering fundamental shifts in demand and supply. However, the lack of compliance by some members has undermined its efforts. Increasing output should put pressure on those members, such as Kazakhstan and Iraq, that have been producing consistently above their agreed quotas (Figure 4). Better adherence to quotas would no doubt improve OPEC's credibility in the market.

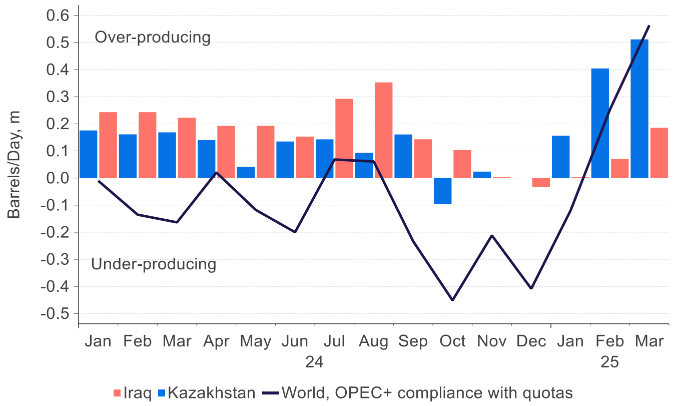
OPEC decisions around supply often involve a trade-off between stabilising oil prices and maintaining market share. The fact that growth in non-OPEC supply looks likely to slow over the next 12-18 months suggests it's an opportune time to increase its market share. The emergence of the US shale oil industry over the past decade eroded OPEC's share of global production. After hitting 42% in the early 2010s, it has fallen to nearly 32% (Figure 4).

Under the original plan outlined above, OPEC's share of the global oil market was projected to remain steady at 32% through July this year, unchanged from March. The revised trajectory, however, shows that share rising more quickly, reaching 32.5% by July.

Saudi Arabia's market share is also expanding more rapidly than anticipated. Under the original plan, it would have risen modestly from 11.05% in March to 11.3% in July. With the accelerated pace of production increases, Saudi Arabia's share is now set to hit 11.6% – its highest since June 2023, just before it implemented its 1mb/d voluntary cut.

However low oil prices and a shift in focus from growth at all costs to one targeting profitability has seen US shale oil companies pull back expansion plans. Drilling activity has been declining for some time, and we estimate that the number of active rigs in the US is below what's required to maintain current production. Prices are also approaching key profitability levels in major shale regions such as the Permian basin. If recent productivity gains are not maintained, US shale oil output is likely to decline.

Figure 3. OPEC compliance with quotas



Source: S&P Global, Bloomberg, Macrobond, ANZ Research

Figure 4. OPEC market share

Source: , Bloomberg, Macrobond, ANZ Research

Fork in the road

The market will, in the second half of the year, get a sense of whether OPEC has permanently shifted its strategy. September will mark the end of the peak demand period, and any production increase by OPEC+ after then would be much harder to absorb.

We see two main scenarios potentially playing out.

1. Saudi Arabia doubles down on market share strategy

A shift to targeting market share would almost surely imply lower oil prices. OPEC+ would continue to raise output at the current rate of 411kb/d every month. This would see the 2.2mb/d voluntary cuts completely unwound by September 2025, approximately 12 months ahead of the original schedule.

This would have major implications for the oil market. The continued unwind of the voluntary cuts at the accelerated rate would see this year's supply growth hit 3.5mb/d. Outside of the rapid rebound in supply following the 2020-21 pandemic, this would be the largest growth rate in nearly 50 years. With demand growth remaining subdued, we would see inventories build by more than 1.5mb/d in H2 2025. **This would clearly weigh on oil prices**.

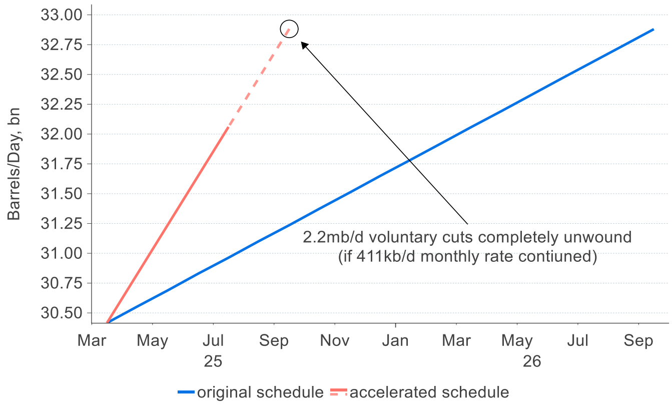
It would also have a flow on impact across the oil market. There would be tangible implications for US shale producers. Respondents to a recent survey by the Federal Reserve Bank of Dallas indicated that current prices are dropping close to profitability boundaries. On average, producers in the Permian Basin said they need a price of USD62/bbl or higher to make a profit.

Prices required to generate profits could rise as the industry adjusts to the impact of tariffs. In addition to Trump's reciprocal tariffs, steel and aluminium imports are attracting a 50% tariff. Using Rystad Energy data, we estimate costs could rise by 10–20% as a result of metal tariffs, and this is likely to reduce investment.

We recently [reduced our forecasts for US crude oil supply](), and now expect total output to stagnate at current levels this year. This puts a dent in Trump's dream to see the US increase its dominance in the energy space, with his mantra of "Drill, baby drill" and a target of 3mb/d in growth in US oil supply falling on deaf ears.

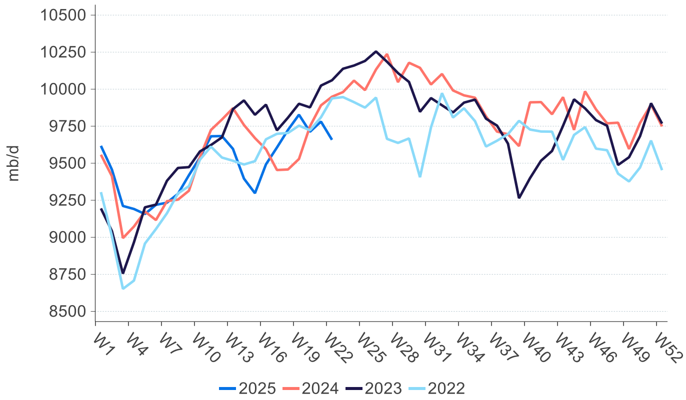
This strategy could ultimately lead to a breakdown in the OPEC+ alliance. That would further reduce credibility and ultimately weaken Saudi Arabia's effective control over global supply.

Figure 5. Schedule of OPEC's unwind of voluntary cuts



Source: , Bloomberg, Macrobond, ANZ Research

Figure 6. US gasoline demand



Source: Bloomberg, Macrobond, ANZ Research

2. Saudi Arabia keeps its powder dry

There were pockets of resistance to Saudi Arabia's push to keep production hikes at 411kb/d for July. Reports from OPEC+'s meeting on 1 June suggest Russia, supported by Oman and Algeria, argued for OPEC+ to hold output steady in July and wait to assess the impact of earlier increases.

