

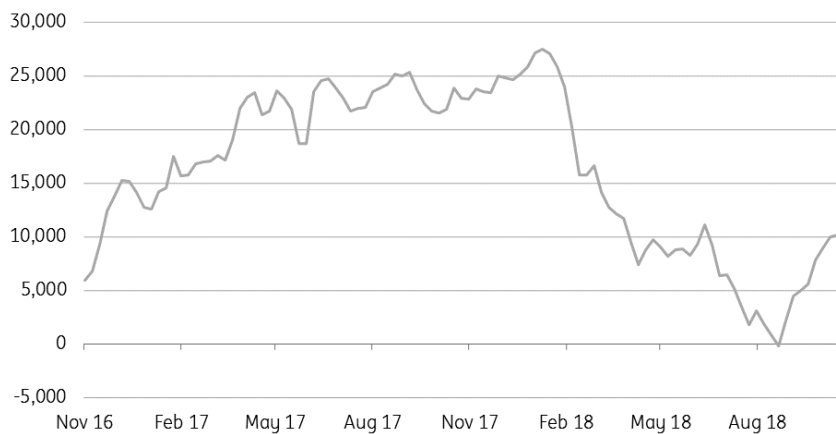
The Commodities Feed

Your daily roundup of commodities news and ING views



Source: Shutterstock

NYMEX Palladium managed money net position (lots)



Source: CFTC, Bloomberg, ING Research

Energy

US crude oil inventories: The API is set to release its weekly inventory report later today, and the market is expecting that US crude oil inventories increased by 3.1MMbbls over the last week, according to a Bloomberg survey. A build in both Cushing and total US crude oil stockpiles over recent weeks has put pressure on the front end of the WTI curve, with spreads through until the

May/Jun'19 in contango. For Brent, it is a different story, with just the prompt spread in slight contango.

Japanese crude oil imports: Latest Japanese government data shows that crude oil imports from Iran totalled 132Mbbbls/d over the month of September, down from a little over 190Mbbbls/d in September 2017. The declines appear to reflect concerns over upcoming sanctions on Iran. Japanese buyers will be keen to secure waivers in order to continue buying Iranian crude oil when US sanctions on Iran come into force in early November. However, as of yet, there have been no reports of the US granting waivers.

Metals

Depreciating yuan pushes metal prices lower: The CNY fell to a decade low of 6.97 today, declining 1.5% so far in the month of October, with continued trade tensions and the threat of further US tariffs on Chinese goods a key concerns for economic growth. A weaker CNY makes it costlier to import metals into China, and so over large parts of this year, there has been quite a strong relationship between a weaker CNY and weaker metal prices. Looking ahead, Chinese manufacturing PMI data will be released tomorrow, and our Chinese economist expects a number of 50.3, down from 50.8 in September. A weak number will do little to support base metal prices.

Palladium prices retreat: Palladium prices fell 1.4% yesterday, taking total declines to 4.6% over the past three sessions, following last week's rally. It does appear that profit-taking by speculators is the primary driver behind the more recent weakness. CFTC data shows that the managed money net position stood at a seven-month high of 12,403 as of 23 October.

Agriculture

US grain export inspections: The latest data from the USDA shows that almost 653kt of corn was inspected for export last week, compared to 1.02mt in the previous week. Meanwhile 1.3mt of soybeans were inspected for export, compared to 1.2mt in the previous week. Cumulative export inspections for soybeans so far this season stands at 7.32mt, down from 12.38mt at the same stage last season.

US crop progress: The latest crop progress report from the USDA shows that 63% of corn area has been harvested as of 28 October. This compares to 52% at the same stage last year and the five-year average of 63%. Meanwhile, 72% of soybean area has been harvested, lower than the 81% seen at the same stage last year.

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>.