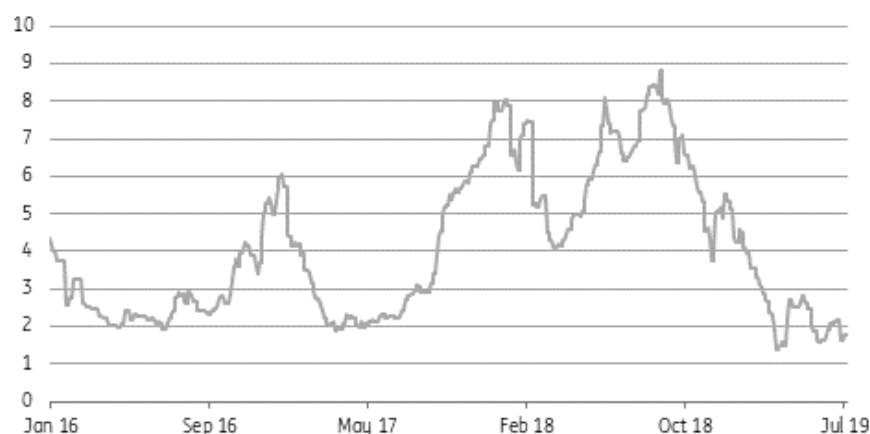


The Commodities Feed: Investors Return to Silver

Your daily roundup of commodity news and ING views



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



Source: Bloomberg, ING

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 514Mbbbls/d WoW to 2.53MMbbls/d while imports dropped 470Mbbbls/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 339Mbbbls/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

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	%YTD ch
ICE Brent (US\$/bbl)	63.66	-1.07	18.33	Spot Gold (US\$/oz)	1,426.6	1.45	11.23
NYMEX WTI (US\$/bbl)	56.78	-1.46	25.04	Spot Silver (US\$/oz)	16.0	2.63	3.05
ICE Gasoil (US\$/t)	583	-2.83	14.15	LME Copper (US\$/t)	5,980	-0.53	0.25
NYMEX HO (Usc/g)	189	-0.65	12.60	LME Aluminium (US\$/t)	1,847	-0.16	0.05
Eurobob (US\$/t)	636	-0.31	32.62	LME Zinc (US\$/t)	2,475	-0.30	0.30
NYMEX RBOB (Usc/g)	188	-0.69	41.93	LME Nickel (US\$/t)	14,450	2.70	35.17
NYMEX NG (US\$/mmbtu)	2.30	-0.09	-21.63				
TTF Natural Gas (EUR/MWh)	10.99	-3.74	-50.01	CBOT Corn (Usc/bu)	436	0.17	16.27
				CBOT Wheat (Usc/bu)	506	-0.39	0.45
API2 Coal (US\$/t)	61	1.07	-28.79	CBOT Soybeans (Usc/bu)	883	-0.59	0.00
Newcastle Coal (US\$/t)	75	1.35	-25.84	ICE No.11 Sugar (Usc/lb)	11.79	-1.67	-2.00
SGX TSI Coking Coal (US\$/t)	178	-0.26	-15.93	ICE Arabica (Usc/lb)	106	1.78	4.03
SGX Iron Ore 62% (US\$/t)	115.69	-0.30	66.53	ICE London Cocoa (GBP/t)	1,836	6.62	3.96

Source: Bloomberg, ING

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