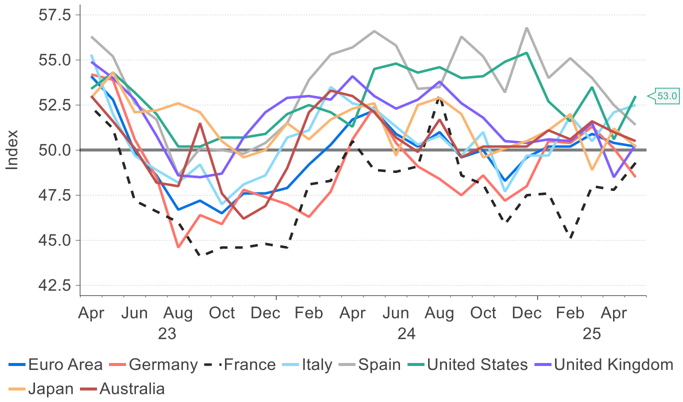
If this resistance broadens over the next couple of months, Saudi Arabia may ease its demands to keep production increases at the elevated levels. This could be exacerbated by weaker demand amid the bleak economic outlook. Signs of a slowdown in manufacturing globally have emerged, with purchasing managers' indexes trending lower since the start of the year (Figure 7). If the Trump administration fails to reach trade deals with China or Europe before September, this trend will likely accelerate.

Further weakness in prices may force members that have been overproducing to rein in output and meet agreed quotas. Kazakhstan has already confirmed such a move is unlikely, saying it will put national interest ahead of its supply agreement with OPEC. However, Iraq, another offending producer, has indicated a desire to meet the agreed production levels. It has also put forward a plan to introduce compensatory cuts to make up for overproducing.

The ability of some OPEC members to actually increase production may be limited. Of those that voluntarily cut output by 2.2mb/d, Iraq, Russia, Oman and Kazakhstan are already effectively producing near capacity levels. Kuwait and United Arab Emirates have 560kb/d and 1.5mb/d in spare capacity respectively but were only small contributors to the 2.2mb/d cuts. That leaves Saudi Arabia as the main producer with any ability to ramp up output, which could prompt it to revert to its original schedule of monthly production hikes of 138kb/d.

While the impact of weaker demand may offset some of the benefits of a less aggressive rate of production hikes, it would also limit the downside risks for oil prices.

Figure 7. Global composite PMIs



Source: S&P Global, Bloomberg, Macrobond, ANZ Research

Figure 8. OPEC spare capacity

Source: Matteo Iacoviello, ICE, Bloomberg, Macrobond, ANZ Research

Longer term

We suspect OPEC+ will continue its aggressive phase out of production cuts, as it takes advantage of a lack of growth from non-OPEC suppliers to increase its market share. This will increase its influence over the market, put it in a stronger position to manage shifts in demand or supply and remove the issue of compliance. More stringent adherence to agreed quotas, on the other hand, would strengthen its credibility.

Whichever way the OPEC+ alliance moves on the pace of the phase out, it raises the question of whether it will bring forward the unwinding of the broader supply agreement with all members of the group. This entails 1.66mb/d of cuts that were implemented in April 2023.

The 39th OPEC and non-OPEC Ministerial Meeting held in May saw members agree to maintain those cuts until the end of 2026. However, with prices proving resilient despite the recent acceleration in OPEC’s output, a broader recalibration of the group’s production ceiling might come sooner than anticipated. The 40th OPEC and non-OPEC Ministerial Meeting is due to be held on 30 November 2025. If prices hold above USD60/bbl, we believe OEPC will move to also accelerate the phase out of the last remaining cuts. **This will further limit the upside in prices for the foreseeable future**.

Views in brief

Sector	Views	↑ bull, ↓ bear, ↔ neutral	
		Week	Month
Crude oil	OPEC's production hikes will be phased-in over an 18-month period, equating to a rise of only 138kb/d per month. Overall, we see OPEC's decision having minimal impact on our expectations of the crude oil market's balance. Some members may struggle to produce at higher levels, and we expect greater compliance on compensation cuts. Iran's supply losses will also start to mount amid increasing pressure from the US. With increasing risks of supply disruptions due to tariffs on Canadian oil and tighter sanctions on Iran and Venezuela, we see an upside for the oil prices near USD75/bbl in the short term. However, looser balances in the second half of the year should see Brent crude push back towards USD70/bbl by year end.	↓	↓
LNG	European gas prices are set to benefit from the increasing possibility of supply disruptions. Geopolitical issues are likely to dominate markets this year, centred around Russia's role as a gas and LNG supplier. Deliveries of pipeline gas to Europe via Ukraine ceased with the expiration of the Russian-Ukrainian gas transit agreement, reducing Russian pipeline supply from 10% to about 5% of total European imports. This loss, coupled with modest demand growth, will require a replacement with more LNG, placing additional attention on the role of Russian LNG in Europe's supply mix.	↔	↔
Carbon	With the northern heating season's demand looking relatively strong this year, greater reliance on gas- and coal-fired power could stimulate demand for carbon allowances. EU Allowances prices should see support for the remainder of the year. We anticipate trading to move in the range of EUR70-80/t of CO_2e, driven by a positive outlook on electricity demand and thermal power generation. Compliance building efforts are boosting market confidence in the Australian Carbon Credit Unit (ACCU) market and improving the integrity of the system. The government has begun consultation on a new carbon offset project auditing mechanism and has updated the methodology for generating carbon units from environmental planting. This has been supported by weaker supply.	↓	↑
Base metals	The sector pared its gains amid increasing macroeconomic uncertainty. Year-to-date gains narrowed from 12% to 6%, with prices falling sharply for aluminium and copper. Front-loading due to tariffs and a shift in global trade flows pushed copper and aluminium prices to the highs seen during last October. While China's manufacturing PMI is back into expansionary territory and industrial production is improving, trade-related uncertainty is likely to continue dominating market sentiment. Unplanned disruptions and supply outages in copper are increasing, exacerbated by China's rise in refining capacity, creating tightness in concentrate markets and lowering treatment charges. However, we expect the tightness in concentrate will have limited impact on the supply of refined metals in the short term.	↑	↔

Gold & silver	We maintain our bullish stance on gold, though a pull-back towards USD3,050/oz looks possible after a recent swift price rally. Geopolitical tensions are likely to be complicated by President Trump's trade and foreign policies in 2025, driving haven demand for gold. Weakening US economic data suggest downside risks to US growth remain high, increasing the market's expectation of Fed rate cuts from 40bp to 80bp. The recent sell-off in the USD and the equity market are also tailwinds. Central banks are continuing to stockpile gold. We expect central bank purchases and strategic fund flows into gold will lift prices towards USD3,200/oz over the next six months.	↓	↓
PGM	Platinum regained its premium over palladium, driven by its growing use in auto catalysts for gasoline-powered cars. Higher above-ground inventories are capping gains in platinum. Palladium prices continued to trade under USD1,000/oz due to auto catalyst demand loss and rising EV sales. On the supply side, platinum is more supported than palladium due to operational challenges in South Africa, which produces 70% of world supply. Platinum is expected to have a starring role in the hydrogen economy. More broadly, we expect prices for both metals to stabilise at current levels.	↔	↑
Bulk	China's economic challenges continue to hang over the iron ore & steel market. Recent policy measures should support the sector in the short term, but structural issues will eventually weigh on demand. A trade war would be a challenge for the market, as a loss of export-driven demand in China could hurt iron ore demand. Supply growth has evaporated as producers remain wary of weak demand and are increasing their use of steel scrap. This should limit the downside in iron ore prices. We expect metallurgical coal prices to stage a recovery early in 2025, driven by increased buying from India, as steelmaking resumes and lower port stocks force buyers back to the seaborne markets. Chinese CFR (composite) prices remain below Australian free-on-board (FOB) + freight prices, so we do not expect Chinese steelmakers to buy significant volumes of Australian coal in the near term. The impact on raw-material demand of any improvement in Chinese steelmaking activity will primarily affect domestic miners or imports from other sources.	↔	↓

