

## The Commodities Feed: EU ban on Russian crude oil begins

The EU ban on Russian seaborne crude oil comes into force today, along with the G-7 price cap for Russian oil. Meanwhile, OPEC+ agreed to leave output targets unchanged at its meeting yesterday despite the uncertain demand outlook



### Energy: OPEC+ policy remains unchanged

The OPEC+ meeting yesterday was a fairly quick affair with the group deciding to leave output policy unchanged. As a result, the group will continue with its cuts of a little over 1MMbbls/d which were announced back in October. OPEC+ will next meet in June, although given the amount of uncertainty, one cannot rule out the potential need of calling for a meeting in the interim.

EU members finally agreed on a level for the Russian oil price cap at the end of last week. The EU agreed on a cap of US\$60/bbl, which is below the initial proposal of US\$65-70/bbl. However, the cap is still above what Russia will be receiving for its Urals, which calls into question how effective the cap will be at the moment. The price cap comes into force today, along with the EU's ban on Russian crude oil. The level of the cap suggests that we are unlikely to see Russia reducing output as a result.

Despite no change in OPEC+ policy and the high level of the price cap, oil prices have been well supported so far in trading today. A further relaxation in China's Covid restrictions has

proven supportive for the market.

The latest market positioning data shows that speculators continued to reduce their net long in ICE Brent over the last reporting week. Speculators reduced their net long by 38,837 lots to leave them with a net long of 99,211 lots as of last Tuesday. This is the smallest net long speculators have held since November 2020 and reflects growing demand concerns.

## Metals: Edging higher as China eases Covid restrictions

Copper has continued its rally today after the latest move by Chinese authorities, which sees an easing Covid in testing requirements across major cities. Meanwhile, recent efforts by the Chinese government to revive its property sector have also supported the metals complex.

The latest data from Shanghai Futures Exchange (ShFE) shows that weekly inventories for zinc dropped by 2.5kt (-12% WoW) to 17.9kt (fresh record lows) as of Friday. Among other metals, aluminium stocks fell by 14.5kt (-13% WoW) for a seventh consecutive week to 95.5kt (lowest since 2016) as of last week.

According to reports, IGO has suspended production at its Nova nickel operation in Western Australia after a fire damaged its power station over the weekend. The company expects that the restoration of full power supply could take up to four weeks. Nova produced 26.7kt of nickel in the last financial year.

## Agriculture: Ukraine grain shipments continue to lag

The latest data from Ukraine's Agriculture Ministry shows that Ukraine has exported around 18.1mt of grains so far in the 2022/23 season, a decline of 30% from the same period last year. Total corn shipments stood at 9.7mt (+63% YoY), while wheat exports fell 53% year-on-year to 6.9mt as of 2 December.

Data from the Indian Sugar Mills Association (ISMA) shows that domestic sugar production rose 1.5% YoY to 4.79mt (until 30 November) in the current 2022/23 marketing year. ISMA also reported that 434 mills were crushing sugar cane by the end of last month compared with 416 operating mills a year earlier.

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