

# The Commodities Feed: Suez Canal blockage

Your daily roundup of commodity news and ING views

<https://think.ing.com/uploads/hero/240321-image-cargo-ship-suez-canal.jpg>

## Energy

Oil bounced back yesterday with Brent settling almost 6% higher on the day, with news that a container ship was stuck in the Suez Canal, preventing ships from passing through. It has also become apparent that it could take longer than expected to move the ship. The Suez Canal is a vital point for global trade, including energy markets. Around 10% of global seaborne oil trade passes through the canal, whilst around 8% of global LNG trade also uses the canal. Clearly, the longer this disruption lasts the more likely we see refiners/buyers having to turn to the spot market to ensure supply from elsewhere. Shippers will also have to make the decision on whether to wait out the clearing of the stuck container ship or to go around the Cape of Good Hope- either choice will lead to some delays. According to Lloyds List Intelligence data, there are 165 vessels waiting to pass through the canal, which includes 24 crude tankers, 15 product tankers and 16 LNG or LPG carriers.

The EIA released its weekly US inventory reports yesterday, which showed that US crude oil inventories increased by 1.91MMbbls over the last week, which was less than the 2.93MMbbls build the API reported the previous day. Refinery activity continued to recover over the week, with utilization rates increasing by 5.5 percentage points to 81.6%, which takes refinery activity almost back to the pre-freeze levels seen in early February of around 83%. On the trade front, crude oil imports increased by 299Mbbbls/d. However, crude oil exports remained low, registering a fifth consecutive week of sub 3MMbbls/d exports, with outflows of 2.48MMbbls/d over the week. Refined products also saw builds, with gasoline and distillate fuel oil stocks increasing by 204Mbbbls and 3.81MMbbls respectively.

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