

The Commodities Feed: US CPI in focus

Commodity markets will be eagerly awaiting today's US CPI data, which will shed some light on how much more work the US Fed has to do to bring down inflation



Energy- US SPR release to go ahead

Oil prices are under pressure in early morning trading today with NYMEX WTI down more than 1% at the time of writing. This weakness follows the US Department of Energy's announcement that it will sell 26MMbbls of crude oil from the Strategic Petroleum Reserve (SPR) for the period April to June. This release will be part of mandated sales agreed under 2015 legislation. However, there had been suggestions in recent weeks that the US administration would cancel or at least delay this release, after large emergency releases last year. These have left SPR stocks at a little less than 372MMbbls - the lowest level since 1983.

As for today, there are two releases the oil market will be focusing on. Firstly, OPEC will release its monthly oil market report, which will provide the group's latest outlook on the market. However, more important for markets will be US CPI data. The consensus is for a MoM increase of 0.5% and a YoY increase of 6.2%. Anything too far away from these numbers could lead to some volatility in markets by adding further uncertainty over the path the US Fed takes in the months ahead.

Freeport LNG has asked the Federal Energy Regulatory Commission to approve an initial commercial restart of its LNG export facility. The request includes bringing back online all three

liquefaction trains (a total of 15mtpa), two storage tanks and one loading dock. This follows reports that over the weekend the plant loaded its first cargo since a fire in June last year, after receiving limited approvals from FERC to do so.

Metals – Mine supply woes continue for copper

Freeport-McMoRan has temporarily suspended mining and processing activities at its Grasberg mine in Indonesia as heavy rains over the weekend flooded part of its concentrate mill and damaged parts of a road. The company said the situation is now under control and expects operations to resume by the end of February. Meanwhile, the company expects to miss its 1Q23 sales target of 900 million pounds of copper following the recent disruptions.

MMC Norilsk Nickel revised down its estimates for a 2023 deficit in the palladium market from 800koz to 300koz as recycling and non-Russian production increase. Among other metals, Norinickel expects the global nickel market to be in a surplus of 122kt (versus previous estimates of 110kt) in 2023, mainly due to the ramping-up of new NPI and NPI-to-matte capacity in Indonesia.

LME aluminium traded to its lowest level in five weeks following a surge in LME exchange inventories. The latest LME data show that exchange inventories for aluminium rose by 89,850 tonnes to 576,775 tonnes yesterday. This increase follows strong inflows into LME warehouses last week. The increase in stocks will ease fears over supply shortages, at least in the near term.

Agriculture – Ukraine’s grain shipments remain low

The latest data from Ukraine’s Agriculture Ministry shows that grain exports so far in the 2022/23 season total 29.2mt, down 28.6% YoY. Total corn shipments stood at 16.7mt (-3.8% YoY), while wheat exports fell 4.1% YoY to 10.4mt.

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