



# Commodity Monitor

February 23, 2021

## Headlines

- Oil prices extend rally
- European wheat hits 7-year high

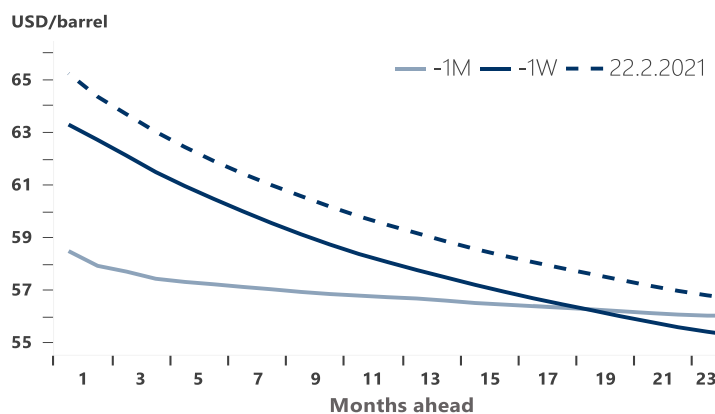
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Commodity		Price	Change *
Brent	USD/bbl	64.87	6.19
Diesel	USD/t	531	6.42
Wheat	EUR/t	238.75	6.70
Corn	EUR/t	230	5.75
Rapeseed	EUR/t	469.75	5.27
Soybean meal	EUR/t	352.689	-2.68
Copper	USD/t	9153	12.20
Aluminium	USD/t	2132	4.01

\* change in % in the last 14 days

### Chart of the Week



The Brent curve has moved into a deeper backardation (Source: ICE, CSOB).

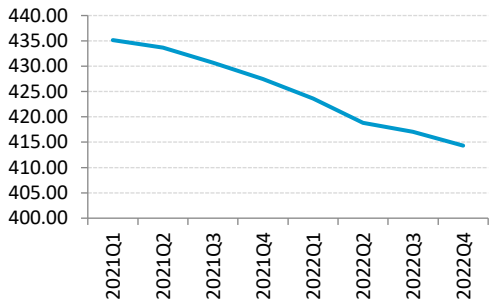
## Calendar

Geo	Date	Time	Event	Period	Estimate		Consensus		Previous	
					M/M	Y/Y	M/M	Y/Y	M/M	Y/Y
US	24/02/2021	16:30	EIA weekly gasoline stk	mbbl	02/2021					0.7
US	24/02/2021	16:30	EIA weekly distillate stk	mbbl	02/2021					-3.42
US	24/02/2021	16:30	EIA weekly crude stocks	mbbl	02/2021					-7.3
CN	28/02/2021	8:00	PMI manufacturing		02/2021					51.3
US	01/03/2021	16:00	ISM manufacturing		02/2021					58.7
US	03/03/2021	16:30	EIA weekly gasoline stk	mbbl	03/2021					
US	03/03/2021	16:30	EIA weekly distillate stk	mbbl	03/2021					
US	03/03/2021	16:30	EIA weekly crude stocks	mbbl	03/2021					
CN	07/03/2021	4:00	Exports	%	02/2021					
CN	07/03/2021	4:00	Imports	%	02/2021					

# Crude & Products

Diesel swap curve

EUR/t \*



Period	Diesel * (EUR/t)
2021M03	435.22
2021M04	434.88
2021M05	433.68
2021M06	432.35
2021M07	431.26
2021M08	430.60
2021Q1	435.15
2021Q2	433.64
2021Q3	430.71
2021Q4	427.48
2021FY	431.32
2022FY	418.43

\* indicative swap price

Oil prices have maintained strong bullish momentum in the past weeks with Brent crude surging above 65 USD/barrel. Since the beginning of November, when the current rally started, oil prices are up almost 70%, bringing them back to the pre-pandemic level. What is more, the constructive fundamental backdrop suggests that oil prices have further room to move higher.

In the last couple of days, oil prices have been supported by a severe winter storm that swept through the United States. This led to massive production shut-ins in the Permian basin, the most prolific area of the US shale oil production. The estimates suggest that as much as 4 million barrels per day was knocked offline, accounting for more than a third of total US crude oil production. Furthermore, several refineries in the US South were also forced to close as a result of snow storm.

These effects are nonetheless only transitory and should gradually fade out in the coming weeks. Still, the underlying market balance is very tight even without accounting for these temporary factors. The oil forward curve has moved into a deeper backwardation recently (Chart of the Week), indicating that demand is currently running visibly above supply. In other words, the market rebalancing remains underway despite the second wave of the pandemic. This is due to the ongoing heavy support by the OPEC+ alliance, withholding 7.2 million barrels per day from the oil market. On top of this amount, Saudi Arabia has cut its output by additional 1 million barrels per day in February and March.

