

The Commodities Feed: Markets await CPI data

The bulk of the commodities complex managed to edge higher yesterday despite some hawkish comments from Fed officials. Markets await US CPI data which will be released on Thursday



Energy- Record US oil output expected in 2023 and 2024

The oil market managed to eke out a small gain yesterday despite some hawkish comments from Fed officials. However, in early morning trading today, the market appears to be coming under some pressure following the release of US inventory numbers from the API. The API reported that US crude oil inventories increased by 14.9MMbbls, while gasoline and distillates also saw builds of 1.8MMbbls and 1.1MMbbls respectively. Expectations were for a crude oil draw of around 2MMbbls. The more widely followed EIA inventory numbers will be released later today.

The EIA published its latest Short-Term Energy Outlook yesterday, which included the latest US oil output forecasts for 2023 as well as the first forecast for 2024. US crude oil output is forecast to average a record 12.41MMbbls/d this year, up a little more than 500Mbbls/d YoY. Early estimates are for 2024 output to continue growing, increasing by around 400Mbbls/d to a record 12.81MMbbls/d. These annual growth rates remain fairly modest compared to previous upcycles seen in the oil market in recent years.

Metals – nickel market developments

First Quantum Minerals is close to striking a deal with Panama's government on a copper mine after reporting progress on resolving tax and royalty terms for the project. First Quantum and Panama have been negotiating new tax terms for more than a year on the open pit mine. First Quantum started commercial production at Cobre Panama in 2019. The mine can produce 300,000 metric tonnes of copper a year.

Lead inventories in the LME warehouses fell by 9.3% to the lowest since October 2007. Total stocks fell by 2,400 tonnes to 23,375 tonnes with the decline driven by withdrawals from Taiwan.

Xiang Guangda's (the billionaire at the centre of last year's nickel short squeeze) Tsingshan Holding Group Co. is in discussions with several struggling Chinese copper plants about processing its material into the more valuable refined metal, according to a report from Bloomberg. If successful, Tsingshan's plant, together with similar moves by its peers, could double Chinese refined nickel production this year, from about 180,000 tonnes in 2022 – adding roughly a fifth to global refined output, according to Bloomberg.

According to the latest report from SMM, the nickel surplus is expected to grow further in 2023. In 2023, total supply will reach 3.808mt in Ni content while demand will be 3.54mt in Ni content, resulting in a supply surplus of 269kt in Ni content, which is mainly driven by Nickel Pig Iron (NPI) supply.

The LME published the results of a report into March's crisis in the nickel market, recommending the exchange tighten its rules and enforcement processes to avoid a similar situation in the future. The LME said it will announce a plan by the end of March to implement the recommendations.

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