

The Commodities Feed: US crude oil inventories exceed expectations

US crude oil inventories increased more than expected last week, marking the second straight week of larger builds



Crude inventories rose by 7.2MMbbls last week compared to expectations of around 4MMbbls/d

Energy: Brent time spreads strengthen

The oil market managed to move higher in the morning trading session amid indications of a tightening crude market. ICE Brent traded above US\$83/bbl while the prompt spread also managed to see its backwardation widen to US\$0.95/bbl, hovering near three-month highs. However, the API numbers remained largely bearish for the oil market, reporting a large build over the last week.

US oil inventory numbers overnight from the API show that crude inventories increased significantly by 7.2MMbbls last week, compared to the average market expectations for a build of around 4MMbbls/d. Similarly, Cushing crude oil stocks are reported to have increased by 0.7MMbbls. However, product inventories remained mixed, with gasoline stocks growing by 0.42MMbbls, while distillate stocks fell by 2.9MMbbls over the week ending 16 February. The more widely followed EIA inventory report will be released later today.

Metals: Zinc ends 2023 in surplus

The recent data from the International Lead and Zinc Study Group (ILZSG) show that the global

zinc market ended 2023 with a supply surplus of 205kt compared to a deficit of 73kt a year earlier. Total refined production rose by 3.8% year-on-year to 13.9mt (driven by higher Chinese output), while total consumption increased 1.7% year-on-year to 13.7mt in 2023. As for lead, total production reported gains of 2.8% YoY to 12.85mt, while consumption rose by 1% YoY to 12.76mt last year. The lead market was estimated to have seen a supply surplus of 92kt in 2023, compared to a supply deficit of 134kt during the same time in the previous year.

Meanwhile, Vale said that the operating license for its Sossego mine (its second largest copper mine) located in Para, Brazil has been suspended by the State of Para's environmental secretary. The company didn't mention the reason for the suspension and said that it complies with conditions and socio-environmental controls of its activity. Vale produced around 66.8kt of copper in the Sossego mine last year.

Agriculture: Ghana lowers cocoa production estimates

Recent estimates from the Ghana Cocoa Board show that cocoa production in the country is likely to fall to around 650kt-700kt in 2023/24, lower than the previous estimates of 850kt. This would be the lowest annual output in 14 years. The revision in the estimates is mainly due to unfavourable weather conditions and smuggling. Cocoa prices jumped over 4% yesterday to settle at the highest level on record amid expectations for global supply shortages.

In its latest report, the Rosario Board of Trade revised down the Argentina's soybean production estimates to 49.5mt for the 2023/24 season, lower than the 52mt estimated in January. The downward revision in the estimates was majorly due to continuous heat waves in the Pampas crop belt. Similarly, corn production estimates were also revised lower by 3.4% MoM to 57mt for the period.

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