

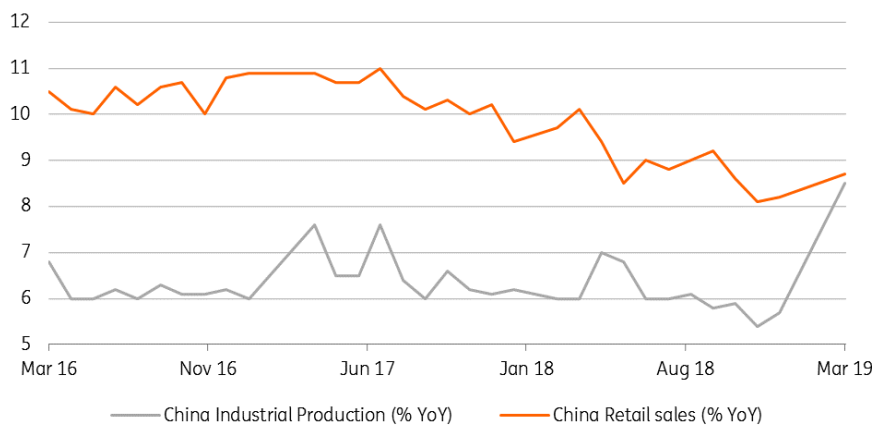
The Commodities Feed: Positive Chinese data

Your daily roundup of commodity news and ING views



Source: Shutterstock

China's economy showing some signs of improvement



Source: Bloomberg, ING Research

Energy

US crude oil inventories: The API reported yesterday that US crude oil inventories declined by 3.1MMbbls, which went against market expectations for a crude oil build of around 2.3MMbbls. It also reported a larger-than-expected draw in gasoline stocks of 3.56MMbbls, whilst distillate fuel oil stocks saw a surprise build of 2.33MMbbls. Persistent draws in recent weeks have been bullish for gasoline cracks, with the May RBOB crack rally well above US\$20/bbl, from below US\$13/bbl at the end of January. However, refinery utilisation rates should pick up moving forward, which should see a reversal in the large draws that we have seen on the product side recently.

Pernis refinery strike: Strike action at the Pernis oil refinery in the Netherlands continues, and union leaders say that operating rates at the refinery will be kept at 65%. There is no suggestion when the refinery will return to full operation, but workers at the 400Mbbbls/d refinery have been on strike since last Monday. As of yet, the disruption has not provided too much support to the gasoil crack and it remains below US\$14/bbl.

Metals

China data: Latest economic data out of China has been strong, with GDP recording steady growth of 6.4% in 1Q19 compared to expectations of around 6.3%, while industrial output was up 8.5% year-on-year in March compared to expectations of 5.6%. Retail sales also expanded by 8.7% in March, indicating improving consumer confidence. The better-than-expected economic data helps demand prospects; however some worries linger as to how Beijing will respond in terms of stimulus now that the economy is showing signs of improvement.

Metals production continues to increase at a healthy pace, with crude steel output up 10% YoY to total 80.3mt in March (cumulative output up 9.9% YoY to 231.1mt over the 1Q19) and primary aluminium output rising 3.4% YoY to 2.88mt (+3.9% YoY to 8.6mt over the first three months of the year).

Agriculture

Sugar refining cuts: Bloomberg reports that the Al Khaleej sugar refinery in Dubai has suspended operations once again, and this follows the 2.1mtpa refinery halting production from mid-December through to early February. Standalone refineries have been battling with a low whites premium- the Aug/Jul whites premium has traded to as low as US\$51/t in April. The pressure is coming from a large exportable surplus of low quality white sugar from India, which is threatening to make its way onto the world market, along with Thai refined sugar.

Daily price update

	Current	% DoD	ch	%YTD	ch		Current	% DoD	ch	%YTD	ch
ICE Brent (US\$/bbl)	71.72	0.76		33.31		Comex Silver (US\$/oz)	14.9	-0.40		-4.02	
NYMEX WTI (US\$/bbl)	64.05	1.03		41.05		LME Copper (US\$/t)	6,495	0.23		8.89	
ICE Gasoil (US\$/t)	634	0.60		24.03		LME Aluminium (US\$/t)	1,856	-0.51		0.51	
NYMEX HO (Usc/g)	208	1.03		23.88		LME Zinc (US\$/t)	2,810	-3.10		13.90	
Eurobob (US\$/t)	679	0.20		41.67		LME Nickel (US\$/t)	12,953	-0.29		21.17	
NYMEX RBOB (Usc/g)	203	0.99		53.49							
NYMEX NG (US\$/mmbtu)	2.57	-0.69		-12.52		CBOT Corn (Usc/bu)	359	-1.03		-4.27	
						CBOT Wheat (Usc/bu)	445	-3.16		-11.57	
API2 Coal (US\$/t)	65	-0.08		-24.07		CBOT Soybeans (Usc/bu)	888	-1.20		0.62	
NYMEX Coking Coal (US\$/t)	204	0.37		-10.37		ICE No.11 Sugar (Usc/lb)	12.51	-1.18		3.99	
						ICE Arabica (Usc/lb)	91	-0.98		-11.14	
						ICE London Cocoa (GBP/t)	1,809	-0.33		2.43	

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 <http://www.ing.com>.