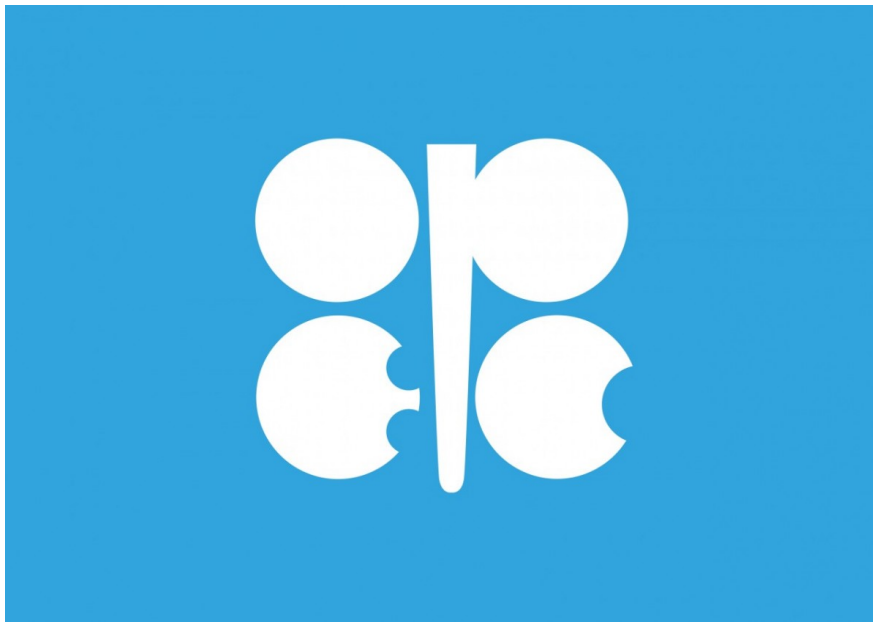


## The Commodities Feeds: OPEC+ week

OPEC+ meet this week to discuss output policy for 2025, which will be important for price direction. Meanwhile, European gas prices moved higher on Friday with concern growing over a tighter-than-expected balance



### Energy - OPEC+ meet this week

Oil prices edged lower on Friday, and the Brent Feb-25 contract settled more than 3.7% lower on the week. However, the market continues to trade in a fairly narrow range. A cease-fire between Israel and Hezbollah, which appears to be holding, will be weighing on prices. There remains plenty of uncertainty on the supply side this week. OPEC+ is scheduled to hold its meeting on 5 December to discuss output policy for 2025. The meeting was originally scheduled for 1 December. A handful of OPEC+ members are set to gradually bring 2.2m b/d of supply back onto the market next year. However, the oil balance does not need this additional supply as it will push the market into a large surplus. The challenge is that the group needs to find a balance between trying to support the market and limiting its loss in market share. Complicating matters still further, some members are still failing to stick to their agreed production levels.

While CFTC data was delayed due to the Thanksgiving Holiday last week, we did have positioning data from the ICE. Over the last week there was little change in speculative positioning in ICE Brent.

Speculators reduced their net long by just 4,081 lots to 130,848 lots. Similarly, in ICE gasoil there was only marginal movement with speculators increasing their net long by 3,421 lots to 23,239 lots as of last Tuesday.

Over the weekend, the Russian government announced that it would allow producers to export gasoline from the start of the new year, while other exporters have had the ban extended until the end of January. The government had put export bans in place this year to stabilise prices, although there were various exemptions for the ban. For refined products, any intervention in middle distillates would be more meaningful, given the larger volumes of diesel that Russia exports.

European natural gas prices rallied on Friday. TTF settled more than 2.4% higher on the day. There are concerns over supply given the stronger storage draws so far this winter. Storage is a little more than 85% full, which is below the 5-year average of almost 88% full. Lower-than-expected storage combined with the prospect of Russian piped gas via Ukraine coming to a stop at the end of this year is a worry for the market. While we still see a relatively comfortable balance by the end of the 2024/25 heating season, the region will still have a bigger task in refilling storage over the 2025 summer (compared to this year), which is reflected in the backwardation between summer 2025 and winter 2025/26 values. Last week, the European Commission also increased its target storage levels from 45% to 50% by February.

## Metals – Iron ore prices recover

Iron ore extended its gains on Friday, rising by around 8% over the past two weeks as higher profitability at steel mills in China has supported demand. Earlier in the week, data from the National Bureau of Statistics showed that steel mills returned to profit in October 2024 after making huge losses over the preceding two months. The latest data from Steelhome shows that iron ore inventory dropped 1.5% last week to 148.5mt; although this is still significantly higher than the seasonal average of around 131.8mt.

The latest data from Chile's National Statistical Institute shows that copper production increased 6.7% YoY to 492.8kt in October 2024. Cumulatively, production has increased by 3.5% YoY to around 4.5mt over the first ten months of the year. A production ramp-up at Teck Resources' Quebrada Blanca mine and higher production from the Escondida mine have been the main contributors to copper production growth in Chile this year.

The latest data from the Shanghai Futures Exchange (SHFE) show that weekly inventories for all base metals (except for nickel) fell over the reporting week. Aluminium stocks fell for a fifth consecutive week (down 4,053 tonnes) to 227,801 tonnes. Meanwhile, copper stocks fell for a sixth consecutive week, decreasing by 11,461 tonnes (-9.5% WoW) to 108,775 tonnes. Zinc and lead inventories also fell by 9,156 tonnes and 4,209 tonnes over the week. In contrast, nickel inventories rose by 5.8% week-over-week to 33,014 tonnes, the highest since 4 September 2020.

## Agriculture – EU raises grain production estimates

In its latest cereals market situation report, the European Commission estimates that the bloc's grain production could rise to 256.9mt for the 2024/25 season, compared to its previous projections of 255.6mt. This is driven by an increase in estimates for corn production, which rose from 58mt to 59.6mt, due to an increase in harvest area. The European Commission estimates EU corn imports to increase from 19mt in 2023/24 to 19.5mt in 2024/25. On the other hand, soft-wheat production estimates were revised marginally to 112.3mt, down from its previous

projections of 112.6mt and 125.2mt of production in 2023/24. Lower output is expected to limit EU exports to around 25mt in 2024/25 compared to 35.3mt in 2023/24.

France's Agriculture Ministry said that around 89% of the corn crop was harvested as of 25 November, up from 82% in the previous week but below the five-year average of 98%. Meanwhile, about 93% of the French soft wheat was planted, compared with 81% last year and a five-year average of 91%. The ministry also reported that 87% of the soft wheat was rated in good to very good condition, down from 88% a year earlier.

US weekly net export sales for the week ending 21 November show strong demand for soybeans, while corn and wheat shipments fell over the week. Weekly export sales for corn were down to 1,130.1kt for the week, lower than the 1,494.6kt a week ago and 1,927.8kt the same time last year. Similarly, wheat exports fell to 366.8kt, lower than 549.6kt in the previous week and 634.8kt reported a year ago. In contrast, US soybean shipments increased to 2,508.5kt, higher than the 1,860.6kt reported a week ago and 1,895.3kt reported a year ago.

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