

## The Commodities Feed: Middle East tensions grow

The oil market is seeing some early morning strength as tensions grow following a hospital bombing in Gaza, which was followed by Jordan cancelling a summit with Arab leaders and President Biden



Source: Shutterstock

### Energy - Australian LNG strike called off

The oil market is trading firmer during the Asian early morning with ICE Brent up more than 1.6% at the time of writing, as fears grow over the conflict between Israel and Hamas. This is after a hospital bombing in Gaza, which killed hundreds. Hamas has blamed Israel for the bombing, while the Israelis have said it was militants. Either way, this does little to contain the conflict. Jordan was scheduled to host a summit with Arab leaders and President Joe Biden today, however, this has been cancelled following the bombing.

API numbers released overnight will also be providing a bit of support to the market. US crude oil inventories fell by 4.38MMbbls, quite a bit more than the roughly 500Mbbls draw the market was expecting. Cushing crude oil inventories are reported to have also fallen by around 1MMbbls, while for refined products, inventory declines were also seen with gasoline stocks decreasing by 1.58MMbbls and distillate stocks edging down by 612Mbbls.

Turning to the gas market, unions in Australia have called off strike action which was scheduled to start on Thursday at Chevron's Gorgon and Wheatstone LNG facilities. This is after members agreed to the latest labour deal with Chevron. Further potential strike action has been a risk lingering in the gas market with these two facilities making up around 6% of global LNG supply.

As for the calendar today, apart from the usual EIA weekly inventory report, there will be a data dump from China, which will include third-quarter GDP, September industrial production numbers and the second batch of trade data for September. The consensus for 3Q GDP growth is 4.5% YoY.

## Agriculture - Sugar rallies on the back of rains

Sugar prices received a boost yesterday with No.11 raw sugar settling 1.63% higher at US\$27.49/lb- levels last seen back on 19 September. Heavy rains in Brazil are slowing the loading of vessels at ports, which will likely push some shipments which were scheduled for October into November. These logistical delays come at a time when there is already plenty of supply concern in the sugar market due to expectations of poorer output from both India and Thailand in the 2023/24 season.

Recent data from the Ukrainian Agriculture Ministry shows that winter grain plantings rose 19.4% YoY to 3.3m hectares as of 17 October. This includes 3.02m hectares of winter wheat, which is up 20.7% from last year.

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