

The Commodities Feed: US oil and product stocks grow

Oil prices moved higher yesterday despite builds in both US oil and product inventories. Meanwhile, LME aluminium inventories surged higher yesterday, which put pressure on prices



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Energy - US crude oil inventories edge higher

Oil prices continued to move higher yesterday despite EIA weekly inventory numbers showing that US oil and product inventories increased over the last week. Crude oil inventories grew by 2.42MMbbls, which takes total US commercial inventories to a little more than 455MMbbls - a level last seen in June 2021. Similarly, crude oil inventories at Cushing increased by 1.04MMbbls, which leaves stocks at the WTI delivery hub at their highest level since July 2021. Strong refinery runs over the week may have provided support to the market. Refinery utilisation increased by 2.2pp to 87.9%, the strongest level so far this year. However, stronger refinery runs mean that there were large builds in product inventories. Gasoline and distillate fuel oil stocks increased by 5.01MMbbls and 2.93MMbbls respectively.

Metals – LME aluminium stocks surge

LME aluminium prices fell by more than 1.7% yesterday following a surge in LME exchange inventories in South Korean warehouses (viewed as the preferred storage hub for Russian metal), raising concerns over unwanted material being offloaded to the exchange. As per the latest LME data, exchange inventories for aluminium rose by 105,500 tonnes (highest since 10th February 2022) to 495,750 tonnes as of yesterday.

Meanwhile, LME zinc stocks increased by 3,825 tonnes to 19,425 tonnes, rising from their lowest level since 1975.

Data released by the Energy and Mines Ministry of Peru show that total copper output in Peru rose by 19.8% YoY to 251.7kt in December. Looking at individual mine supply gains, output at Cerro Verde and Southern Peru rose 8.1% and 2.6% respectively, while production at Las Bambas rose by 84.8%. Among other metals, Peru's zinc production contracted 2.7% YoY in December. In its latest statement, Glencore said that operations at its Antapaccay copper mine in Peru have resumed. The mine halted its mining activities last month when protesters damaged a work camp at the site.

Alcoa confirmed that most workers voted in support of a phased restart of its closed aluminium smelter in Spain, according to a report from SMM. The reopening is planned to start in January 2024 and is expected to be completed by October 2025. By the end of 2026, the smelter will be able to reach a production capacity of at least 228kt/year.

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