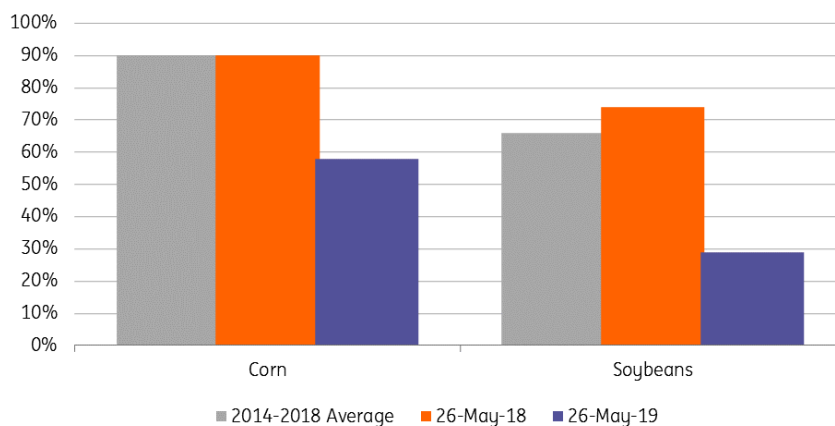


The Commodities Feed: Corn plantings continue to disappoint

Your daily roundup of commodity news and ING views



US planting progress (%)



Source: USDA, ING Research

Energy

US inventories: The API is set to release its weekly US inventory report later today, with the market expecting that US crude oil inventories fell by 500Mbbls over the last week. Expectations are for an 800Mbbls drawdown in gasoline inventories, and a 922Mbbls build in distillate fuel oil. The drawdown in gasoline comes despite the market expecting refinery run rates to have increased over the last week. The API release is delayed by a day due to a public holiday in the US earlier this week. This will also see the more widely followed EIA release delayed until tomorrow afternoon.

Metals

Chile copper: Workers at Codelco's Chuquibambilla mine have been voting on whether to strike after labour unions rejected the final offer by management; the result of the vote is expected this evening. The current labour contract expires on 31 May, however the mine will still have a few more days of negotiations including the five day government-mediated talks before workers potentially start industrial action. Meanwhile, Chinese copper treatment charges continue to edge lower, standing at US\$63.5/t currently, compared to US\$66.5/t at the start of the month and US\$91.5/t at the end of 2018, reflecting a continued tightening in the concentrate market.

Chinese iron ore: In an effort to rein in speculation, the Dalian Commodity Exchange has announced an increase in trading fees on iron ore futures active contracts from 0.006% to 0.01%. Aggregate open interest in DCE iron ore contracts has increased this year from 0.9m contracts at the start of 2019 to 2.1m contracts as of yesterday, reflecting increased speculative interest in iron ore after the dam disaster in Brazil. Meanwhile, Steelhome data showed that Chinese iron ore inventories at ports fell by another 3.9mt last week, taking total withdrawals to 21mt since early April, with current stocks falling to a two-year low of 127.8mt.

Agriculture

US corn plantings: Latest data from the USDA shows that US corn plantings continue to be delayed due to heavy rains across the US Midwest. As of the 26 May, 58% of area had been planted, which is up from 49% in the previous week, however this is still well below the 90% that was planted by the same stage last year. Plantings over the week were even lower than what most were expecting. Corn has made even further gains on the back of these poor plantings, and the implications this could have on corn yields, with CBOT corn now trading at US\$4.35/bu, up almost 12% over the last week. Similarly for soybeans, plantings reached 29% as of 26 May, up from 19% in the previous week, but well below the 75% planted at the same stage last year.

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>.