

The Commodities Feed

Your daily roundup of commodities news and ING views



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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

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