The OPEC+ coalition, led by Saudi Arabia and Russia, is set to discuss the production curbs policy at the beginning of March. The signals from the market are unequivocal – additional oil supplies are needed to avoid an extreme tightening of the market and driving the oil prices significantly higher. As usual, we expect Russia to argue for a more notable output hike, but a compromise deal of a gradual and relatively moderate easing of output cuts seems most likely at this moment. A more significant increase in OPEC+ production is expected only in the latter part of the year amid a strong oil demand recovery.

Overall, we view current oil prices as reflective of tight underlying market fundamentals. That is to say, provided the OPEC+ alliance decides to ease output cuts only moderately and the oil demand recovery gains traction, oil prices are bound to remain comfortably above 65 USD/barrel. Therefore, it is likely that we will again upgrade our price outlook in the coming weeks. At the same time, we see the short-term price risks tilted to the upside with a possibility of Brent crude testing a 70 USD/barrel level likely.

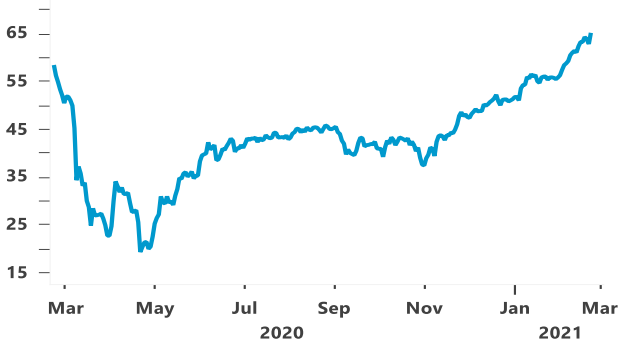
## Global liquid fuels production & consumption

mb/d

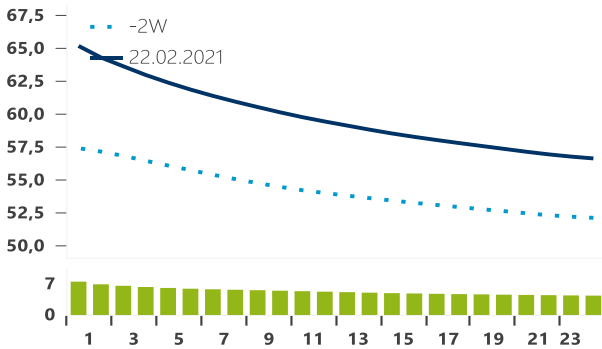
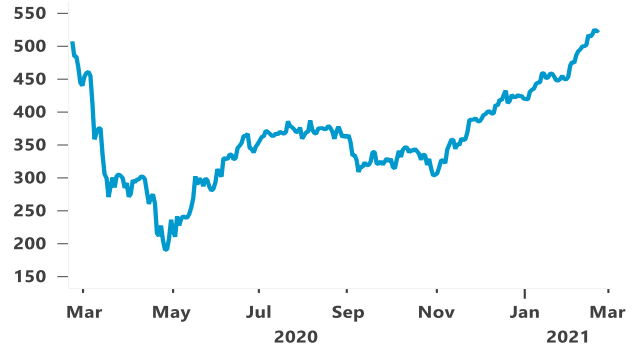
	2019FY	2020FY	2021FY	2022FY
Countries outside OPEC	66.02	63.64	65.02	67.29
OPEC	34.63	30.59	32.25	33.47
<b>Total production</b>	<b>100.65</b>	<b>94.22</b>	<b>97.27</b>	<b>100.76</b>
change		-6.43	3.05	3.49
OECD	47.53	41.90	44.31	46.06
non-OECD	53.64	50.38	53.34	55.09
<b>Total consumption</b>	<b>101.17</b>	<b>92.28</b>	<b>97.66</b>	<b>101.16</b>
change		-8.89	5.38	3.50
<b>Inventories change</b>	<b>-0.52</b>	<b>1.94</b>	<b>-0.39</b>	<b>-0.40</b>
<b>Brent, average, USD/barrel</b>	<b>64</b>	<b>42</b>	<b>59</b>	<b>58</b>

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

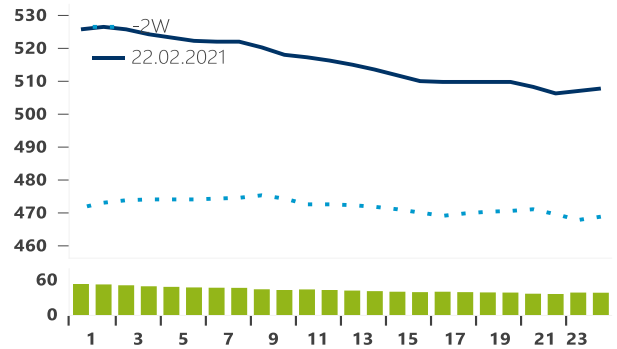
Brent (ICE, USD/barrel)



Gasoil (ICE, USD/t)

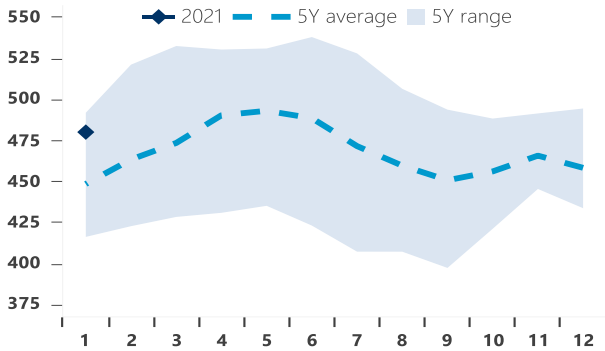


Forward curve (top) & 2W change (bottom).



