

Snap | 17 April 2019

# The Commodities Feed: Positive Chinese data

Your daily roundup of commodity news and ING views



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# China's economy showing some signs of improvement



Source: Bloomberg, ING Research

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#### 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 9	% DoD ch <sup>c</sup>	%YTD ch		Current	Current % DoD ch
ICE Brent (US\$/bbl)	71.72	0.76	33.31	Comex Silver (US\$/oz)	Comex Silver (US\$/oz) 14.9	Comex Silver (US\$/oz) <b>14.9</b> -0.40
NYMEX WTI (US\$/bbl)	64.05	1.03	41.05	LME Copper (US\$/t)	LME Copper (US\$/t) 6,495	LME Copper (US\$/t) <b>6,495</b> 0.23
ICE Gasoil (US\$/t)	634	0.60	24.03	LME Aluminium (US\$/t)	LME Aluminium (US\$/t) 1,856	LME Aluminium (US\$/t) <b>1,856</b> -0.51
NYMEX HO (Usc/g)	208	1.03	23.88	LME Zinc (US\$/t)	LME Zinc (US\$/t) 2,810	LME Zinc (US\$/t) <b>2,810</b> -3.10
Eurobob (US\$/t)	679	0.20	41.67	LME Nickel (US\$/t)	LME Nickel (US\$/t) 12,953	LME Nickel (US\$/t) <b>12,953</b> -0.29
NYMEX RBOB (Usc/g)	203	0.99	53.49			
NYMEX NG (US\$/mmbtu)	2.57	-0.69	-12.52	CBOT Corn (Usc/bu)	CBOT Corn (Usc/bu) 359	CBOT Corn (Usc/bu) <b>359</b> -1.03
				CBOT Wheat (Usc/bu)	CBOT Wheat (Usc/bu) 445	CBOT Wheat (Usc/bu) 445 -3.16
API2 Coal (US\$/t)	65	-0.08	-24.07	CBOT Soybeans (Usc/bu)	CBOT Soybeans (Usc/bu) 888	CBOT Soybeans (Usc/bu) 888 -1.20
NYMEX Coking Coal (US\$/t)	204	0.37	-10.37	ICE No.11 Sugar (Usc/lb)	ICE No.11 Sugar (Usc/lb) 12.51	ICE No.11 Sugar (Usc/lb) 12.51 -1.18
				ICE Arabica (USc/lb)	ICE Arabica (USc/lb) 91	ICE Arabica (USc/lb) 91 -0.98
				ICE London Cocoa (GBP/t)	ICE London Cocoa (GBP/t) 1.809	ICE London Cocoa (GBP/t) 1.809 -0.33

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