

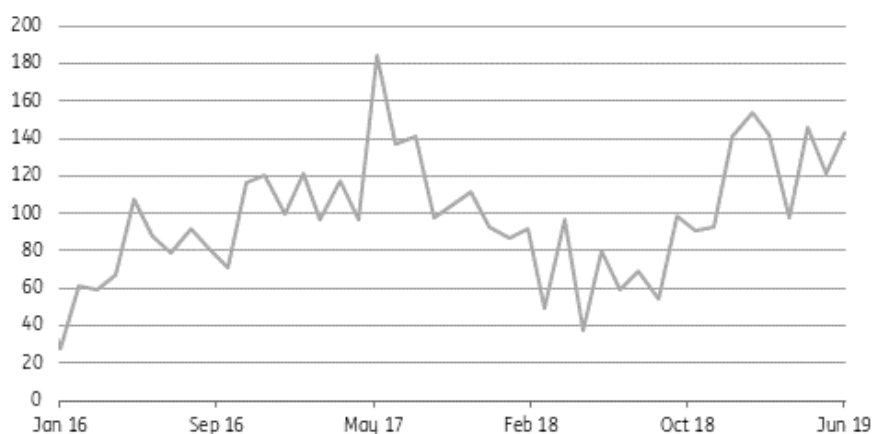
# The Commodities Feed: Trade talks & US Fed

Your daily roundup of commodity news and ING views



Source: Shutterstock

## China nickel pig iron imports (k tonnes)



Source: China Customs, ING Research

## Energy

**US oil inventories:** The API is scheduled to release its weekly inventory report later today, and

market expectations ahead of the report are that US crude oil inventories declined by 2.5MMbbls over the last week, according to a Bloomberg survey. For gasoline inventories, expectations are for a 1.29MMbbls drawdown, whilst distillate fuel oil stocks are expected to increase by 1MMbbls.

US crude oil inventories have been in decline since early June, as refineries have increased their utilisation rates through the summer. Following the 10.8MMbbls drawdown reported by the EIA last week, stocks are at their lowest level since March.

Expectations of another stock draw this week, the resumption of trade talks between China and the US today in Shanghai, and expectations for the US Federal Reserve to cut rates this week have all proved supportive for oil prices in recent sessions.

## Metals

**Chinese trade data:** Latest data from China customs shows that Nickel Pig Iron imports into the country increased 18.5% month-on-month (+141% year-on-year) to 143.3kt in June, improving the availability of nickel in the domestic market. Cumulatively, Chinese imports of NPI have increased 93% YoY to 803kt over the first half of 2019. Earlier, data from Grand Flow Resources showed that Chinese domestic production of NPI increased to a record high of 48.7kt in June, on the back of higher nickel prices and elevated margins for NPI producers. Nickel ore imports fell 17.5% MoM (down 2.3% YoY) to 4.28mt in June 2019 on lower supplies from Indonesia due to output disruptions.

Meanwhile, other data from customs show that refined copper imports into the country dropped 30% YoY to 217kt in June, while YTD imports fell 12% YoY to 1.6mt over the first half of 2019. Copper concentrate imports also fell 16% YoY to 1.5mt in June on soft demand. China's bauxite imports remained firm, increasing 27% YoY to 8.9mt in June, while YTD imports were up 33% YoY to total 53.6mt. Meanwhile, aluminium semis exports from the country increased 4% YoY to 462kt in June, while YTD exports were up 7% YoY to 2.7mt.

## Agriculture

**US crop progress:** The USDA's weekly progress report shows some improvement in current crop conditions; however, crops still remain in significantly poorer conditions than seasonal norms. The USDA rated 58% of the current corn crop in good-to-excellent condition compared to 57% a week ago, but materially down from the 72% seen at the same stage last year. Corn silking, a major phase in the crop development has reached 58% compared to 90% at the same point last year. For soybeans, 54% of the current crop was rated good-to-excellent condition, unchanged on a weekly basis but significantly down from the 70% seen at the same stage last year.

## Daily price update

|                              | Current | % DoD ch | %YTD ch |                          | Current | % DoD ch | %YTD ch |
|------------------------------|---------|----------|---------|--------------------------|---------|----------|---------|
| ICE Brent (US\$/bbl)         | 63.71   | 0.39     | 18.42   | Spot Gold (US\$/oz)      | 1,426.8 | 0.56     | 11.25   |
| NYMEX WTI (US\$/bbl)         | 56.87   | 1.19     | 25.24   | Spot Silver (US\$/oz)    | 16.5    | 0.36     | 6.22    |
| ICE Gasoil (US\$/t)          | 587     | 0.47     | 14.88   | LME Copper (US\$/t)      | 6,018   | 0.92     | 0.89    |
| NYMEX HO (Usc/g)             | 191     | 0.33     | 13.67   | LME Aluminium (US\$/t)   | 1,811   | 0.50     | -1.90   |
| Eurobob (US\$/t)             | 633     | -0.02    | 32.04   | LME Zinc (US\$/t)        | 2,469   | 1.27     | 0.08    |
| NYMEX RBOB (Usc/g)           | 186     | -0.59    | 40.77   | LME Nickel (US\$/t)      | 14,350  | 1.77     | 34.24   |
| NYMEX NG (US\$/mmbtu)        | 2.14    | -1.20    | -27.18  | CBOT Corn (Usc/bu)       | 417     | 0.60     | 11.20   |
| TTF Natural Gas (EUR/MWh)    | 9.81    | -1.54    | -55.37  | CBOT Wheat (Usc/bu)      | 504     | 1.51     | 0.05    |
| API2 Coal (US\$/t)           | 61      | -2.33    | -28.96  | CBOT Soybeans (Usc/bu)   | 886     | 0.28     | 0.37    |
| Newcastle Coal (US\$/t)      | 73      | -0.07    | -27.66  | ICE No.11 Sugar (Usc/lb) | 12.07   | 0.42     | 0.33    |
| SGX TSI Coking Coal (US\$/t) | 163     | -0.86    | -23.00  | ICE Arabica (Usc/lb)     | 101     | 1.40     | -0.69   |
| SGX Iron Ore 62% (US\$/t)    | 114.15  | -0.70    | 64.32   | ICE London Cocoa (GBP/t) | 1,841   | 0.88     | 4.25    |

Source: Bloomberg, ING Research

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