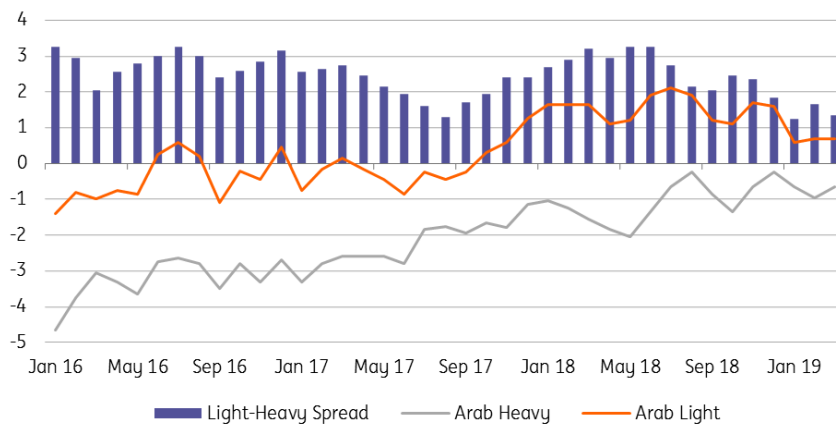


The Commodities Feed: Heavy crude official selling price raised

Your daily roundup of commodity news and ING views



Saudi Aramco official selling price to Asia (vs Oman/Dubai)- US\$/bbl



Source: Bloomberg, ING Research

Energy

US crude oil inventories: The API reported yesterday that US crude oil inventories increased by 2.51MMbbls over the last week, surpassing market expectations for a build of 1.85MMbbls. They also reported a 1.73MMbbls increase in gasoline, which was largely in line with expectations. Distillate fuel oil inventories increased by a marginal 141Mbbbls, however that was still larger than the 2.25MMbbls draw the market was expecting. The EIA is scheduled to release its weekly report later today, and following the large reduction in crude oil inflows from Saudi Arabia in last week's report, we will be watching if this is a trend that continues.

Saudi Official Selling Price: Saudi Aramco has left its official selling price for its Arab Light to Asia unchanged at US\$0.70/bbl, whilst increasing its official selling price for Arab Heavy by US\$0.30/bbl to a discount of US\$0.65/bbl. This has seen the spread between the two grades narrow to just US\$1.35/bbl, compared to a spread of US\$3.20/bbl in March 2018. The narrowing of this spread does highlight the supply issues that we are seeing with the heavier grade of crude oil.

Metals

Coking coal disruptions: Floods in Queensland, Australia have led to some disruptions at coal mines and export terminals in the region. Queensland's main coal exporting terminal, Abbott Point has suspended operations, whilst Glencore has also halted operations at its Collinsville and Newlands mines. This comes at a time when there is plenty of uncertainty over iron ore supply, following the recent Vale dam accident. Yesterday, Vale declared force majeure on some contracts, following a court order to suspend 30mtpa of capacity.

Alumina prices continue to soften: Seaborne alumina prices have fallen by around 4% since the start of the month, with concerns over supply easing. This follows the lifting of Rusal sanctions, along with expectations that the Alunorte alumina refinery in Brazil will return to full operation. This has seen the alumina/aluminium price ratio fall from 22.5% at the end of 2018 to 19.1% currently. However we would highlight the risk that Alunorte may not return to full operations anytime soon. Following the Vale accident, the government may be more hesitant to give Alunorte the final go ahead.

Agriculture

Australian sugarcane damage: The heavy flooding seen in Queensland, Australia, is raising concerns over the damage it may cause to the sugarcane crop. However, it is still too early to assess the full damage. Once the harvest gets underway later in the year, the industry will also have a better idea on how much the heavy rainfall has hit sucrose content in the cane. The 2019/20 harvest is set to start in late May/ early June. In the 2018/19 season, the Australian industry crushed 32.47mt of sugarcane.

Daily price update

| | Current | % DoD ch | %YTD ch | | Current | % DoD ch | %YTD ch |
|----------------------------|---------|----------|---------|--------------------------|---------|----------|---------|
| ICE Brent (US\$/bbl) | 61.98 | -0.85 | 15.20 | Comex Silver (US\$/oz) | 15.8 | -0.31 | 1.90 |
| NYMEX WTI (US\$/bbl) | 53.66 | -1.65 | 18.17 | LME Copper (US\$/t) | 6,233 | 1.05 | 4.49 |
| ICE Gasoil (US\$/t) | 580 | -0.13 | 13.51 | LME Aluminium (US\$/t) | 1,922 | 0.16 | 4.12 |
| NYMEX HO (Usc/g) | 190 | -0.52 | 12.89 | LME Zinc (US\$/t) | 2,741 | -2.14 | 11.11 |
| Eurobob (US\$/t) | 507 | -0.71 | 5.78 | LME Nickel (US\$/t) | 13,040 | -1.66 | 21.98 |
| NYMEX RBOB (Usc/g) | 143 | -0.45 | 7.72 | | | | |
| NYMEX NG (US\$/mmbtu) | 2.66 | 0.08 | -9.46 | CBOT Corn (Usc/bu) | 381 | 0.40 | 1.53 |
| | | | | CBOT Wheat (Usc/bu) | 527 | 0.29 | 4.77 |
| API2 Coal (US\$/t) | 78 | -1.89 | -9.45 | CBOT Soybeans (Usc/bu) | 920 | 0.19 | 4.28 |
| NYMEX Coking Coal (US\$/t) | 204 | 0.00 | -10.26 | ICE No.11 Sugar (Usc/lb) | 12.82 | -0.23 | 6.57 |
| | | | | ICE Arabica (Usc/lb) | 105 | -0.71 | 2.95 |
| | | | | ICE London Cocoa (GBP/t) | 1,671 | 2.33 | -5.38 |

Source: Bloomberg, ING Research

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