

The Commodities Feed: Trade worries & rebounding OPEC output

Your daily roundup of commodity news and ING views



Oil prices have sold off aggressively

Source: Shutterstock

Energy

Oil under pressure: The crude oil market came under further pressure yesterday, as doubts started to creep in about the prospects of a more comprehensive trade deal, with media reports suggesting that Chinese officials are not overly confident about a long-term deal.

Meanwhile, Reuters' estimates for OPEC production, shows that output in October increased by 690Mbbls/d MoM to 29.59MMbbls/d. The increase was unsurprisingly driven by the recovery in Saudi oil output following the attacks on its facilities in September. Production from Saudi Arabia is estimated to have averaged 9.9MMbbls/d over the month, up 850Mbbls/d.

Refined product inventories: Latest numbers from Insights Global shows that refined product inventories in the ARA region declined by 84kt over the week to 5.38mt. Declines of 93kt and 103kt were seen in gasoline and gasoil stocks respectively. This is despite the fact that we have seen a rebound in product flows from the Middle East to Europe.

Bloomberg ship tracking data shows 2.39mt of product having arrived in Europe over October,

which compares to 1.71mt in September.

Metals

Industrial metal fears: Industrial metals sold off on Thursday as fears intensified after a poor manufacturing data from China and renewed doubts from Chinese officials over a long-term trade deal with the US. Copper's recent supply-side disruptions are largely muted by macro concerns.

The more downbeat sentiment came from China's power sector, which is a key area for copper consumption. According to the Chinese Electricity Council, investment in the power network infrastructure over the first nine months declined by 12.5% YoY.

While investment pattern from previous years has suggested this usually picks up in momentum towards the last few months of a year, latest data is sending warning signals not only to copper but also for metals such as aluminium- adding downside risks to our metals demand growth forecasts for China.

Daily price update

| | Current | % DoD | ch | %YTD | ch | | Current | % DoD | ch | %YTD | ch |
|------------------------------|---------|-------|----|--------|----|--------------------------|---------|-------|----|-------|----|
| ICE Brent (US\$/bbl) | 60.23 | -0.63 | | 11.95 | | Spot Gold (US\$/oz) | 1,513.0 | 1.16 | | 17.97 | |
| NYMEX WTI (US\$/bbl) | 54.18 | -1.60 | | 19.31 | | Spot Silver (US\$/oz) | 18.1 | 1.38 | | 16.85 | |
| ICE Gasoil (US\$/t) | 567 | -2.58 | | 11.01 | | LME Copper (US\$/t) | 5,797 | -1.88 | | -2.82 | |
| NYMEX HO (US\$/g) | 188 | -1.86 | | 11.73 | | LME Aluminium (US\$/t) | 1,755 | -0.28 | | -4.93 | |
| Eurobob (US\$/t) | 569 | -0.01 | | 18.55 | | LME Zinc (US\$/t) | 2,483 | -1.84 | | 0.63 | |
| NYMEX RBOB (US\$/g) | 163 | -2.00 | | 23.23 | | LME Nickel (US\$/t) | 16,645 | -0.80 | | 55.71 | |
| NYMEX NG (US\$/mmbtu) | 2.63 | -2.16 | | -10.44 | | CBOT Corn (USc/bu) | 390 | -0.19 | | 4.00 | |
| TTF Natural Gas (EUR/MWh) | 16.13 | 17.08 | | -26.61 | | CBOT Wheat (USc/bu) | 509 | -0.10 | | 1.09 | |
| API2 Coal (US\$/t) | 59 | 0.17 | | -30.17 | | CBOT Soybeans (USc/bu) | 917 | 0.08 | | 3.88 | |
| Newcastle Coal (US\$/t) | 67 | -0.59 | | -33.83 | | ICE No.11 Sugar (USc/lb) | 12.48 | 0.56 | | 3.74 | |
| SGX TSI Coking Coal (US\$/t) | 140 | -2.99 | | -34.09 | | ICE Arabica (USc/lb) | 102 | 2.62 | | 0.10 | |
| SGX Iron Ore 62% (US\$/t) | 82.71 | -0.98 | | 19.06 | | ICE London Cocoa (GBP/t) | 1,861 | -1.90 | | 5.38 | |

Source: Bloomberg, ING Research

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