Weather

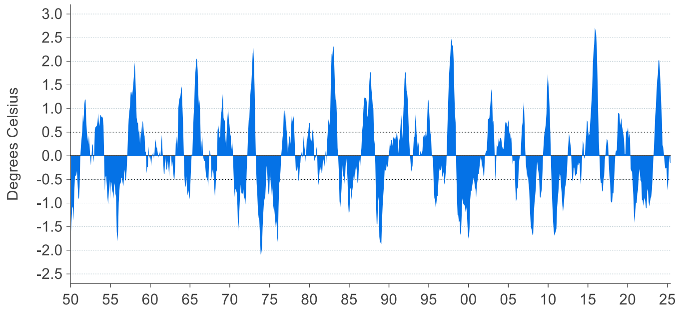
- Neutral ENSO conditions are expected to persist, providing little guidance on longer term weather patterns
- Asia is facing another summer of extreme heat that could put electricity networks under immense pressure.
- Some extreme weather is possible across North America.

Southern oscillation

The El Niño-Southern Oscillation (ENSO) is neutral (neither El Niño nor La Niña). The Australian Bureau of Meteorology's model predicts neutral ENSO until at least October.

The lack of El Niño and La Niña means the predictable signals are weaker. That makes it harder to predict weather patterns months in advance.

Oceanic Nino Index



Source: NOAA, Bloomberg, Macrobond, ANZ Research

Medium-term (1–3mth) outlook

Region	Temperature	Precipitation	Wind & solar	Extreme weather events
Europe	Unseasonably warm temperatures could persist in June. This could lessen the gas demand for heating across the region.	Northern Europe is expected to see wetter weather in coming weeks. However, southern Europe will see warmer and drier conditions.	The relatively warm and sunny conditions should see Europe's renewable power generation remain elevated. However, the threat of wind droughts remains elevated. This could see carbon emissions climb as countries resort to using more fossil fuels.	None
North America	Western and central US and Canada are likely to experience sweltering temperatures over the summer. This could put pressure on electricity grids.	With warmer temperatures expected, the risk of intense rain and flooding has risen. This could also increase the risk of fires in the region.	Wind forecasts are consistently above the 30-year average. Solar power generation should also benefit from the warmer and sunnier conditions.	Wildfires in Canada remain an inherent risk. Currently centred around Alberta, this puts oil supply under risk. The El Niño and El Niña cycle has returned to its neutral phase, which is associated with heightened hurricane risk. This could see a busier-than-usual summer of named storms.
Asia	Temperatures across China and Japan are likely to remain above average. This is likely to increase pressure on electricity grids. Coal- and gas-fired power likely to benefit.	Northern parts of China could see higher rainfall, which should benefit hydropower performance.		The risk of extreme heatwaves remains high.
Oceania	Warmer than average days are very likely across most of Australia, with an increased chance of unusually high daytime temperatures, particularly across the north and south.	Rainfall is likely to be above average for much of mainland Australia, but there is no strong indication of above or below average rainfall in the south-west and south-east.	Warmer than average days should provide better conditions for solar power generation.	

Week in review

A stronger USD dented investor appetite, after stronger interest earlier in the week. Ongoing supply side issues helped push energy markets higher. The **ANZ China Commodity Index** settle the week higher by 1%w/w, with energy leading the gains followed by precious metals. Other sectors remained in the red, amid weaker demand.

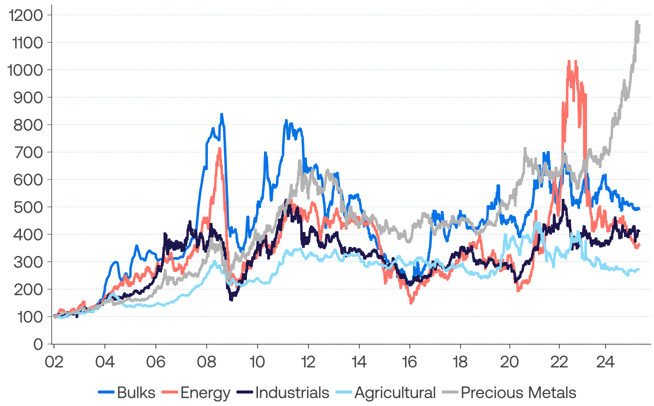
Crude oil extended recent gains as supply side issues dominate sentiment. Wildfires in Canada's energy heartland of Alberta have shut down almost 350kb/d of heavy crude production. Overall, there are blazes that are 10 hectares or larger in size that are within 10km of about 420kb/d of oil production. The market is also concerned about renewed pressure on Iranian oil exports. Trump said the US won't allow uranium enrichment as part of a nuclear deal with Iran, countering earlier reports that it would be allowed. Earlier in the week the International Atomic Energy Agency reported that Iran's accumulation of highly enriched uranium had risen by almost 50% to 406kg over the last three months. This has overshadowed OPEC's decision to further accelerate the phase out of production cuts. Eight members of the **OPEC**+ alliance agreed on Saturday to increase output by 411kb/d in July. It's the third month in a row that the group has raised output more than its original agreement of 138kb/d.

Global gas prices were lifted by the moves in the oil market. **European gas** prices received additional support from renewed concerns that gas storage operators are struggling to refill sites two months into the official stockpiling season. This is due to difficulties in auctioning capacities at cost-covering prices. The shortfall may force government intervention. **North Asia LNG** prices were steady although risks of declines remain high. India's interest has waned in recent weeks as weather forecasts point to a milder-than-expected summer curbing demand for the fuel. Moreover, power producers are relying on coal-fired power generation during the hottest periods this year.

