# The Commodities Feed: Rangebound crude

Oil prices continue to trade in a range. Chinese demand concerns continue to cap prices, while Canadian supply risks have reinforced the floor for the market

## Energy – Canada wildfire risk grows

The oil market is once again relatively rangebound. To the upside, growing Chinese demand concerns are capping the market, following a raft of data earlier this week suggesting a softer demand picture. To the downside, expectations of a tight market through the third quarter continue to provide a floor to prices. While, in the short term, supply concerns from Canada provide a more solid floor.

Wildfires in Alberta, Canada are posing a growing threat to oil sands output. More than 130 fires are burning in Alberta, putting in the region of 500k b/d of oil supply at risk. Several producers have already evacuated some workers, with the latest being MEG Energy, which is evacuating non-essential workers from its Christina Lake oil-sands site, which produces around 100k b/d. The evacuation has not led to any production curtailments yet.

Both Slovakia and Hungary have stop receiving pipeline oil from Russia's Lukoil after a transit ban was imposed by Ukraine, following the inclusion of Lukoil on Ukraine's sanction list. However, both countries are still receiving oil from other Russian producers.

Feedgas supply to the Freeport LNG export facility continues to recover following Hurricane Beryl, however, flows remain well below usual operating levels. The outage at the LNG export plant has reportedly led to at least 10 cargoes being cancelled. These supply disruptions along with warmer weather across large parts of Europe have provided a boost to European gas prices with TTF rallying 2.45% yesterday.

The EIA's weekly natural gas storage report showed that US inventories increased by 10Bcf last week, below the 27Bcf the market was expecting and quite a lot lower than the 5-year average increase of 49Bcf. This leaves total storage at 3,209Bcf, 16.9% above the 5-year average.

## Agriculture – Ghana cocoa output pressure

In its latest update the International Grains Council (IGC) increased its 2024/25 global wheat output forecast from 793mt to 801mt, following upward revisions in output from North America, Pakistan, and Kazakhstan. As a result, global wheat-ending stocks are expected to grow to 269mt from 261mt. For corn, the Council marginally raised its global production estimates, but this was offset by stronger demand estimates. Global corn ending stock estimates were lowered from 281mt to 278mt. For soybeans global ending stocks were left unchanged at 79mt for the 2024/25 season.

The latest data from the Ghana Cocoa Board shows that cocoa production fell by 34.6% YoY to 429.3kt by the end of June. This was 55% lower than the average seasonal output. Adverse weather conditions and swollen shoot diseases have significantly impacted the crop, along with informal mining and smuggling further hampering output.

Recent trade numbers from China's Customs show that wheat imports jumped 44.4% YoY to 1.2mt in June, leaving cumulative imports this year at 9.3mt, up 15.8% YoY. High temperatures and lower rainfall in the major producing regions have driven stronger imports.

The USDA released its weekly grains export sales report which shows that US grain sales remained strong for the week ending 11 July. US corn shipments surged to 923.5kt, up from 654.8kt a week ago and 728.4kt for the same period last year. Similarly, wheat shipments rose to 578.5kt, higher than the 240.4kt reported in the previous week and 170.7kt reported a year ago.

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