Commodities daily



Snap | 18 July 2019

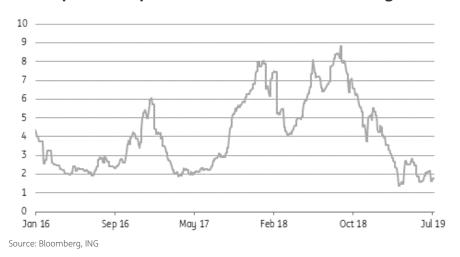
The Commodities Feed: Investors Return to Silver

Your daily roundup of commodity news and ING views



Snap | 18 July 2019 1

Asia spot LNG premium over NYMEX Henry Hub (US\$/MMBtu)



Energy

US inventories & exports: The EIA reported a drawdown of 3.11MMbbls of crude oil stocks over the week, larger than the 2.5MMbbls withdrawal that the market was expecting and also more than the 1.4MMbbls decline reported by the API. However, the drawdown in crude inventories was more than offset by builds in the stocks of petroleum products with total petroleum stocks increasing by 11.66MMbbls. Gasoline inventories increased by 3.57MMbbls while distillate inventories rose 5.69MMbbls amid soft demand. Refinery run rates dropped 0.3% week-on-week to 94.4%, largely in-line with the seasonal average. Crude oil exports over the week dropped by 514Mbbls/d WoW to 2.53MMbbls/d while imports dropped 470Mbbls/d WoW to 6.83MMbbls/d as tropical storm Barry impacted the loading and unloading of ships. Petroleum products exports dropped around 0.8MMbbls/d WoW to 4.5MMbbls/d with distillate exports down 339Mbbls/d WoW.

Japan LNG imports: Data from Japan's Ministry of Finance shows that LNG imports into the country dropped 8.2% year-on-year to 38.6mt over the first half of 2019 with June imports down 6.3% YoY to 5.2mt. LNG imports over the first half of 2019 are the lowest since 1H11 and reflect soft demand for natural gas, as nuclear power supply picks up. On the other hand, LNG supplies have been growing, with the EIA reporting that pipeline receipts to LNG terminals in the US increased to 6.1Bcf/d during the week ended 10 July compared to just 3.3Bcf/d of supply during the same time last year. Softer LNG demand and rising supplies have pushed down the Asian spot LNG price to around US\$4/MMBtu currently with the Asia-HH spread falling below US\$2/MMBtu.

Metals

Copper TC: China copper smelter purchase team (CSPT) set its floor treatment charges (TCs) for the third quarter of 2019 at around \$55/t, down \$18 from the previous quarter. Meanwhile, the spot TCs for import copper concentrate offered to Chinese smelters have decreased to around \$59/t, close to the 3Q floor TCs. The continuous decline of TCs has been putting pressures on smelters' margins, particular those which have a smaller percentage of long term supply contacts where the TC is pegged to the annual benchmark.

Silver surge: Silver prices have surged around 6.6% over the past week and have been quoted at a one-year high of US\$16/oz this morning compared to around US\$15/oz last week. Investors have

Snap | 18 July 2019 2

been returning to silver because it has become so undervalued compared to gold in recent months, with the gold/silver ratio rising to above 93 last week. The gold/silver price ratio has softened since then to 88.6 currently though it remains well above the historical average of around 60. ETF investors have bought around 20mOz of silver since the start of the month with Total Known ETF Holdings of silver increasing to a two-year high of 546mOz, and not far away from the record high of 556mOz made in August 2017.

Australian IO export: Iron ore exports from Port Hedland increased 6% month-on-month (+3.4% YoY) to a record high of 48.9mt in June 2019 as miners increased shipments at the end of fiscal year 2018/19 to meet their targets. Iron ore prices at multi-year highs have further supported exports. The June shipments are likely to boost iron ore arrivals in China during July/August and likely to help stabilise or replenish the inventory which has been declining since early April.

	Current	% DoD ch	%YTD ch		Current	% DoD ch	1
E Brent (US\$/bbl)	63.66	-1.07	18.33	Spot Gold (US\$/oz)	1,426.6	1.45	
NYMEX WTI (US\$/bbl)	56.78	-1.46	25.04	Spot Silver (US\$/oz)	16.0	2.63	
CE Gasoil (US\$/t)	583	-2.83	14.15	LME Copper (US\$/t)	5,980	-0.53	
NYMEX HO (Usc/g)	189	-0.65	12.60	LME Aluminium (US\$/t)	1,847	-0.16	
Eurobob (US\$/t)	636	-0.31	32.62	LME Zinc (US\$/t)	2,475	-0.30	
NYMEX RBOB (Usc/g)	188	-0.69	41.93	LME Nickel (US\$/t)	14,450	2.70	
NYMEX NG (US\$/mmbtu)	2.30	-0.09	-21.63				
TF Natural Gas (EUR/MWh)	10.99	-3.74	-50.01	CBOT Corn (Usc/bu)	436	0.17	
				CBOT Wheat (Usc/bu)	506	-0.39	
API2 Coal (US\$/t)	61	1.07	-28.79	CBOT Soybeans (Usc/bu)	883	-0.59	
Newcastle Coal (US\$/t)	75	1.35	-25.84	ICE No.11 Sugar (Usc/lb)	11.79	-1.67	
GGX TSI Coking Coal (US\$/t)	178	-0.26	-15.93	ICE Arabica (USc/lb)	106	1.78	
GGX Iron Ore 62% (US\$/t)	115.69	-0.30	66.53	ICE London Cocoa (GBP/t)	1,836	6.62	

Source: Bloombera, ING

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.

Snap | 18 July 2019 3

 $Additional\ information\ is\ available\ on\ request.\ For\ more\ information\ about\ ING\ Group,\ please\ visit\ \underline{http://www.ing.com}.$

Snap | 18 July 2019 4