Figure 9. ANZ China Commodity Index

Source: , Bloomberg, Macrobond, ANZ Research

Figure 10. ANZ CCI sub-sectors



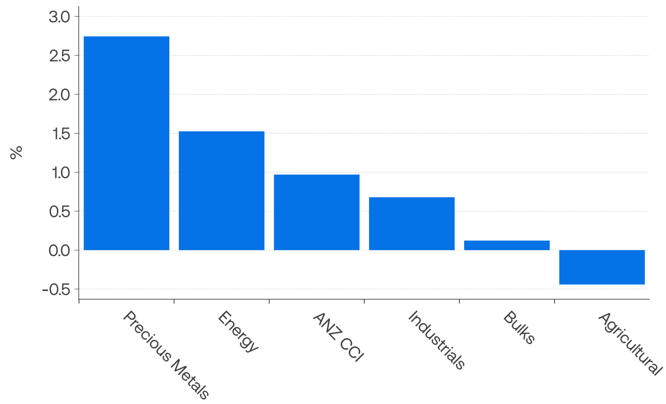
Source: , Bloomberg, Macrobond, ANZ Research

Base metals were under pressure amid renewed concerns of weaker demand. The outlook for China's economy softened as a gauge of the country's manufacturing activity fell to its lowest level in more than two years. Caixin's private manufacturing Purchasing Managers' Index for May dropped to 48.3 versus 50.4 in April. The Caixin survey is more export-oriented, which suggests Chinese companies are still worried about Trump's tariffs, despite a 90-day pause on their implementation. The losses were limited as the market contemplates the impact of higher US tariffs. Futures tracking **aluminium** and steel prices in the US surged earlier this week after Trump said he will double tariffs on the metals. Aluminium imports will now attract a 50% levy, raising concerns of supply disruptions as consumers look to other markets. **Copper** found some support amid fears that the metal may also be subject to US tariffs. The Trump administration is currently reviewing the impact of US copper imports on the local industry.

Iron ore futures also came under pressure following the weak manufacturing data. The export driven Caixin PMI highlights the risks to iron ore demand should China's steel exports be impacted. These make up around 10% of China's total steel output. This comes following Trump's announcement that US tariffs on steel imports would double to 50%. While China crude steel exports to the US are less than 1mt/y, it could impact steel products and finished goods to a greater degree. Steel rebar futures in China have slumped to an eight-year low, as the market contends with a prolonged downturn in the property sector. Iron ore supply has also added to the downside, with shipments from Australia rising almost 23% w/w to 17.2mt in the week to 16 May, according to Bloomberg data. Daily ore flows from Brazil also climbed in May.

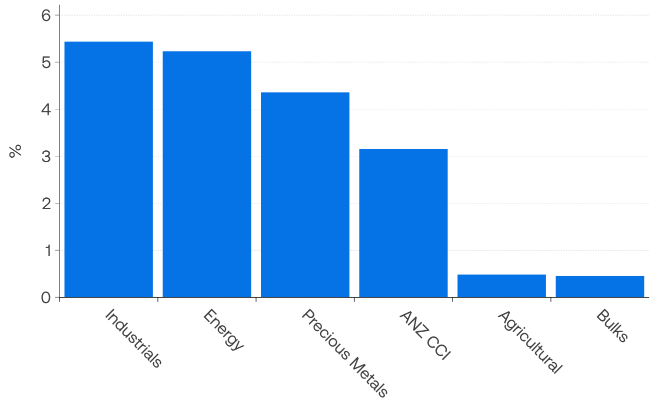
Gold moved higher but remained below USD3,400/oz as the USD found some strength after job openings in the US unexpectedly rose for April. This offset concerns about risks from the trade war. Nevertheless, renewed demand for haven assets limited the losses. Russia-Ukraine tensions remain elevated, while an Iran nuclear deal looks unlikely.

Figure 11. ANZ CCI weekly performance



Source: , Bloomberg, Macrobond, ANZ Research

Figure 12. ANZ CCI monthly performance



Source: , Bloomberg, Macrobond, ANZ Research

Calendar

Monday	Tuesday	Wednesday	Thursday	Friday
9 Jun • China Trade • China PPI, CPI	**10Jun** • EIA STEO • US NFIB Small Business • API US oil inventories • US crop progress	**11 Jun** • US CPI • EIA US oil inventories • US JOLTS job openings	**12 Jun** • US PPI • India Trade • USDA WASDE • US initial jobless claims	**13 Jun** • U. of Mich. Sentiment • China steel and iron ore port inventories • SHFE weekly inventories data • CFTC COT data • Baker Hughes US rig count.
16 Jun • India Trade Data • China Retail Sales, FAI, IP • US Retail Sales	**17Jun** • US IP • US NAHB Housing Market Index • API US oil inventories • US crop progress	**18 Jun** • FOMC Rate Decision • US Housing Starts • EIA US oil inventories • US JOLTS job openings	**19 Jun** • Swiss Precious Metal Exports • US initial jobless claims	**20 Jun** • China steel and iron ore port inventories • SHFE weekly inventories data • CFTC COT data • Baker Hughes US rig count.
23 Jun • US Existing Home Sales	**24 Jun** • US Conf. Board Consumer Confidence • API US oil inventories • US crop progress	**25 Jun** • US New Home Sales • EIA US oil inventories • US JOLTS job openings	**26 Jun** • US GDP Annualised • US initial jobless claims	**27 Jun** • US pending home sales • U. of Mich Sentiment • China Industrial Profit • China steel and iron ore port inventories • SHFE weekly inventories data • CFTC COT data • Baker Hughes US rig count.
30 Jun • China Mfg. PMI	**1 Jul** • US ISM Mfg. • API US oil inventories • US crop progress	**2 Jul** • US New Home Sales • EIA US oil inventories • US JOLTS job openings	**3 Jul** • US NFP • US Trade Balance • US initial jobless claims	**4 Jul** • US Independence Day • China steel and iron ore port inventories • SHFE weekly inventories data • CFTC COT data • Baker Hughes US rig count.

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Commodity Update	China commodity trade data: December 2024	13 Jan 2025
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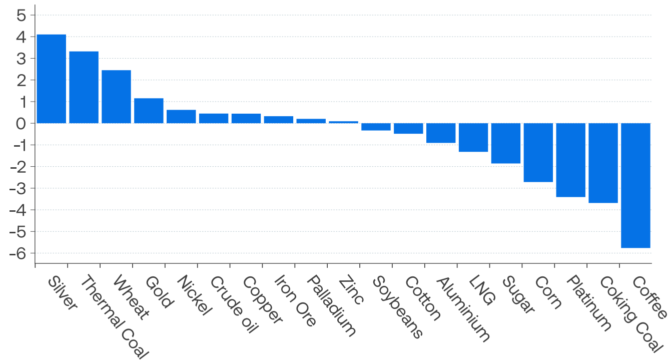
Commodity Update	China **commodity trade** data: November 2024	10 Dec 2024
Commodity Call: aluminium's resilience to sustain	**Aluminium's** supply dislocation	5 Dec 2024
Commodity Call: deft handling	**OPEC** commits to output hikes, but delays start again	28 Nov 2024
Carbon market chartbook	**Carbon** market outlook	27 Nov 2024
Commodity Tracker	Uncertainty prevails	20 Nov 2024
Commodity Call: nerves of steel	**Iron ore** to find some stability as short-term factors support demand	14 Nov 2024
The Vault	Trump 2.0: back to the future	13 Nov 2024
China Update	China's **commodity trade** data: October 2024	7 Nov 2024
Commodity Call: powering up demand	Investment in global grid infrastructure will power **copper** demand	7 Nov 2024
Commodity Call: hit the gas	Risks of shortage remain in the Australia east coast **gas** market	31 Oct 2024
Commodity Insight	**Carbon** market chartbook	25 Oct 2024
Commodity Tracker	Unclear road ahead	24 Oct 2024
Commodity Call: ore-stricken	Signs of supply shortages continue to emerge in **metal** markets	18 Oct 2024
Commodity Update	China preliminary **commodity trade** data, September 2024	15 Oct 2024
Commodity Call: confidence booster	Chinese **commodity markets** to see a welcome boost to demand	10 Oct 2024
The Vault	**Silver** on a solid footing	10 Oct 2024
Commodity Call: striking oil	Middle East tension to have limited impact on **oil** prices	4 Oct 2024

