

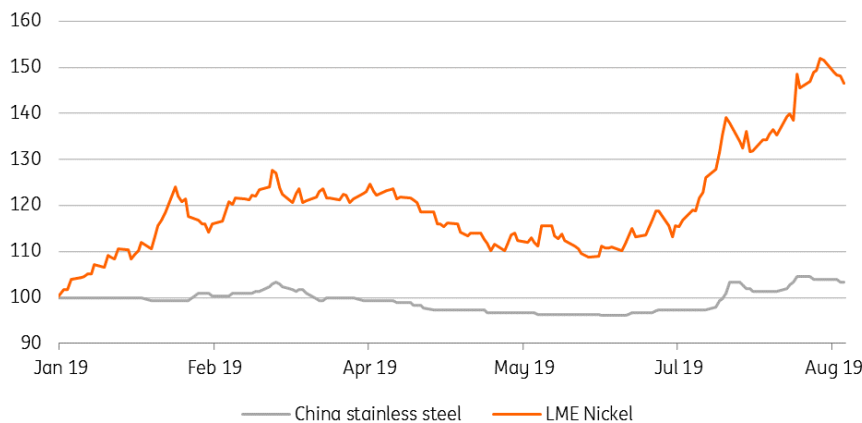
The Commodities Feed: China gold restrictions eased

Your daily roundup of commodity news and ING views



Nickel's poor performance in 2023 has been driven by a supply surge from Indonesia

LME nickel vs. Chinese stainless steel (indexed)



Source: Bloomberg, ING Research

Energy

Product inventories: Latest data from Insights Global shows that refined product inventories in the ARA region decreased by 380kt over the last week to 5.84mt. The reduction was driven predominantly by gasoline where inventories fell by 277kt. Gasoil stocks fell by 129kt over the week, which takes total gasoil inventories back below the five-year average for this stage of the year. The prompt gasoil crack has trended higher over the last couple of months, now trading around US\$16/bbl. Moving forward, we expect this crack to strengthen further, along with broader middle distillate cracks, as we move nearer to the implementation of the IMO's low sulphur shipping regulation.

US natural gas: The EIA reported yesterday that US natural gas inventories increased by 59Bcf over the last week, taking total natural gas stocks to 2.8 Tcf, and leaving inventories lagging below the five-year average. Despite inventories below average for much of the year, prices remain under pressure. Speculators appear to be more focussed on the strong production growth that is expected from the US over the course of 2019, rather than inventory numbers. However the strong production growth of 7.6Bcf/d expected this year is not likely to be repeated in 2020, with the EIA estimating that output next year will grow by just 1.5Bcf/d. Slowing supply growth, along with growing pipeline and LNG exports should be supportive for prices moving forward.

Metals

China gold imports: Reuters reports that China has eased restrictions on gold imports into the country, after having clamped down back in May. The clamp down was an effort by the government to support the Chinese yuan at a time when it appeared trade talks were moving in the right direction. However, with trade talks dragging on, Beijing has started to relax restrictions again. The People's Bank of China was reported to allocate import quotas to local banks this month, though the volumes are still significantly lower than usual imports. China's gold imports have fallen nearly 35% year-on-year to 575 tonnes over the first half of 2019, with June shipments down 71% YoY to total just 57 tonnes. Higher demand from China may help tighten the physical gold market further over the coming months.

Nickel prices: The sharp rally in nickel prices over the past two months seems to be running out of steam, with LME nickel falling around 4% over the past week. The speculated supply disruptions from Indonesia have not materialised yet, whilst the demand-side continues to face pressure as margins for stainless steel producers take a hit. Nickel prices have rallied more than 25% since the start of 3Q19, while over the same period, stainless steel prices have only increased by 6-7%, reducing the profitability of stainless steel producers. SMM reports that China's social inventory of stainless steel is at a record high currently and reflecting the pain in downstream demand for the metal, which should also weigh on nickel demand moving forward.

Daily price update

	Current	% DoD	ch	%YTD	ch		Current	% DoD	ch	%YTD	ch
ICE Brent (US\$/bbl)	59.92	-0.63	11.38			Spot Gold (US\$/oz)	1,498.1	-0.31	16.81		
NYMEX WTI (US\$/bbl)	55.35	-0.59	21.89			Spot Silver (US\$/oz)	17.0	-0.47	9.98		
ICE Gasoil (US\$/t)	565	-1.22	10.62			LME Copper (US\$/t)	5,683	-0.85	-4.73		
NYMEX HO (Usc/g)	184	-0.86	9.55			LME Aluminium (US\$/t)	1,766	-0.73	-4.33		
Eurobob (US\$/t)	592	-0.03	23.46			LME Zinc (US\$/t)	2,245	-1.92	-9.00		
NYMEX RBOB (Usc/g)	167	-1.55	25.97			LME Nickel (US\$/t)	15,660	-1.04	46.49		
NYMEX NG (US\$/mmbtu)	2.16	-0.51	-26.56								
TTF Natural Gas (EUR/MWh)	10.99	-3.71	-50.00			CBOT Corn (Usc/bu)	363	0.21	-3.13		
						CBOT Wheat (Usc/bu)	467	1.03	-7.15		
API2 Coal (US\$/t)	60	-0.42	-29.52			CBOT Soybeans (Usc/bu)	856	-0.52	-3.00		
Newcastle Coal (US\$/t)	65	0.08	-36.39			ICE No.11 Sugar (Usc/lb)	11.58	1.67	-3.74		
SGX TSI Coking Coal (US\$/t)	150	-0.58	-29.17			ICE Arabica (Usc/lb)	94	0.70	-8.20		
SGX Iron Ore 62% (US\$/t)	83.45	3.38	20.12			ICE London Cocoa (GBP/t)	1,649	-0.30	-6.63		

Source: Bloomberg, ING Research

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