

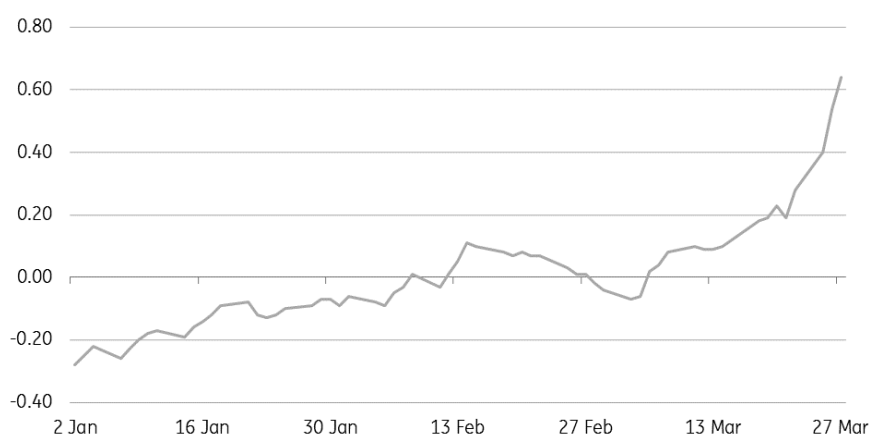
# The Commodities Feed: Brent spreads continue to strengthen

Your daily roundup of commodity news and ING views



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## ICE Brent May/June spread continues to strengthen (US\$/bbl)



Source: Bloomberg, ING Research

## Energy

**US crude oil inventories and Russia:** Oil was well supported yesterday with WTI breaking above

US\$60/bbl at one stage. Russia's energy minister reassured the market that the country would meet its targeted production as part of the broader OPEC+ output cut deal. Production in February was only 81Mbbbls/d lower than the October reference level, as opposed to the agreed cut of around 230Mbbbls/d.

However WTI failed to settle above US\$60/bbl, with the API reporting towards the end of the day that US crude oil inventories increased by 1.93MMbbbls over the last week, compared to expectations of a 2.5MMbbbls draw. Although they did report significant draws on the product side, with gasoline inventories falling by 3.47MMbbbls and distillate fuel oil inventories declining by 4.28MMbbbls. The EIA is scheduled to release its more widely followed weekly report later today.

**ICE Brent prompt spread:** Spread action in ICE Brent continues to support the view of a tightening in the prompt market, with the May/Jun spread rallying to US\$0.63/bbl premium this morning- this spread was trading at a discount at the start of March. We continue to believe that with Saudi Arabia showing that it is more than committed to the output cut deal, that spreads should remain well supported, as the physical market continues to tighten.

## Metals

**Vale iron ore output:** Vale yesterday published its 4Q18 production update, which showed that the company's iron ore output totalled 100.99mt over Q4 - an 8.2% increase YoY. Meanwhile full year 2018 output totalled 384.64mt, up 4.9% YoY. However as a result of the dam collapse at the end of January, which has led to both voluntary and involuntary capacity suspensions, 92.8mtpa of production has been affected, although the miner will try limit these losses, with increases elsewhere. Further details are expected from Vale today, with the company announcing its quarterly results today.

**Australian disruptions end:** The majority of miners and port operators have resumed operations after 4-6 days of disruption following cyclone activity. The Port of Hedland and Ashburton re-opened on Tuesday morning, while Dampier port restarted operations this morning. Iron ore mining activities have also resumed in the Pilbara region, while rail operations are scheduled to restart today. Suggestions from the Pilbara Ports Authority is that no major damage was sustained as a result of the cyclone.

## Daily price update

	Current	% DoD	ch	%YTD	ch		Current	% DoD	ch	%YTD	ch
ICE Brent (US\$/bbl)	67.97	1.13	26.34			Comex Silver (US\$/oz)	15.4	-0.88	-1.09		
NYMEX WTI (US\$/bbl)	59.94	1.90	32.00			LME Copper (US\$/t)	6,330	-0.16	6.12		
ICE Gasoil (US\$/t)	609	0.33	19.19			LME Aluminium (US\$/t)	1,888	0.27	2.28		
NYMEX HO (Usc/g)	199	0.48	18.39			LME Zinc (US\$/t)	2,873	1.45	16.46		
Eurobob (US\$/t)	585	-0.01	21.96			LME Nickel (US\$/t)	13,080	0.88	22.36		
NYMEX RBOB (Usc/g)	196	0.92	47.74								
NYMEX NG (US\$/mmbtu)	2.74	-0.54	-6.80			CBOT Corn (Usc/bu)	377	-0.66	0.60		
						CBOT Wheat (Usc/bu)	469	-0.05	-6.76		
API2 Coal (US\$/t)	70	0.86	-18.79			CBOT Soybeans (Usc/bu)	901	-0.63	2.07		
NYMEX Coking Coal (US\$/t)	213	0.00	-6.52			ICE No.11 Sugar (Usc/lb)	12.59	0.88	4.66		
						ICE Arabica (Usc/lb)	95	1.17	-6.38		
						ICE London Cocoa (GBP/t)	1,687	0.60	-4.47		

Source: Bloomberg, ING Research

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