

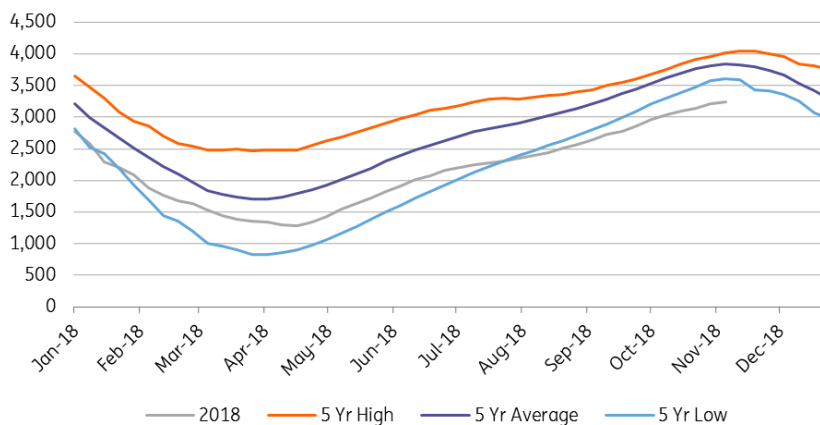
The Commodities Feed

Your daily roundup of commodities news and ING views



Gas storage tank

US natural gas inventories remain well below 5 year low (Bcf)



Source: EIA, Bloomberg, ING Research

Energy

US crude oil inventories: The EIA yesterday reported that US crude oil inventories increased by 10.27MMbbls over the last week, higher than the 8.78MMbbls reported by the API in the previous day, and significantly higher than the 3.2MMbbls expected by the market. Weekly crude oil

production estimates increased by 100Mbbbls/d to 11.7MMbbbls/d. From a crude oil perspective the report was fairly bearish, however the refined product numbers were more constructive. Gasoline inventories fell by 1.41MMbbbls over the week, whilst distillate fuel oil inventories fell by 3.56MMbbbls. Product demand, in fact, hit a record high of 22.38MMbbbls/d, up 2MMbbbls/d WoW. Meanwhile, refinery run rates are yet to show their seasonal pick up following refinery maintenance.

Natural gas volatility: Henry Hub natural gas has had an amazing week, with the market rallying as much as 20% on Wednesday, only to give back all these gains yesterday. A combination of US natural gas inventories being well below the 5-year low as we enter the winter season, and the current cold weather seen over parts of the US has been bullish for sentiment. However, the EIA did release its latest storage data yesterday, which showed a 39Bcf inventory build over the last week, compared to market expectations of a 36Bcf build.

Metals

Copper TCs edge lower: According to media reports, miner Antofagasta and Chinese smelter Jiangxi have agreed on lower treatment and refining charges for 2019. Treatment charges will fall from \$82.25/t in 2018 to \$80.80/t, whilst refining charges will fall from US\$8.225/lb to US\$8.08/lb. While a marginal decline in charges, it does highlight both tightening concentrate supply along with growing smelting capacity in China.

Refined zinc deficit: The latest data from the International Lead and Zinc Study Group (ILZSG) shows that the refined zinc market saw a deficit of 305kt over the first nine months of 2018, less than the 398kt deficit reported over the same period last year. This narrowing in the deficit has been driven partly by a ramp-up in mine supply, and with this trend expected to continue into 2019, we expect that deficits moving forward will continue to narrow.

Agriculture

US soybean processing: The latest data from the National Oilseed Processors Association shows that the US processed 172.35m bushels of soybeans over the month of October, up from 164.24m bu for the same month last year, and above market expectations for a 169.63m bu crush. Meanwhile, Bloomberg reports that President Trump will push for a commitment from China to continue buying US soybeans in any trade deal.

Global sugar surplus narrows: The International Sugar Organization (ISO) has lowered its surplus estimate for the current 2018/19 season from 6.7mt to just 2.2mt. The smaller surplus is unsurprisingly driven by weather concerns, with the ISO downgrading their crop estimates for Brazil, the EU and India. Looking further ahead, and to the 2019/20 season, we would expect the global market to return to deficit, with EU farmers likely to reduce 2019 plantings.

Daily price update

	Current	% DoD ch	%YTD ch		Current	% DoD ch	%YTD ch
ICE Brent (US\$/bbl)	66.62	0.76	-0.37	Comex Silver (US\$/oz)	14.3	1.30	-16.81
NYMEX WTI (US\$/bbl)	56.46	0.37	-6.55	LME Copper (US\$/t)	6,184	1.54	-14.67
ICE Gasoil (US\$/t)	638	-1.05	6.25	LME Aluminium (US\$/t)	1,929	-0.72	-14.95
NYMEX HO (Usc/g)	207	-1.04	-0.07	LME Zinc (US\$/t)	2,576	2.96	-22.39
Eurobob (US\$/t)	576	-0.03	-3.30	LME Nickel (US\$/t)	11,260	-0.44	-11.76
NYMEX RBOB (Usc/g)	156	-0.26	-13.48				
NYMEX NG (US\$/mmbtu)	4.04	-16.52	36.74	CBOT Corn (Usc/bu)	368	0.14	4.78
				CBOT Wheat (Usc/bu)	506	0.50	18.38
API2 Coal (US\$/t)	88	1.73	0.91	CBOT Soybeans (Usc/bu)	889	2.10	-6.62
NYMEX Coking Coal (US\$/t)	221	0.00	-8.77	ICE No.11 Sugar (Usc/lb)	12.65	0.00	-16.56
				ICE Arabica (Usc/lb)	110	-2.31	-12.80
				ICE London Cocoa (GBP/t)	1,599	1.07	16.04

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 <http://www.ing.com>.