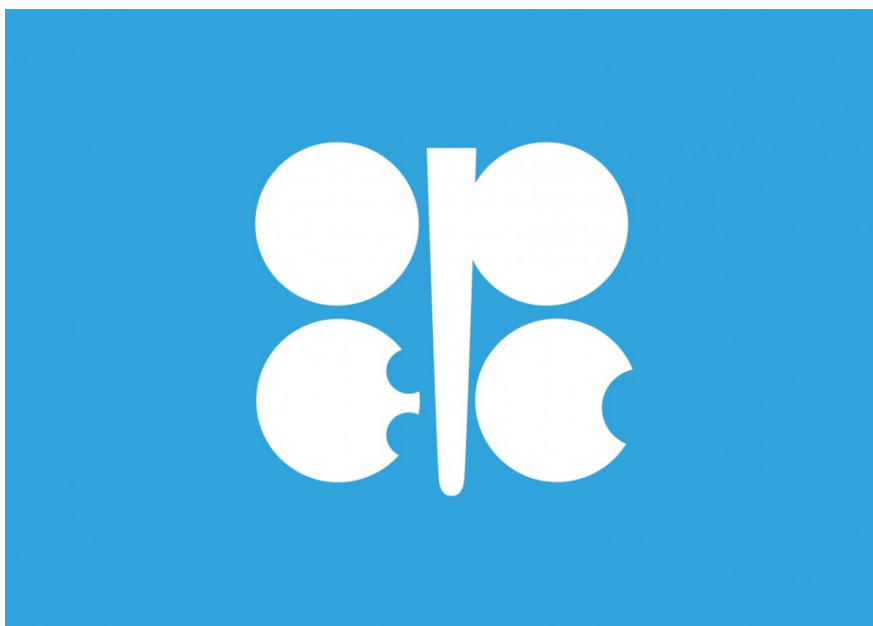


## The Commodities Feed: OPEC+ day

OPEC+ is scheduled to meet today and there is growing noise around deeper cuts. The group will want to avoid disappointing the market given high expectations



### Energy - OPEC+ uncertainty

All eyes are on OPEC+. The group is set to meet later today to discuss output policy for 2024. There are growing expectations that they could make deeper supply cuts, which would be in addition to the rollover of the voluntary cuts from Saudi Arabia and Russia. Clearly, this growing expectation leaves downside risk for the market if OPEC+ disappoint later today. Adding to the uncertainty from the meeting is that it is still not clear if the group has been able to resolve a disagreement over Angolan and Nigerian production targets for next year. However, for now, the market appears focused on the potential for deeper cuts with ICE Brent rallying 1.74% yesterday to settle above US\$83/bbl- the highest close since early November.

The market ignored what was a relatively bearish inventory report from the EIA. US commercial crude oil inventories increased by 1.61MMbbls over the week to 449.7MMbbls. The market had been expecting a small draw. The build comes despite US net exports of crude and products hitting an all-time high of 4.45MMbbls/d last week. Refinery utilisation rates increased by 2.1pp to 81.8% as refiners returned from maintenance season. Higher refinery run rates and weaker implied demand over the week meant that product inventories also increased. Gasoline stocks grew by

1.76MMbbls, while distillate stocks increased by 5.22MMbbls. This is the first weekly build in distillate inventories since late September. Although with stocks at just under 111MMbbls, they are still at their lowest levels since 2013 for this time of year.

## Agriculture – Brazilian sugar output estimates raised

In its monthly report, Brazil's agriculture agency, CONAB, now expects sugar cane production in Brazil to reach 677.6mt in 2023/24 following favourable weather conditions, up from its previous estimate of 653mt and also higher than the 610.8mt in 2022/23. As a result, sugar output estimates were revised up to 46.9mt for 2023/24, compared to a previous estimate of 40.9mt. In 2022/23, Brazilian sugar output totalled 36.8mt.

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