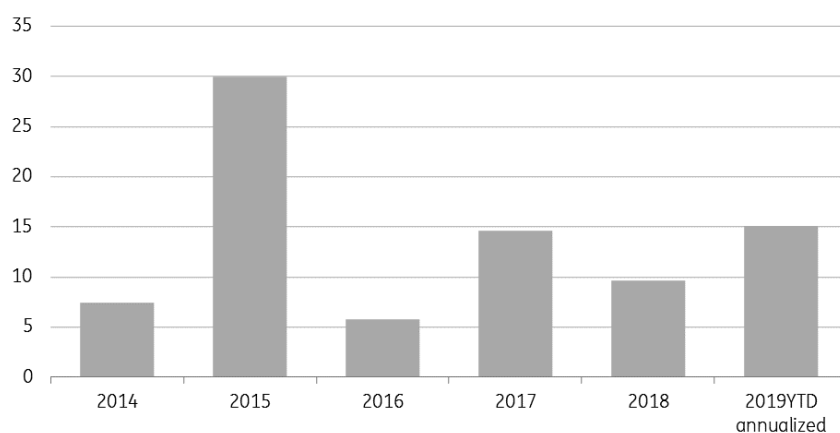


The Commodities Feed: OPEC meeting delayed

Your daily roundup of commodity news and ING views



Central bank gold purchases by Russia, China, India, Turkey and Kazakhstan (Moz)



Source: IMF, ING Research

Energy

US crude oil inventories: The API reported yesterday that US crude oil inventories increased by 2.4MMbbls over the last week, which was somewhat of a surprise, with expectations for a 1.7MMbbls drawdown, according to a Bloomberg survey. The surprise build has put some renewed pressure on the flat price, as well as the WTI/Brent discount. On the products side, gasoline also surprised, with a build of 350MMbbls, compared to expectations of a 850MMbbls drawdown. The more widely followed EIA numbers will be released later today.

OPEC meeting delayed: The key OPEC meeting, which was scheduled to be held in Vienna on 25 June, followed by the OPEC+ meeting on 26 June, has been delayed until the first week of July, according to Ecuador's Resources Minister. The rationale for postponing the meeting is uncertainty. OPEC+ wants to be sure of its decision when it finally does meet, as it will be reluctant to tighten the market too much and face both political and demand slowdown risks. At the same time, it will be hesitant to increase output too much, fearing a repeat of the price collapse last year, particularly with plenty of uncertainty around global growth. We continue to hold the view that the production cut agreement does not need to be extended in its current form, with the market already set to tighten over 3Q.

Metals

Central Bank gold buying: IMF data shows that Kazakhstan and Turkey added 0.16mOz and 0.05mOz of gold to their foreign reserves, respectively, in April, which follows continued strong buying from both Russia and China as well. More than 5mOz of gold have been purchased by five central banks including Russia, China, India, Turkey and Kazakhstan over the first four months of 2019. If this trend continues, we could see total gold purchases this year exceed the 2017 level of 14.6mOz. Central bank buying recently, particularly from Russia, has been supportive for gold demand, and increasing trade and political uncertainty seems to have only supported this trend.

Agriculture

Further aid for US farmers: Bloomberg reports that the US administration is planning further aid to farmers as a result of the continued trade war with China. Reports suggest that the package could be in excess of \$15 billion. The report also states that the US is looking at offering soybean farmers around \$2/bu, whilst corn and wheat growers could receive \$0.04/bu and \$0.63/bu, respectively. An announcement could be made as soon as Thursday. CBOT corn remains well supported, with the market getting increasingly concerned about delayed plantings in the US, as a result of heavy rains.

Daily price update

| | Current | % DoD | ch | %YTD | ch | | Current | % DoD | ch | %YTD | ch |
|----------------------------|---------|--------|--------|------|----|--------------------------|---------|-------|-------|------|----|
| ICE Brent (US\$/bbl) | 72.18 | -0.04 | 34.16 | | | Comex Silver (US\$/oz) | 14.4 | 0.17 | -7.51 | | |
| NYMEX WTI (US\$/bbl) | 62.99 | 0.37 | 38.71 | | | LME Copper (US\$/t) | 5,996 | -0.99 | 0.52 | | |
| ICE Gasoil (US\$/t) | 645 | -1.83 | 26.28 | | | LME Aluminium (US\$/t) | 1,796 | -2.23 | -2.71 | | |
| NYMEX HO (USc/g) | 208 | -0.77 | 23.71 | | | LME Zinc (US\$/t) | 2,577 | -0.88 | 4.46 | | |
| Eurobob (US\$/t) | 715 | -0.18 | 48.99 | | | LME Nickel (US\$/t) | 12,071 | 0.48 | 12.92 | | |
| NYMEX RBOB (USc/g) | 202 | -1.37 | 52.55 | | | | | | | | |
| NYMEX NG (US\$/mmbtu) | 2.61 | -0.68 | -11.12 | | | CBOT Corn (USc/bu) | 394 | 2.87 | 5.13 | | |
| | | | | | | CBOT Wheat (USc/bu) | 479 | 2.96 | -4.87 | | |
| API2 Coal (US\$/t) | 60 | -11.67 | -29.77 | | | CBOT Soybeans (USc/bu) | 822 | 0.03 | -6.86 | | |
| NYMEX Coking Coal (US\$/t) | 208 | -0.24 | -8.50 | | | ICE No.11 Sugar (USc/lb) | 11.81 | 2.25 | -1.83 | | |
| | | | | | | ICE Arabica (USc/lb) | 93 | 6.35 | -8.79 | | |
| | | | | | | ICE London Cocoa (GBP/t) | 1,771 | 2.43 | 0.28 | | |

Source: Bloomberg, ING Research

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