

# The Commodities Feed: Silver still catching up

Your daily roundup of commodity news and ING views



## Total known ETF holdings of silver (mOz)



Source: Bloomberg, ING

## Energy

**API data:** Data from the American Petroleum Institute (API) shows that US crude oil inventories dropped by a sharp 10.96MMbbls/d over the last week, significantly more than the 3.88MMbbls drawdown that the market was expecting, according to a Bloomberg survey. The API report has been fairly constructive for the crude oil market with NYMEX WTI up 1.3% since the close on Monday. On products, API reported that gasoline stocks increased by 4.44MMbbls over the week while distillate inventory increased by 1.42MMbbls. The more widely followed EIA data is scheduled to be released later today.

**Rhine water levels:** The heatwave and lack of rain continue to push Rhine water levels down, which risks creating shipping issues again this year if it continues. The Rhine water levels at Kaub have dropped by nearly half over the past month, with current water levels reported at 1.42 meters. The fuel barges in the river were reported to be operating at around 64% of capacity compared to 72% a week ago and 80% the week before. ICE gasoil cracks increased to a three-month high of above US\$15.5/bbl as consumers started stocking gasoil amid risk of a supply disruption.

## Metals

**Silver gains:** The relative strength in silver prices continued this week as investors poured more money into the 'undervalued' white precious metal. ETF investors bought 26.3mOz of silver yesterday with them now holding a record 588.8mOz of silver as on 23 July. ETF investors have bought 71mOz of silver in the current year so far. The gains in silver prices pushed down the gold/silver price ratio to 86.2 currently compared to the peak of 93.3 during the first week of July 2019. The ratio still offers decent value for silver given the historical gold/silver price ratio of around 60-65.

**China alumina:** Chinese alumina prices have eased around 13% in the month so far to a one-year low of CNY2,515/t (US\$365/t) reflecting the improved availability of raw material for aluminium production. Soft aluminium production and increased supply of alumina in the seaborne market have kept alumina demand under pressure in the Chinese market. Norsk Hydro reported that its Alunorte alumina refinery in Brazil has increased utilisation rates to 80-85% in June, increasing

from 50% earlier after a federal court removed an injunction against the plant in May 2019 – the refinery is targeted to reach a 100% utilisation rate over the coming months.

## Agriculture

**Sugar strengthens:** Sugar prices surged around 3.6% yesterday after a Bloomberg survey showed that sugar production in Brazil has been softening due to low prices and adverse weather. The Bloomberg survey estimates that Brazil's Sugarcane Industry Association, UNICA, will report an 8.2% year-on-year drop in cane crushing to 41.5mt for the first half of July with sugar production likely to fall 15.8% YoY to 2.02mt as mills continue to divert more cane towards ethanol. Lower sugar production is likely to impact sugar shipments from the country as well over the coming months.

## Daily price update

|                              | Current | % DoD ch | %YTD ch |                          | Current | % DoD ch | %YTD ch |
|------------------------------|---------|----------|---------|--------------------------|---------|----------|---------|
| ICE Brent (US\$/bbl)         | 63.83   | 0.90     | 18.64   | Spot Gold (US\$/oz)      | 1,417.8 | -0.49    | 10.55   |
| NYMEX WTI (US\$/bbl)         | 56.77   | 0.98     | 25.02   | Spot Silver (US\$/oz)    | 16.4    | 0.26     | 5.87    |
| ICE Gasoil (US\$/t)          | 585     | 0.04     | 14.54   | LME Copper (US\$/t)      | 5,968   | -0.82    | 0.05    |
| NYMEX HO (Usc/g)             | 192     | 1.17     | 14.33   | LME Aluminium (US\$/t)   | 1,816   | 0.00     | -1.63   |
| Eurobob (US\$/t)             | 634     | 0.29     | 32.12   | LME Zinc (US\$/t)        | 2,436   | 0.79     | -1.26   |
| NYMEX RBOB (Usc/g)           | 186     | 1.78     | 40.55   | LME Nickel (US\$/t)      | 14,170  | -0.91    | 32.55   |
| NYMEX NG (US\$/mmbtu)        | 2.30    | -0.52    | -21.77  |                          |         |          |         |
| TTF Natural Gas (EUR/MWh)    | 10.75   | 5.80     | -51.10  | CBOT Corn (Usc/bu)       | 426     | 0.77     | 13.47   |
|                              |         |          |         | CBOT Wheat (Usc/bu)      | 487     | 0.00     | -3.18   |
| API2 Coal (US\$/t)           | 65      | 1.17     | -24.96  | CBOT Soybeans (Usc/bu)   | 886     | -0.28    | 0.37    |
| Newcastle Coal (US\$/t)      | 75      | -0.07    | -25.59  | ICE No.11 Sugar (Usc/lb) | 11.98   | 3.63     | -0.42   |
| SGX TSI Coking Coal (US\$/t) | 173     | 0.13     | -18.63  | ICE Arabica (Usc/lb)     | 102     | -2.66    | 0.44    |
| SGX Iron Ore 62% (US\$/t)    | 113.20  | -0.68    | 62.95   | ICE London Cocoa (GBP/t) | 1,853   | -0.70    | 4.93    |

Source: Bloomberg, ING

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