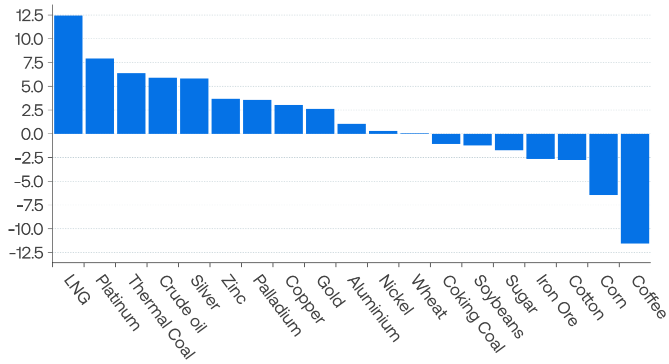
Commodity performance

One-week performance



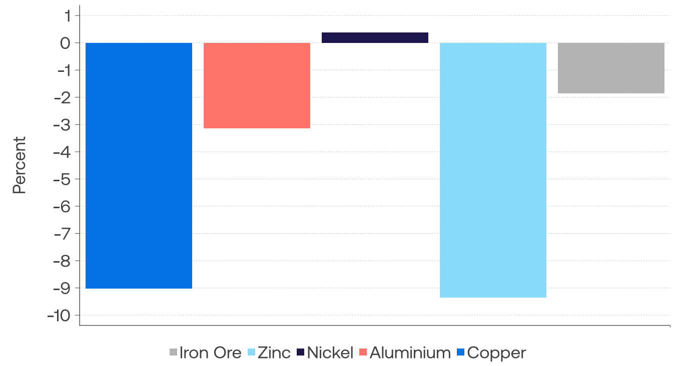
Source: LME, LPPM, LBMA, ICE, Bloomberg, Macrobond, ANZ Research

One-month performance



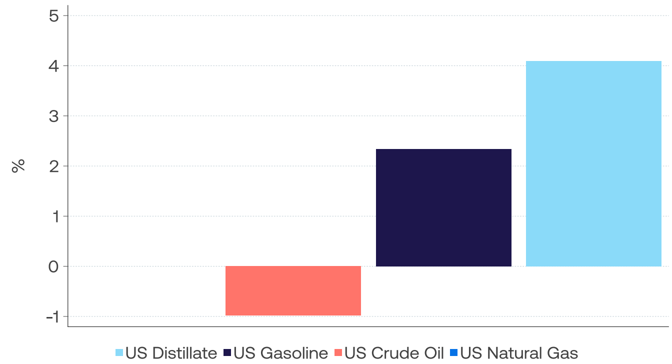
Source: LME, MySteel, LPPM, LBMA, ICE, Bloomberg, Macrobond, ANZ Research

Change in inventory w/w – metals



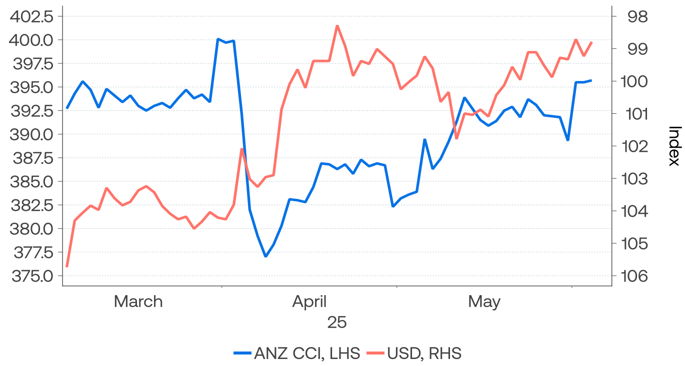
Source: , Bloomberg, Macrobond, ANZ Research

Change in inventory w/w – energy



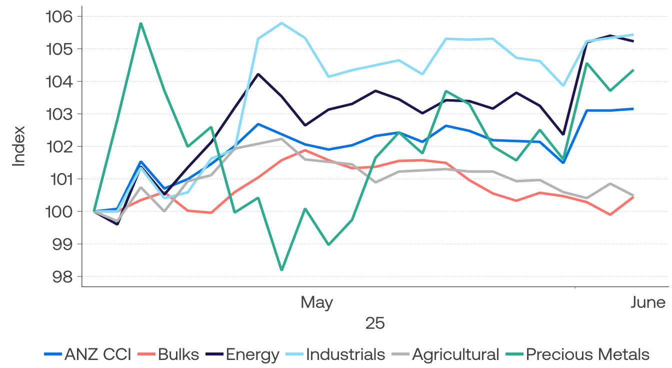
Source: , Bloomberg, Macrobond, ANZ Research

