

The Commodities Feed: Crude draws & product builds

Your daily roundup of commodity news and ING views



Source: Shutterstock

Energy

Oil prices got another boost higher yesterday, with Brent settling above US\$35/bbl. Signs of an improving physical oil market have clearly been supportive. Meanwhile the EIA report yesterday was also fairly supportive, showing that US crude oil inventories fell for a second consecutive week, declining by 4.98MMbbls. Stocks at Cushing fell by a record 5.59MMbbls.

While changes on crude were fairly supportive, refined products were less so. Gasoline and distillate fuel oil inventories increased by 2.83MMbbls and 3.83MMbbls respectively. This has put downward pressure on both of the product cracks. An increase in refinery utilisation rates over the week would have contributed to these builds, whilst demand for both was weaker, with gasoline demand (product supplied) falling back below 7MMbbls/d.

According to Reuters, Russian oil and condensate output over the first 19 days of May averaged 9.42MMbbls/d, down from 11.35MMbbls/d in April. Given that condensate output is not included in the OPEC+ deal, and given that Russian condensate output is reportedly in the region of 700-800Mbbbls/d, it means that oil output would be in the region of 8.6-8.7MMbbls/d, which is still

above their agreed production quota of 8.5MMbbls/d.

Metals

Gold prices along with other precious metals continued to trade higher yesterday, with spot gold trading around the US\$1750/Oz level. Safe-haven appeal continues to see ETF holdings in gold edge higher, with them currently standing at a little over 99moz, an increase of 3moz since the start of the month, and up around 16moz since the start of the year.

The latest data from the IMF shows that Turkey expanded its gold reserves for a fourth straight month by 1moz, to a record 20.4moz in April, while, Russian gold holding remained unchanged at 73.9moz in April. This is aligned with comments that Russia's central bank would suspend gold purchases. However, Kazakhstan saw gold holdings fall by 0.13moz over the month to total 12moz in April.

Finally, the International Aluminium Institute (IAI) released production numbers yesterday, which showed that daily global primary aluminium output fell 0.6% MoM in April to average 175.2kt. Daily output for the same month last year was 174.7kt. China daily average production was down 0.6% MoM, although up 0.7% YoY to stand at 99.3kt in April. Production elsewhere in Asia (ex-China) declined by 8.3% YoY and 1.1% MoM.

Daily price update

	Current	% DoD ch	%YTD ch		Current	% DoD ch	%YTD ch
ICE Brent (US\$/bbl)	35.75	2.70	-45.83	Spot Gold (US\$/oz)	1,748.2	0.90	15.22
NYMEX WTI (US\$/bbl)	33.49	5.25	-45.15	Spot Silver (US\$/oz)	17.6	3.48	-1.66
ICE Gasoil (US\$/t)	300	-1.07	-51.22	LME Copper (US\$/t)	5,443	2.35	-11.85
NYMEX HO (Usc/g)	99	-1.57	-51.16	LME Aluminium (US\$/t)	1,513	1.10	-16.44
Eurobob (US\$/t)	251	1.84	-56.47	LME Zinc (US\$/t)	2,037	0.62	-10.37
NYMEX RBOB (Usc/g)	104	1.75	-38.52	LME Nickel (US\$/t)	12,667	3.40	-9.68
NYMEX NG (US\$/mmbtu)	1.77	-0.67	-19.10	CBOT Corn (Usc/bu)	320	-0.39	-17.60
TTF Natural Gas (EUR/MWh)	4.46	-9.35	-62.97	CBOT Wheat (Usc/bu)	514	3.37	-8.05
API2 Coal (US\$/t)	44	-7.59	-22.53	CBOT Soybeans (Usc/bu)	847	0.21	-10.21
Newcastle Coal (US\$/t)	56	4.45	-18.46	ICE No.11 Sugar (Usc/lb)	11.19	3.61	-16.62
SGX TSI Coking Coal (US\$/t)	113	-5.47	-19.84	ICE Arabica (Usc/lb)	106	-0.05	-18.54
SGX Iron Ore 62% (US\$/t)	93.85	0.27	2.77	ICE London Cocoa (GBP/t)	1,958	0.26	7.64

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>.