

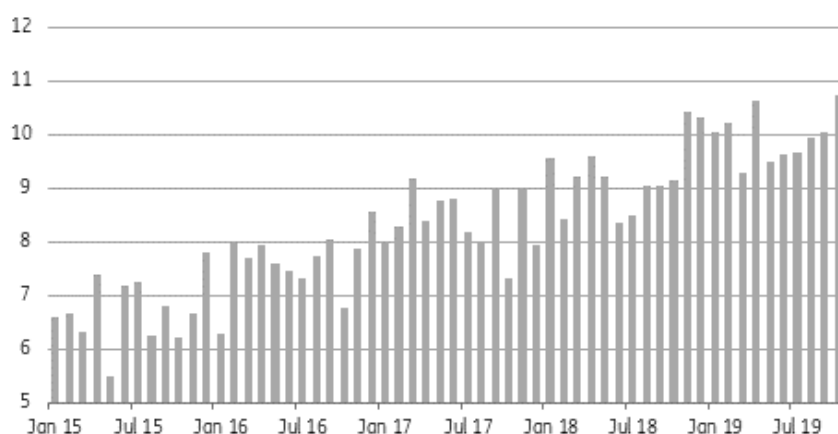
The Commodities Feed: China crude imports at record high

Your daily roundup of commodity news and ING views



A worker inspects oil pipeline equipment in northeast China

China crude oil imports (MMbbls)



Source: Bloomberg, ING

Energy

Oil prices: ICE Brent continued to trade sideways as the market awaits more clarity on the

supply/demand situation. The progress on the US/China trade talks have been positive so far and provided support to the oil demand prospects. However, an improved demand outlook lowers the probability of deeper OPEC+ cuts when the group meets in early December. Earlier in the week, a Russian Energy Minister reiterated that the oil market looks balanced and producers will continue to monitor the market in 2020.

The Brent time spread continued to tighten with the Jan/Feb spread increasing to US\$0.87/bbl compared to US\$0.72/bbl a week ago and US\$0.40/bbl in Mid-October, reflecting the physical supply tightness in the spot market.

China imports: China's crude oil imports increased 11.5% YoY to a record high of 45.5mt (10.7MMbbls/d) in October 2019 on the back of healthy refining margins even as the economic data indicated signs of a slowdown. Year-to-date oil imports into China have increased by 10.5% YoY to 9.95MMbbls/d. Among other energy products, China's imports of natural gas dropped 21% MoM (down 11% YoY) to 6.52mt in October 2019 due to terminal outage and plenty of natural gas inventory in the domestic market. Lower imports into China has been weighing on the LNG prices in Asian and European markets. Similarly, China's coal imports also dropped 15.2% MoM (up 11% YoY) to 25.7mt in October 2019 as the country start preparing for winter cuts.

Metals

Gold prices: The positive news flow around the US/China trade talks has seen risk appetite returning in the market which pushed down the demand for safe-haven gold. Gold prices dropped 1.5% yesterday, falling to a 4-month low of US\$1,468/oz. Last week, CFTC data showed that speculators were heavily long on gold and some of these longs appear to be liquidated on improved market sentiments. Further weighing on the gold was the lower physical demand from Asia due to higher prices.

Copper rebound: This week, metals have remained largely sentiment-driven with prices drifting with headlines around the phase one trade talk. Copper and gold are at the forefront of a broader sentiment with an increased investor risk appetite. It's a bit of déjà vu and the market right now reminds me of late November (Argentina G20) last year when China and the US agreed on a trade war ceasefire. Since then, we had seen a rally in copper prices towards Q1 until tensions returned to the market.

So far, the fundamental - or precisely the supply side - has remained generally constructive. Mine supply has done an even a 'better job' of keeping growth largely muted as reflected in the slump of the spot TC/RC market. After all, no one had expected such a high disruption rate, not least the effects of the recent unrest in Chile. Clearly, demand growth has failed to keep up to speed.

We remain very cautious on the trade deals. The recent talks on the mini-deal have been going on and on, as have the flip-flops in hopes and sentiment. Dr copper took a breath here, but we are still cautious.

Agriculture

European crop estimates: The European Commission has increased its estimates for wheat and corn production in the region for the year 2019/20 that will push up the stocks and might weigh on prices. The commission expects soft wheat production to increase to 148.2mt in 2019/20 compared to 129.5mt in 2018/19 and increased the wheat ending stock estimates from 16.9mt to

18.1mt by the end of 2019/20. Corn production estimates are revised marginally higher to 66.9mt which will leave the corn ending stocks at 21.7mt, up 0.9% compared to previous estimates.

Daily price update

	Current	% DoD ch	%YTD ch		Current	% DoD ch	%YTD ch
ICE Brent (US\$/bbl)	62.29	-1.06	15.78	Spot Gold (US\$/oz)	1,468.5	-1.02	14.50
NYMEX WTI (US\$/bbl)	57.15	-0.14	25.85	Spot Silver (US\$/oz)	17.1	-2.68	10.41
ICE Gasoil (US\$/t)	583	-1.06	14.19	LME Copper (US\$/t)	5,974	0.57	0.15
NYMEX HO (Usc/g)	192	-1.86	14.25	LME Aluminium (US\$/t)	1,813	0.11	-1.79
Eurobob (US\$/t)	577	-1.49	20.39	LME Zinc (US\$/t)	2,485	-0.52	0.73
NYMEX RBOB (Usc/g)	164	-2.33	23.56	LME Nickel (US\$/t)	16,200	-0.49	51.54
NYMEX NG (US\$/mmbtu)	2.77	-3.14	-5.71				
TTF Natural Gas (EUR/MWh)	16.12	-4.00	-26.68	CBOT Corn (Usc/bu)	375	-1.70	0.07
				CBOT Wheat (Usc/bu)	513	-0.53	1.84
API2 Coal (US\$/t)	59	-1.92	-30.70	CBOT Soybeans (Usc/bu)	925	0.35	4.82
Newcastle Coal (US\$/t)	67	-1.40	-33.88	ICE No.11 Sugar (Usc/lb)	12.39	-2.52	2.99
SGX TSI Coking Coal (US\$/t)	141	2.49	-33.55	ICE Arabica (Usc/lb)	109	3.12	7.12
SGX Iron Ore 62% (US\$/t)	80.31	-0.36	15.60	ICE London Cocoa (GBP/t)	1,885	-0.37	6.74

Source: Bloomberg, ING

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