

# The Commodities Feed: Oil demand concerns & growing US stocks

Your daily roundup of commodity news and ING views



Source: Shutterstock

## Energy

**US oil inventories & price action:** Oil prices came under further pressure yesterday, with ICE Brent settling below US\$59/bbl. Expectations that the API and EIA will report that US crude oil inventories increased by around 3MMbbls over the last week certainly does not help sentiment. If the EIA is to report a stock build tomorrow, it would be the sixth consecutive increase, and would follow the large 9.28MMbbls increase seen in the previous week. Having fallen just below the 5 year average in early September, US crude oil inventories have now crept back above the 5 year average.

These more visible stock builds, along with demand concerns continuing to linger suggests that it is becoming increasingly more difficult to see a sustained rally in prices ahead of the OPEC+ meeting in early December. The one upside risk though is if the initial trade deal between China and the US is agreed in November, and exceeds expectations.

## Metals

**Aluminium output:** Data from the IAI shows that daily global primary aluminium output increased

marginally over September to average 172.1kt per day, compared to 171.9kt per day in August. Although, global output fell on a monthly basis, and stood at 5.16mt (-3% MoM), with declines coming from China. China's total monthly output for September stood at 2.88mt down 3.2% MoM and a decrease of 4.4% YoY.

While the LME aluminium cash/3m spread has strengthened considerably since mid-September, it does remain in contango, and the outlook for aluminium prices fairly negative, with revisions lower in demand growth estimates.

**Copper price strength:** Copper prices have held up well recently, relative to the rest of the metals complex, with growing concerns that protests in Chile may have an impact on copper supply from the country. More recently workers at BHP's Escondida mine decided to carry out a 10-hour strike. The strike would be conducted in two 5-hours shifts. Meanwhile mining unions in the country are calling for a general mining strike tomorrow, with demands for the government to end the state of emergency.

## Agriculture

**US crop condition & export inspections:** The USDA's weekly crop progress report continues to show slow progress with soybean and corn harvesting. Latest data shows that soybean harvesting in the US increased to 46% as of 20 October, (+20% week-on-week), but still substantially lower than the 64% seen at the same stage last year. Meanwhile for corn, 30% (+8% WoW) of the current crop has been harvested, compared to the 5-yr average of 47%.

Looking at export inspections, 1.3mt of soybeans were inspected over the week for export, taking cumulative inspections this season to 6.46mt, up from 6.02mt at the same stage last year. While soybean export inspections are performing well, the same cannot be said about corn, with 532kt inspected for export over the last week, which takes cumulative inspections this season to 3.04mt, down from 7.96mt at this stage last year.

## Daily price update

	Current	% DoD	ch	%YTD	ch		Current	% DoD	ch	%YTD	ch
ICE Brent (US\$/bbl)	58.96	-0.77		9.59		Spot Gold (US\$/oz)	1,484.5	-0.37		15.75	
NYMEX WTI (US\$/bbl)	53.31	-0.87		17.40		Spot Silver (US\$/oz)	17.6	0.05		13.33	
ICE Gasoil (US\$/t)	582	-1.23		13.95		LME Copper (US\$/t)	5,828	0.38		-2.30	
NYMEX HO (Usc/g)	194	-0.33		15.46		LME Aluminium (US\$/t)	1,729	-0.52		-6.34	
Eurobob (US\$/t)	561	-0.11		17.03		LME Zinc (US\$/t)	2,473	0.65		0.24	
NYMEX RBOB (Usc/g)	161	-0.97		21.42		LME Nickel (US\$/t)	16,100	-0.80		50.61	
NYMEX NG (US\$/mmbtu)	2.24	-3.53		-23.88		CBOT Corn (Usc/bu)	387	-0.96		3.27	
TTF Natural Gas (EUR/MWh)	15.61	-2.24		-28.99		CBOT Wheat (Usc/bu)	524	-1.64		4.02	
API2 Coal (US\$/t)	60	-0.17		-30.05		CBOT Soybeans (Usc/bu)	933	-0.08		5.75	
Newcastle Coal (US\$/t)	70	1.24		-31.36		ICE No.11 Sugar (Usc/lb)	12.27	-0.41		2.00	
SGX TSI Coking Coal (US\$/t)	151	-2.76		-28.81		ICE Arabica (Usc/lb)	96	0.68		-5.40	
SGX Iron Ore 62% (US\$/t)	82.26	-0.34		18.41		ICE London Cocoa (GBP/t)	1,880	-0.90		6.46	

Source: Bloomberg, ING Research

## Author

### Warren Patterson

Head of Commodities Strategy

[Warren.Patterson@asia.ing.com](mailto: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](http://www.ing.com).