

The Commodities Feed

Your daily roundup of commodities news and ING views



Source: Shutterstock

Mar-19 white sugar premium weakens



Source: Bloomberg, ING Research

Energy

US crude oil inventories: Yesterday's EIA inventory numbers were largely in line with expectations. The EIA reported that US crude oil inventories increased by 3.22MMbbls over the last week, which is also the sixth consecutive weekly build. Meanwhile, gasoline inventories fell by 3.16MMbbls though more of a concern is the fact that distillate fuel oil stocks fell by 4.05MMbbls, leaving stocks fairly tight as we move into winter. The other big data release from the EIA yesterday was monthly production numbers for August, which showed that US crude oil output averaged 11.35MMbbls/d, up from 10.93MMbbls/d in July, and much larger than the 10.96MMbbls/d that the weekly estimates suggested over the time period.

US oil sanctions against Iran: US sanctions against Iran finally come into effect on 5 November, and there is still no clarity on whether the US will provide waivers to some buyers. Indian media is reporting that India has been able to secure waivers, after agreeing to cut purchases however there has been no official confirmation of this. US National Security Advisor John Bolton has said that a number of countries “may not be able to go all the way to zero”, at least initially.

Metals

Chinese steel sector conditions improve: According to China Iron and Steel Association, the condition of the domestic industry continues to improve, with industry profits growing by 86% year-over-year in the first nine months of this year. Meanwhile, sales increased by 14.5% YoY. However the association has highlighted that the industry faces challenges for the remainder of the year and into 2019, as a result of trade tensions between the US and China.

Agriculture

China soybean usage: Last week China's Feed Industry Association approved standards which would lower the protein levels in pig feed by 1.5% and poultry feed by 1%. The government believes that this would help cut the country's soybean consumption by around 14mt, and this clearly comes as a response to the additional 25% import tariff that China imposed on US soybeans.

White sugar premium weakness: The Mar-19 white sugar premium continues to come under pressure, having fallen from around \$75/t in mid-October to around \$65/t currently. This weakness has helped to drag the raws market lower in recent days. While the Indian crop is looking smaller than initially expected, there is still plenty of low-quality whites availability, which has put renewed pressure on the white sugar market.

Daily price update

	Current	% DoD ch	%YTD ch		Current	% DoD ch	%YTD ch
ICE Brent (US\$/bbl)	75.47	-0.58	12.86	Comex Silver (US\$/oz)	14.3	-1.24	-16.70
NYMEX WTI (US\$/bbl)	65.31	-1.31	8.09	LME Copper (US\$/t)	5,992	-0.66	-17.32
ICE Gasoil (US\$/t)	709	1.07	18.16	LME Aluminium (US\$/t)	1,954	-0.69	-13.87
NYMEX HO (Usc/g)	226	0.09	8.98	LME Zinc (US\$/t)	2,493	-2.24	-24.89
Eurobob (US\$/t)	682	0.00	14.56	LME Nickel (US\$/t)	11,500	-2.25	-9.87
NYMEX RBOB (Usc/g)	177	-2.10	-1.73				
NYMEX NG (US\$/mmbtu)	3.26	2.32	10.43	CBOT Corn (Usc/bu)	363	-0.41	3.56
				CBOT Wheat (Usc/bu)	501	0.15	17.21
API2 Coal (US\$/t)	97	-1.23	10.84	CBOT Soybeans (Usc/bu)	839	0.66	-11.85
NYMEX Coking Coal (US\$/t)	217	0.56	-83.40	ICE No.11 Sugar (Usc/lb)	13.19	-0.98	-12.99
				ICE Arabica (Usc/lb)	113	0.27	-10.70
				ICE London Cocoa (GBP/t)	1,695	-0.47	23.00

Source: Bloomberg

Author

Warren Patterson

Head of Commodities Strategy

Warren.Patterson@asia.ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. (“ING”) solely for information purposes without regard to any particular user’s investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.