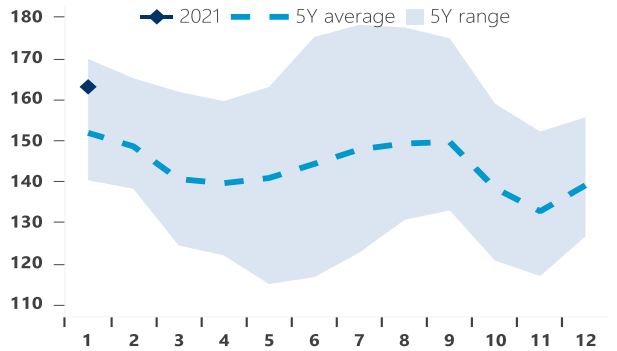
Forward curve (top) & 2W change (bottom).

Commercial crude inventories, USA (000's barrels)



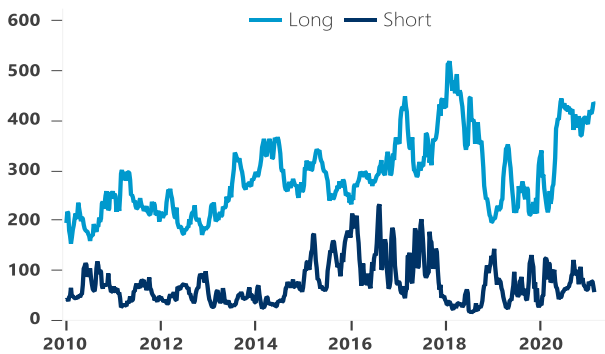
Seasonal plot, 2016 - 2021. Monthly averages.

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).

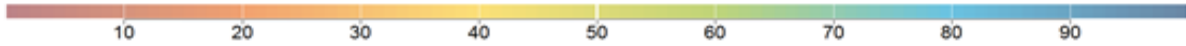
# Agricultural Commodities

## Vegetation health index in key agricultural areas

7. week of 2021

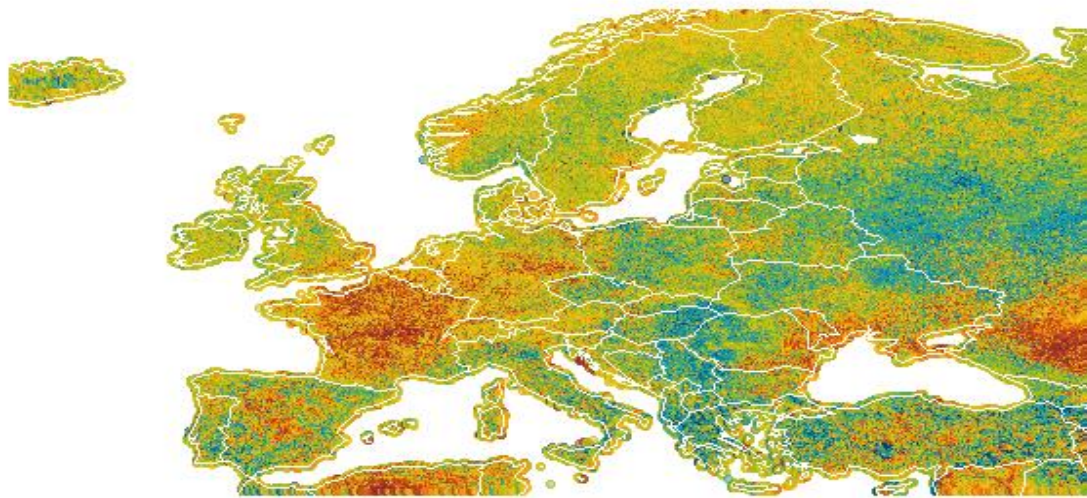
extremely poor conditions

excellent conditions

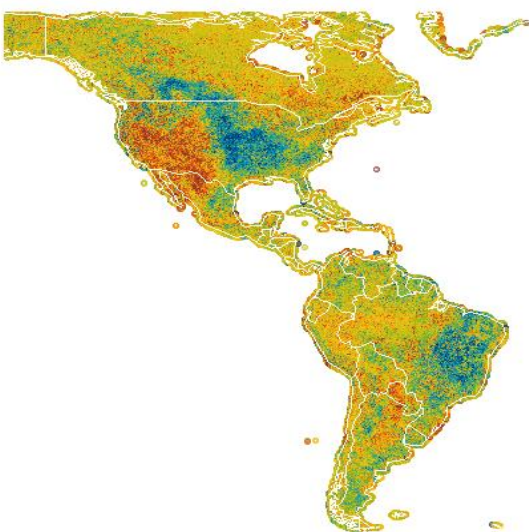


The VH values below 40 are used for identifying vegetation stress which is an indirect drought indicator.

