

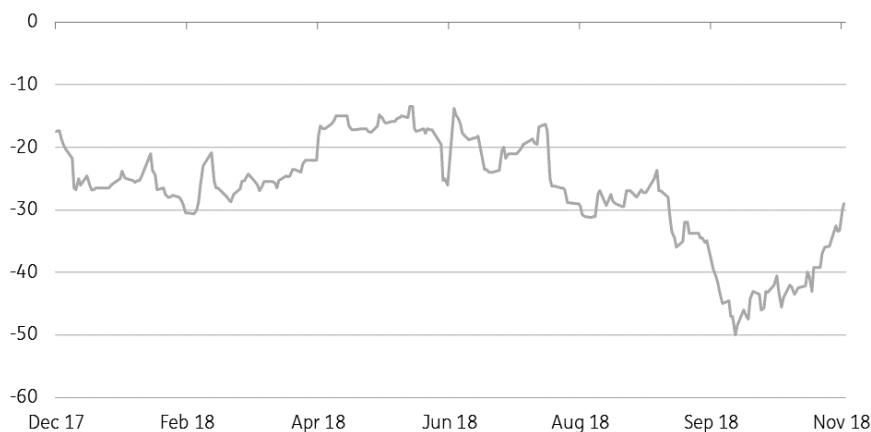
The Commodities Feed

Your daily roundup of commodities news and ING views



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West Canada Select discount to WTI (US\$/bbl)



Source: Bloomberg, ING Research

Energy

OPEC+ cuts: It was an eventful G-20 summit in Argentina, with the oil market unsurprisingly discussed on the sidelines of the event. Russian President, Vladimir Putin said that his country and Saudi Arabia agreed to extend their cooperation into 2019. These comments have raised hopes that when OPEC+ meet in Vienna later this week, that output cuts will be announced. Meanwhile,

OPEC's Economic Commission Board has recommended that the group cuts production by 1.3MMbbls/d. This board only makes recommendations and does not decide policy though.

Canadian output cuts: The province of Alberta in Canada announced production cuts, with output to be reduced by 325Mbbbls/d from January through until when domestic inventories are back to normal levels, after which the reduction will be decreased to 95Mbbbls/d through until the end of 2019 if needed. Canada has struggled with pipeline capacity, which has weighed heavily on West Canada Select differentials to WTI, with the discount widening to as much as US\$50/bbl in October.

Metals

China/ US trade war: At the G20 summit over the weekend, the US and China agreed to put on hold further import tariff increases for 90 days, while both countries look for a solution to end the trade dispute. China has agreed to raise imports from the US, while in return the US won't increase tariffs from 10% to 25% on USD 200bn of Chinese goods on 1 January 2019. The three-month ceasefire and the possibility of further agreements, has proved constructive for the metals complex, with LME copper more than 2% higher so far in morning trading.

Chalco aluminium cuts: Chalco has put 470kt of aluminium smelting capacity on 'flexible production' as a result of low aluminium prices and environmental requirements. Earlier Shandong province asked China Hongqiao Group to cut around 550mt pa of aluminium and 2mtpa of alumina production capacity in the province to reduce pollution.

Agriculture

Soybeans rally: CBOT soybeans have rallied this morning, breaking back above US\$9/bu following constructive trade talks between China and the US on the sidelines of the G-20 summit in Argentina. The US has said that China has agreed to buy a "substantial" amount of agricultural products, however, apparently, both parties have not agreed on specific amounts.

If we do see a breakthrough (removal of Chinese tariffs on US soybeans), expect further strength in CBOT soybeans and likely weakness in Brazilian soybean cash values. However for now Chinese tariffs on US soybeans remain in place, and so Chinese buyers will continue to source from the most cost-effective origin.

Daily price update

	Current	% DoD ch	%YTD ch		Current	% DoD ch	%YTD ch
ICE Brent (US\$/bbl)	58.71	-1.34	-12.20	Comex Silver (US\$/oz)	14.1	-1.25	-17.80
NYMEX WTI (US\$/bbl)	50.93	-1.01	-15.71	LME Copper (US\$/t)	6,198	-0.23	-14.47
ICE Gasoil (US\$/t)	551	-1.61	-8.25	LME Aluminium (US\$/t)	1,958	0.93	-13.67
NYMEX HO (Usc/g)	185	0.10	-11.08	LME Zinc (US\$/t)	2,542	2.91	-23.41
Eurobob (US\$/t)	557	-0.09	-6.55	LME Nickel (US\$/t)	11,200	1.31	-12.23
NYMEX RBOB (Usc/g)	144	-0.92	-19.89				
NYMEX NG (US\$/mmbtu)	4.61	-0.73	56.18	CBOT Corn (Usc/bu)	367	1.73	4.49
				CBOT Wheat (Usc/bu)	516	3.88	20.78
API2 Coal (US\$/t)	86	0.35	-1.26	CBOT Soybeans (Usc/bu)	895	0.85	-5.99
NYMEX Coking Coal (US\$/t)	221	-0.01	-8.78	ICE No.11 Sugar (Usc/lb)	12.84	-0.23	-15.30
				ICE Arabica (Usc/lb)	103	-4.84	-18.19
				ICE London Cocoa (GBP/t)	1,571	0.13	14.01

Source: Bloomberg, ING Research

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