

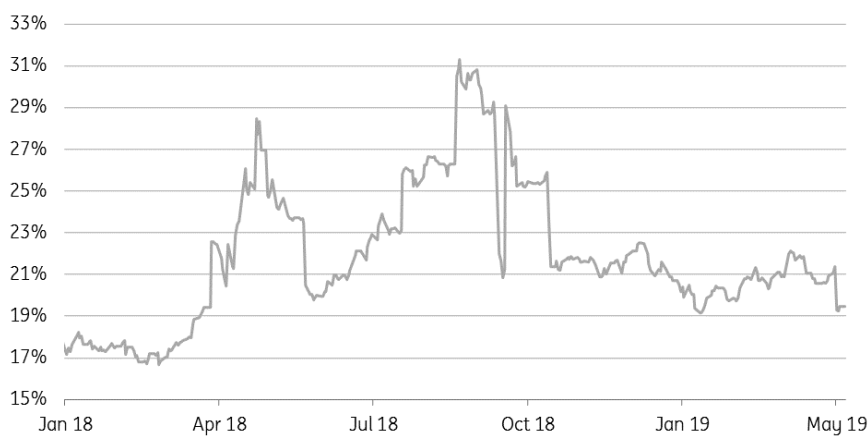
The Commodities Feed: Alumina under pressure

Your daily roundup of commodity news and ING views



Source: Shutterstock

Alumina to LME aluminium price ratio (%)



Source: Bloomberg, ING Research

Energy

US oil inventories: Having come off significantly in morning trading yesterday, the oil market ended up settling in positive territory. The introduction of extra tariffs on Chinese goods on Friday is a concern for markets, however for now the oil market remains tight, thanks to OPEC+ cuts, and moving forward there are still a number of very real supply risks for the oil market.

Later today, the API will be releasing its weekly inventory numbers for the US. The market expects crude oil inventories increased by 2.5MMbbls over the last week, according to a Bloomberg survey. On the products side, the market is expecting that gasoline and distillate fuel oil inventories will decline by 1MMbbls and 500Mbbls, respectively.

US oil production: The EIA will be releasing its monthly Short Term Energy Outlook later today, and we will be on the lookout for any revisions lower in US oil output forecasts. Latest monthly data for US oil production shows that the country produced 11.68MMbbls/d in February, which is 71Mbbls/d lower than the estimate that the EIA was running in its last Short Term Energy Outlook. Currently, the EIA is forecasting 2019 and 2020 production at 12.4MMbbls/d and 13.1MMbbls/d, respectively.

Metals

Alumina prices: Alumina prices have fallen by nearly 10% since the end of April, pushing the alumina-to-aluminium price ratio to 19.3% so far this month, compared to 21.3% in April, and 20.7% year-to-date. The supply picture has improved somewhat, with the 2mtpa Al Taweelah refinery starting production in April. There are also growing hopes that the Alunorte refinery in Brazil will see operations return to full capacity. Further price weakness in alumina moving forward is likely to weigh on the aluminium market, much like we have seen in recent weeks.

Iron ore supply: A court in the state of Minas Gerais in Brazil has suspended wet-processing operations at Vale's 30mt Brucutu mine, forcing the mine to stop operations just weeks after restarting. Following this development, Vale has said that iron ore volumes for 2019 would likely be at the lower- to middle-end of its 307-332mt guidance. Meanwhile, Steelhome data shows that Chinese iron ore inventories at ports fell for the fourth consecutive week, falling by 2.6mt week-on-week. Port stocks are down 15.3mt (around 10%) over the past month.

Agriculture

US crop progress: Corn plantings in the US have slowed significantly as a result of heavy rains in the Midwest. The latest data from the USDA shows 23% of corn plantings were completed as of 5 May. This compares to 36% at the same stage last year, and the five-year average of 46%. Prolonged disruptions to plantings does leave the corn market vulnerable to a short covering rally, with speculators still holding a significant net short position in CBOT Corn. Soybean plantings are also lagging, with 6% of area planted, which compares to 14% seen at the same stage last year.

However for the US winter wheat crop, the condition of the crop continues to look good, with 64% of the crop rated good to excellent, significantly higher than the 34% seen at the same stage last year.

Daily price update

	Current	% DoD ch	%YTD ch		Current	% DoD ch	%YTD ch
ICE Brent (US\$/bbl)	71.24	0.55	32.42	Comex Silver (US\$/oz)	14.9	-0.34	-4.40
NYMEX WTI (US\$/bbl)	62.25	0.50	37.08	LME Copper (US\$/t)	N/A	N/A	N/A
ICE Gasoil (US\$/t)	640	-1.39	25.31	LME Aluminium (US\$/t)	N/A	N/A	N/A
NYMEX HO (Usc/g)	207	-0.13	23.01	LME Zinc (US\$/t)	N/A	N/A	N/A
Eurobob (US\$/t)	687	-1.29	43.17	LME Nickel (US\$/t)	N/A	N/A	N/A
NYMEX RBOB (Usc/g)	200	-1.48	50.83				
NYMEX NG (US\$/mmbtu)	2.52	-1.68	-14.15	CBOT Corn (Usc/bu)	356	-2.00	-5.13
				CBOT Wheat (Usc/bu)	428	0.00	-14.95
API2 Coal (US\$/t)	65	-0.46	-23.73	CBOT Soybeans (Usc/bu)	818	-1.45	-7.37
NYMEX Coking Coal (US\$/t)	205	0.00	-9.82	ICE No.11 Sugar (Usc/lb)	11.88	-1.08	-1.25
				ICE Arabica (Usc/lb)	89	-0.50	-12.81
				ICE London Cocoa (GBP/t)	1,909	0.00	8.10

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>.