

# The Commodities Feed: Relief bounce

Your daily roundup of commodity news and ING views



Source: Shutterstock

## Energy

The price of ICE Brent touched US\$30.35/bbl today meanwhile, the WTI saw a strong recovery, up by over 20% yesterday and another 4% in the morning.

There have been some supportive factors from the US side including monetary and fiscal measures and other countries around the world seem to be doing the same. The US Department of Energy is seeking around 30MMbbls American oil for its Strategic petroleum reserve.

Meanwhile, President Donald Trump has said he will intervene at an 'appropriate time'. An end of the price war means that both Saudi and Russia would bring back their production levels to where they were prior to the OPEC+ talk in early March. Yet this is still questionable. However, another key question is whether they have the intention to come back to the table to discuss the previous agenda of further cuts.

The recent plummeting oil prices have its ramifications including surging tanker rates. Saudi and Iraq are believed to have slashed their freight for refining customers under default contract terms. Buyers will need to bear additional costs at the withdrawal of freight rebate, but the move arouses uncertainties as to whether it may deter purchases. The decision from the two middle-east producers seems to be an alarming signal that low prices have taken its toll.

## Metals

After a sharp fall earlier in the week, base metals prices were relatively flat yesterday after global central banks increased stimulus measures to support the economy and improve the market sentiment. However, weaker macro data, continued uncertainty over the demand prospects and a stronger USD (USD index increased to a three-year high of 102.3 yesterday) could continue to weigh on any price recovery in the short-term. Gold also softened further yesterday due to the increased liquidity requirements in the market.

Meanwhile, metal supplies also started to face difficulties as mining countries implement tighter measures around the travel and trade. Codelco plans to reduce operating rates at its mines across the country for 15 days after the government declared a state of catastrophe in the country which placed a restriction on movement.

Other copper mining companies may also face logistical issues and curtail operating rates over the coming weeks. Earlier in the week, Peru has announced a national emergency for 15 days which led to operating rate cuts at some of the mines in the country including Las Bambas. As for nickel, Philippines has restricted movements of ships from some of the ports which could create logistical issues for nickel ore exports from the country.

## Author

### Warren Patterson

Head of Commodities Strategy

[Warren.Patterson@asia.ing.com](mailto: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](http://www.ing.com).