



Commodity Monitor

February 18, 2022

Headlines

- Oil on track to hit \$100 a barrel
- Aluminium surges to 13-year high

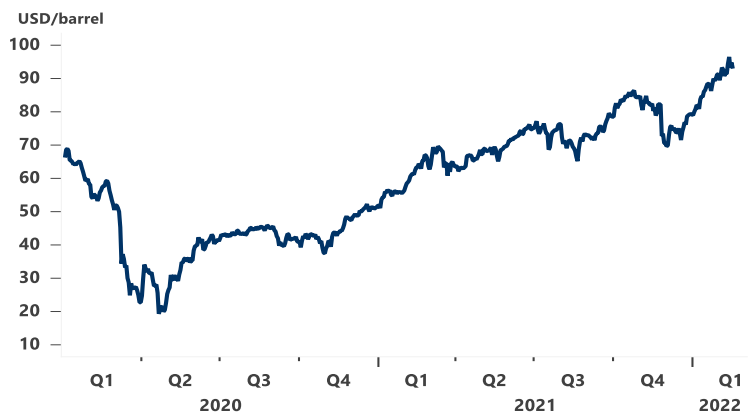
Content

Crude oil & diesel	2
Agricultural commodities	4
Base metals	9

Commodity		Price	Change *
Brent	USD/bbl	91.8	-1.58
Diesel	USD/t	823.88	-2.29
Wheat	EUR/t	265	-0.19
Corn	EUR/t	249.75	-0.79
Rapeseed	EUR/t	695.75	-0.11
Soybean meal	EUR/t	396.359	2.27
Copper	USD/t	9982	1.13
Aluminium	USD/t	3314.6	6.97

* change in % in the last 14 days

Chart of the Week



Brent crude has surged above 90 USD/barrel (Source: Macrobond, CSOB).

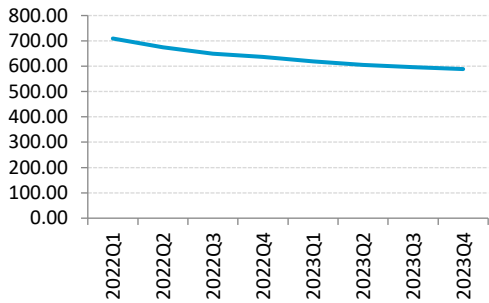
Calendar

Geo	Date	Time	Event	Period	Estimate		Consensus		Previous	
					M/M	Y/Y	M/M	Y/Y	M/M	Y/Y
EC	2/21/2022	10:00	PMI manufacturing	02/2022 *P					58.7	
US	2/22/2022	15:45	ISM manufacturing	02/2022 *P					55.50	
US	2/24/2022	16:30	EIA weekly gasoline stk	mbbl	02/2022				-1.3	
US	2/24/2022	16:30	EIA weekly distillate stk	mbbl	02/2022				-1.6	
US	2/24/2022	16:30	EIA weekly crude stocks	mbbl	02/2022				1.1	
US	2/25/2022	14:30	Durables ex autos	%	01/2022 *P				0.6	
EC	3/2/2022	11:00	CPI	%	02/2022 *P					5.1
US	3/2/2022	16:30	EIA weekly gasoline stk	mbbl	03/2022					
US	3/2/2022	16:30	EIA weekly distillate stk	mbbl	03/2022					
US	3/2/2022	16:30	EIA weekly crude stocks	mbbl	03/2022					

Crude & Products

Diesel swap curve

EUR/t *



Period	Diesel * (EUR/t)
2022M03	703.81
2022M04	687.71
2022M05	673.68
2022M06	661.28
2022M07	652.64
2022M08	648.72
2022Q1	709.33
2022Q2	674.21
2022Q3	649.08
2022Q4	636.23
2022FY	662.94
2023FY	602.25

* indicative swap price

Since the start of the year, Brent crude has increased to \$95 a barrel (+20% year-to-date) and we see a solid chance that oil could hit \$100 a barrel for the first time since 2014. Most recently, oil prices have spiked due to rising geopolitical tensions between Russia and Ukraine. With Russia being the second largest producer/exporter of crude oil in the world, there is growing concerns about possible disruptions to the flow of oil supplies. However, what is even more important is that the oil market has been bolstered by constructive fundamentals, highlighted by a sharp decline in global inventories.

On the one hand, this reflects robust oil demand, driven by incremental gains in the US, where oil consumption is currently trending at an all-time high, despite rapidly rising Omicron cases. With demand for road transport fuels having largely normalised in aggregate, jet fuel is likely to play a more prominent role in an incremental demand boost going ahead. Overall, we expect global oil demand to recover further in the year and reach its pre-pandemic level by late 2022.

