

The Commodities Feed

Your daily roundup of commodities news and ING views



Nickel's poor performance in 2023 has been driven by a supply surge from Indonesia

Nickel vs. stainless steel



Source: Bloomberg, ING Research

Energy

US crude oil inventories: The API yesterday reported that US crude oil inventories increased by 5.36MMbbls over the last week, compared to market expectations for a 2MMbbls draw, according

to a Bloomberg survey. The API also reported builds of 3.61MMbbls and 4.32MMbbls in gasoline and distillate fuel oil, respectively. EIA weekly numbers will be released tomorrow, and if the release confirms a crude oil build over the week, it would be the 11th consecutive week of increases.

OPEC meetings start: The rest of this week will be all about OPEC, with the Joint Ministerial Monitoring Committee meeting in Vienna today, this will be followed by the official OPEC meeting on Thursday, and then finally on Friday, the broader OPEC+ group will meet. We continue to believe that the market will need to see at least a 1MMbbls/d cut, while anything less would likely be viewed as bearish, as this would still leave the global market in surplus over 1H19. All eyes remain on Russia, with media reports suggesting that they are still resisting significant cuts.

Metals

Nickel vs stainless steel: LME nickel prices have declined nearly 30% from their peak in June, while stainless steel prices in China have fallen by only around 7-8%. While demand concerns have certainly weighed on nickel and stainless steel prices more recently, growing nickel pig iron supply from both China and Indonesia has put further pressure on nickel prices. The current underperformance of nickel brings the nickel/stainless steel price ratio back to 5.0 from a high of 6.4 in 2Q18 – the five-year average for the ratio stands at 5.4.

China copper premium: Chinese spot copper premiums fell 10% this week to their lowest levels in more than a year – spot premiums have nearly halved from a peak of US\$120/t in early October to US\$62.5/t currently. This does suggest that Chinese imports of refined copper have slowed from the very strong levels seen in previous months. Meanwhile, the LME copper cash/3M backwardation has weakened from US\$44/t at the end of November to just US\$3.50/t currently.

Agriculture

Chinese soybean imports: Bloomberg reports that Chinese officials are preparing to restart US soybean imports following trade talks between China and the US at the G-20 summit. As we mentioned in our note from earlier this week, any sizeable increase in imports will be driven by state enterprises, whilst private buyers will likely resume the purchase of US soybeans once tariffs are removed. Cumulative US export sales to China so far this season (starting 1 September) stand at just 339kt, down from 14.98mt at the same stage last season.

Indian sugar output: The latest data from the Indian Sugar Mills Association shows that cumulative Indian sugar production so far this season (starting 1 October through to the end of November) totals 3.97mt, up 1.5% year-on-year. While crop expectations for India have fallen as the harvest has got underway, the country is still expected to see a sizeable domestic surplus, which will continue to threaten the world market.

Daily price update

	Current	% DoD ch	%YTD ch		Current	% DoD ch	%YTD ch
ICE Brent (US\$/bbl)	62.08	0.63	-7.16	Comex Silver (US\$/oz)	14.5	0.97	-15.30
NYMEX WTI (US\$/bbl)	53.25	0.57	-11.87	LME Copper (US\$/t)	6,209	-1.37	-14.32
ICE Gasoil (US\$/t)	587	1.64	-2.17	LME Aluminium (US\$/t)	1,974	0.00	-12.96
NYMEX HO (Usc/g)	190	0.71	-8.41	LME Zinc (US\$/t)	2,589	0.23	-21.99
Eurobob (US\$/t)	505	0.83	-15.14	LME Nickel (US\$/t)	11,150	-0.89	-12.62
NYMEX RBOB (Usc/g)	144	0.84	-19.78				
NYMEX NG (US\$/mmbtu)	4.46	2.72	50.93	CBOT Corn (Usc/bu)	374	0.81	6.70
				CBOT Wheat (Usc/bu)	519	0.68	21.60
API2 Coal (US\$/t)	86	0.06	-1.77	CBOT Soybeans (Usc/bu)	912	0.66	-4.20
NYMEX Coking Coal (US\$/t)	224	3.70	-7.53	ICE No.11 Sugar (Usc/lb)	12.75	-1.24	-15.90
				ICE Arabica (Usc/lb)	102	-1.55	-19.26
				ICE London Cocoa (GBP/t)	1,568	-0.25	13.79

Source: Bloomberg, ING Research

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.