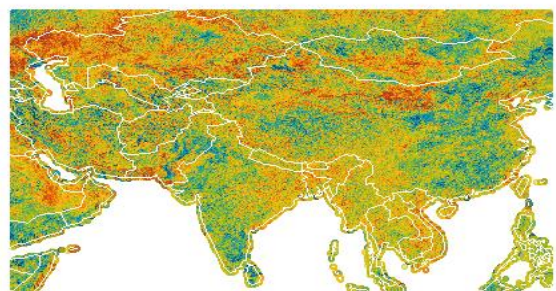
### Europe, Russia & Ukraine



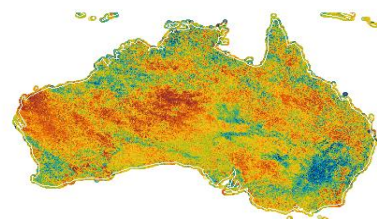
### North & South America



### China, Kazakhstan & India



### Australia

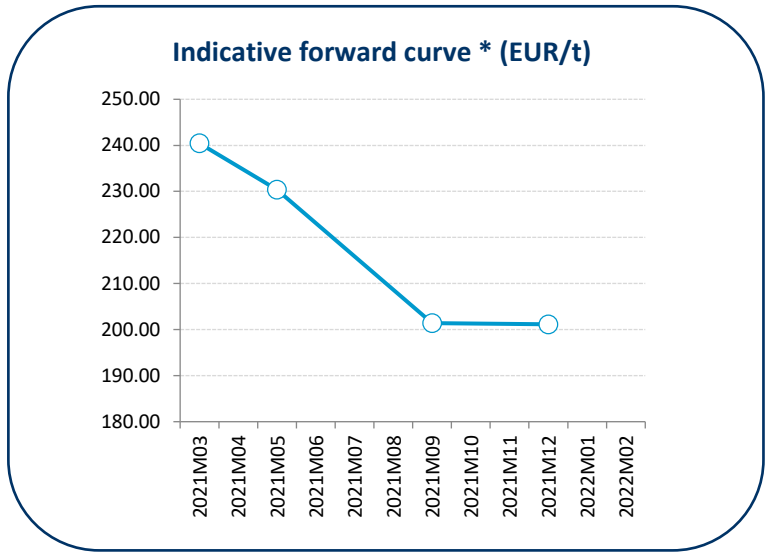


Source: NOAA STAR (<http://www.star.nesdis.noaa.gov/smcd/emb/vci/VH/index.php>), CSOB.

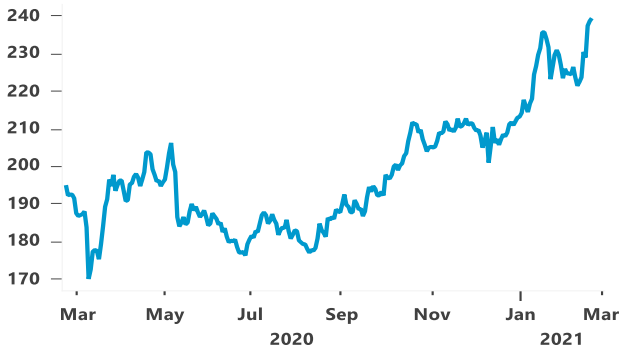
Wheat

Period	Wheat (EUR/t) *
2021M03	240.42
2021M04	
2021M05	230.35
2021M06	
2021M07	
2021M08	
2021M09	201.40
2021M10	
2021M11	
2021M12	201.15
2022M01	
2022M02	

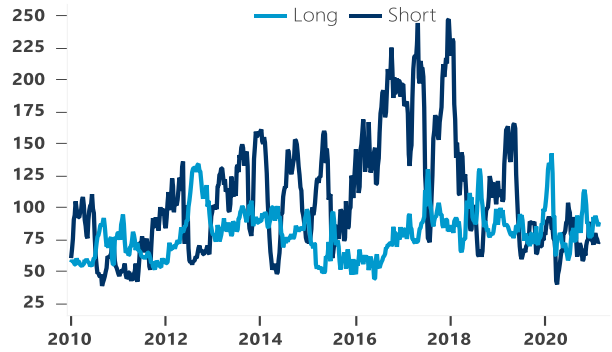
\*Indicative price of futures contract



Wheat (EURONEXT, EUR/t)

