

# The Commodities Feed: Tariff delay

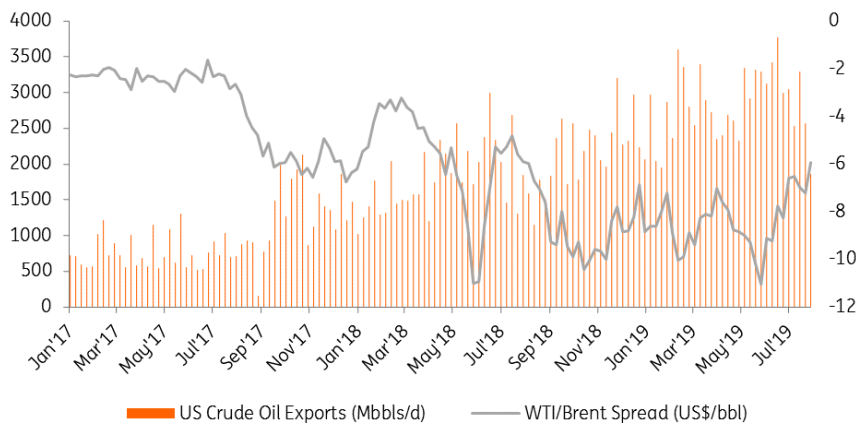
Your daily roundup of commodity news and ING views



Oil prices have sold off aggressively

Source: Shutterstock

## US crude oil exports vs. WTI/Brent spread



Source: EIA, Bloomberg, ING Research

## Energy

**Tariff relief rally:** The oil market saw quite the move higher yesterday, with ICE Brent settling more

than 4.6% up on the day. This follows a surprise announcement that the US would delay imposing tariffs on some Chinese goods from 1 September to 15 December instead. The reaction from the market on the back of this news is another clear indication that market participants are more concerned about macro and trade developments, and the impact this could have on demand, rather than supply developments.

**US inventories:** Latest inventory numbers from the API proved an obstacle to yesterday's rally continuing into this morning. The API reported that US crude oil inventories increased by 3.7MMbbls over the last week- very different from the 2.5MMbbls drawdown that the market was expecting. All eyes will be on EIA numbers today, and a surprise build from them could mean further downward pressure in the immediate term. Last week's EIA numbers saw a surprise build, which was driven by a fall in crude oil exports. The relative strength in WTI vs. Brent, means we could see another week of poor exports.

## Metals

**China data:** Latest data from China's National Bureau of Statistics shows that softer prices and trade-related concerns have been having an impact on metals output in the country. Chinese crude steel production fell 6% MoM to 2.75mt/d in July, as poor margins pushed steel mills to optimize operating rates. Aluminium output softened from 99.1kt/d in June to 96.1kt/d in July. On the other hand, NPI output rose to a fresh record of 52.3kt in July, up 38% YoY (7.1% MoM) on healthy nickel prices and higher raw material imports.

Meanwhile, the demand-side continues to be a concern, with industrial output softening to 4.8% in July - the weakest growth in over a decade, and retail sales softened to 7.6%, only marginally higher than the low of 7.2% in April.

**Tariff delay:** The announcement provided some relief to markets as the US administration aims to cap consumer goods prices ahead of the holiday season. The news saw risk appetite returning to markets, while we saw a sell-off in safe haven assets, such as gold.

## Daily price update

	Current	% DoD ch	%YTD ch		Current	% DoD ch	%YTD ch
ICE Brent (US\$/bbl)	61.3	4.66	13.94	Spot Gold (US\$/oz)	1,501.5	-0.64	17.08
NYMEX WTI (US\$/bbl)	57.1	3.95	25.74	Spot Silver (US\$/oz)	17.0	-0.58	9.50
ICE Gasoil (US\$/t)	576	3.69	12.78	LME Copper (US\$/t)	5,829	1.51	-2.29
NYMEX HO (Usc/g)	188	3.96	11.69	LME Aluminium (US\$/t)	1,785	0.85	-3.30
Eurobob (US\$/t)	605	2.13	26.07	LME Zinc (US\$/t)	2,319	1.80	-6.00
NYMEX RBOB (Usc/g)	174	4.28	31.18	LME Nickel (US\$/t)	15,925	1.37	48.97
NYMEX NG (US\$/mmbtu)	2.15	2.00	-26.97				
TTF Natural Gas (EUR/MWh)	11.86	3.84	-46.05	CBOT Corn (Usc/bu)	366	-5.00	-2.40
				CBOT Wheat (Usc/bu)	472	0.05	-6.21
API2 Coal (US\$/t)	59	1.63	-30.11	CBOT Soybeans (Usc/bu)	872	1.22	-1.19
Newcastle Coal (US\$/t)	70	0.43	-31.07	ICE No.11 Sugar (Usc/lb)	11.72	1.38	-2.58
SGX TSI Coking Coal (US\$/t)	155	-1.66	-26.84	ICE Arabica (Usc/lb)	96	2.77	-5.40
SGX Iron Ore 62% (US\$/t)	86.80	-1.51	24.95	ICE London Cocoa (GBP/t)	1,684	-2.04	-4.64

Source: Bloomberg, ING Research

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