On the supply side, the OPEC+ alliance maintains its scheduled 400,000 barrels per day output hikes. However, higher targets do not necessarily mean higher output. Indeed, some member states are increasingly unable to keep the pace of output increases due to capacity constraints. At the same time, the US shale response to a higher oil price environment remains relatively subdued due to stricter capital discipline in place in the period after the outbreak of the pandemic. In addition, lower-than-expected drilling activity appears to reflect growing costs from the green transition.

All in all, we have significantly upgraded our outlook and now expect oil prices to average \$90 a barrel in 2022, up from \$71 a barrel seen last year. With short-term risks being tilted to the upside, the oil market appears particularly vulnerable to supply disruptions given a low supply cushion. At the same time, we continue to monitor closely the signs of possible demand destruction from elevated oil prices (especially in some emerging markets) that could curb the oil rally.

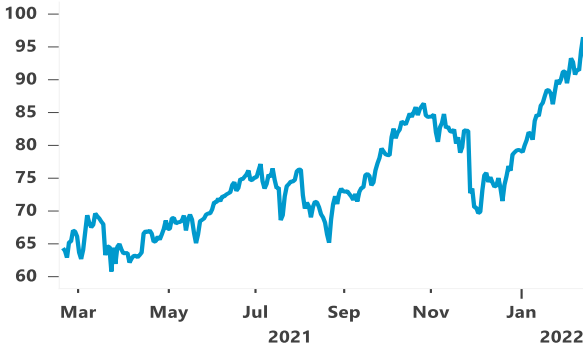
Global liquid fuels production & consumption

mb/d

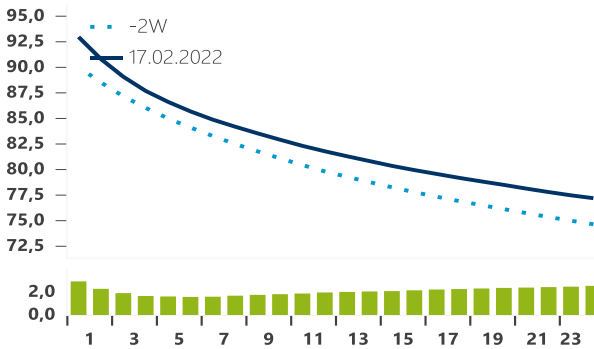
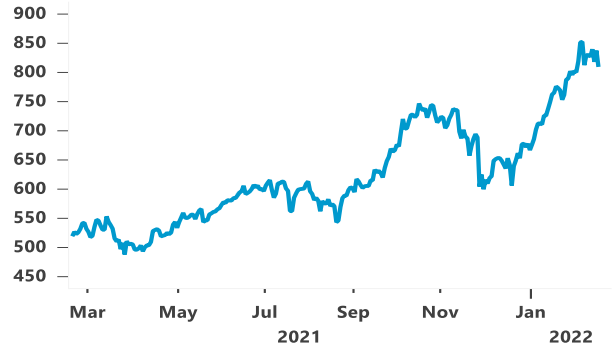
	2020FY	2021FY	2022FY	2023FY
Countries outside OPEC	63.22	63.92	66.76	68.42
OPEC	30.69	31.59	34.28	34.43
Total production	93.92	95.51	101.04	102.84
change		1.60	5.53	1.80
OECD	42.01	44.36	45.75	46.08
non-OECD	49.83	52.52	54.76	56.19
Total consumption	91.84	96.88	100.51	102.27
change		5.04	3.63	1.76
Inventories change	2.07	-1.37	0.53	0.57
Brent, average, USD/barrel	42	71	90	82

Dark blue figures are forecasts. Source: EIA, CSOB.

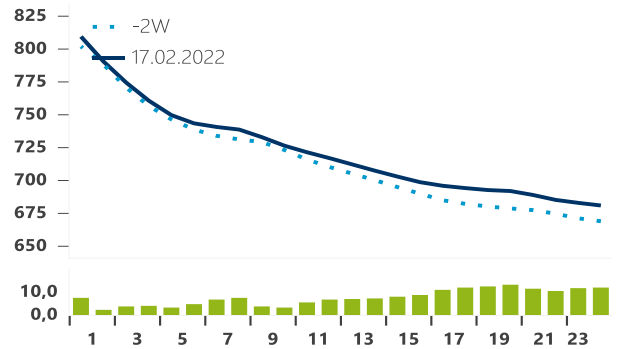
Brent (ICE, USD/barrel)



Gasoil (ICE, USD/t)

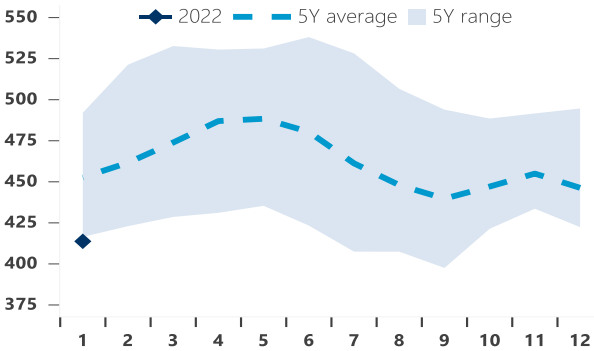


Forward curve (top) & 2W change (bottom).