ANZ CCI vs USD



Source: ICE, Bloomberg, Macrobond, ANZ Research

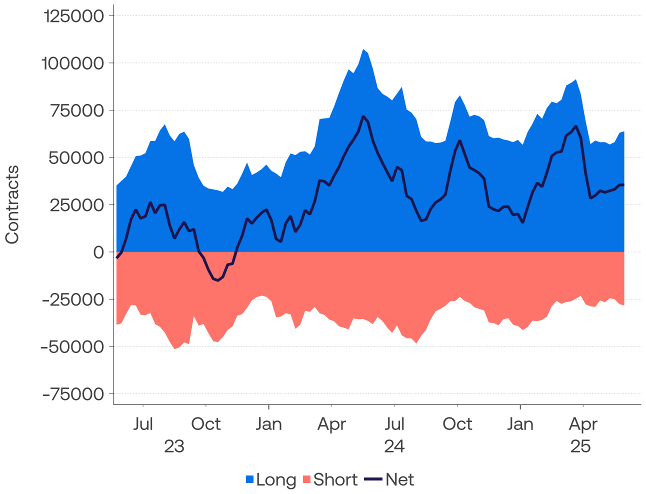
ANZ CCI sub-sector performance



Source: , Bloomberg, Macrobond, ANZ Research

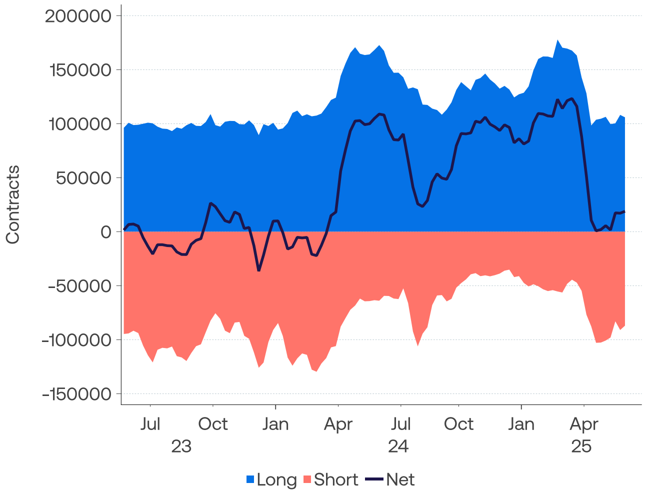
Investor Positioning

LME copper



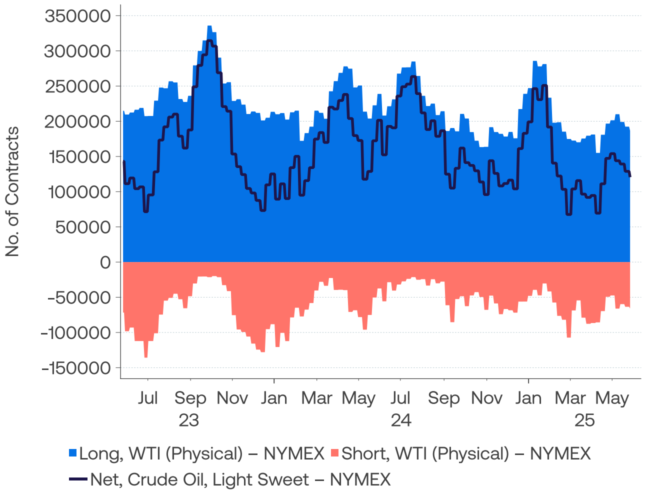
Source: LME, Bloomberg, Macrobond, ANZ Research

LME aluminium



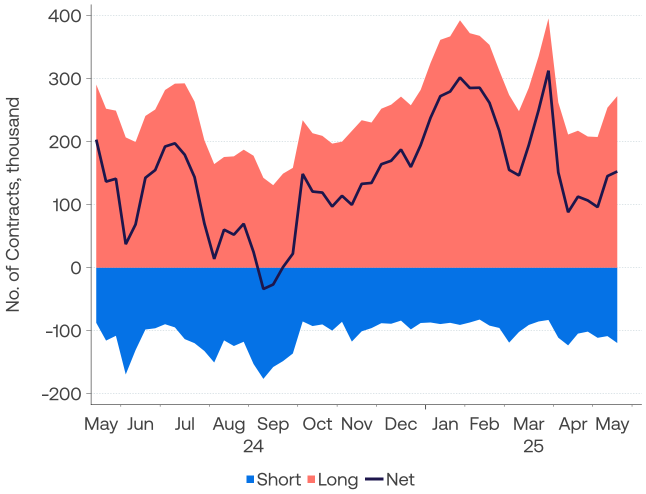
Source: LME, Bloomberg, Macrobond, ANZ Research

WTI



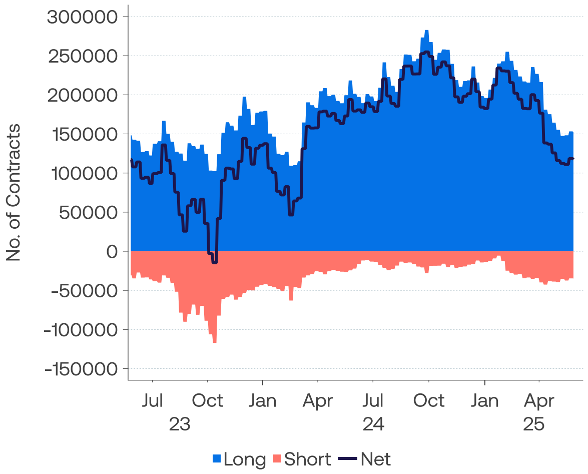
Source: CFTC, Bloomberg, Macrobond, ANZ Research

Brent



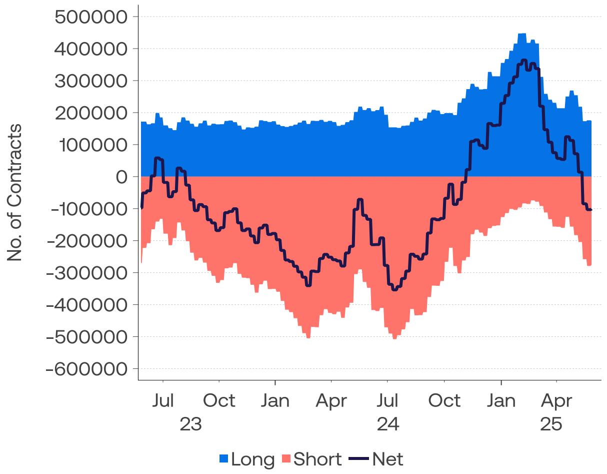
Source: ICE, Bloomberg, Macrobond, ANZ Research

Gold



Source: CFTC, Bloomberg, Macrobond, ANZ Research

Corn

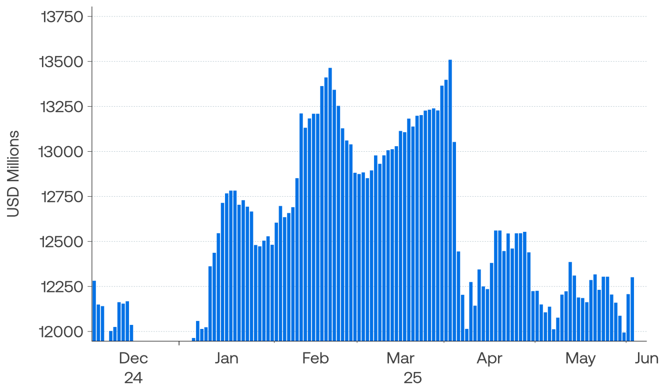


Source: CFTC, Bloomberg, Macrobond, ANZ Research

EFT holdings by sector

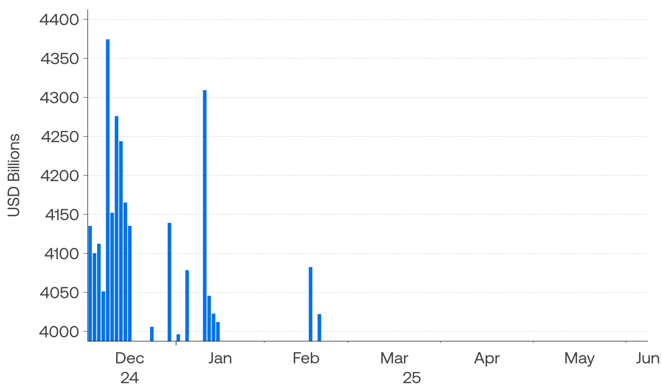
ETF Holdings	Last (USDm)	1wk (% chg)	1mth (% chg)	3mth (% chg)	6mth (% chg)	1yr (% chg)
	12,315	0.8	1.7	-4.7	-0.4	-10.5
	441	-23.2	-20.9	-23.2	-25.0	-44.0
	1,153	-9.2	-6.7	-11.1	-5.1	-10.3
	2,952	0.8	-6.2	-13.8	-27.7	-24.8
	12	-91.8	-91.8	-92.3	-92.3	-92.2
	192,236	2.3	2.9	21.7	35.5	59.6