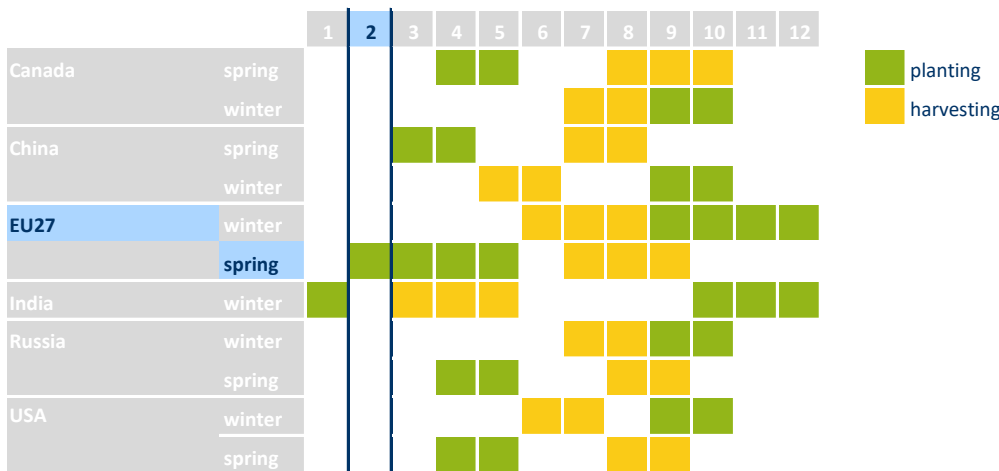


Speculative position (CBOT, thousand contracts)



Money Managers' positions in wheat futures, CBOT.

Monthly planting & harvesting calendar, key producers

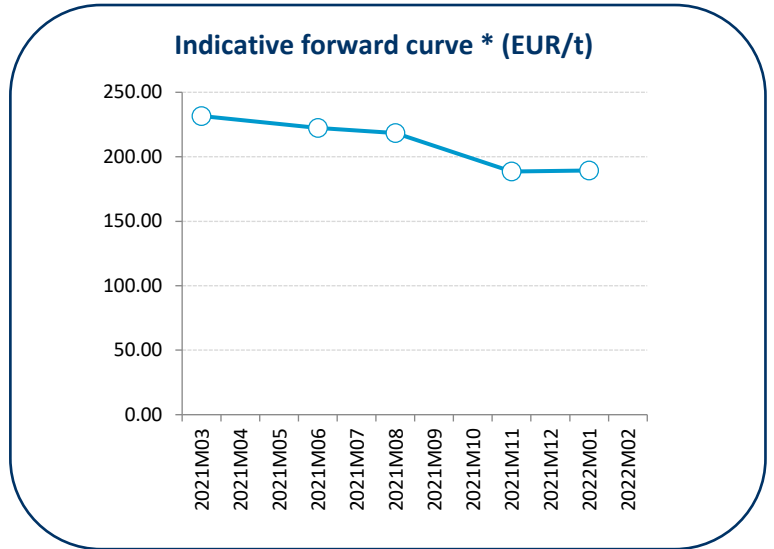


Source: Bloomberg Finance L.P., USDA, CSOB

Maize

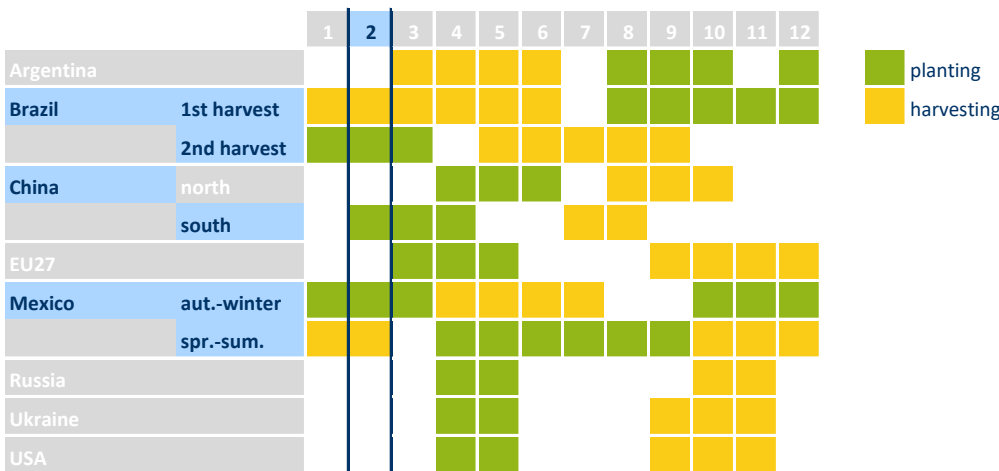
Period	Maize * (EUR/t)
2021M03	231.61
2021M04	
2021M05	
2021M06	222.30
2021M07	
2021M08	218.27
2021M09	
2021M10	
2021M11	188.56
2021M12	
2022M01	189.44
2022M02	

\*Indicative price of futures contract



Money Managers' positions in corn futures, CBOT.

