

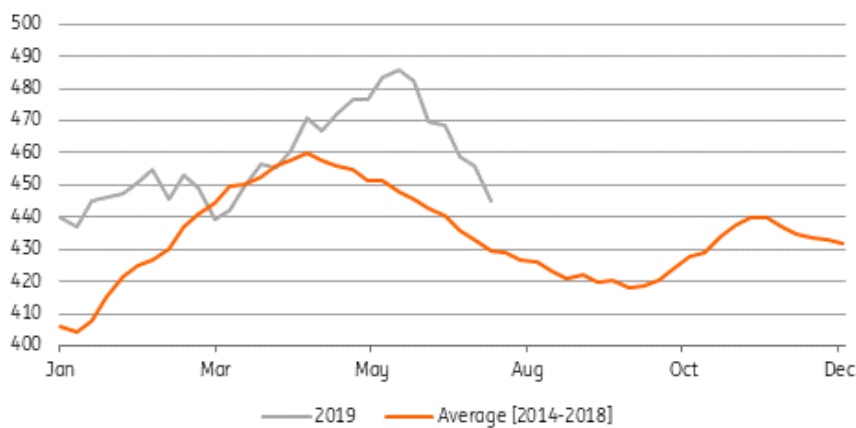
The Commodities Feed: US crude inventories down by 10.8MMbbls

Your daily roundup of commodity news and ING views



Source: Shutterstock

COTD US crude oil inventory (MMbbls)



Source: Bloomberg, ING

Energy

EIA weekly report: latest data from the EIA shows that the crude oil inventory in the US dropped

10.8MMbbls over the last week, largely in-line with the API numbers reported yesterday but significantly more than the 3.9MMbbls of inventory drawdown that the market was expecting, according to a BBG survey. US crude oil inventory fell around 40MMbbls over the past one and half months with the current inventory surplus over the 5-yr average narrowing down from 38MMbbls in June 2019 to 15MMbbls currently. Products inventory was marginally changed with gasoline stocks down 226Mbbls while distillate inventory was up 613Mbbls. Refinery utilization dropped by 1.3% over the week with refineries operating at 93.1% as on 19 July. On the trade side, crude oil imports increased 196Mbbls/d over the week to 7.03MMbbls/d while exports increased 758Mbbls/d to 3.29MMbbls/d. Turning to production and the EIA estimates that the US oil production dropped 700Mbbls/d over the last week to 11.3MMbbls/d as the tropical storm Barry impacted around 73% of the oil production in the Gulf of Mexico at its peak. As all of the operations were restarted by last weekend, US crude oil production is likely to recover back to normal levels in the next weekly report.

Metals

Iron ore: Vale says that it has received approval to restart dry processing of ore at its Vargem Grande Complex and that it will resume the operations shortly that will see around 5mt of additional iron ore production for the current year. Iron ore supply situation has been eased a bit in 2H19 as supplies from Australia and Brazil picks up while the demand side shows risks of slowdown at the higher price levels. The steel mills' profitability has been a concern due to higher raw material prices and steel mills may cut on operating rates if profitability doesn't improve over the coming weeks.

Platinum gains: investors have been returning to platinum again with prices up more than 4% over the past one week and Palladium-platinum ratio softening from the peak of 1.94 in early July to 1.75 currently. The uncertainties around the ongoing wage talks at the South African platinum mines and optimism over demand increment due to switch from palladium has been supporting platinum market over the past few weeks. Total known ETF holding of platinum increased by 73koz in the month so far (and 739kOz in the year so far) with ETF investors holding a record 3.06mOz of platinum currently.

Agriculture

Sugar update: Latest data from Brazil's Sugarcane Industry Association, UNICA shows that sugar production in the Centre-South region of Brazil dropped 19.1% YoY to 1.94mt over the first half of July 2019, lower than the 2.02mt of output that market was expecting according to a BBG survey. Sugar cane crushing dropped 9.5% YoY to 40.9mt with 36% of the cane allocated for sugar production compared to 38.3% allocation at the same stage last year. Meanwhile, India announced to create a buffer stock of around 4mt of sugar over the next one year starting 1 August to absorb excess supply from the market and support prices.

China tariffs: Beijing has allowed 5 companies to import up to 3mt of US soybean free of retaliatory import tariffs as China and the US continue the trade discussions. The measure is aimed as a goodwill gesture to start the trade discussion on positive terms that will resume on Monday when a US trade delegation visits China. Any hint of constructive talks at the discussion is likely to support soybean and corn prices next week.

Daily price update

	Current	% DoD ch	%YTD ch		Current	% DoD ch	%YTD ch
ICE Brent (US\$/bbl)	63.18	-1.02	17.43	Spot Gold (US\$/oz)	1,425.9	0.57	11.18
NYMEX WTI (US\$/bbl)	55.88	-1.57	23.06	Spot Silver (US\$/oz)	16.6	1.20	7.14
ICE Gasoil (US\$/t)	593	1.28	16.01	LME Copper (US\$/t)	5,999	0.52	0.57
NYMEX HO (Usc/g)	191	-0.68	13.56	LME Aluminium (US\$/t)	1,826	0.55	-1.08
Eurobob (US\$/t)	632	-0.19	31.86	LME Zinc (US\$/t)	2,459	0.94	-0.32
NYMEX RBOB (Usc/g)	186	-0.29	40.15	LME Nickel (US\$/t)	14,550	2.68	36.11
NYMEX NG (US\$/mmbtu)	2.22	-3.48	-24.49				
TTF Natural Gas (EUR/MWh)	10.07	-6.29	-54.18	CBOT Corn (Usc/bu)	424	-0.35	13.07
				CBOT Wheat (Usc/bu)	498	2.15	-1.09
API2 Coal (US\$/t)	64	-1.39	-26.00	CBOT Soybeans (Usc/bu)	891	0.59	0.96
Newcastle Coal (US\$/t)	75	-0.80	-26.18	ICE No.11 Sugar (Usc/lb)	12.06	0.67	0.25
SGX TSI Coking Coal (US\$/t)	171	-0.75	-19.24	ICE Arabica (Usc/lb)	101	-1.27	-0.83
SGX Iron Ore 62% (US\$/t)	111.10	-1.86	59.93	ICE London Cocoa (GBP/t)	1,842	-0.59	4.30

Source: Bloomberg, ING

Author

Warren Patterson

Head of Commodities Strategy

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>.