ETF Holdings – Broad Based



Source: , Bloomberg, Macrobond, ANZ Research

ETF Holdings – Energy



Source: , Bloomberg, Macrobond, ANZ Research

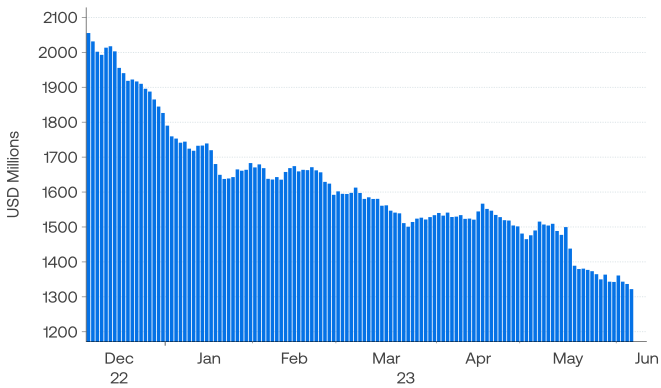
ETF Holdings – Industrial Metals

Source: , Bloomberg, Macrobond, ANZ Research

ETF Holdings – Precious Metals

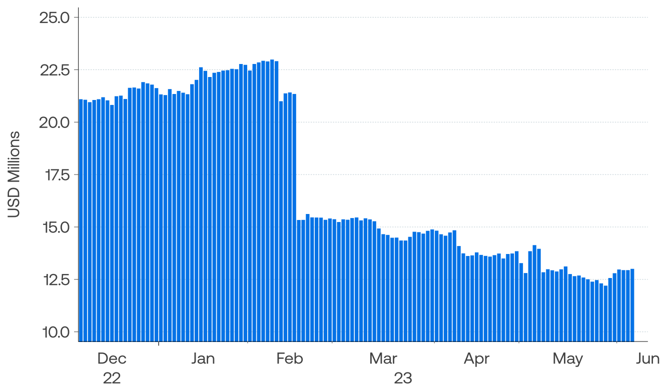
Source: , Bloomberg, Macrobond, ANZ Research

ETF Holdings – Agriculture



Source: , Bloomberg, Macrobond, ANZ Research

ETF Holdings – Livestock



Source: , Bloomberg, Macrobond, ANZ Research

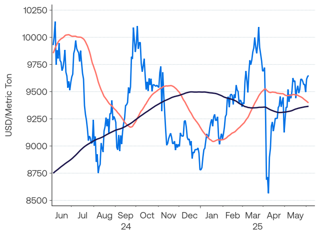
Prices

INVENTORIES	Last	1 wk	1 mth	3 mth	6 mth	12 mth
LME Base Metals (kt)						
LSCA Index	0.14 million	-7.235	-28.358	-45.666	-47.75	17.79
LME ALUMINUM TOTAL	0.37 million	-1.920	-10.618	-29.238	-46.46	-66.90
LME NICKEL TOTAL	0.20 million	0.740	0.602	3.652	21.91	137.99
LME LEAD TOTAL	0.28 million	-2.426	6.597	35.101	3.75	56.03
LME ZINC TOTAL	0.14 million	-3.607	-21.591	-15.528	-50.94	-47.11
LME TIN TOTAL	0.00 million	-2.799	-1.883	-30.533	-45.04	-47.90
Steel Making Raw Materials						
Steelhome China Iron Ore Total Ports Inventory	0.01 million	0.000	-2.671	-5.874	-8.97	-9.71
Steelhome China Thermal Coal Total Inventory at Ports	0.00 million	0.000	4.177	12.286	4.02	25.02
Energy						
DOE Crude Oil Total Inventory Data (excluding Strategic Petroleum Reserve)	0.44 million	0.000	-1.306	0.192	3.34	-5.13
US DOE Working Natural Gas Total Estimated Storage Data	0.00 million	n/a	9.800	45.819	-33.92	-16.75
Steelhome China Thermal Coal Total Inventory at Ports	0.00 million	0.000	4.177	12.286	4.02	25.02
Other						
Steelhome China Iron Ore Total Ports Inventory	0.01 million	0.000	-2.671	-5.874	-8.97	-9.71
Steelhome China Rebar Total Inventory	0.00 million	0.000	-14.896	-32.147	34.72	-26.22
Total Known ETF Holdings of Gold	88.48 million	0.219	-0.346	3.014	6.58	9.33
Platinum Holdings All Known ETFs	3.28 million	1.412	3.251	1.898	2.18	-3.41

MACRO	Last	1 wk	1 mth	3 mth	6 mth	12 mth
Key Indices						
Chicago Board Options Exchange Volatility Index	17.610	-8.186	-25.508	-19.699	30.059	39.430
Commodity Research Bureau BLS/US Spot All Commodities	560.350	0.913	2.501	4.449	4.059	3.013
London Metal Exchange LMEX Metals Index	4,107.500	0.845	2.662	-1.810	1.600	-3.749
ANZ Bank China Commodity Index (CCI)	395.700	0.995	3.074	0.355	0.025	-4.420
Currencies						
AUDUSD Spot Exchange Rate - Price of 1 AUD in USD	0.649	0.761	0.340	2.463	0.589	-2.362
EURUSD Spot Exchange Rate - Price of 1 EUR in USD	1.141	0.378	0.866	5.784	7.812	5.005
USDJPY Spot Exchange Rate - Price of 1 USD in JPY	143.010	-0.832	-0.480	-3.943	-4.724	-8.392
USDCAD Spot Exchange Rate - Price of 1 USD in CAD	1.368	-0.956	-1.071	-4.617	-2.467	-0.124
USDZAR Spot Exchange Rate - Price of 1 USD in ZAR	17.845	0.183	-2.327	-2.641	-0.947	-5.775

Source: Bloomberg, Macrobond, ANZ Research

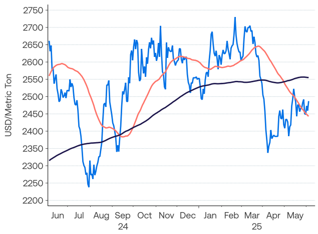
Copper



LME Copper 3m — 50dma — 200dma

Source: LME, Bloomberg, Macrobond, ANZ Research

Aluminium



LME Aluminium 3m — 50dma — 200dma

Source: LME, Bloomberg, Macrobond, ANZ Research

Nickel

LME Nickel 3m — 50dma — 200dma

Source: LME, Bloomberg, Macrobond, ANZ Research

Zinc

LME Zinc 3m — 50dma — 200dma

Source: LME, Bloomberg, Macrobond, ANZ Research

Lead

LME Lead 3m — 50dma — 200dma

Source: LME, Bloomberg, Macrobond, ANZ Research

Tin

LME Tin 3m — 50dma — 200dma

Source: LME, Bloomberg, Macrobond, ANZ Research

Gold

Spot Gold — 50dma — 200dma

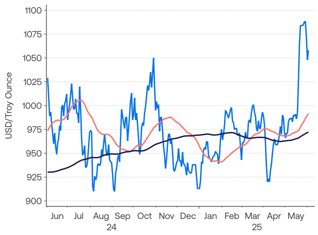
Source: LBMA, Bloomberg, Macrobond, ANZ Research