Monthly planting & harvesting calendar, key producers

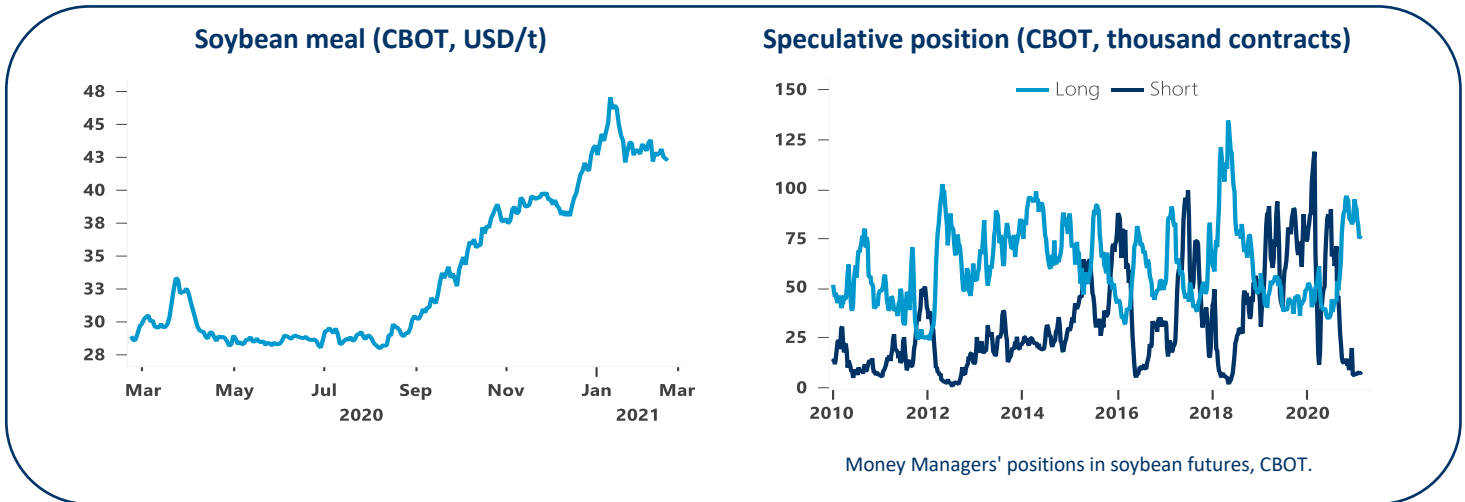
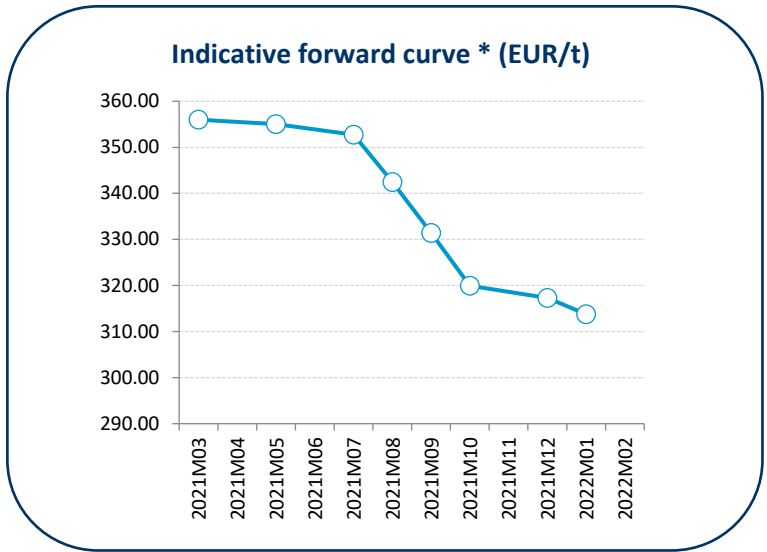


Source: Bloomberg Finance L.P., USDA, CSOB

Soybeans & soybean meal

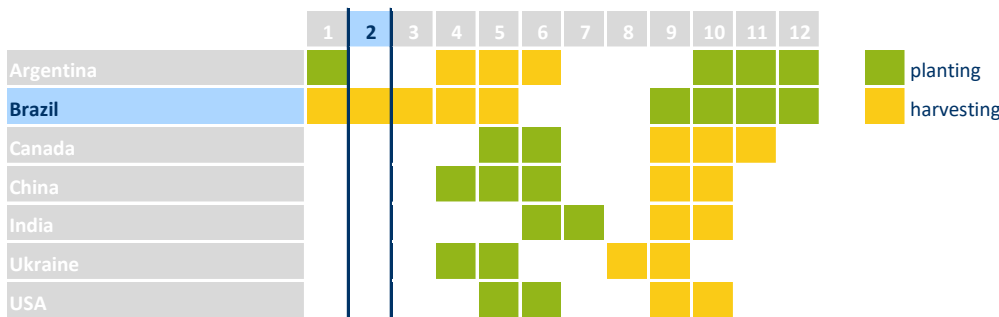
Period	Soybean meal * (EUR/t)
2021M03	356.00
2021M04	
2021M05	355.03
2021M06	
2021M07	352.73
2021M08	342.46
2021M09	331.43
2021M10	319.92
2021M11	
2021M12	317.34
2022M01	313.77
2022M02	

\*Indicative price of futures contract



Money Managers' positions in soybean futures, CBOT.

