

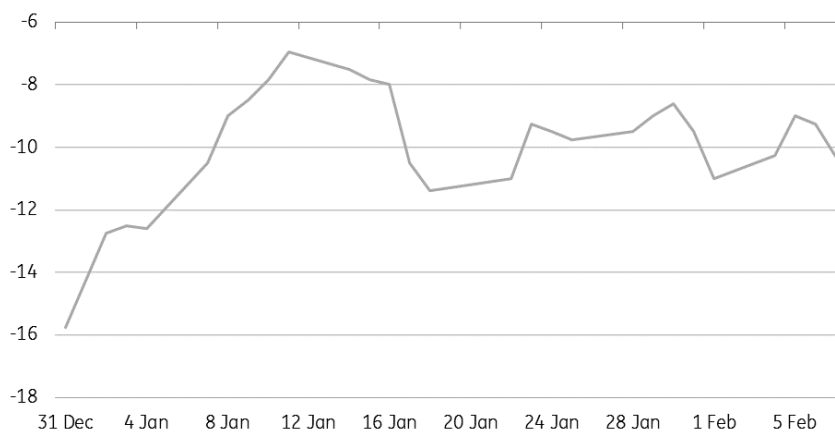
The Commodities Feed: Pipeline disruptions

Your daily roundup of commodity news and ING views



Source: Shutterstock

WCS/WTI differential (US\$/bbl)



Source: Bloomberg, ING Research

Energy

ARA product inventories: Latest data from PJK shows that gasoil inventories in the ARA region increased by 27kt over the week to total 2.4mt, the increase was driven by stronger imports. Still, gasoil inventories in the ARA region remain quite some distance away from the five-year average of close to 3mt for this stage of the year. Fuel oil inventories in the region increased by 59kt over the week to total 1mt. This is the first increase in fuel oil inventories since early January, with previous drawdowns driven by stronger flows to Asia. The 3.5% Rotterdam fuel oil crack has strengthened significantly on the back of this stronger demand for European product, with the crack rallying from more than a US\$8/bbl discount in mid-December to almost a US\$3/bbl discount currently.

Fuel oil inventories in Singapore have broadly trended higher from the levels seen in November, however inventories still remain towards the-5 year low at 19.3MMbbls.

Canadian pipeline shutdowns: Two pipelines in Canada remain partially shut, with concerns over a possible leak. TransCanada has in fact declared force majeure on Keystone oil flows. The disruption has seen the WCS-WTI differential weaken slightly, with the spread widening from a discount of US\$9/bbl to a US\$10.30/bbl discount.

Metals

US copper premium: According to a Bloomberg survey, the premium for physical copper in the US Midwest has increased to US¢8.125/lb, up from US¢7.5/lb in January, and is in fact the highest level seen in four years. COMEX copper inventories have continued to trend lower, falling around 28% so far this year, and hitting a two-year low of 79kt.

Agriculture

WASDE report: The grain markets are set to get a number of data releases today, following the US government shutdown. The USDA will be releasing both its latest WASDE report, along with its delayed quarterly stocks report. For the WASDE, the USDA will be reporting both January and February estimates. In terms of global ending stocks, the market is not expecting significant changes from the December report. The biggest change is the lowering of global soybean ending stocks for the current season from 115.3mt to 113mt.

Daily price update

	Current	% DoD ch	%YTD ch		Current	% DoD ch	%YTD ch
ICE Brent (US\$/bbl)	61.63	-1.69	14.55	Comex Silver (US\$/oz)	15.7	0.08	1.11
NYMEX WTI (US\$/bbl)	52.64	-2.54	15.92	LME Copper (US\$/t)	6,246	-0.53	4.71
ICE Gasoil (US\$/t)	574	-1.37	12.43	LME Aluminium (US\$/t)	1,894	-0.68	2.60
NYMEX HO (Usc/g)	190	-0.61	13.07	LME Zinc (US\$/t)	2,731	1.00	10.70
Eurobob (US\$/t)	505	-1.71	5.37	LME Nickel (US\$/t)	12,985	0.46	21.47
NYMEX RBOB (Usc/g)	143	-2.28	7.71				
NYMEX NG (US\$/mmbtu)	2.55	-4.17	-13.23	CBOT Corn (Usc/bu)	377	-0.92	0.40
				CBOT Wheat (Usc/bu)	513	-2.42	1.99
API2 Coal (US\$/t)	76	-3.88	-12.30	CBOT Soybeans (Usc/bu)	913	-0.92	3.48
NYMEX Coking Coal (US\$/t)	204	0.00	-10.26	ICE No.11 Sugar (Usc/lb)	12.73	-1.32	5.82
				ICE Arabica (Usc/lb)	104	-1.14	2.41
				ICE London Cocoa (GBP/t)	1,698	-0.59	-3.85

Source: Bloomberg, ING Research

Author

Warren Patterson

Head of Commodities Strategy

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.