

The Commodities Feed: OPEC lowers demand forecasts

Most of the commodities complex came under pressure yesterday. Although nickel was one of the exceptions, hitting its daily limit of 15% after reports of a blast at a nickel pig iron plant in Indonesia



Energy- OPEC cuts demand outlook

The oil market came under pressure yesterday. ICE Brent settled almost 3% lower on the day. A partial recovery in the USD put pressure on oil and the broader commodities complex, but a poorer demand outlook appears to have been the key catalyst for the move. OPEC released its latest monthly market report yesterday, in which they revised their demand growth forecasts for both 2022 and 2023 down by 100Mbbbls/d. This means that the group now expects 2023 demand to be 200Mbbbls/d below their previous forecast. OPEC forecasts demand for their crude oil to be 29.3MMbbbls/d in 2023, compared to output in October of 29.49MMbbbls/d. Given the sizeable supply cuts from November through until the end of next year, OPEC supply will still be lower than demand for OPEC oil over 2023. The IEA's monthly market report will be released later today.

The latest drilling productivity report from the EIA shows that the number of drilled but uncompleted wells (DUCs) increased by eight in October, which is the first monthly increase in DUCs since June 2020. The US industry since Covid has relied heavily on DUCs to help drive a

recovery in production, which has left the amount of DUCs at their lowest levels since at least 2014. Meanwhile, in the same report, the EIA estimates that US shale production will grow by 91Mbbbls/d to 9.191MMbbbls/d in December.

Metals – LME nickel briefly hits limit amid reports of blast in Indonesia

Nickel briefly jumped by its 15% daily limit after unconfirmed reports about a blast at a small nickel pig iron plant in Indonesia. The operator of the plant has, however, said that the reports are false. The LME price surged by more than \$4,000/t before paring gains. Volatility in the nickel market has become more common in recent months with reduced liquidity ever since the short squeeze seen back in March.

Copper inventories immediately available to withdraw from LME warehouses climbed by 23,175 tonnes, the highest daily inflow since June 2021, according to the latest data from the exchange. The increase was driven by gains from warehouses in Germany and the Netherlands. Meanwhile, LME exchange inventories rose by 8.9kt after declining for fifteen consecutive sessions.

Agriculture – slight improvement in US winter wheat condition

The latest data from Ukraine's Agriculture Ministry shows that Ukraine exported around 15.1mt of grains so far in the 2022/23 season, a decline of almost 31% YoY. Total corn shipments stood at 8.1mt (+124% YoY), while wheat exports fell 56.5% YoY to 5.7mt as of 14 November.

The latest crop progress report from the USDA shows that the condition of the US winter wheat crop has improved over the week. 32% of the winter wheat crop is rated good to excellent. This compares to 30% last week and 46% at the same stage last year. The poor condition of US winter wheat will raise concerns for US 2023/24 wheat supply.

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