

# The Commodities Feed: Strength in the metals complex

Your daily roundup of commodity news and ING views



China Jiangsu metal processing plant workshop

## Metals

A dip in US real yields combined with a softer USD fanned a broad-based rally in metals on Thursday. Gold managed to trade above the US\$1,760/oz mark- a seven-week high. At the same time, copper led the gains among base metals, with LME 3M prices rising more than 2% underpinned by the red metal constructive long term fundamental outlook. Supply risks continue to attract speculative money into aluminium in Shanghai, and this is also coinciding with the usual seasonal destocking we see. Total aluminium social stocks in China fell to 1,183kt compared to 1,256kt as of 22nd March. Among other metals, nickel was the laggard, with prices coming under some pressure after the Philippines' President Rodrigo Duterte signed an order allowing the government to approve new mining contracts, lifting a 2012 ban.

Turning to bulks, and iron ore prices continue to strengthen. The most active SGX iron ore contract broke above US\$170/t yesterday, whilst domestic futures in China rallied by 3.7%. Improved steel mill margins in China, stronger consumption from China as it enters the construction season, and the broader global economic recovery have supported iron ore prices recently. The latest data from the World Steel Association (WSA) shows that global steel demand is expected to grow by 5.8% YoY to 1.87 billion tonnes this year, after declining 0.2% YoY last year. A recovery in economic

growth and government infrastructure spending are the prime reasons for the expected demand recovery. Looking further forward, the group expects global demand in 2022 to grow by 2.7% YoY to reach 1.92 billion tonnes.

## 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>.