

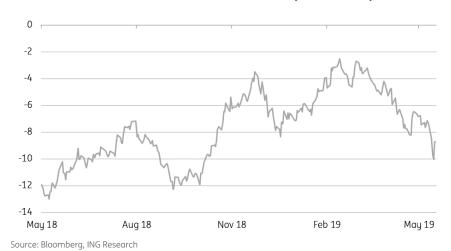
Snap | 17 May 2019 Commodities daily

# The Commodities Feed: OPEC+ set to meet

Your daily roundup of commodity news and ING views



### Rotterdam 3.5% Fuel Oil crack (US\$/bbl)



# **Energy**

**OPEC+ JMMC meeting:** This weekend will see a handful of OPEC+ members gather in Jeddah for the Joint Ministerial Monitoring Committee meeting. There is likely to be plenty of noise around the

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future of the current OPEC+ production cut agreement, and whether it will be extended beyond the end of June, after the US decided not to extend waivers for buyers of Iranian oil. However no decision will be made at this meeting, given that not all OPEC+ members will be present. For this decision we will have to wait for the official meeting towards the end of June.

Staying with Iran, latest Bloomberg ship tracking data shows that shipments of oil over the first half of May have fallen to zero. However, this does not mean that actual shipped volumes are zero, with a large number of the Iranian tanker fleet having turned off transponders.

**Product inventories:** Latest data from PJK International shows that refined product inventories in the ARA region increased by 252kt over the last week to total 5.62mt. Fuel oil inventories saw the largest increase, up 294kt week-on-week to total 1.15mt, taking inventories back well above the five-year average. The 3.5% fuel oil crack in NW Europe has come under renewed pressure in May falling from less than a US\$7/bbl discount to as low as a US\$10/bbl discount. However moving forward, we would expect to see some strength in this crack as we move into the summer, as a result of stronger demand from the Middle East.

#### Metals

**Iron ore strength:** Dalian iron ore prices continue to strengthen, with the market up almost 10% this week, as tightness in the seaborne market starts to be felt. Apart from the market having to deal with the widely known supply issues, demand remains robust, with Chinese steel production hitting record levels over April. Meanwhile, Vale alerted Brazilian authorities that a dam at its Gongo Soco mine is at risk of a rupturing due to movement in the embankment at the mine.

China base metals output: Data released by China's National Bureau of Statistics shows that the country's refined copper output increased 1.5% year-on-year to 740kt in April. Cumulatively, output is flat YoY at 3mt over the first four months of the year. Zinc output fell 0.4% YoY to 465kt for the month, while year-to-date production declined 7.2% YoY to 1.8mt. This decline in output comes despite an improvement in global concentrate supply, and the strength we have seen in Chinese treatment charges, which have increased from US\$18/t this time last year to US\$265/t currently.

# Daily price update

	Current	% DoD ch	%YTD ch		Current	% DoD ch
E Brent (US\$/bbl)	72.62	1.18	34.98	Comex Silver (US\$/oz)	14.5	-1.85
YMEX WTI (US\$/bbl)	62.87	1.37	38.45	LME Copper (US\$/t)	6,100	0.25
Gasoil (US\$/t)	665	2.27	30.25	LME Aluminium (US\$/t)	1,860	0.27
YMEX HO (Usc/g)	212	1.77	26.32	LME Zinc (US\$/t)	2,637	0.42
urobob (US\$/t)	713	1.94	48.60	LME Nickel (US\$/t)	12,176	0.22
/MEX RBOB (Usc/g)	206	2.44	55.76			
/MEX NG (US\$/mmbtu)	2.64	1.46	-10.24	CBOT Corn (Usc/bu)	379	2.57
				CBOT Wheat (Usc/bu)	467	4.07
PI2 Coal (US\$/t)	69	-2.00	-18.83	CBOT Soybeans (Usc/bu)	840	0.51
MEX Coking Coal (US\$/t)	209	0.00	-8.28	ICE No.11 Sugar (Usc/lb)	11.78	-0.59
-				ICE Arabica (USc/lb)	90	0.11
				ICE London Cocoa (GBP/t)	1,743	0.93

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