Silver

Spot Silver — 50dma — 200dma

Source: LBMA, Bloomberg, Macrobond, ANZ Research

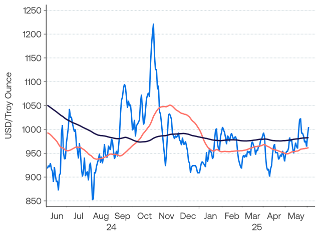
Platinum



Spot Platinum — 50dma — 200dma

Source: LPPM, Bloomberg, Macrobond, ANZ Research

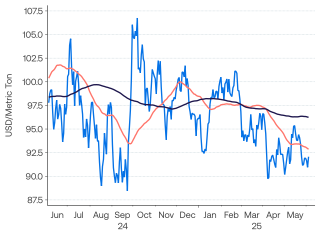
Palladium



Spot Palladium — 50dma — 200dma

Source: LPPM, Bloomberg, Macrobond, ANZ Research

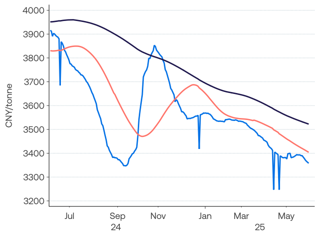
Iron ore



USD — USD — USD

Source: SGX, Bloomberg, Macrobond, ANZ Research

China rebar



China steel rebar — 50dma — 200dma

Source: , Bloomberg, Macrobond, ANZ Research

Coking coal

Coking coal — 50dma — 200dma

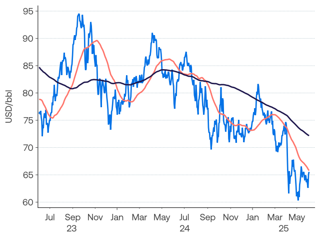
Source: , Bloomberg, Macrobond, ANZ Research

Thermal coal

Thermal coal (Newc) — 50dma — 200dma

Source: , Bloomberg, Macrobond, ANZ Research

Brent crude oil



Brent crude — 50dma — 200dma

Source: ICE, Bloomberg, Macrobond, ANZ Research

WTI crude oil

WTI crude — 50dma — 200dma

Source: , Bloomberg, Macrobond, ANZ Research

US natural gas

US Henry Hub gas — 50dma — 200dma

Source: EIA, Bloomberg, Macrobond, ANZ Research

Spot LNG

JKM North Asia Spot LNG — 50dma — 200dma

Source: , Bloomberg, Macrobond, ANZ Research

Soybeans

Soybean — 50dma — 200dma

Source: , Bloomberg, Macrobond, ANZ Research

Corn

Corn — 50dma — 200dma

Source: , Bloomberg, Macrobond, ANZ Research

Wheat

Wheat — 50dma — 200dma

Source: , Bloomberg, Macrobond, ANZ Research

Cocoa

Wheat — 50dma — 200dma

Source: , Bloomberg, Macrobond, ANZ Research

Sugar

Sugar — 50dma — 200dma

Source: , Bloomberg, Macrobond, ANZ Research

Palm oil

Palm Oil — 50dma — 200dma

Source: , Bloomberg, Macrobond, ANZ Research

ANZ forecasts

COMMODITY	Unit	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	2025F	2026F
BASE METALS											
Aluminium	USD/t	2,700	2,800	2,500	2,600	2,600	2,600	2,500	2,500	2,645	2,560
Copper	USD/t	9,500	9,800	9,500	9,700	10,000	10,200	10,400	10,200	9,267	10,150
Nickel	USD/t	16,500	16,000	16,200	16,500	16,800	17,000	17,500	17,800	16,015	17,145
Zinc	USD/t	2,900	2,950	2,800	2,700	2,650	2,650	2,600	2,600	2,942	2,635
Lead	USD/t	2,000	2,050	1,900	1,950	2,000	2,000	2,000	2,000	1,986	1,994
PRECIOUS METALS											
Gold	USD/oz	2,950	3,100	3,200	3,000	2,900	2,850	2,800	2,750	3,028	2,850
Platinum	USD/oz	1,025	1,000	1,050	1,100	1,100	1,100	1,100	1,100	1,029	1,100
Palladium	USD/oz	980	1,000	1,000	1,050	1,000	950	950	950	1,001	973
Silver	USD/oz	33.5	36.0	37.6	35.7	35.4	34.8	34.6	34.4	34.8	34.9
BULKS											
Iron ore (CIF China)	USD/t	95	94	92	90	88	85	85	85	93	92
Coking coal - Prem (contract)	USD/t	190	185	180	180	170	170	170	170	187	181
Coking coal - Semi-soft	USD/t	90	90	90	90	90	90	90	90	90	90
PCI coal	USD/t	100	100	100	100	100	100	100	100	100	100
ENERGY											
WTI	USD/bbl	65	71	68	67	71	74	68	66	69	70
Brent	USD/bbl	70	75	72	71	75	78	72	70	73	74
LNG spot	USD/mmBtu	15.0	16.0	16.0	15.0	15.0	15.0	15.0	15.0	14.3	15.0
LNG (Japan contract)	USD/mmBtu	11.0	10.5	10.9	10.7	10.5	10.9	0.0	0.0	11.2	6.4
Thermal coal (spot, Newc)	USD/t	110	105	104	105	105	150	150	150	0	0
CARBON											
European carbon	EUR/T	80	80	75	75	75	75	75	75	75	75
ACCU	AUD/t	37	40	50	65	70	75	75	75	65	75

Note 1: Base/precious metals, energy and bulk quarterly forecasts are end of period prices; agriculture forecasts are average prices. Annual forecasts are a calculated average of the end of quarter prices.
Note 2: Historical data are actuals.
Source: ANZ Research

	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
FX								
AUD/USD	0.61	0.61	0.63	0.64	0.65	0.66	0.66	0.68
USD/JPY	153	152	150	148	146	144	142	140
EUR/USD	1.00	1.01	1.03	1.05	1.06	1.08	1.10	1.10
USD/CNY	7.30	7.38	7.45	7.50	7.50	7.45	7.43	7.40
DXY Index	111	110	108	106	104	103	101	101
Interest Rates								
RBA cash rate	4.10	4.10	3.85	3.85	3.85	3.85	3.85	3.85
Fed funds rate	4.50	4.50	4.25	4.00	3.75	3.75	3.75	3.75
UST 2-year	4.25	4.00	3.75	3.75	3.75	4.00	4.25	4.25
UST 10-year	4.50	4.25	4.25	4.25	4.25	4.75	4.75	4.75

	2010-2019 average	2021	2022	2023	2024f	2025f	2026f
Gross Domestic Product							
United States	2.40	6.06	2.51	2.89	2.80	2.30	1.90
Euro area	1.47	6.30	3.51	0.40	0.70	1.30	1.50
China (mainland)	7.67	8.42	2.96	5.23	5.00	4.32	4.00
India	6.86	9.69	6.99	8.15	6.35	6.49	6.69
World	3.61	6.61	3.58	3.29	3.14	3.25	3.15

Note: Forecast prices are end of period. Historical data are actuals.
Source: Bloomberg, ANZ Research

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Last updated: 19 November 2024

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