# The Commodities Feed: OPEC+ meeting ahead

Commodity markets will be eagerly watching what the Fed decides at its FOMC meeting this week. For oil markets, no change in output policy is expected from OPEC+ when they meet on Wednesday

## Energy- market awaits Fed decision

The oil market sold off yesterday, with a lack of fresh catalysts in the market. ICE Brent fell more than 2% on the day to settle at US$84.90/bbl, after the market failed to successfully break above the 100 day moving average. There are several key events that participants will focus on this week. Firstly, the OPEC+ meeting on Wednesday, where there is no change in output policy expected given the current uncertainty in the market. This will be followed by the FOMC meeting later that day, where our US economist expects the Fed to hike by 25bps. Finally, on 5 February the EU ban on Russian refined products comes into force. The full effect will likely take some time to be seen although, according to Bloomberg, Russia is planning to boost diesel exports from Baltic and Black Sea ports to 2.74mt - the highest levels in three years. It will be interesting to see where this ends up if shipped, given that historically the EU has been the key market.

The European gas market continues to see TTF prices consolidating in the EUR55-60/MWh region, with current storage remaining comfortable. The latest data indicates that storage in Europe is 73% full, compared to the 5-year average of 53% full. This should allow the EU to get through this winter in a comfortable manner. Prospects for the region also look better for the 2023/24 winter.

## Metals - Philippines considers taxing nickel exports

Nickel prices settled 1.1% higher yesterday, after the Philippines said it is considering taxing nickel ore exports amid a push for miners in the country to invest in processing capacity rather than shipping raw materials. The Philippines, the world's second-biggest supplier of nickel, plans to follow Indonesia's strategy. Indonesia banned exports of nickel ores in 2020 and limited shipments to refined products. The Philippines government is considering whether to impose an export tax on raw nickel exports or ban ore shipments completely.

In copper, the latest LME data shows that total on-warrant stocks for copper reported inflows of 3,800 tonnes (the biggest daily addition since 29 December) to 54,375 tonnes as of Monday. The inflows were driven by an increase in German warehouses.

MMG's Las Bambas, one of Peru's biggest copper mines, will stop production on Wednesday if transport disruptions due to nationwide political unrest don't stop. The copper mine will be unable to keep producing copper from Wednesday amid a "shortage of critical supplies" caused by road blockages in the area, MMG said in a statement on Monday.

In aluminium, Glencore delivered 40,000 tonnes of the Russian metal into LME warehouses in the South Korean port of Gwangyang, according to a report from Reuters. This could raise concerns in the aluminium market that LME prices will weaken as stocks build up. After an industry consultation last November, the LME decided to take no action on Russian metal. The exchange said at the time that a significant portion of the market still planned to buy Russian metal in 2023.

## Agriculture – Sugar rallies

Sugar prices continued to rally yesterday with No.11 raw sugar up almost 1.2% yesterday to settle at USc21.21/lb - the strongest close we have seen in the sugar market since 2016. The strength in the market comes as there are concerns that India may not approve further exports with worries over the domestic crop. Late last year, the Indian government approved a little over 6mt of sugar exports in the 2022/23 season, with the potential for further exports if the domestic balance allowed.

The latest data from Ukraine's Agriculture Ministry shows that the nation exported 26.3mt of grains as of 30 January so far in the 2022/23 season, a decline of 31% YoY. Total corn shipments stood at 15mt (+1.7% YoY), while wheat exports fell 44% YoY to 9.4mt.

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