

Snap | 31 October 2019

COMMODITIES DAILY

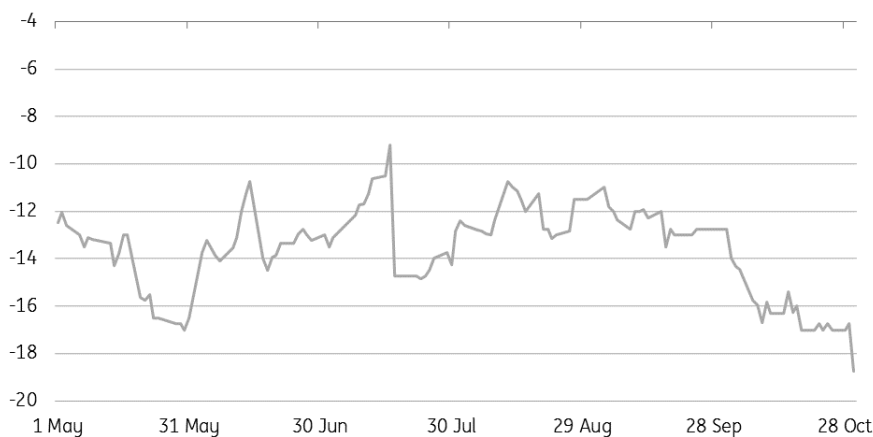
The Commodities Feed: US pipeline disruptions

Your daily roundup of commodity news and ING views



Source: Shutterstock

WCS-WTI differential weakens (US\$/bbl)



Source: Bloomberg, ING Research

Energy

US crude oil inventories: Oil markets came under further pressure yesterday, following the EIA reporting that US commercial crude oil inventories increased by 5.7MMbbls over the last week, significantly more than the 500Mbbls build the market was expecting. This big build came

despite the fact that US refinery utilisation rates increased by 2.5 percentage points over the week to 87.7%- which takes refinery run rates back towards the 5-year average for this time of year.

The key driver behind the stock build was stronger imports, with crude inflows increasing by 840Mbbbls/d over the week to average 6.7MMbbbls/d. However, imports are still at the bottom end of the 5 year low for this stage in the year.

Numbers reported for refined products were more bullish, with the EIA reporting that gasoline inventories fell by 3.04MMbbbls over the week, which was more than the market was expecting. Distillate fuel oil stocks fell by 1.03MMbbbls over the week.

Keystone Pipeline shut: The 590Mbbbls/d Keystone pipeline, which carries crude oil from Alberta, Canada to refineries in the US, was shut yesterday following a spill in North Dakota. There is little clarity on how long the disruption will last; there are reports that TC Energy has declared a 'force majeure' on the pipeline. These developments will not be welcome news for Canadian producers, with it likely to weigh on the WCS-WTI differential. In fact, the differential already weakened by US\$2/bbl yesterday to a discount of US\$18.75/bbl. The longer the disruption, the wider the discount will likely get.

Metals

Gold edges higher: Gold prices this morning are edging back towards US\$1,500/oz following a number of developments over the last 24 hours. The US Fed cut rates for the third consecutive time by 25bps at the FOMC meeting. Meanwhile US GDP numbers yesterday showed that the US economy grew at an annualised rate of 1.9% in Q3, down from 2% in the previous quarter, although still above market expectations. Furthermore, latest data out of China this morning shows the country's manufacturing PMI fell to 49.3 in October- the lowest level since February and missing market expectations of 49.9.

Chile's government cancelled the upcoming APEC summit in Santiago following on-going unrest in the country. It was expected that the US and China would sign phase one of their trade deal at the summit, and so the cancellation of the summit has raised concerns over when the agreement will be signed.

Agriculture

EU sugar exports: Latest data from the European Commission shows that EU sugar exports over the 2018/19 season totalled 1.6mt, down significantly from the 3.35mt exported in the previous season. These lower flows shouldn't come as too much of a surprise given the poorer crop in 2018/19. Looking forward, given expectations for another smaller crop in 2019/20, expectations are that EU sugar exports will fall even further in the current marketing year. The European Commission is currently forecasting exports of 1.4mt. We've written extensively

about the sugar market [here](#).

Daily price update

	Current	% DoD ch	%YTD ch		Current	% DoD ch	%YTD ch
ICE Brent (US\$/bbl)	60.61	-1.59	12.66	Spot Gold (US\$/oz)	1,495.7	0.53	16.62
NYMEX WTI (US\$/bbl)	55.06	-0.86	21.25	Spot Silver (US\$/oz)	17.9	0.27	15.26
ICE Gasoil (US\$/t)	582	-1.56	13.95	LME Copper (US\$/t)	5,908	-0.33	-0.96
NYMEX HO (Usc/g)	191	-2.18	13.85	LME Aluminium (US\$/t)	1,760	0.34	-4.66
Eurobob (US\$/t)	569	-0.01	18.56	LME Zinc (US\$/t)	2,529	-0.59	2.51
NYMEX RBOB (Usc/g)	166	-1.26	25.75	LME Nickel (US\$/t)	16,780	-0.30	56.97
NYMEX NG (US\$/mmbtu)	2.69	3.62	-8.47				
TTF Natural Gas (EUR/MWh)	13.78	-0.39	-37.32	CBOT Corn (Usc/bu)	391	1.17	4.20
				CBOT Wheat (Usc/bu)	509	-0.44	1.19
API2 Coal (US\$/t)	59	-0.17	-30.28	CBOT Soybeans (Usc/bu)	916	-0.25	3.80
Newcastle Coal (US\$/t)	68	0.75	-33.43	ICE No.11 Sugar (Usc/lb)	12.41	0.57	3.16
SGX TSI Coking Coal (US\$/t)	144	-0.14	-32.07	ICE Arabica (Usc/lb)	99	0.40	-2.45
SGX Iron Ore 62% (US\$/t)	83.53	-0.36	20.24	ICE London Cocoa (GBP/t)	1,897	-0.94	7.42

Source: Bloomberg, ING Research

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