

## The Commodities Feed: Gold benefits from haven demand

Broader market concerns are having the impact you would expect, risk assets, including the bulk of the commodities complex, are coming under pressure, while gold is benefitting from stronger safe-haven demand. This week's FOMC meeting will be important for where markets go next



### Energy - TTF breaks below EUR40/MWh

Price action in the oil market yesterday was choppy with direction once again dictated by broader market worries, given developments in the banking sector. ICE Brent fell towards US\$70/bbl but managed to hold above this level and in fact settled more than 1.1% higher on the day.

Timespreads have weakened along with the broader flat price weakness in recent days. The prompt ICE Brent spread has fallen from more than a US\$0.60/bbl backwardation to around US\$0.20/bbl recently. This weakness is not isolated to the prompt spread with weakness across the forward curve. A flattening in the curve suggests the market is less worried about tightness in the physical market. This will likely be a result of Russian supply holding up better than expected, while demand concerns will not be helping.

European gas prices came under further pressure yesterday. TTF fell by more than 8% on the day,

which saw it settling below EUR40/MWh - the lowest level since July 2021. Europe has already started to see injections, which has seen storage levels edge higher over the last couple of days. EU storage is about 56% full and with the heating season officially over in less than 2 weeks, it is very likely it ends with storage above 50%. We will need to keep an eye on domestic consumption and see how it responds to the lower price environment. Already, if we look at German gas consumption data for week 10 of the year, it was down just 3% from the 2018-21 average.

## Metals – Gold tops \$2,000/oz for first time in a year

Spot gold briefly broke above \$2,000/oz yesterday for the first time since March 2022, on the back of haven demand amid continued fears over the global banking sector. Last week gold ETF holdings increased by more than 700koz to 92.52moz. Wednesday's FOMC meeting will be important for gold and broader markets with plenty of uncertainty over what the Fed may do given current market developments. A pause in hiking would likely provide a further boost to gold prices.

Daily average global aluminium production rose to 188,300 tonnes in February, up from 187,800 tonnes in January and 2.67% higher YoY, according to the International Aluminium Association (IAI). Total output over the month was 5.27mt. Aluminium production in Western and Central Europe is still under pressure, falling 9.1% MoM and 10.8% YoY to 209kt in February. Chinese estimated production came in at 111,000 tonnes/day, up 0.35% MoM.

## Agriculture – US weekly grain inspections rise

The USDA's weekly export inspection data for the week ending 16th March showed that the demand for US grains remained strong over the last week. US weekly export inspections of corn rose to 1,188.7kt compared to 1015.2kt in the previous week, but lower than the 1,496.8kt reported a year ago. US soybean inspections rose to 716.6kt, up from 633.4kt a week ago and 556.6kt a year ago. And US wheat export inspections stood at 374.2kt, higher than the 256.9kt seen in the previous week and 335.1kt a year ago.

The latest data from the Uganda Coffee Development Authority shows that Uganda shipped 478,646 bags of coffee in February, up 6.3% YoY as exporters unloaded stockpiles citing high global prices. Robusta accounted for 78% of the total exports. However, coffee exports for the season are still down 4.5% YoY to a total of 2.29m bags so far.

In its latest monthly crop-monitoring report, the European Commission revised higher its total wheat yield estimate to 5.77t/ha for the 2022/23 season, this is above the 5.57t/ha seen last year and the 5-year average of 5.59t/ha. The report further highlighted that winter crops are in fair to good shape across most of Europe, after the mild winter. However, partially expanding and intensifying dry conditions in southern parts continue to threaten overall crop conditions.

## Author

### Warren Patterson

Head of Commodities Strategy

[Warren.Patterson@asia.ing.com](mailto:Warren.Patterson@asia.ing.com)

### Ewa Manthey

Commodities Strategist

[ewa.manthey@ing.com](mailto:ewa.manthey@ing.com)

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