

The Commodities Feed: API reports a big draw

Your daily roundup of commodities news and ING views



Source: Shutterstock

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



Source: Bloomberg, ING Research

Energy

US crude oil inventories: The EIA released its latest Short Term Energy Outlook yesterday, where they left their 2018 and 2019 US oil production forecast largely unchanged at 10.9MMbbls/d and 12.1MMbbls/d, respectively. This was followed by the API's weekly inventory numbers, which showed that US crude oil inventories fell by 10.2MMbbls over the last week. This compares to market expectation of a 3.5MMbbls decline, according to a Bloomberg survey. Meanwhile, API numbers also showed that gasoline inventories fell by 2.48MMbbls, whilst distillate fuel oil stocks increased by 712Mbbbls. The EIA will release its weekly report later today, while OPEC will also be releasing its monthly oil market report today. This will be followed by the IEA's oil market report tomorrow.

West Canada Select strengthens: The WCS discount to WTI continues to narrow, with the spread now at just a US\$11/bbl discount, which are levels last seen back in 2017. It has been an amazing move, particularly when you consider that the spread was trading at a US\$50/bbl discount in early October. The latest strength in WCS has been a result of Alberta's Premier announcing that producers in the province would cut oil production by 325Mbbbls/d until domestic inventories are back towards more normal levels.

Metals

US aluminium capacity: According to a report by the Economic Policy Institute, the US aluminium industry is already seeing positive effects from trade tariffs, with three smelter restarts and one smelter expansion totaling 663ktpa. The Institute also expects US aluminium production to have grown by 67% (500ktpa) between 2017 and the end of 2018.

Agriculture

WASDE report: The USDA released its latest WASDE report yesterday, and there were no significant changes to the agency's estimates. For corn, the USDA revised slightly higher 2018/19 ending stocks from 307.51mt to 308.8mt, with some upward production revisions to the EU and Ukraine. For wheat, global ending stocks for the 2018/19 season were revised from 266.71mt to 268.1mt, with a revision higher in beginning stocks. For soybeans, global ending stocks for the 2018/19 season were increased from 112.08mt to 115.33mt, as a result of the agency revising their Brazilian soybean production estimate from 120.5mt to 122mt.

Daily price update

	Current	% DoD	ch	%YTD	ch		Current	% DoD	ch	%YTD	ch
ICE Brent (US\$/bbl)	60.2	0.38	-9.97			Comex Silver (US\$/oz)	14.5	0.15	-15.43		
NYMEX WTI (US\$/bbl)	51.65	1.27	-14.52			LME Copper (US\$/t)	6,168	1.30	-14.89		
ICE Gasoil (US\$/t)	569	-0.52	-5.16			LME Aluminium (US\$/t)	1,939	0.05	-14.51		
NYMEX HO (Usc/g)	185	0.16	-11.00			LME Zinc (US\$/t)	2,590	0.58	-21.96		
Eurobob (US\$/t)	497	0.80	-16.61			LME Nickel (US\$/t)	10,770	-0.28	-15.60		
NYMEX RBOB (Usc/g)	144	1.47	-19.98			CBOT Corn (Usc/bu)	375	0.20	6.91		
NYMEX NG (US\$/mmbtu)	4.41	-3.04	49.24			CBOT Wheat (Usc/bu)	510	-0.97	19.38		
API2 Coal (US\$/t)	88	0.74	0.57			CBOT Soybeans (Usc/bu)	915	0.58	-3.86		
NYMEX Coking Coal (US\$/t)	222	0.00	-8.36			ICE No.11 Sugar (Usc/lb)	12.83	0.86	-15.37		
						ICE Arabica (Usc/lb)	98	-2.79	-22.62		
						ICE London Cocoa (GBP/t)	1,486	-3.94	7.84		

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>.