

FWA DJ Global Commodities Roundup: Market Talk
22666231843:FWA:20230124

The latest Market Talks covering Commodities. Published exclusively on Dow Jones Newswires throughout the day.

1130 ET - US crude-oil prices have erased earlier gains and recently traded 1.7% lower at a session-low \$80.26 a barrel, which is precisely where WTI prices began the new year. The declines come ahead of two weekly reports on US oil inventories, first from trade group API at 4:30 pm ET, and then the official EIA report tomorrow morning. A WSJ survey sees inventories rising by a small 100,000 barrels for the week ended Friday as US refiners have been running slower than normal in recent weeks, which has allowed crude inventories to surprisingly, and bearishly, surge higher. Traders say reduced oil demand due to slowdowns in US manufacturing and other areas is also causing inventories to rise. (dan.molinski@wsj.com)

1010 ET - Livestock futures are slightly higher early in the trading session, with live cattle futures up 0.1% and lean hog futures up 0.4%. For both, winter weather in the Midwest is helping provide support for futures. "We've got some winter weather across the Panhandle this morning to perhaps interrupt some slaughter plans today, though the moisture will be welcomed by the region," says StoneX in a note. Like grains, export demand continues to be a factor pressuring futures. (kirk.maltais@wsj.com; @kirkmaltais)

0917 ET - Grain futures on the CBOT are slightly higher in pre-market trading, but traders are unconvinced that the positive move seen this morning will last throughout the day. "The grain markets are on a pure short-covering rebound this morning after a sharp four-day slide," says Matt Zeller of StoneX in a note. Traders say that with rain arriving in South America and demand for US exports seen as light, pressure is expected to remain on grain futures throughout the day. In pre-market trading, most-active corn futures are up 0.5%, soybeans are up 0.6%, and wheat is up 0.4%. (kirk.maltais@wsj.com; @kirkmaltais)

0853 ET - Wheat futures on the CBOT are up 0.6% in pre-market trading, after finding their lowest level since September 2021 yesterday with a close of \$7.20 a bushel. "News of snow and rainfall in the US winter wheat growing areas weighed on its price, as this will improve soil moisture levels for the crops as they emerge from their winter dormancy," says Commerzbank in a note. The firm adds that this sentiment has also pulled European wheat futures down. Meanwhile, corn and soybean futures are both up 0.5% pre-market. (kirk.maltais@wsj.com; @kirkmaltais)

0840 ET - Natural gas prices are little changed, up a tiny 0.1% at \$3.450/mmBtu in a market that appears to be oversold but lacks a strong catalyst to attract buyers. Prices closed Friday at their lowest since mid-2021

at \$3.174 after a storage report showed inventories push into surplus territory amid weak demand and strong production. A pending restart to the Freeport LN plant that shut seven months ago due to a fire could spark a bullish turnaround as US LNG export capacity would rise sharply. But even with more capacity, some investors worry global LNG demand may be lacking as some buyers returned to coal after LNG prices skyrocketed last year. (dan.molinski@wsj.com)

0818 ET - US crude prices rise 0.4% to \$81.91 a barrel and are on course to close at their highest level in more than two months amid expectations of tightening global supplies. Investors believe China's reopening and the end of Washington's year-long sales of crude-oil from the nation's Strategic Petroleum Reserve may reduce global inventories in what's an already-undersupplied market. But the bullish sentiment continues to face some headwinds due to concerns of a US recession that could quickly hurt demand if layoffs increase and fuel consumption falls. WTI crude is about 2% higher year-to-date after closing 2022 at \$80.26 a barrel. (dan.molinski@wsj.com)

0629 ET - Shares in Associated British Foods drop 2% after the owner of fashion retailer Primark forecast lower annual adjusted operating profit and adjusted earnings per share than a year earlier. While all the company's divisions increased sales strongly, management still expects profit to fall this year as inflation continues to significantly affect margins, fund manager Quilter Cheviot says. "After a very strong run [like] most U.K. retail names, with the stock up over 50% since the beginning of October, it trades at somewhat of a fair valuation now," Quilter Cheviot head of equity research Chris Beckett writes. "Given the state of the U.K. consumer and the retail environment, there are stronger businesses which can probably weather the storm better." (philip.waller@wsj.com)

0606 ET - Shipments of iron ore have been rising, but by how much prices will jump on the higher demand following China's reopening remains uncertain, according to analysts at UBS. Iron ore shipments rose to the highest level in five years in December, but demand signals are still weak with China's pig iron production falling again in the first 10 days of January and steel rebar prices still depressed, analyst Myles Allsop says in a note. "We are cautious on iron ore fundamentals, expecting the demand impulse on reopening to be modest due to the ongoing weakness in China property and that iron ore prices will fall as inventories build," the Swiss bank's analyst says. Iron futures are up 0.7% Tuesday to \$122.82 a metric ton. (yusuf.khan@wsj.com)

0336 ET - Metal prices are moving higher in early trading amid an improving macroeconomic environment. Three-month copper is up 0.2% to \$9,368.50 a metric ton--the highest level since mid-June 2022--while aluminum is 0.5% higher at \$2,645 a ton. Gold meanwhile is up 0.7% to \$1,942 a troy ounce, the highest level since April 2022. "The macro environment is bullish for commodity money

flows," Dave Whitcomb, head of research at Peak Trading Research, says in note. Crude oil prices rising yesterday, rallies in equities and inflation expectations rebounding have all helped improve macroeconomic sentiment. U.S. and Eurozone PMI data is due later--the next main macro data set for investors. (yusuf.khan@wsj.com)

0334 ET - The FTSE 100 falls 0.4% to 7754 points as shares in Associated British Foods decline after its latest trading update. AB Foods, the owner of retail chain Primark, reported a 20% rise in revenue for the 16 weeks to Jan. 7 but said it continues to expect full-year adjusted earnings per share to fall amid continuing "significant" cost pressures, sending its shares down 1.1%. Meanwhile, oil and gas giants BP and Shell decline as oil prices fall. A stronger sterling also weighs on dollar earners including Diageo, Reckitt Benckiser and Unilever. (renae.dyer@wsj.com)

0320 ET - AB Foods' update shows a stronger-than-expected revenue performance across its businesses, led by Primark's improved performance, RBC Capital Markets analysts Richard Chamberlain and Manjari Dhar say in a note. The British conglomerate's retail arm reported sales growth of 18%, outstripping RBC's forecast of 13%, leading to a better-than-expected adjusted operating margin but still down compared with a year ago given inflationary pressures, they add. "We think that Primark's margin outlook has improved recently given a firmer GBP, lower raw-materials costs and improved supply terms," the analysts say. (michael.susin@wsj.com)

0320 ET - AB Foods backed FY 2023 guidance, which confirms that Primark's lack of price elasticity is helping drive sales gains amid shallower margins in the current year, but the lack of overall upgrades could be an issue, Jefferies analysts say in a note. The British conglomerate's guidance on Primark's EBIT margin isn't explicitly reiterated, despite saying this metric was better than expected in the period, they note. The sugar business also raises concerns, with EBIT broadly in line due to adverse weather and cost-related losses despite increased sales, they add. Shares are down 0.5% at 1,860.0 pence. (michael.susin@wsj.com)

(END) Dow Jones Newswires

January 24, 2023 12:15 ET (17:15 GMT)

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