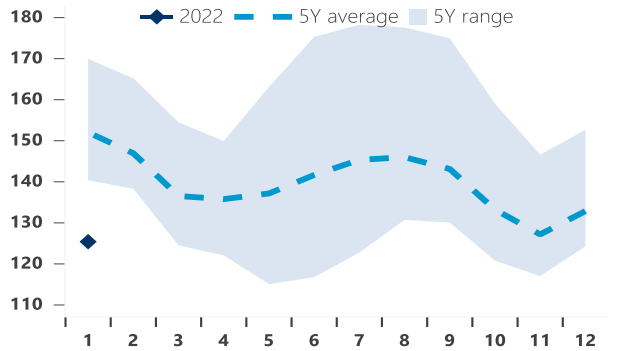
Forward curve (top) & 2W change (bottom).

Commercial crude inventories, USA (000's barrels)



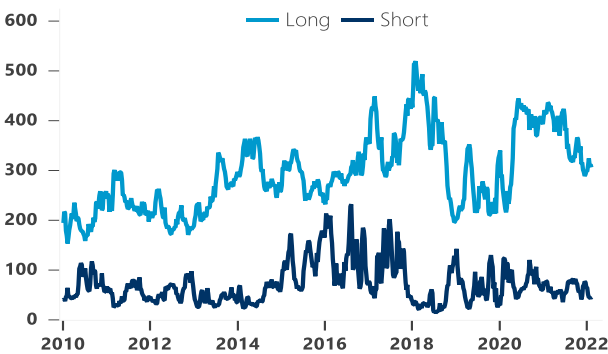
Seasonal plot, 2016 - 2021. Monthly averages.

Commercial heating oil inventories, USA (000's barrels)



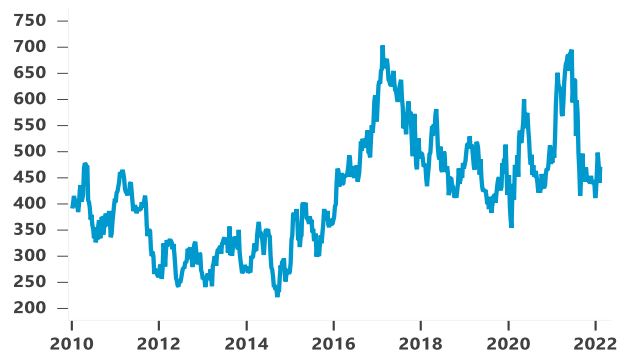
Seasonal plot, 2016 - 2021. Monthly averages.

Speculative position, WTI futures



Money managers position, WTI futures (thousand contracts).