Monthly planting & harvesting calendar, key producers

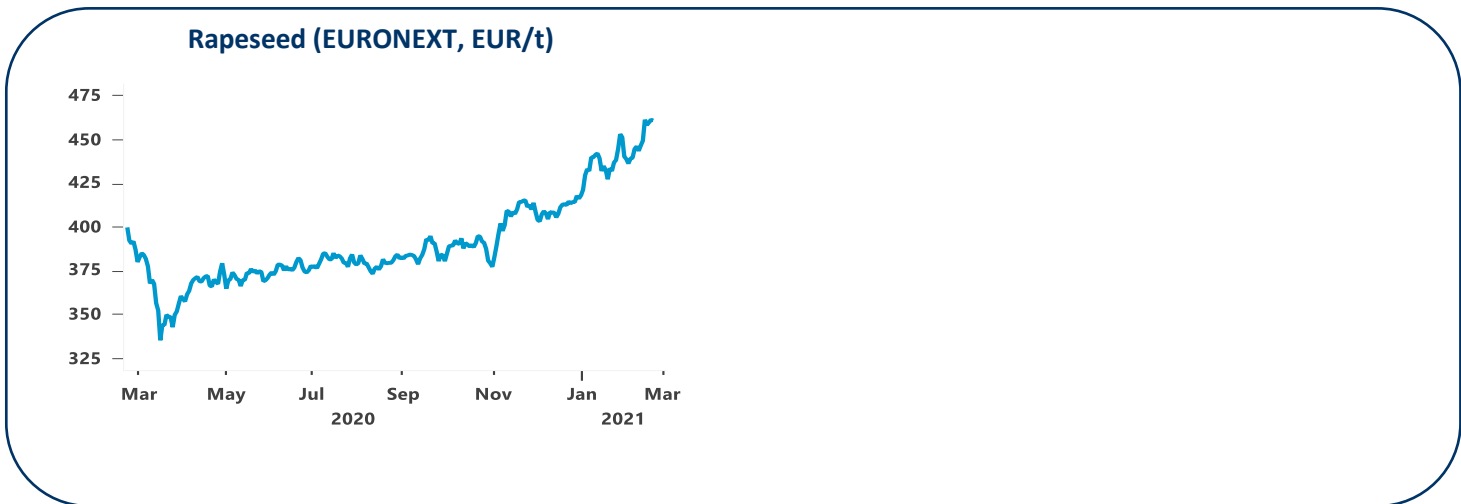
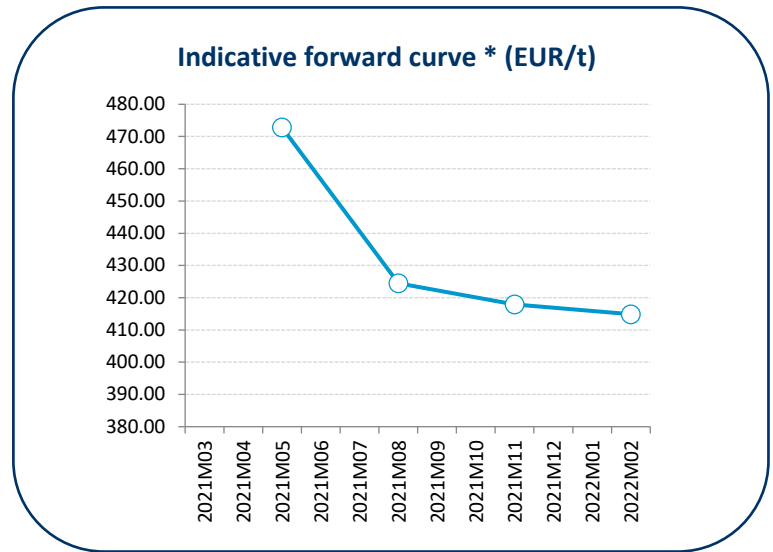


Source: Bloomberg Finance L.P., USDA, CSOB

## Rapeseed

Period	Rapeseed * (EUR/t)
2021M03	
2021M04	
2021M05	472.79
2021M06	
2021M07	
2021M08	424.45
2021M09	
2021M10	
2021M11	417.91
2021M12	
2022M01	
2022M02	414.88

\*Indicative price of futures contract



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

	Rapeseed			Corn			Wheat			Soybeans		
	17/18	18/19	19/20	17/18	18/19	19/20	17/18	18/19	19/20	17/18	18/19	19/20
Beginning Stocks	8	10	7	341	320	303	287	283	300	99	113	95
Production	73	69	69	1124	1117	1134	731	764	773	361	336	361
Consumption	71	72	71	1144	1134	1151	735	747	769	347	354	373
Ending Stocks	10	7	5	320	303	287	283	300	304	113	95	83
Stocks-To-Cons (%)	13.5	10.1	7.2	28.0	26.7	24.9	38.5	40.2	39.5	32.5	26.8	22.4

