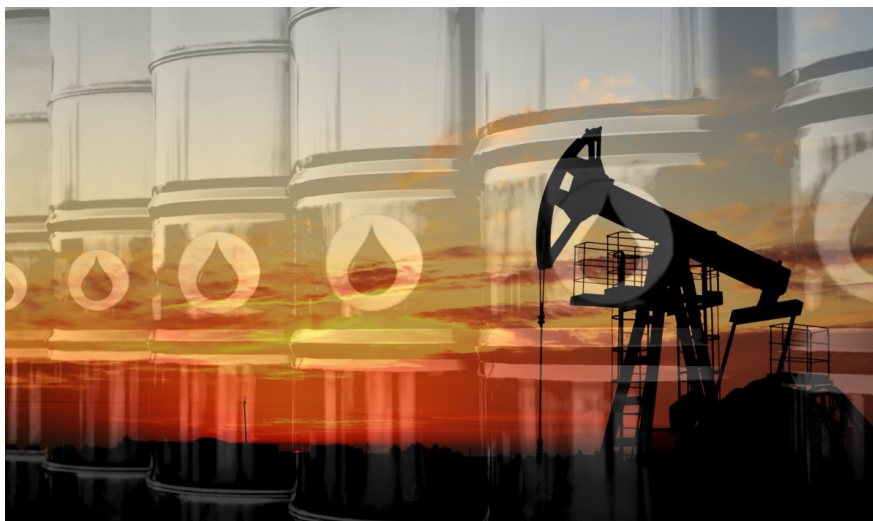


## The Commodities Feed: Oil edges lower

Oil prices continued to decline in early trading following reports of upcoming negotiations between the US and Russia to end the war in Ukraine. Meanwhile, OPEC has maintained its global oil demand forecasts in its latest monthly report



### Energy – OPEC estimates higher demand for OPEC+ crude

The oil market edged lower with ICE Brent trading below \$75/bbl this morning following the reports that US President Donald Trump and Russian President Vladimir Putin agreed to start negotiations to end the war in Ukraine. Meanwhile, the recent numbers from the Energy Information Administration's (EIA) inventory report were soft for the oil market.

In its monthly report, OPEC left its global oil demand growth estimate unchanged at 1.45m b/d and 1.43m b/d for 2025 and 2026 respectively. On the supply side, the group revised down non-OPEC+ supply by 0.1m b/d for 2025 which shall help increase the requirement for OPEC crude. The group expects demand for OPEC+ crude to increase from 42.2m b/d in 2024 to 42.6m b/d in 2025 and 42.9 mb/d in 2026. The group warned about the uncertainty over the supply-demand balance due to the tariffs from the US. In the short term, the OPEC trimmed output by 121k b/d MoM to 26.67m b/d in January. This decline was largely driven by Nigeria (-29k b/d), the UAE (-37k b/d), Iran (-14k b/d) and Venezuela (-17k b/d). The IEA will be releasing its monthly oil market report later today.

US weekly inventory numbers from the EIA yesterday show that the US commercial crude oil inventories (excluding SPR) increased by 4.1m barrels over the last week, well above the 2.5m

barrels the market expected. However, this was lower than the 9m barrels build reported by API the previous day. The build was larger when factoring in the SPR, with total US crude oil inventories rising by 4.3m barrels. Total US commercial crude oil stocks stand at 428m barrels, the highest since 22 November 2024.

In refined products, stocks of gasoline decreased by 3m barrels, the first withdrawal since November, against a forecast for a build of 0.54m barrels. However, distillate fuel oil stockpiles rose marginally by 0.13m barrels last week, compared to the market expectations of a drawdown of 1.5m barrels. Meanwhile, refineries operated at 85% of their capacity, slightly up from 84.5% over the previous week.

## Agriculture – India foresees bumper sugar harvest

Recent market reports suggest that India expects to have enough sugar to export next season, as favourable weather conditions increase the harvest area.

In January, India, which is the world's second-biggest producer of sugar, permitted mills to export up to 1 million tonnes of sugar this season from October, easing restrictions that had limited overseas sales for more than a year. However, the industry has requested approval for 2 million tonnes of exports.

In the latest report, the Rosario Board of Trade revised down Argentina's corn production estimates to 46mt for the 2024/25 season, lower than the 48mt estimated in January. The downward revision in the estimates was mostly due to drought and extreme heat, which could impact the yields. Similarly, soybean production estimates stood at 47.5mt for the above-mentioned period, below an estimated potential of 53mt.

Recent estimates from the Brazilian Association of Vegetable Oil Industries (ABIOVE) show that soybean crushing in the nation could rise marginally to 57.5mt in 2025 on account of higher biodiesel production, up 0.7% YoY from crushing projections of 55.4mt in 2024. Meanwhile, the board left the soybean production and export estimates unchanged at 171.7mt and 106.1mt for 2025.

France's Agriculture Ministry estimated French soft wheat exports for the 2024/25 season at 9.74mt, slightly higher than the previous month's estimate of 9.735mt. Soft wheat inventories decreased to 2.81mt compared to earlier projections of 2.89mt, due to a slight increase in export estimates. As for corn, inventory estimates were revised lower from 2.79mt to 2.76mt, while corn export estimates fell to 4.57mt from 4.62mt projected previously.

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