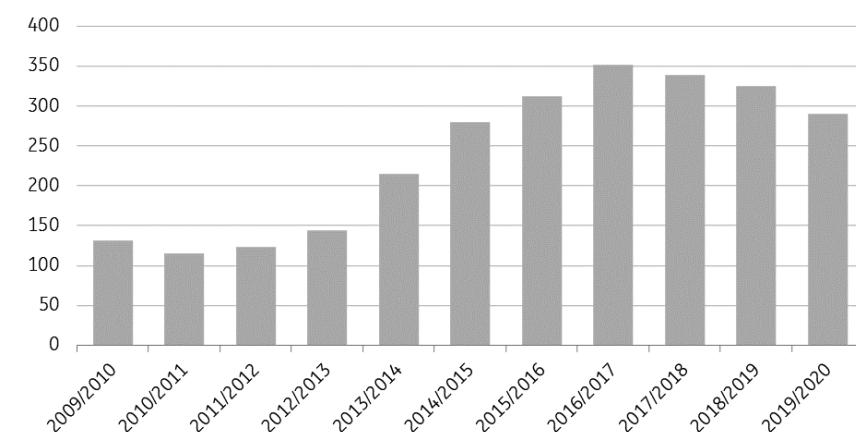


# The Commodities Feed: Corn output slashed

Your daily roundup of commodity news and ING views



## Global corn ending stocks (m tonnes)



Source: USDA, ING Research

## Energy

**US oil inventories:** The API reported yesterday that US crude oil inventories increased by 4.85MMbbls, which was very different from the 1MMbbls drawdown the market was expecting. The build has put renewed pressure on the market this morning. Meanwhile, Cushing stocks continue to grow, increasing by 2.37MMbbls over the week. Looking at products, gasoline saw an 829MMbbls increase, which was broadly in line with expectations. However distillate fuel oil inventories fell by 3.46MMbbls, which was at odds with the 1.1MMbbls that the market was expecting. The EIA is scheduled to release its more widely followed weekly report later today.

In its latest Short Term Energy Outlook yesterday, the EIA revised lower its 2019 production forecast from 12.44MMbbls/d to 12.32MMbbls/d. Similarly for 2020, their production forecast was lowered from 13.38MMbbls/d to 13.26MMbbls/d.

## Metals

**China infrastructure:** Nickel and zinc led the rally in base metals yesterday, following news that China will allow local governments to use part of the proceeds from special bond sales as capital for qualified major projects such as railways and national highways. This has added to the optimism that the market is now expecting stronger infrastructure spending for the remainder of this year, and therefore should boost demand for steel products, an area that both nickel and zinc are widely exposed to.

Looking specifically at nickel, floods in Indonesia's Sulawesi have seen local people flee their homes. The market is also concerned that these floods could affect ore and NPI shipment, as well as potentially disrupting Tsingshan's operations in the area.

**Chile copper:** Labour unions at Codelco's Chuquibambilla mine are not happy with the latest wage offer by management and have recommended workers reject the offer in a vote on Thursday. Five-day government mediated talks also end on Thursday and if workers vote to strike, industrial action could start as soon as Friday. Any prolonged disruption to mine supply could get speculators nervous, and see some sizeable short covering, with speculators holding a net short of 45,677 lots in COMEX copper as of 4 June.

## Agriculture

**USDA WASDE report:** In yesterday's WASDE report, the USDA lowered its corn yield estimate for the 2019/20 US crop from 176bu/acre to 166bu/acre, which saw their production estimate for the season fall from 15.03b bushels to 13.68b bushels. This would be the smallest crop since the 2015/16 season and follows heavy rains in the US, which delayed plantings significantly. The cut was much bigger than most in the market was expecting, and explains the rally in the corn market following the release. As a result of the reduction, the USDA also estimates that 2019/20 global endings stocks will fall from a previous estimate of 314.71mt to 290.52mt- the lowest global stocks number since 2014/15.

## Daily price update

	Current	% DoD ch	%YTD ch		Current	% DoD ch	%YTD ch
ICE Brent (US\$/bbl)	62.29	0.00	15.78	Spot Gold (US\$/oz)	1,326.8	-0.09	3.46
NYMEX WTI (US\$/bbl)	53.27	0.02	17.31	Spot Silver (US\$/oz)	14.7	0.29	-4.84
ICE Gasoil (US\$/t)	559	0.00	9.50	LME Copper (US\$/t)	5,876	0.03	-1.49
NYMEX HO (Usc/g)	182	0.87	8.41	LME Aluminium (US\$/t)	1,778	0.17	-3.68
Eurobob (US\$/t)	601	1.33	25.37	LME Zinc (US\$/t)	2,507	1.23	1.60
NYMEX RBOB (Usc/g)	176	1.50	32.68	LME Nickel (US\$/t)	11,885	2.05	11.18
NYMEX NG (US\$/mmbtu)	2.40	1.78	-18.40	CBOT Corn (Usc/bu)	428	2.89	14.07
TTF Natural Gas (EUR/MWh)	11.20	-5.10	-49.04	CBOT Wheat (Usc/bu)	518	2.07	2.93
API2 Coal (US\$/t)	53	-3.78	-37.65	CBOT Soybeans (Usc/bu)	859	0.09	-2.63
Newcastle Coal (US\$/t)	76	0.00	-25.30	ICE No.11 Sugar (Usc/lb)	12.54	1.13	4.24
SGX TSI Coking Coal (US\$/t)	194	-0.51	-8.49	ICE Arabica (Usc/lb)	97	-1.62	-4.76
SGX Iron Ore 62% (US\$/t)	102.85	5.85	48.05	ICE London Cocoa (GBP/t)	1,836	0.22	3.96

Source: Bloomberg, ING Research

## Author

**Warren Patterson**

Head of Commodities Strategy

[Warren.Patterson@asia.ing.com](mailto: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>.