The Commodities Feed: Positive Chinese data

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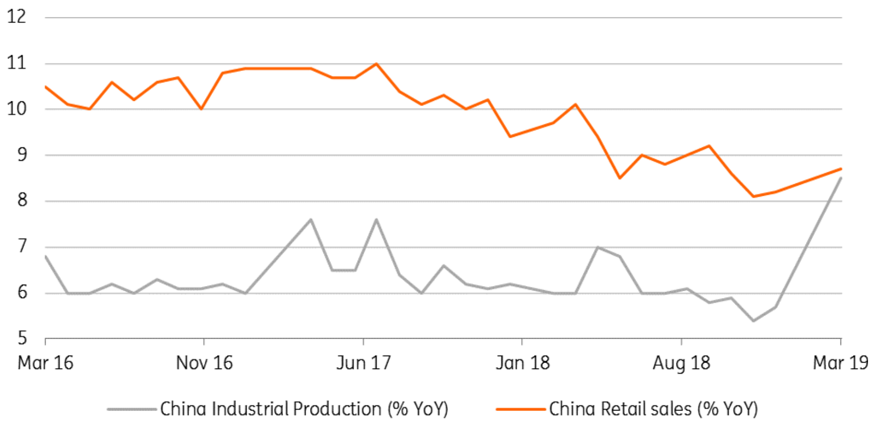
China's economy showing some signs of improvement



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 400Mbbls/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
ICE Brent (US$/bbl)	**71.72**	0.76	33.31
NYMEX WTI (US$/bbl)	**64.05**	1.03	41.05
ICE Gasoil (US$/t)	**634**	0.60	24.03
NYMEX HO (Usc/g)	**208**	1.03	23.88
Eurobob (US$/t)	**679**	0.20	41.67
NYMEX RBOB (Usc/g)	**203**	0.99	53.49
NYMEX NG (US$/mmbtu)	**2.57**	-0.69	-12.52
API2 Coal (US$/t)	**65**	-0.08	-24.07
NYMEX Coking Coal (US$/t)	**204**	0.37	-10.37

	Current	% DoD ch	%YTD ch
Comex Silver (US$/oz)	**14.9**	-0.40	-4.02
LME Copper (US$/t)	**6,495**	0.23	8.89
LME Aluminium (US$/t)	**1,856**	-0.51	0.51
LME Zinc (US$/t)	**2,810**	-3.10	13.90
LME Nickel (US$/t)	**12,953**	-0.29	21.17
CBOT Corn (Usc/bu)	**359**	-1.03	-4.27
CBOT Wheat (Usc/bu)	**445**	-3.16	-11.57
CBOT Soybeans (Usc/bu)	**888**	-1.20	0.62
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

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