

## The Commodities Feed: Brent breaks above \$87

Brent broke above \$87/bbl yesterday as the oil market reacted to updates on Hurricane Beryl threatening production. Tight US inventory has further helped the rally



### Energy – EIA reports lower oil inventories

ICE Brent settled above US\$87/bbl for the first time since mid-April yesterday, before giving up some gains in the early trading session today. Oil supply threats in the US due to Hurricane Beryl and a bullish oil inventory report from the EIA helped oil to make strong gains.

Recent reports suggest that the hurricane is now disrupting US oil output, with companies like Shell Plc, BP Plc, and Exxon Mobil Corp evacuating some of their platforms in the Gulf of Mexico. According to the data from the National Hurricane Center and the Bureau of Ocean Energy Management, around 73k b/d of federal offshore oil production is believed to be within the projected path of the storm.

Meanwhile, the weekly inventory report from EIA shows that US commercial crude oil inventories fell by 12.2m barrels over the week, compared to market expectations of a drawdown of just 411k barrels. This was the biggest weekly decline since July 2023. This leaves commercial crude oil inventories at 448.5m barrels, the lowest level since 22 March 2024. Crude oil exports rebounded by 491k b/d week-on-week to 4.4m barrels over the reporting week following the reopening of the Port of Corpus Christi in Texas, the waterway that connects the largest crude-exporting terminals in the country to overseas markets.

In refined products, gasoline stocks fell by 2.2m barrels against a draw of 636k barrels that the market was expecting, while distillate fuel oil stocks decreased by 1.5m barrels over the week (larger than the market expectations for a draw of just 395k barrels). Furthermore, gasoline demand consumption rose on a four-week basis for the first time since July. Refinery activity increased over the week, rising 1.3% to 93.5% as of 28 June 2024.

## Metals – LME to suspend delivery of nickel from Norilsk Finland plant

The London Metal Exchange (LME) is suspending deliveries of nickel from the Norilsk Finland plant, as the products from the plant have continued to be deliverable despite Western sanctions on Russian metal. No new deliveries of nickel cathodes and briquettes from Norilsk's Harjavalta plant will be allowed from 3 October. The plant is a major producer of refined nickel, with a total capacity of 65kt/y.

In copper, Codelco said that it is on track to achieve its annual production guidance, despite registering an annual decline in its output in the first half of the year. The company expects its copper output to start recovering in the second half of the year and estimates production to reach above last year's level in 2024.

## Agriculture – ISMA leaves sugar stockpile estimates unchanged

The latest estimates from the Indian Sugar and Bio-energy Manufacturers Association (ISMA) show that sugar stockpiles in India at the end of the 2023/24 season are seen at 9.1mt, unchanged from its April estimates. Sugar stockpiles stood at 5.6mt at the end of the 2022/23 season. The group estimated a sugar surplus of around 3.6mt for the period mentioned above, while 5.5mt is kept for domestic consumption until the new crushing season starts (1 October 2024). Further, the group has urged the government to consider permitting the export quota in the current season, as production exceeds consumption in the country.

Recent data from Ukraine's Agriculture Ministry shows that domestic grain exports in the 2024/25 season (1 July) stood at 315kt. The above includes wheat exports of 169kt (Vs 9kt seen last year) and corn exports at 142kt (vs 25kt seen at the same stage last year). The increase in exports was largely driven by the large beginning stocks in the above-mentioned period.

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