Producers short position, WTI futures



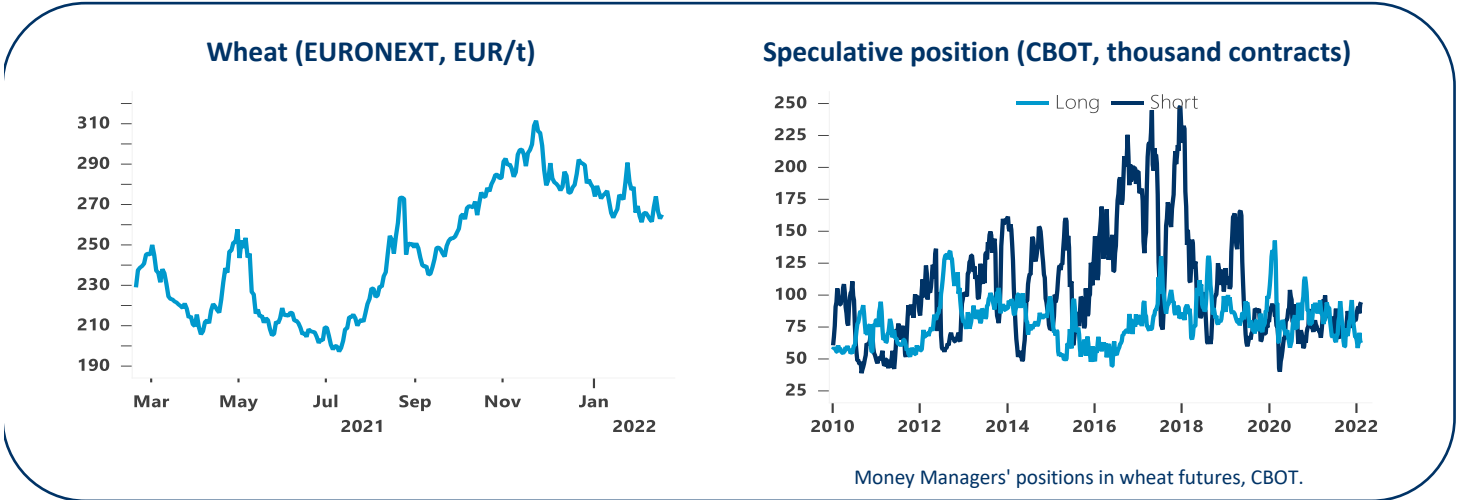
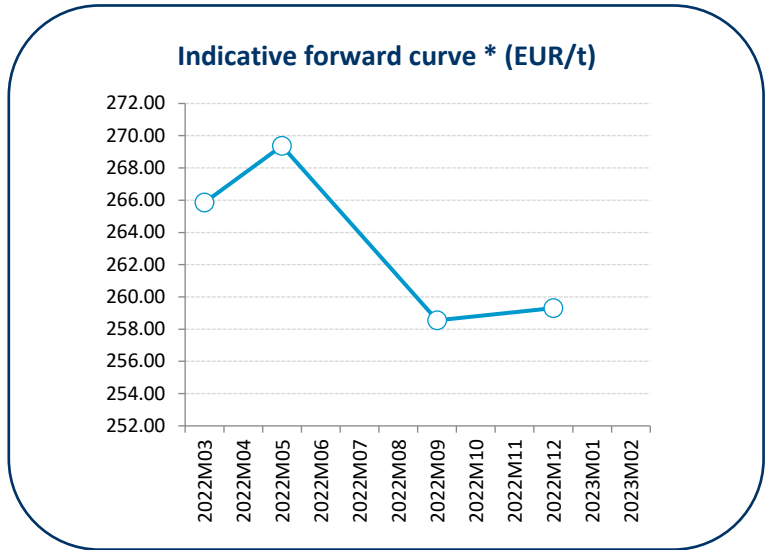
Producers short position, WTI futures (thousand contracts).

Agricultural Commodities

Wheat

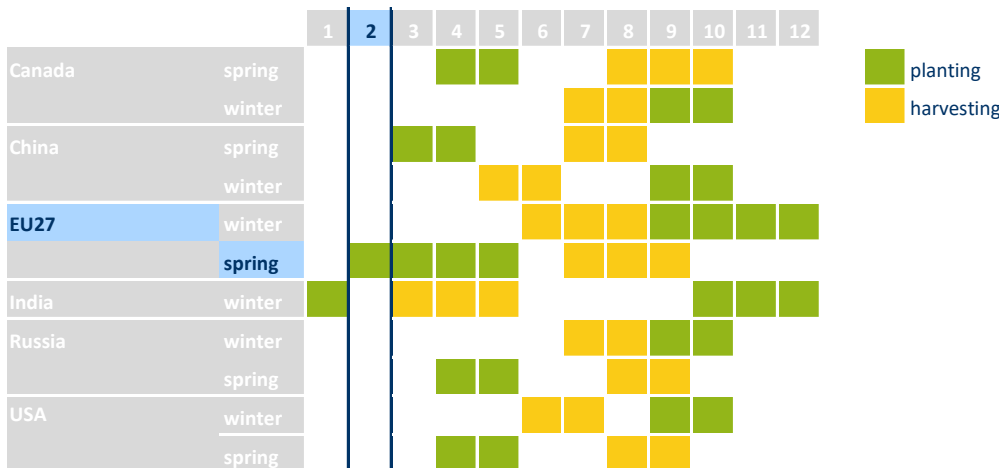
Period	Wheat (EUR/t) *
2022M03	265.85
2022M04	
2022M05	269.37
2022M06	
2022M07	
2022M08	
2022M09	258.55
2022M10	
2022M11	
2022M12	259.30
2023M01	
2023M02	

*Indicative price of futures contract



Money Managers' positions in wheat futures, CBOT.

