

The Commodities Feed: US oil inventories fall

Your daily roundup of commodity news and ING views



Daily price update

	Current	% DoD	ch	%YTD	ch		Current	% DoD	ch	%YTD	ch
ICE Brent (US\$/bbl)	65.05	0.29	20.91			Spot Gold (US\$/oz)	1,423.4	0.26	10.99		
NYMEX WTI (US\$/bbl)	57.83	-0.12	27.35			Spot Silver (US\$/oz)	15.4	-0.47	-0.80		
ICE Gasoil (US\$/t)	589	1.60	15.32			LME Copper (US\$/t)	6,042	1.38	1.29		
NYMEX HO (USc/g)	192	0.76	14.43			LME Aluminium (US\$/t)	1,814	1.17	-1.73		
Eurobob (US\$/t)	599	0.09	24.86			LME Zinc (US\$/t)	2,543	2.09	3.08		
NYMEX RBOB (USc/g)	188	1.20	41.81			LME Nickel (US\$/t)	12,300	1.32	15.06		
NYMEX NG (US\$/mmbtu)	2.31	0.22	-21.50								
TTF Natural Gas (EUR/MWh)	9.85	-3.44	-55.20			CBOT Corn (USc/bu)	448	0.17	19.33		
						CBOT Wheat (USc/bu)	536	-0.42	6.46		
API2 Coal (US\$/t)	55	-1.86	-35.81			CBOT Soybeans (USc/bu)	904	-0.61	2.38		
Newcastle Coal (US\$/t)	69	-2.00	-32.30			ICE No.11 Sugar (USc/lb)	12.33	0.49	2.49		
SGX TSI Coking Coal (US\$/t)	192	0.00	-9.43			ICE Arabica (USc/lb)	106	4.36	4.52		
SGX Iron Ore 62% (US\$/t)	108.33	-2.75	55.94			ICE London Cocoa (GBP/t)	1,800	-0.66	1.93		

Source: Bloomberg, ING Research

Energy

US oil numbers: Oil rallied late Tuesday and the strength has continued this morning, with Brent trading back well above the US\$66/bbl mark. This follows the API reporting that US crude oil inventories fell by 7.55MMbbls over the last week, significantly more than the 2.9MMbbls draw the market was expecting. The API also reported that Cushing inventories declined by 1.26MMbbls over

the last week. These draws have not only been supportive for the flat price, but have also supported the WTI Aug/Sep time spread.

On the products side, the API reported that distillate fuel oil inventories increased by 155Mbbbls over the week, which was broadly in line with expectations. However, gasoline stocks reportedly fell by 3.17MMbbbls over the week, which was very different from expectations of stocks remaining largely unchanged over the week. This surprise draw did see US gasoline cracks rally, which was helped further by Reuters reporting that Philadelphia Energy Solutions was looking to shut down its 335Mbbbls/d refinery permanently following a fire and explosion last week at the site. The refinery is the largest on the US east coast.

Metals

Industrial metals: Industrial metals continued their rally yesterday with trade talks set to restart between the US and China later this week, whilst a weaker dollar has also been supportive. Meanwhile, striking mine workers at Codelco's Chuquicamata mine were reportedly blocking roads leading to the mine, as well as several other copper mines in the region including Ministro Hales, Radomiro Tomic and El Abra. Strike action has now entered its 12th day.

Looking at nickel, Glencore's Koniombo nickel plant was evacuated following a leak on 24 June and has caused production to be suspended. Turning to lead, prices found support from unplanned maintenance announced by China's largest smelter starting from 25 June. Another smelter in the region may also carry out maintenance, which could hit a combined 20kt of lead production.

Finally, trade data released by China Customs for May showed that refined copper imports into the country fell 28% year-on-year (down 15% month-on-month) to 249kt, while year-to-date imports are down 9% YoY to 1.38mt. However, copper concentrate imports were up 16% YoY to total 1.8mt, while YTD imports have risen 17% YoY to total 9.1mt. Aluminium semis exports remained strong and shipments increased 12% YoY to 496kt, while YTD exports are up 10% YoY to total 2.2mt.

China soybean imports

China soybean imports: Chinese soybean imports from the US fell for the first time this year, following the re-escalation of the trade war between the US and China. Imports in May totalled 977kt, down from 1.75mt in the previous month, although there were also reports earlier that Chinese buyers have been asking US exporters to delay shipments due to a lack of storage. While concerns about Chinese demand- stemming from the trade war and African Swine Fever- have largely dictated soybean price action over much of the last year, an increasingly important concern is delayed soybean plantings in the US following heavy rainfall over much of the planting period.

Chinese metal trade data

Fig 1 China copper import/export (kt)

	May '19	MoM (%)	YoY (%)	YTD	YoY (%)
Imports					
Refined Copper	249	-15%	-28%	1,383	-9%
Concentrate	1,843	11%	16%	9,086	17%
Anode	58	5%	-18%	309	-15%
Scrap	175	0%	-17%	692	-27%
Sheets/strips	9	-16%	NA	47	142%
Bar/rod/profile	4	4%	NA	20	147%
Exports					
Refined copper	30	-17%	81%	154	28%
Sheets/strips	3	15%	NA	15	106%
Tubes/Pipes	28	25%	NA	121	159%
Bar/rod/profile	1	12%	NA	5	288%

Source: China Customs, ING research

Fig 2 China aluminium import/export (kt)

	May '19	MoM (%)	YoY (%)	YTD	YoY (%)
Imports					
Bauxite	9,192	-6%	27%	44,779	34%
Alumina	55	-3%	135%	271	-12%
Primary aluminium	4	129%	-25%	30	23%
Aluminium scrap	177	16%	58%	662	-10%
Aluminium alloy	11	21%	107%	43	74%
Sheets/strips	20	-1%	-17%	85	-23%
Powder	0.1	-45%	-39%	0.4	-4%
Semis sub-total	20	-1%	-15%	85	-23%
Exports					
Bauxite	4	-56%	9%	33	-32%
Alumina	8	-60%	-92%	177	46%
Primary aluminium	4	-79%	688%	47	143%
Aluminium alloy	46	-2%	10%	229	15%
Sheets/strips	245	10%	6%	1,133	7%
Foil	125	22%	12%	554	9%
Bar/rod/profile	85	10%	14%	371	14%
Tube	14	12%	NA	50	122%
Wire	4	16%	36%	16	35%
Stranded Wire	21	46%	54%	86	-4%
Powder	1	55%	7%	4	-6%
Semis sub-total	496	17%	12%	2,215	10%

Source: China Customs, ING Research

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