

The Commodities Feed: IEA sees firmer oil demand

Oil settled marginally lower yesterday despite US inflation coming in below expectations and the IEA revising up its oil demand estimates



Energy - Firmer oil demand

ICE Brent settled marginally lower yesterday despite [US inflation rising less than expected](#), while the IEA also revised up its oil demand forecasts for this year and next in its latest oil market report. The IEA revised up its 2023 oil demand growth forecast by around 100Mbb/d to 2.4MMbb/d. This increase was a result of Chinese demand hitting record levels, while US demand has also been stronger than the agency was expecting. 2024 demand growth forecasts were increased from 900Mbb/d to 930Mbb/d. Supply has also been performing strongly, with the US, Brazil and Guyana driving supply growth this year. The IEA sees a smaller deficit than originally expected in 4Q23 of around 900Mbb/d and also sees the market returning to a surplus early next year. Our balance also shows a surplus in 1Q24 before the market returns to a deficit for most of 2024. However, this surplus will also depend on whether or not the Saudis roll over their additional voluntary supply cut of 1MMbb/d.

Numbers from the API overnight were fairly neutral. US crude oil inventories are reported to have increased by 1.3MMbb/d last week, while crude inventories at Cushing grew by 1.1MMbb/d. On the product side, gasoline stocks increased by a marginal 195Mbb/d and distillate inventories fell by

1MMbbls.

In the gas market, Chevron has resumed operations at the Tamar gas field in Israel. The Israeli government ordered the field to shut due to safety concerns following Hamas' attack in early October. The restart of production at the field means that gas flows to Egypt will also increase, which will also ease concern for Europe, given that a tighter Egyptian gas market would mean limited LNG exports from Egypt to Europe over the winter.

On the calendar for today, apart from the usual weekly EIA inventory data for the US, China will also release retail sales and industrial production numbers for October, which will include crude oil and refining output.

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