Monthly planting & harvesting calendar, key producers

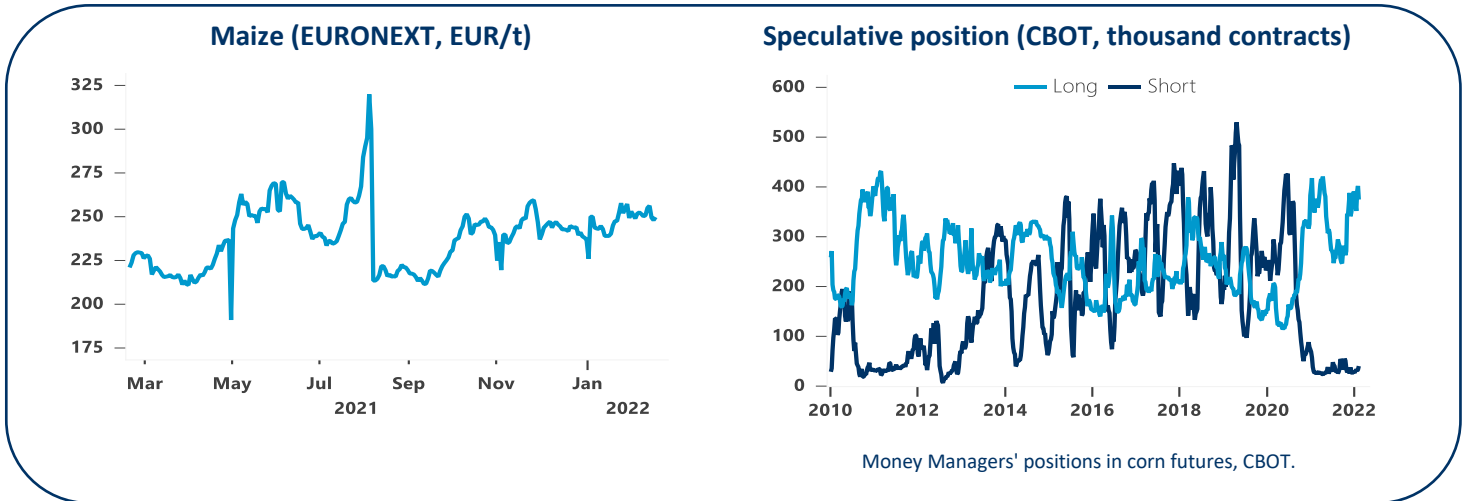
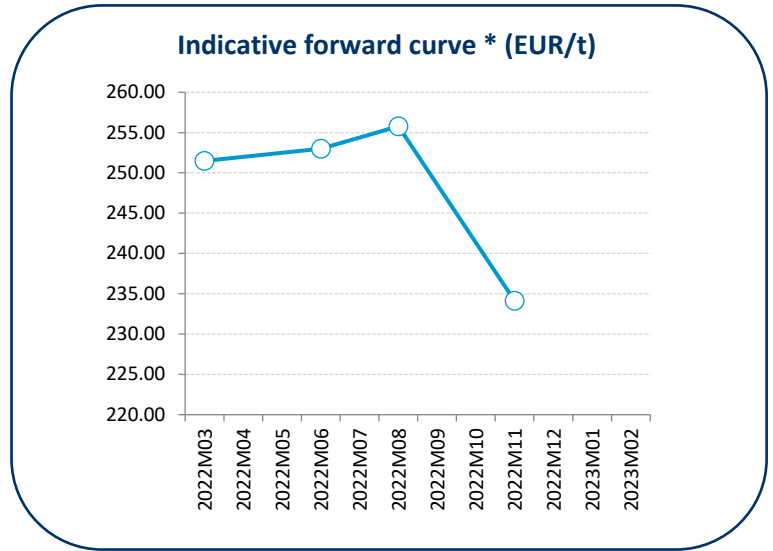


Source: Bloomberg Finance L.P., USDA, CSOB

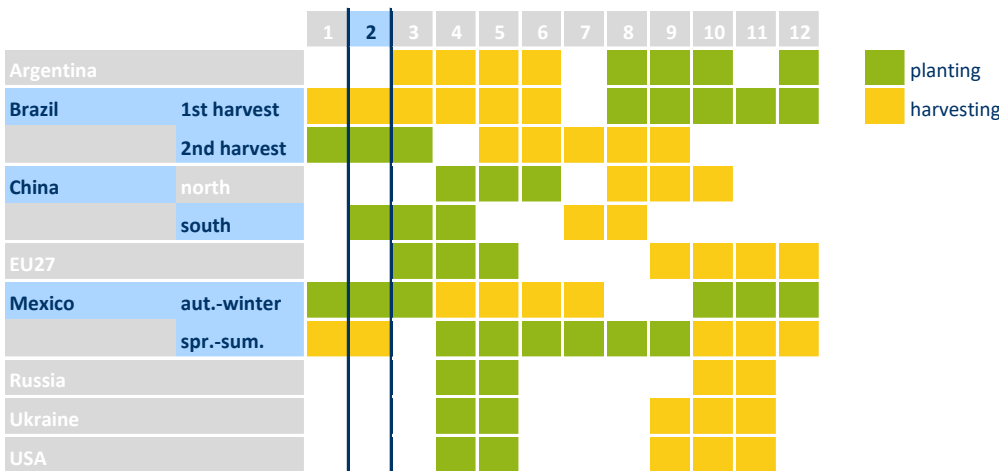
Maize

Period	Maize * (EUR/t)
2022M03	251.50
2022M04	
2022M05	
2022M06	253.01
2022M07	
2022M08	255.78
2022M09	
2022M10	
2022M11	234.13
2022M12	
2023M01	
2023M02	

