

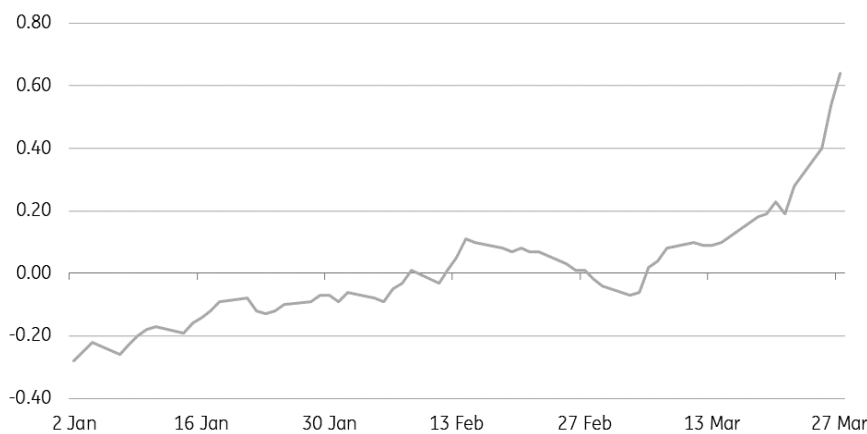
The Commodities Feed: Brent spreads continue to strengthen

Your daily roundup of commodity news and ING views



Source: Shutterstock

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/June 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

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>.