

## The Commodities Feed: China's imports recover

China's crude oil and natural gas imports recovered strongly in May, which could help improve market sentiment. For copper, China's concentrate imports jumped to a fresh high, while unwrought copper imports remain soft



### Energy – China's crude oil imports recover

China's crude oil imports recovered to 51.44mt or around 12.16MMbbls/d (up 17% month-on-month and 12% year-on-year) in May 2023, as some of the refineries increased their utilisation rate after concluding maintenance. Demand slowdown from China has been a major concern for the crude oil market recently, and a recovery in oil imports is likely to provide some comfort to the oil market. Higher refinery utilisation has also increased refined product supplies in the Chinese market, with China reverting to being a net exporter of refined products last month. Among other energy products, natural gas imports into China increased 17.3% YoY to 10.6mt in May as lower gas prices in the Asian market supported demand for storage.

In its latest short-term energy outlook report, the Energy Information Administration (EIA) revised higher domestic oil production estimates, as the decision by OPEC+ to extend output cuts could push oil prices higher and bring more investments into exploration. The administration revised

higher the production estimates to 12.61MMbbls/d for 2023 compared to earlier estimates of 12.53MMbbls/d and output of 11.88MMbbls/d in 2022. For 2024, production estimates are revised higher to 12.77MMbbls/d compared to earlier estimates of 12.69MMbbls/d. On the other hand, US demand for crude oil is revised down from 20.47MMbbls/d to 20.42MMbbls/d on slow demand for distillates – although this is still higher than the 20.28MMbbls/d of consumption in 2022.

Meanwhile, the American Petroleum Institute (API) reported that the US crude oil inventories decreased by 1.71MMbbls over the last week, in contrast to market expectations for the addition of around 350Mbbbls. Cushing crude oil stocks are reported to have increased by 1.53MMbbls. On the products side, API reported that gasoline and distillates inventories rose by 2.42MMbbls and 4.5MMbbls respectively over the week ending 2 June. The more widely followed EIA report will be released later today.

## Metals – Chinese copper concentrate imports at record highs

China released its preliminary trade data for metals this morning, which shows total monthly imports for unwrought copper fell 4.6% YoY to 444kt in May, largely on account of higher domestic production of the refined metal. Cumulatively, unwrought copper imports fell 11% YoY to 2.14mt in the first five months of the year. Meanwhile, imports of copper concentrate rose 16.7% YoY to a fresh record of 2.56mt last month, with year-to-date imports up 8.8% YoY to 11.31mt from January to May this year. In ferrous metals, iron ore monthly imports rose 3.9% YoY (+6.3% MoM) to 96.17mt last month, while cumulative imports are up 7.7% YoY to 480.7mt from January to May.

On the exports side, China's unwrought aluminium and aluminium products shipments fell 29.7% YoY to 475.4kt last month while year-to-date exports declined 20.2% YoY to 2.32mt in the first five months of the year. Exports of steel products jumped 41% YoY to 36.4mt from January to May this year.

Meanwhile, data from the Mines and Geosciences Bureau shows that nickel output in the Philippines rose 5.4% YoY to 3.9dmt in 1Q23 despite only a few mines being in production. The bureau reported that only 13 out of the nation's 33 operating mines reported output for the above-mentioned period, as some were impacted by unfavourable weather conditions while few were undergoing scheduled maintenance. However, the bureau remains optimistic about the outlook for the mining industry over the long term, following the expected recovery of the global economy and strong demand for nickel ore.

## Agriculture – Chinese soybean imports surge

The latest trade numbers from Chinese Customs show that soybean imports in China rose 24.3% YoY (+65.6% MoM) to a record high of 12.02mt in May. The imports surged sharply as the delayed cargoes (due to last month's strict inspections) were finally unloaded at ports. Cumulatively, soybean imports rose 11.2% YoY to 42.3mt over the first five months of the year.

Weekly data from the European Commission show that soft wheat shipments from the EU reached 28.9mt for the season as of 4 June, up 11.4% compared to 25.9mt from the same period last year. Morocco, Algeria, and Nigeria were the top destinations for these shipments. Meanwhile, the EU's corn imports stood at 24.6mt, compared to 15.3mt reported a year ago.

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