*Indicative price of futures contract



Monthly planting & harvesting calendar, key producers

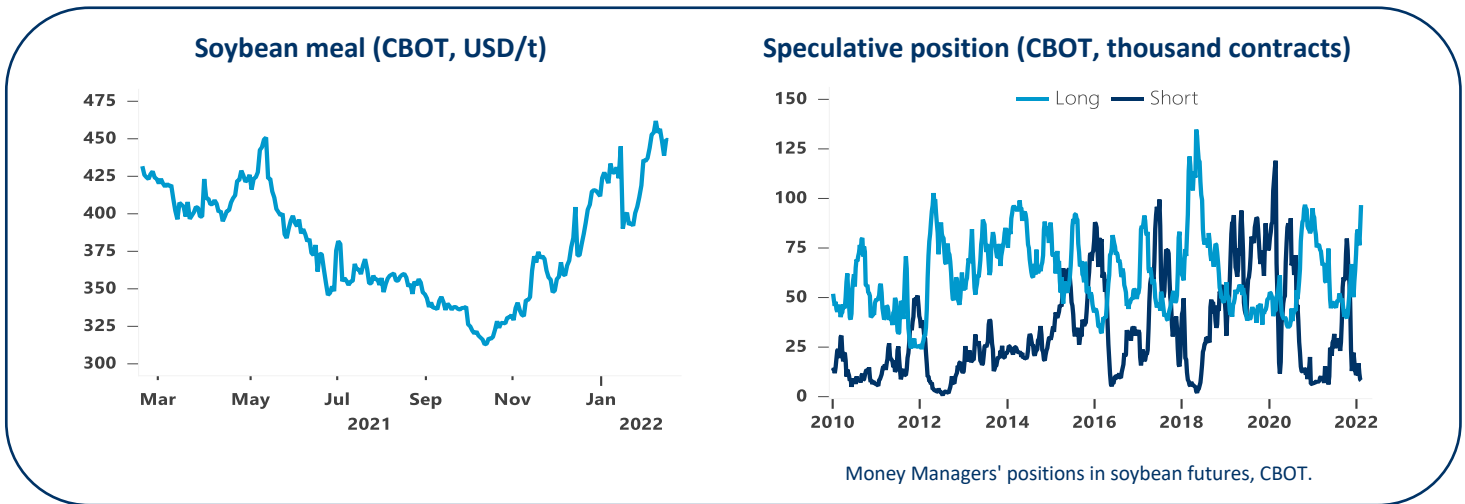
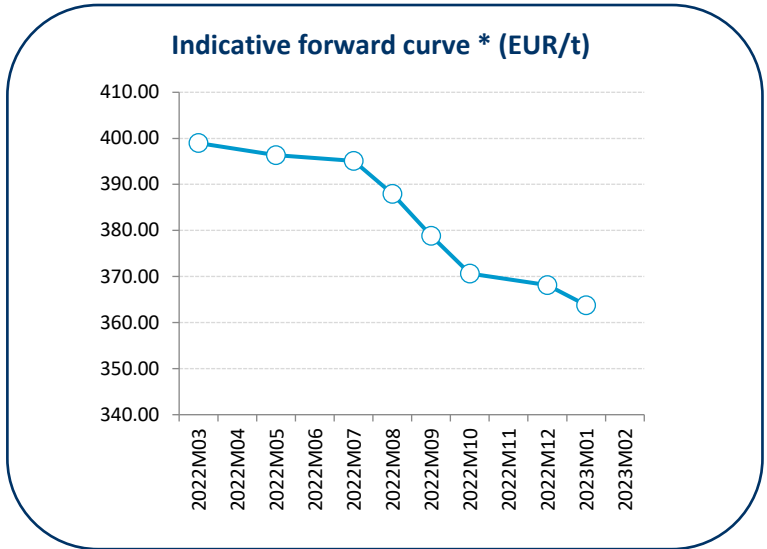


