

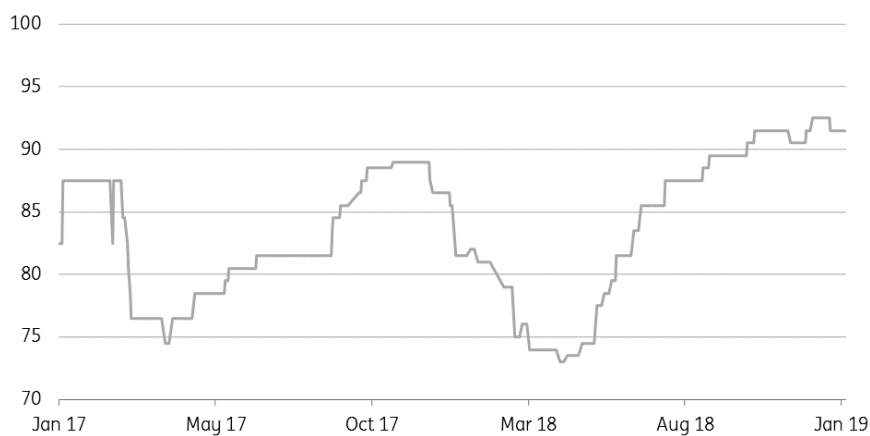
The Commodities Feed: Indonesian copper exports to fall

Your daily roundup of commodity news and ING views



Source: Shutterstock

China spot copper treatment charges (US\$/t)



Source: Bloomberg, ING Research

Energy

US crude oil inventories: Yesterday the EIA released its weekly oil report, which showed that US crude oil inventories declined by 1.68MMbbls over the last week- less than the 6.13MMbbls draw reported by the API, and less than the 2.7MMbbls draw the market was expecting. However, the big builds were seen in refined products, with gasoline inventories increasing by 8.07MMbbls and distillate fuel oil inventories growing by 10.6MMbbls. These large product builds came despite the fact that refinery utilisation fell by 1.1 percentage point. Product imports increased by 469Mbbbls/d over the week, whilst product exports declined by 507Mbbbls/d. Given the large builds seen in products, bulls would have been fairly disappointed with the release.

OPEC+ cuts: Despite the relatively bearish EIA release, the market did rally strongly yesterday, following comments from the Saudi Energy Minister that OPEC+ remains committed to keeping the market in balance, and that the agreed cut of 1.2MMbbls/d should be more than enough to return the market to balance. Although he also said that he “would not rule out calling for further action of some kind.” Meanwhile, further support appears to have come from what the market has viewed as fairly constructive trade talks between China and the US.

Metals

Indonesia copper exports to fall: Indonesia’s Energy and Mineral Resource Ministry estimates that copper concentrate output at Grasberg mine will fall from 2.1mt in 2018 to 1.2mt in 2019 as the mine shifts from open-pit to underground operations. As a result, copper ore/concentrate exports from the country are expected to fall from 1.2mt in 2018 to just 0.2mt in 2019. Lower availability of Indonesian ore will tighten the seaborne copper ore market in 2019, which should push spot treatment charges lower once again, after having strengthened over much of 2018 due to smelter outages.

Trade talks & aluminium sanctions: The latest round of trade talks between China and the US has been viewed as modestly positive. A statement issued by the Chinese said that talks were “extensive, in-depth and detailed”. The US statement focused on China’s pledge to resume purchases of US agricultural, energy and manufactured products. Moving away from trade talks, US Treasury Secretary Steve Mnuchin is reportedly set to meet Democrats today to discuss plans to end sanctions against Russian aluminium producer, Rusal. Democrats have asked for the lifting of sanctions to be delayed.

Agriculture

Agri data releases: Brazil’s food supply and statistics agency, CONAB, is scheduled to release its latest estimates for domestic soybean and corn output today. Following the dry weather seen across parts of the country, the market will be watching these numbers closely. In December, CONAB estimated that the 2018/19 Brazilian soybean crop would total 120.1mt, while the market is now expecting a number of around 118mt, according to a Bloomberg survey. For corn, it is expected that forecasts will be revised up from their estimate of 91.1mt in December to around 93mt. Finally due to the partial US government shutdown, the USDA will not be publish its monthly WASDE report, which was originally scheduled to be released tomorrow.

Daily price update

	Current	% DoD ch	%YTD ch		Current	% DoD ch	%YTD ch
ICE Brent (US\$/bbl)	61.44	4.63	-8.12	Comex Silver (US\$/oz)	15.7	0.14	-8.22
NYMEX WTI (US\$/bbl)	52.36	5.18	-13.34	LME Copper (US\$/t)	5,958	0.88	-17.79
ICE Gasoil (US\$/t)	561	2.65	-6.54	LME Aluminium (US\$/t)	1,853	-0.64	-18.32
NYMEX HO (Usc/g)	188	2.94	-9.38	LME Zinc (US\$/t)	2,492	0.28	-24.92
Eurobob (US\$/t)	494	3.50	-17.00	LME Nickel (US\$/t)	11,250	0.63	-11.83
NYMEX RBOB (Usc/g)	143	4.61	-20.78				
NYMEX NG (US\$/mmbtu)	2.98	0.57	1.05	CBOT Corn (Usc/bu)	382	0.53	8.91
				CBOT Wheat (Usc/bu)	520	0.43	21.78
API2 Coal (US\$/t)	81	0.81	-7.09	CBOT Soybeans (Usc/bu)	912	0.58	-4.23
NYMEX Coking Coal (US\$/t)	197	0.00	-18.89	ICE No.11 Sugar (Usc/lb)	12.87	0.86	-15.11
				ICE Arabica (Usc/lb)	105	0.24	-16.56
				ICE London Cocoa (GBP/t)	1,709	-1.21	24.02

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 www.ing.com.