

The Commodities Feed: US oil inventories jump

Your daily roundup of commodity news and ING views



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Energy

US crude oil inventories: The oil market has come under renewed pressure once again this morning, with the API reporting a larger than expected build in US crude oil inventories. The API estimates that US crude oil inventories increased by 10.5MMbbls over the week, significantly larger than the 3MMbbls the market was expecting. The market will be watching the EIA numbers closely today to see if they confirm a similar build. If that is indeed the case, it would be the largest build since February 2017. Refinery turnarounds are likely to have weighed on refinery run rates while the stronger freight market may have also weighed on crude exports.

EU gas inventories: Natural gas inventories continue to trend higher, with stocks standing at almost 1,080 TWh, well above the five-year average for this time of the year, and effectively leaving storage 100% full. Warmer-than-usual weather is certainly not helping market sentiment. However, there is still plenty of uncertainty in the European gas market, with the current 10-year transit deal between Russia and Ukraine set to expire in January. The Ukrainians want another 10-year deal whilst the Russians are more reluctant to offer such a deal, aiming for a shorter time frame. Failing to come to a deal would clearly be bullish for European gas prices.

Metals

Weaker aluminium demand: Alcoa released its latest quarterly results yesterday, and used it as an opportunity to give some views on the aluminium market. The company now estimates that global aluminium demand could contract by 0.6%, with the decline driven by ex-China demand. The company is still estimating that China demand will grow in the region of 1-1.5% in 2019. Clearly, if this is the case it does reduce the ex-China deficit, and with still fairly large invisible stocks leaves the market comfortable.

Daily price update

	Current	% DoD	ch	%YTD	ch		Current	% DoD	ch	%YTD	ch
ICE Brent (US\$/bbl)	59.42	1.16	10.45			Spot Gold (US\$/oz)	1,490.1	0.62	16.19		
NYMEX WTI (US\$/bbl)	53.36	1.04	17.51			Spot Silver (US\$/oz)	17.4	-0.08	12.30		
ICE Gasoil (US\$/t)	588	0.73	15.08			LME Copper (US\$/t)	5,730	-0.74	-3.94		
NYMEX HO (US\$/g)	194	1.71	15.58			LME Aluminium (US\$/t)	1,728	0.00	-6.39		
Eurobob (US\$/t)	560	0.42	16.85			LME Zinc (US\$/t)	2,434	-0.16	-1.34		
NYMEX RBOB (US\$/g)	162	0.64	22.75			LME Nickel (US\$/t)	16,450	-3.21	53.88		
NYMEX NG (US\$/mmbtu)	2.30	-1.54	-21.67								
TTF Natural Gas (EUR/MWh)	16.07	0.05	-26.88			CBOT Corn (USc/bu)	392	-0.38	4.47		
						CBOT Wheat (USc/bu)	513	1.23	1.99		
API2 Coal (US\$/t)	64	-0.93	-24.68			CBOT Soybeans (USc/bu)	928	-0.64	5.16		
Newcastle Coal (US\$/t)	69	1.25	-32.25			ICE No.11 Sugar (USc/lb)	12.35	-1.91	2.66		
SGX TSI Coking Coal (US\$/t)	157	2.80	-25.81			ICE Arabica (USc/lb)	94	-0.95	-8.15		
SGX Iron Ore 62% (US\$/t)	83.19	-5.32	19.75			ICE London Cocoa (GBP/t)	1,922	-0.62	8.83		

Source: Bloomberg, ING Research

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