Source: Bloomberg Finance L.P., USDA, CSOB

Soybeans & soybean meal

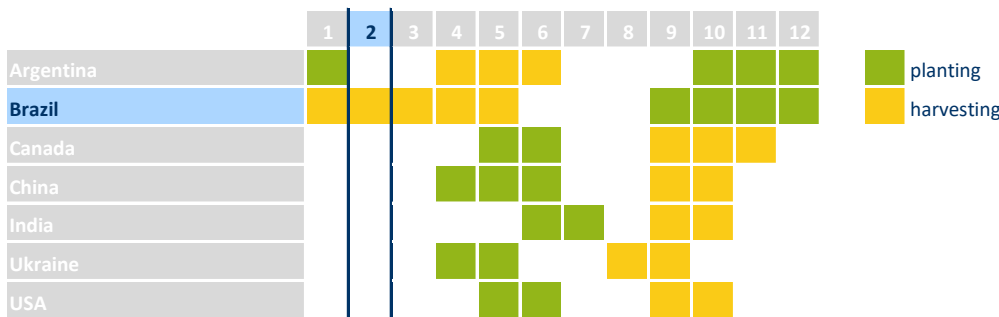
Period	Soybean meal * (EUR/t)
2022M03	398.97
2022M04	
2022M05	396.38
2022M06	
2022M07	395.13
2022M08	387.95
2022M09	378.88
2022M10	370.63
2022M11	
2022M12	368.11
2023M01	363.79
2023M02	

*Indicative price of futures contract



Money Managers' positions in soybean futures, CBOT.

Monthly planting & harvesting calendar, key producers

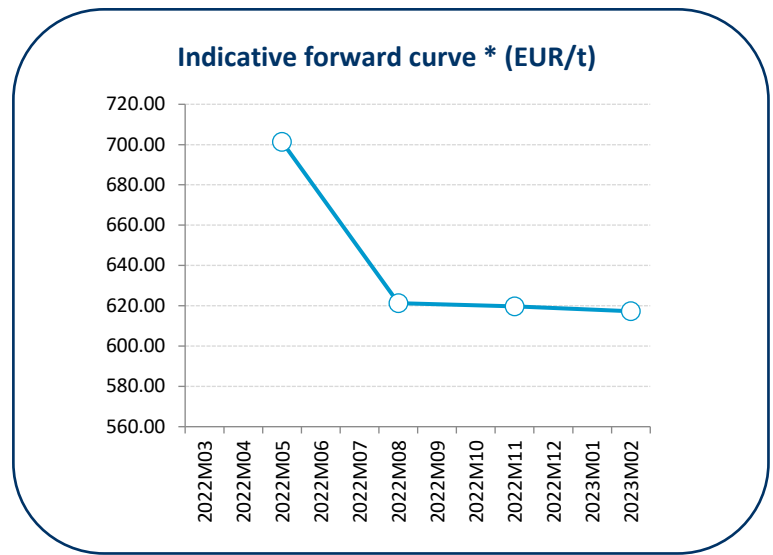


Source: Bloomberg Finance L.P., USDA, CSOB

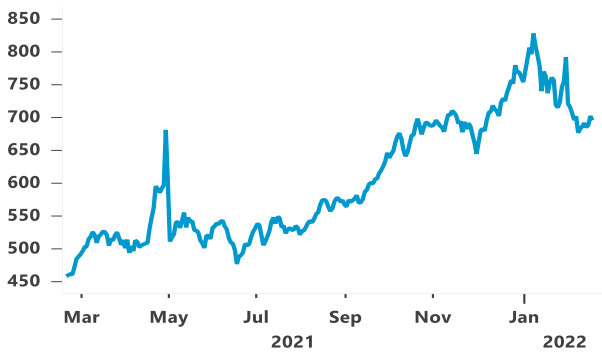
Rapeseed

Period	Rapeseed * (EUR/t)
2022M03	
2022M04	
2022M05	701.38
2022M06	
2022M07	
2022M08	621.32
2022M09	
2022M10	
2022M11	619.68
2022M12	
2023M01	
2023M02	617.29

*Indicative price of futures contract



Rapeseed (EURONEXT, EUR/t)



Global production, consumption & stocks of selected agricultural commodities (MM t)

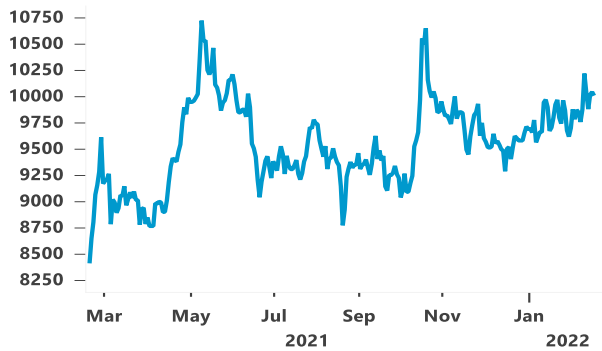
	Rapeseed			Corn			Wheat			Soybeans		
	18/19	19/20	20/21	18/19	19/20	20/21	18/19	19/20	20/21	18/19	19/20	20/21
Beginning Stocks	10	8	6	323	306	281	283	298	289	115	96	93
Production	69	72	70	1119	1115	1186	764	776	777	340	363	384
Consumption	71	74	71	1135	1141	1182	749	785	787	359	366	380
Ending Stocks	8	6	5	306	281	285	298	289	279	96	93	96
Stocks-To-Cons (%)	10.6	7.8	6.4	27.0	24.6	24.1	39.8	36.8	35.5	26.7	25.3	25.3

