

The Commodities Feed: Ceyhan flows ordered to restart

The oil market rallied yesterday partly driven by supply concerns related to the halting of operations at the Ceyhan export terminal. However, these worries should subside with Turkey ordering the restart of flows to the terminal



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Energy- Ceyhan terminal restart

Turkey yesterday ordered the restart of oil flows to the Ceyhan export terminal after flows were suspended as a precaution following the devastating earthquake which hit Turkey and Syria. The terminal ships around 1MMbbls/d of Azerbaijani and Iraqi crude oil from the Mediterranean. The suspension had raised supply concerns, however, the quick restart should ease those worries.

The latest numbers from the API show that US crude oil inventories fell by 2.2MMbbls last week, while crude stocks at the WTI delivery hub, Cushing, increased by a modest 178Mbbls. The numbers were more bearish for refined products, with gasoline and distillate fuel oil inventories increasing by 5.3MMbbls and 1.1MMbbls respectively. The EIA will release its weekly inventory numbers later today.

The EIA released its monthly Short Term Energy Outlook yesterday, in which it increased US crude oil production estimates for 2023 marginally from 12.41MMbbls/d to 12.49MMbbls/d, while output

was expected to grow by a little more than 590Mbbbls/d YoY. For 2024, crude oil production estimates were lowered from 12.81MMbbbls/d to 12.65MMbbbls/d, which leaves YoY growth at a fairly modest 160Mbbbls/d.

Metals - China continues to boost gold reserves

The People's Bank of China increased its gold reserves by about 15 tonnes in January, a third consecutive month of increases, to a total of 2,025 tonnes. In November and December, China added a combined 62 tonnes of gold. Before reporting gold reserves for November, China hadn't reported any increases since September 2019.

For nickel, the preliminary estimates from the US Geological Survey (USGS) show that global nickel mine production rose 21% YoY to 3.3mt in 2022, compared to 2.73mt in 2021. Most of the additions came from Indonesia (+54% YoY, 1.6mt) followed by the Philippines (330kt) and Russia (220kt). For Indonesia, the significant rise in production was mainly due to the ongoing commissioning of NPI and stainless steel projects.

For lead, the Shanghai Metals Market (SMM) reported that a primary lead smelter in Hunan province had closed for maintenance for the week with operations set to resume next week. An estimated 2,000 tonnes of primary lead output is expected to be impacted in February due to the ongoing maintenance of the smelter.

Agriculture – Brazil's soybean harvest slows

There are reports that regular rains in Brazil will continue to weigh on the pace of the domestic soybean harvest. According to CONAB, so far, Brazil has harvested 9% of its 2022/23 soybean crop, down from 17% in the same period a year ago. Brazil is expected to harvest a record soybean crop of 153mt this season, up from 126mt last season. The issue with the slow pace of soybean harvesting is that it could delay safrinha corn plantings.

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