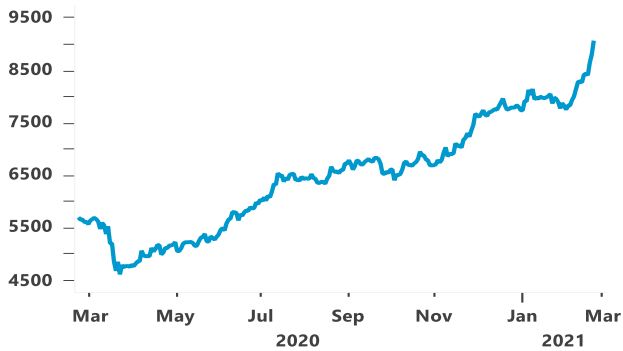
Dark blue figures are forecasts

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



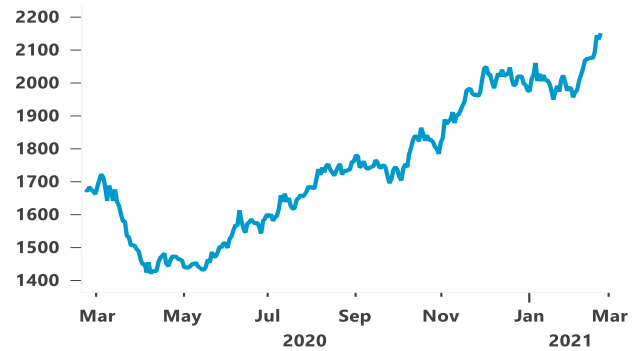
# Base Metals

### Copper (LME cash, USD/t)

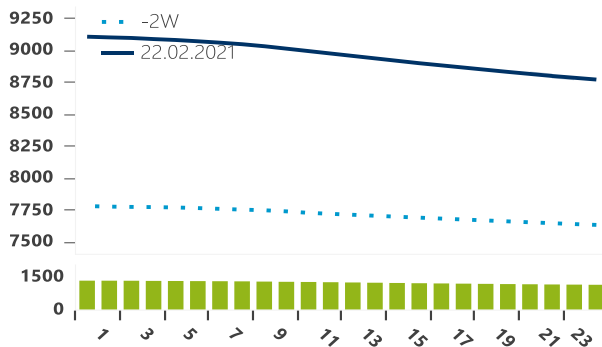


Price (on warrant), LME.

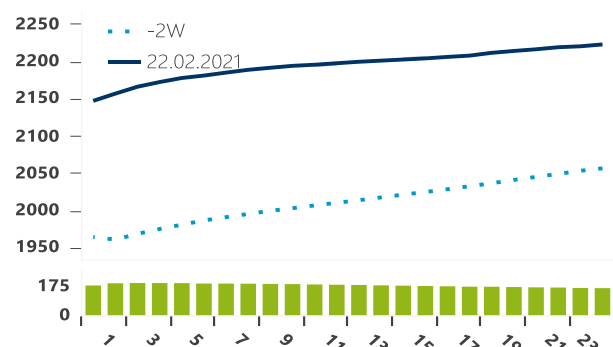
### Aluminium (LME cash, USD/t)



Price (on warrant), LME.



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



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

	Copper		Aluminium		Zinc		Lead	
	USD/t	EUR/t	USD/t	EUR/t	USD/t	EUR/t	USD/t	EUR/t
2021M03	9140	7524	2131	1754	2869	2361	2136	1758
2021M04	9136	7515	2139	1760	2874	2364	2142	1762
2021M05	9131	7506	2148	1766	2879	2367	2146	1764
2021M06	9126	7497	2155	1771	2883	2368	2149	1765
2021M07	9116	7485	2159	1773	2885	2368	2151	1766
2021M08	9102	7468	2163	1775	2887	2368	2154	1767
2021Q1	9141	7524	2128	1752	2867	2360	2134	1756
2021Q2	9131	7506	2148	1765	2879	2366	2146	1764
2021Q3	9102	7468	2163	1775	2887	2368	2154	1767
2021Q4	9058	7418	2173	1779	2890	2366	2162	1770
2021FY	9105	7473	2155	1769	2882	2365	2150	1765
2022FY	8920	7265	2187	1782	2880	2345	2176	1772

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	<b>Brussels</b>	
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
<b>Dublin Research</b>		London	+44 207 256 4848
Austin Hughes	+353 1 664 6889	Singapore	+65 533 34 10
Shawn Britton	+353 1 664 6892		
<b>Prague Research (CSOB)</b>			
Jan Cermak	+420 2 6135 3578	<b>Prague</b>	+420 2 6135 3535
Jan Bures	+420 2 6135 3574		
Dominik Rusinko	+420 2 6135 3506		
<b>Bratislava Research (CSOB)</b>			
Marek Gabris	+421 2 5966 8809	<b>Bratislava</b>	+421 2 5966 8820
<b>Budapest Research (K&amp;H)</b>			
David Nemeth	+36 1 328 9989	<b>Budapest</b>	+36 1 328 99 85

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