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# The Commodities Feed: Oil supply risks grow amid escalating geopolitical tensions

Oil prices are up this morning as supply risks increase following additional Ukrainian attacks on Russian energy infrastructure and an escalation in tensions between the US and Venezuela



## Energy – CPC terminal loadings halted

Oil prices are trading firmer this morning, with Brent up more than 1.1% at the time of writing, following additional attacks on Russian energy infrastructure over the weekend. The Caspian Pipeline Consortium (CPC) had to suspend loadings at its terminals after one of the moorings was damaged by Ukrainian attacks. The CPC terminal is located at Novorossiysk port in Russia, predominantly shipping Kazakhstan crude oil. It's been on the receiving end of several attacks recently. The latest incident saw Kazakhstan activate a plan to redirect exports. Shipments from the CPC terminal have averaged around 1.48m b/d so far this year, up roughly 200k b/d from last year, as the expansion of the Tengiz field in Kazakhstan supported exports.

Adding support to the market is increasing supply risks for Venezuelan crude oil after President Trump said he's considering closing the airspace over the nation. This escalation between the US and Venezuela has the US carrying out strikes on boats it claims are carrying drugs, while also building its military presence nearby. Venezuela exports around 800k b/d, of which most of the crude oil will head to China. Clearly, any further escalation puts this supply at risk.

OPEC+ met over the weekend. The group stuck to its policy of keeping output steady over the first quarter of next year “due to seasonality”. This was largely expected. Meanwhile, the group will review the maximum sustainable production capacity of members, which will serve as a reference for 2027 production baselines. This could certainly lead to disagreement among members, with countries keen to secure higher baselines.

The latest positioning data shows that speculators cut their net long in ICE Brent by 57,430 lots over the last reporting week to 120,934 lots. The move was predominantly driven by fresh shorts entering the market, with the gross short growing by 39,404 lots week-on-week. Speculators also cut their net long in ICE gasoil for the first time since late October, reducing positions by 20,043 lots to a net long of 82,152 lots. Speculative selling in both crude and gasoil is likely driven by Russia-Ukraine peace plan talks.

### **Metals – Copper hits record high**

Copper surged to a record high on Friday amid a volatile trading session after an hours-long halt on the Chicago Mercantile Exchange disrupted markets.

The renewed bullish momentum in copper follows an upbeat CESCO Week event in Shanghai, which reinforced expectations of tighter supply. Copper’s rally this year has been fuelled by mine disruptions and distortions to trade flows amid Trump’s tariffs. Copper is up around 27% this year.

Also, major copper smelters in China pledged to jointly cut intake of copper concentrate as falling processing fees squeezed margins. The China Copper Smelters Purchasing Team (CSPT), a group of 13 major smelters, will cut concentrate processing rates by more than 10% next year, according to Bloomberg.

China’s copper smelters posted a succession of record production figures this year despite a tightening feedstock market and the government’s campaign against industrial overcapacity and excessive competition. China’s refined copper output has been strong despite low treatment and refining charges (TC/RC). These fees earned by smelters for processing ore into metal have plunged to record lows due to a shortage of raw materials amid rapid growth in China’s smelting capacity. Spot charges have fallen as low as minus \$60/t this year. Although similar pledges were made last year, they didn’t result in significant reductions in refined copper output. This year, China has produced almost 10% more refined copper through October.

### **Agriculture – Smaller global surplus estimates for cocoa**

In its latest report, the International Cocoa Organisation (ICCO) estimates that total cocoa supply exceeded consumption by 49kt in the 2024/25 season that ended in September. This is smaller than the 142kt surplus projected in February. Meanwhile, the group reduced its global

production estimates to 4.7mt for the 2024/25 season, down from its February outlook of 4.84mt. It lowered its grinding (a proxy for demand) projections to 4.6mt from 4.65mt for the season.

Export data from Ukraine's Agriculture Ministry shows that grain and legume exports in 2025/26 dropped to around 12.14mt as of 28 November, a year-on-year decline of 32%. Total corn shipments stood at 3.5mt (down 50% YoY), while wheat exports fell 17% YoY to 7.3mt. The Agriculture Ministry also reported that Ukraine's winter grain plantings are nearing completion, with farmers already planting 6.43m hectares of winter crops. That's 98% of the planned area, and slightly ahead of plantings at the same stage last year. These planting numbers include winter wheat, which was 4.7m hectares, up from 4.4m hectares at the same stage last year.

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