

## The Commodities Feed: Black Sea grain uncertainty

Oil prices came under pressure yesterday on the back of a stronger USD. For today, all attention will be on Chinese 1Q23 GDP and March activity data



### Energy - progress on Northern Iraqi oil exports

Oil prices started the trading week on a weak footing. ICE Brent settled 1.8% lower yesterday with a stronger USD weighing on the market. In addition, there appears to be more progress in negotiations between the Iraqi and Kurdish governments, according to Reuters, which would see a resumption of oil flows from Northern Iraq via the Ceyhan export terminal in Turkey. Oil flows of around 450Mbbls/d were halted back in late March after the International Chamber of Commerce ruled in favour of the Iraqi government, which claimed that these oil exports via Turkey were unauthorised.

The EIA released its latest Drilling Productivity Report yesterday, in which it forecast that US shale oil output will grow by 49Mbbls/d MoM to 9.33MMbbls/d in May. In addition, the number of drilled but uncompleted wells (DUCs) in the US fell by 10 over March to 4,676, the lowest DUC inventory seen since March 2014. Drilling activity is higher than levels seen over 2021 and 2022, but still remains below pre-Covid levels and is clearly not keeping up with the pace of completion of wells.

US natural gas prices saw a lot of strength yesterday with Henry Hub rallying more than 7.6% on the day. Forecasts for colder-than-usual weather across parts of the US later in the week have boosted sentiment in the expectation of higher heating demand. In addition, we have seen record volumes of gas sent to LNG export terminals in recent days as they return to normal following the extended Freeport LNG outage.

## Metals- Myanmar mining ban plan

Tin prices settled more than 10% higher yesterday, and traded to their highest level since 21 February on news of a mining ban in Myanmar, a major producer of the soldering metal. Myanmar's Wa State, the country's largest ethnic armed group, which controls the tin-mining area, will suspend mining resources exploration from August, according to Bloomberg. Myanmar has the world's third largest reserves of tin, behind China and Indonesia, according to the US Geological Survey. China is particularly dependent on Myanmar tin ore, which accounted for 77% of China's tin ore imports in 2022, according to Chinese customs data. Prices on the Shanghai Futures Exchange closed 10.5% higher at their daily limit.

China's alumina supply will outpace demand this year, rising 3.1% to 82.2m tonnes this year, while demand will grow by 2.2%, according to estimates from Antaika. Chinese alumina capacity could expand by 8.4m tonnes over 2023 and 2024 from 99.55m tonnes as of 2022, according to the group.

Norsk Hydro warned of delivery delays as trade union members at its Karmoy and Ardal facilities go on strike from Monday. The strike action will gradually affect operations at the facilities and shipping activities will be strictly limited for both sites, the company said in a press release.

## Agriculture – Black Sea Grain Initiative uncertainty

Ukraine's Infrastructure Ministry said that Russia stopped inspecting grain vessels exported via Ukraine under the Black Sea Grain Initiative. The Ministry further added that the "grain initiative is under threat of shutdown", which has once again ignited fears over the smooth movement of grains from three key ports. Nonetheless, the latest data from the Joint Coordination Centre (JCC) showed that the volume of crops under the grain deal leaving Ukrainian ports rose 7% WoW to about 702.3kt as of 16th April, compared with 656kt in the previous week.

The USDA's latest weekly crop progress report for the US shows that the winter wheat crop condition remains poor due to extended drought conditions in major producing regions. The agency rated around 27% of the winter wheat crop in good-to-excellent condition compared to around 30% at the same stage last year. Meanwhile, corn and soybean plantings appear to be progressing well. The USDA reported that domestic corn plantings stood at 8% for the week ending 16th April, higher than the 4% planted at this stage last season and also above the 5-year average of 5%. US soybean plantings were reported to be 4% complete, ahead of the 1% seen at this stage last year.

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