Dark blue figures are forecasts

Source: Bloomberg Finance L.P., USDA, CSOB

Base Metals

Copper (LME cash, USD/t)

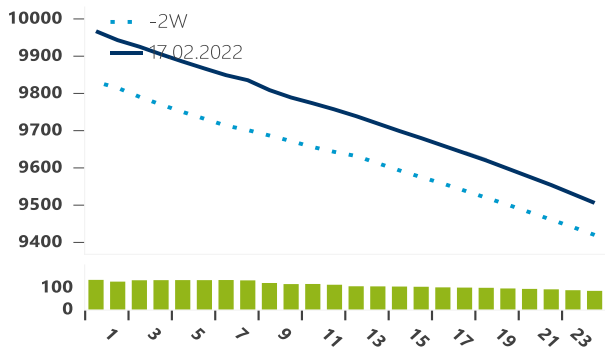


Price (on warrant), LME.

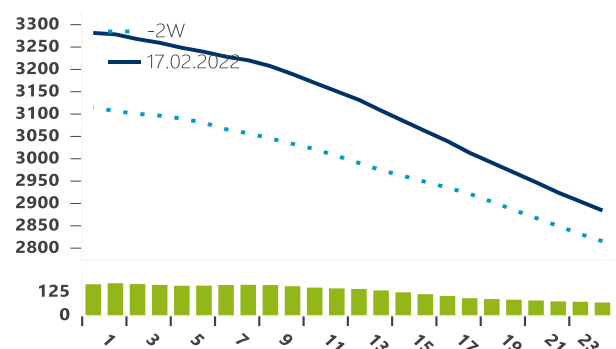
Aluminium (LME cash, USD/t)



Price (on warrant), LME.



Forward curve (top) & 2W change (bottom).



Forward curve (top) & 2W change (bottom).

	Copper		Aluminium		Zinc		Lead	
	USD/t	EUR/t	USD/t	EUR/t	USD/t	EUR/t	USD/t	EUR/t
2022M03	10099	8878	3286	2888	3669	3225	2376	2089
2022M04	10078	8850	3280	2880	3663	3217	2367	2079
2022M05	10056	8822	3271	2869	3656	3207	2360	2070
2022M06	10034	8793	3259	2856	3644	3193	2353	2062
2022M07	10021	8769	3251	2845	3636	3182	2347	2053
2022M08	10003	8741	3241	2832	3624	3166	2336	2041
2022Q1	10106	8884	3287	2889	3671	3227	2379	2092
2022Q2	10056	8821	3270	2868	3655	3206	2360	2070
2022Q3	10003	8741	3241	2832	3623	3166	2338	2042
2022Q4	9946	8650	3205	2787	3571	3106	2319	2017
2022FY	10021	8759	3247	2839	3626	3170	2346	2051
2023FY	9795	8416	3044	2616	3396	2918	2280	1959

Indicative swap prices.

Source: Bloomberg Finance L.P., CSOB

Contacts

Brussels Research (KBC)		Global Sales Force	
Mathias Van der Jeugt	+32 2 417 51 94	Brussels	
Peter Wuyts	+32 2 417 32 35	Corporate Desk	+32 2 417 45 82
Mathias Janssens	+32 2 417 51 95	Institutional Desk	+32 2 417 46 25
		France	+32 2 417 32 65
Dublin Research		London	+44 207 256 4848
Austin Hughes	+353 1 664 6889	Singapore	+65 533 34 10
Shawn Britton	+353 1 664 6892		
Prague Research (CSOB)			
Jan Cermak	+420 2 6135 3578	Prague	+420 2 6135 3535
Jan Bures	+420 2 6135 3574		
Dominik Rusinko	+420 2 6135 3506		
Bratislava Research (CSOB)			
Marek Gabris	+421 2 5966 8809	Bratislava	+421 2 5966 8820
Budapest Research (K&H)			
David Nemeth	+36 1 328 9989	Budapest	+36 1 328 99 85

ALL OUR REPORTS ARE AVAILABLE ON WWW.KBCCORPORATES.COM/RESEARCH

This non-exhaustive information is based on short-term forecasts for expected developments on the financial markets. KBC Bank cannot guarantee that these forecasts will materialize and cannot be held liable in any way for direct or consequential loss arising from any use of this document or its content. The document is not intended as personalized investment advice and does not constitute a recommendation to buy, sell or hold investments described herein. Although information has been obtained from and is based upon sources KBC believes to be reliable, KBC does not guarantee the accuracy of this information, which may be incomplete or condensed. All opinions and estimates constitute a KBC judgment as of the data of the report and are subject to change without notice.

