

# 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

## 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 <http://www.ing.com>.