

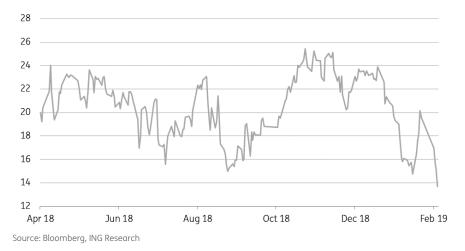
Commodities daily

The Commodities Feed: Saudi oilfield shutdown

Your daily roundup of commodity news and ING views







Energy

Saudi oilfield shutdown: According to Energy Intelligence Group, Saudi Arabia has suspended production at its Safaniyah offshore field due to a damaged power cable. Safaniyah is the world's largest offshore oilfield, with a capacity of as much as 1.5MMbbls/d, and operations could be halted until March. The impact on Saudi supply is not expected to be significant, with Saudi Aramco increasing output at other fields.

Refined product inventories: Latest data from PJK International shows that refined product inventories in the ARA region increased by 139kt over the last week to total 5.77mt. The increase was driven predominantly by gasoil and fuel oil, which saw increases of 139kt and 82kt, respectively. Meanwhile, gasoline and jet inventories declined over the week.

In Asia, refined product inventories in Singapore increased by 4.1MMbbls over the week to total 51.04MMbbls- the highest level of product stock since September 2017. The increase was driven by residual fuel oil, with inventories increasing by 3.94MMbbls over the week. Despite this big build, fuel oil cracks in Asia remain well supported.

Metals

Iron ore quality premium weakens: The premium of higher quality iron ore over lower quality iron ore continues to narrow. The 62%-58% ore premium has shrunk to \$12.30/t, which is the smallest the premium has been in over a year. A key driver behind this move appears to reflect the fall in steel mill margins, and so input costs have become more important for mills. The general strength in the iron ore market, following the Vale accident is likely to continue supporting this trend.

Copper spread strength: The LME cash/3M spread has made quite a comeback so far in February, with the spread having strengthened from a \$20/t contango at the start of the month, to a backwardation of \$0.25/t currently. This is the strongest the spread has been since mid-December. We continue to hold a constructive view towards the copper market, driven by expectations of a refined copper deficit over the course of the year. However broader macro events, particularly trade negotiations are likely to dictate price action in the short term.

Agriculture

White sugar expiry: The Mar-19 white sugar contract, which expired on Wednesday at a \$12.30/t discount to the May-19 contract, saw a fairly small delivery of 78,300 tonnes, according to exchange data. The bulk of the delivery came from India, although this sugar would have come from the coastal refiners who carry out tolling operations (with the raw sugar generally from Brazil), rather than coming from domestic production. Wilmar, which is usually a strong receiver of raws, reportedly took delivery of all sugar tendered.

Daily price update

	Current	% DoD ch	%YTD ch		Current	% DoD ch	%YTD ch
ICE Brent (US\$/bbl)	64.57	1.51	20.02	Comex Silver (US\$/oz)	15.5	-0.79	-0.08
NYMEX WTI (US\$/bbl)	54.41	0.95	19.82	LME Copper (US\$/t)	6,137	0.20	2.88
ICE Gasoil (US\$/t)	597	0.46	16.94	LME Aluminium (US\$/t)	1,850	-0.54	0.22
NYMEX HO (Usc/g)	197	1.69	17.30	LME Zinc (US\$/t)	2,591	-0.23	5.03
Eurobob (US\$/t)	528	1.62	10.07	LME Nickel (US\$/t)	12,200	-1.65	14.13
NYMEX RBOB (Usc/g)	151	2.96	13.96				
NYMEX NG (US\$/mmbtu)	2.57	-0.08	-12.48	CBOT Corn (Usc/bu)	375	-1.06	-0.07
				CBOT Wheat (Usc/bu)	507	-2.92	0.75
API2 Coal (US\$/t)	74	-0.81	-14.68	CBOT Soybeans (Usc/bu)	904	-1.42	2.38
NYMEX Coking Coal (US\$/t)	208	0.00	-8.72	ICE No.11 Sugar (Usc/lb)	12.61	-1.10	4.82
				ICE Arabica (USc/lb)	98	-1.06	-3.93
				ICE London Cocoa (GBP/t)	1,714	0.06	-2.94

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.