

The Commodities Feed: The complex moves higher

Commodities received a boost along with other risk assets after some mildly dovish comments from the US Fed chairman. No surprise that this led to USD weakness, providing further support to the complex



Energy - US crude oil inventories plunge

The oil market received a boost yesterday from multiple factors. ICE Brent managed to settle more than 3.2% higher on the day. Most risk assets rallied on the back of the US Fed chairman signalling smaller rate hikes as soon as December, while hopes of an easing in China's covid policy also proved supportive. In addition, noise in the oil market continues to build ahead of the OPEC+ meeting this weekend. It is still not exactly clear what action if any, the group will take. The weakness in the market over the last several weeks means that further supply cuts cannot be ruled out.

The EIA's weekly inventory report was also bullish for the market yesterday. The latest data shows that US commercial crude oil inventories fell by 12.58MMbbls over the week - the largest weekly decline since June 2019. When taking into consideration SPR releases, total US crude oil inventories fell by 13.98MMbbls. Trade played a large role in the significant inventory draws with crude oil imports falling by 1.03MMbbls/d over the week and exports rising by 706Mbbls/d. Refiners also

increased their utilisation rates by 1.3pp to 95.2% - the highest levels since August 2019. As a result of stronger refinery throughput, gasoline and distillate fuel oil inventories increased by 2.77MMbbls and 3.55MMbbls respectively.

Metals – Copper output recovers in Chile

Chile, which accounts for about a quarter of the world supply of copper, just registered its first year-on-year output increase since July 2021. October production edged up 2.2% from the same month last year, according to data from the National Statistics Institute. Month-on-month output jumped 11%. Chile's copper production has struggled for much of this year amid lacklustre ore grades, labour woes and water scarcity.

Rio Tinto expects its iron ore production to remain roughly in line with 2022 and forecasts to ship between 320-335mt of iron ore in 2023 from its Pilbara project in Australia, unchanged from its previous guidance. The group expects medium-term iron ore production capacity to remain between 345mt-360mt. Meanwhile, aluminium production is estimated to rise to 3.1mt-3.2mt in 2023, compared to an estimated 3mt-3.1mt for 2022.

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