

# The Commodities Feed: US crude inventory build continues

US crude oil inventories increased for a fourth consecutive week pushing stocks closer to five-year average levels as domestic demand remains soft. Meanwhile, US natural gas inventory withdrawals remain below average for the current season



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## Energy: Crude oil inventories in the US continue to increase

The EIA's weekly US inventory report was mixed yesterday. US commercial crude oil inventories (excluding SPR) increased by 3.5MMbbls for the week ended on 16 February. The market was anticipating an increase of around 4MMbbls, while API reported a decline of 7.2MMbbls. When factoring in the SPR releases, the build was even higher with total US crude oil inventories increasing by around 4.3MMbbls. Total US commercial crude oil stocks now stand at 443MMbbls, still around 2% below the five-year average. Meanwhile, oil inventories at Cushing, Oklahoma increased by 0.74MMbbls to 29.5MMbbls. Crude oil exports from the US increased by 0.6MMbbls/d to around 5MMbbls/d while imports increased by 0.2MMbbls/d to around 6.7MMbbls/d.

As for refined product inventories, gasoline inventories fell by 0.3MMbbls, against a forecast for a drawdown of 2.9MMbbls. Distillate stockpiles fell by 4MMbbls last week, higher than the

expectations for a decline of 1.5MMbbls. Meanwhile, refineries operated at 80.6% of their capacity, unchanged from the previous week, but 5.3% lower than the same period last year.

The latest data from Insights Global shows that refined product inventories in the ARA region decreased by 29kt over the last week to 5.7mt. The decline was predominantly driven by gasoline stocks, which fell by 42kt to 1.2mt. Meanwhile, weekly gasoil stocks reported a decline of 24kt over the reporting week to 1.93mt. However, gasoil stocks in the region still remain well below the five-year average for this time of the year. Elsewhere, data from Singapore shows that total refined product inventories in the country increased by 3.9MMbbls (+9.3% week-on-week) to 46.5MMbbls, the highest since the week ending on 19 April 2023.

For natural gas, the EIA reported an inventory withdrawal of 60Bcf for the last week, largely in line with the market expectations of around 59Bcf withdrawals. The pace of inventory withdrawal remains significantly below the seasonal average of around 1668Bcf due to warmer weather and ample supplies. Natural gas production for the week softened marginally for the week while demand improved due to slightly colder weather compared to the previous week. With the withdrawal season approaching an end, the natural gas stocks remain comfortably higher than the 5Y average for this time of the year.

## Metals: LME aluminium cancelled warrants rise

LME data shows that cancelled warrants for aluminium jumped 6,700 tonnes after reporting declines for five consecutive weeks to 190,800 tonnes as of yesterday. This was the biggest daily addition since the start of the month. The increase was driven by warehouses in Taiwan. Meanwhile, aluminium on-warrant inventories fell by 8,150 tonnes to 369,875 tonnes, while exchange inventories fell by 1,450 tonnes for a second consecutive session to 560,675 tonnes as of yesterday. The cash/3m spread for aluminium tightened to a contango of US\$43/t as of yesterday, compared to a contango of c.US\$20/t at the start of the week.

Zambia plans to increase its copper mine output to around 841kt this year compared to around 699kt of production in 2023 as the country aims to bring more investment to its copper mining operations, especially Konkola and Mopani mines. The country has seen its copper output falling over the past few years due to frequent tax changes, unstable government policies and infrastructure issues.

While gold prices trade in a narrow range above \$2,000/oz, financial investors continue to offload gold as higher interest rates attract more of the investment money into bonds. SPDR gold ETF reported an outflow of around 0.8% yesterday, the largest outflow since Oct 2023 with total known ETF holdings falling to 82.8mOz, the lowest level in over four years.

## Agriculture: EPA allows 15% ethanol blending for gasoline

The Environment Protection Agency in the US has approved the sale of E15 (15% ethanol) gasoline for the full year in eight Midwest states. The new sales rules will be implemented in April 2025 to provide time for refiners to make the necessary adjustments. Currently, 10% ethanol blending is permitted across the country as higher ethanol content was seen to have a smog effect during the summer months. 15% ethanol blending could increase demand for corn in the country in the longer term although it could raise fuel costs for consumers.

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