

## The Commodities Feed: Biden confirms SPR release

As widely expected, the US administration yesterday announced a further release from the Strategic Petroleum Reserve (SPR). This will be the final tranche from the 180MMbbls announced earlier this year. Meanwhile, LME aluminium inventories continue to grow amid speculation is that it is Russian aluminium flowing into LME warehouses



### Energy- US SPR release confirmed

President Biden confirmed that the US will release 15MMbbls of crude oil from its SPR, which would be the final tranche from the 180MMbbls announced earlier this year. The crude will be for delivery through December with bids due by 25 October and results by 1 November. 3MMbbls will be sour crude, while the remaining volume will be sweet crude. Given that this volume is part of the previously announced larger release, the impact on the market is minimal. This is reflected in price action with WTI settling 3.3% higher yesterday. This latest release will do little to offset the impact of OPEC+ supply cuts - the release is equivalent to less than 14 days of OPEC+ supply cuts, whilst the OPEC+ deal is set to run through until the end of 2023. However, as widely reported before Biden's announcement, the US will make further releases over the coming months if necessary.

Yesterday's EIA report was constructive. US commercial crude oil inventories fell by 1.73MMbbls over the week, which was unexpected - the market was anticipating a build in the region of 2.5MMbbls. The drawdown in crude stocks was even larger when taking into consideration SPR releases. Total US crude oil inventories declined by 5.29MMbbls. The fall in crude stocks was largely driven by a recovery in exports which grew by 1.27MMbbls/d over the period. As for refined products, gasoline stocks fell by 114Mbbls, while distillate stocks increased by 124Mbbls. Despite this increase, there are still concerns going into winter over distillate inventories as they are at their lowest levels in at least 25 years for this time of year.

## Metals - LME aluminium inflows fuel concerns of Russian glut

Readily available aluminium inventories in LME warehouses rose for an eleventh day, driven by deliveries into Malaysia's Port Klang. They now stand at 527,675 tonnes, according to data from the bourse. On-warrant stockpiles have doubled since the start of October, fuelling speculation about Russian material inflows. Meanwhile, Reuters reported on Wednesday that trader, Glencore had delivered "significant" amounts of Russian-origin aluminium to LME-registered warehouses in Gwangyang, South Korea.

The International Copper Study Group (ICSG) forecasts the global copper market to be in a supply deficit of around 325kt in 2022, compared to a previous estimate of a supply surplus of 140kt in 2022 and a supply deficit of 458kt reported last year. For 2023, the group forecasts the copper market balance to switch to a supply surplus of 150kt; however, the group had previously forecast a surplus of 350kt back in May. Global mine supply is forecast to rise by 3.9% YoY this year and 5.3% YoY in 2023. Meanwhile, refined copper supply growth was revised down from 4.3% YoY to 2.8% YoY for the current year, mainly due to lower output from smelters and longer-than-expected smelter maintenance/shutdowns. For 2023, refined output is expected to increase by 3.3% YoY following the expansion of Chinese capacity and newly added smelting capacity elsewhere. On the consumption side, global refined copper usage is expected to rise by 2.2% YoY this year and 1.4% YoY in 2023.

The International Nickel Study Group (INSG) forecasts the global nickel market to shift to a supply surplus this year and to continue to remain in surplus next year due to negative growth expectations in the stainless-steel sector. The global nickel market is expected to be in a supply surplus of 144kt in 2022 and a surplus of 171kt in 2023, compared to a supply deficit of 163kt in 2021. Global primary nickel production is forecast to rise by 424kt to 3.04mt this year and then expected to rise to 3.39mt in 2023. Global demand is estimated to rise by 117kt to 2.89mt this year and to 3.22mt in 2023.

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