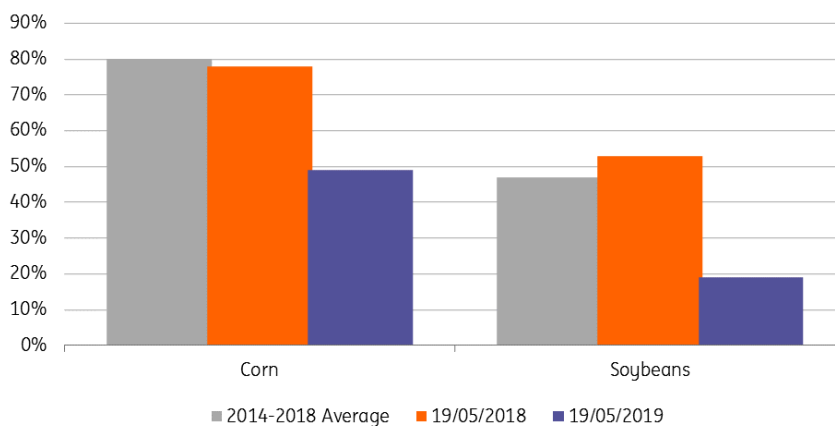


The Commodities Feed: US plantings fall behind

Your daily roundup of commodity news and ING views



US corn and soybean planting progress (%)



Source: USDA, ING Research

Energy

US crude oil inventories: The API is scheduled to release its weekly inventory numbers for the US later today, and expectations are that US crude oil inventories fell by around 1.9MMbbls over the last week according to a Bloomberg survey. Meanwhile gasoline and distillate fuel oil inventories are expected to decline by 1MMbbls and 600Mbbls respectively. The large builds we have seen in recent months in crude oil and the decline in gasoline stocks has been driven by a prolonged refinery maintenance season in the US, however refineries are increasing run rates as we move into summer, which should bring an end to the large crude builds.

Given the large drawdown in US gasoline inventories this year, we have seen a pick-up in gasoline flows from Europe to the Americas. Bloomberg tracking data show that 4.55mt of product was shipped from Europe to the Americas in April, which is the highest monthly flow seen since September 2017. These strong flows from Europe has meant that we have also seen gasoline inventories in the ARA region fall closer towards its 5 year low. Large gasoline drawdowns, along with a prolonged refinery maintenance season in the US should mean that gasoline cracks continue to be well supported as we move into summer.

Metals

Aluminium output: Data from the International Aluminium Institute shows that global primary aluminium output was largely flat MoM at 173.4kt per day in April, although it was down 1.9% YoY due to lower production from China, Brazil and Europe. Chinese output was flat MoM at 98kt per day, while RoW production fell from 75.5kt per day in March to 75.4kt per day in April.

Meanwhile, the federal court in Belem, Brazil lifted another production embargo at Hydro's Alunorte refinery under a criminal lawsuit, and this follows the same court lifting an embargo under the civil lawsuit last week. This should see the refinery ramp up operations, which have been operating at 50% capacity since last year. It is expected that the ramp up of the refinery will also see the Albras aluminium smelter increase production.

Agriculture

US plantings delayed: US plantings continue to be delayed, as a result of heavy rains in the US Midwest. Corn plantings are only 49% complete, which compares to 78% at the same stage last year, and the five year average of 80%. Meanwhile for soybeans, plantings are only 19% complete, which is down from 53% at the same stage last year, and also well below the 5 year average of 47%.

As we mentioned yesterday, the large speculative short position in both corn and soybeans, and delayed planting does leave the market vulnerable to a short covering rally. CBOT corn has already rallied significantly this month, with the Jul'19 contract up more than 12% from its lows earlier in the month.

Daily price update

| | Current | % DoD ch | %YTD ch | | Current | % DoD ch | %YTD ch |
|----------------------------|---------|----------|---------|--------------------------|---------|----------|---------|
| ICE Brent (US\$/bbl) | 71.97 | -0.33 | 33.77 | Comex Silver (US\$/oz) | 14.4 | 0.43 | -7.28 |
| NYMEX WTI (US\$/bbl) | 63.1 | 0.54 | 38.96 | LME Copper (US\$/t) | 6,029 | -0.45 | 1.07 |
| ICE Gasoil (US\$/t) | 652 | -0.84 | 27.56 | LME Aluminium (US\$/t) | 1,798 | -2.15 | -2.63 |
| NYMEX HO (Usc/g) | 207 | -1.05 | 23.37 | LME Zinc (US\$/t) | 2,575 | -0.96 | 4.38 |
| Eurobob (US\$/t) | 709 | -0.90 | 47.91 | LME Nickel (US\$/t) | 11,975 | -0.32 | 12.02 |
| NYMEX RBOB (Usc/g) | 201 | -1.83 | 51.84 | | | | |
| NYMEX NG (US\$/mmbtu) | 2.67 | 1.60 | -9.08 | CBOT Corn (Usc/bu) | 389 | 1.50 | 3.73 |
| | | | | CBOT Wheat (Usc/bu) | 478 | 2.85 | -4.97 |
| API2 Coal (US\$/t) | 67 | -2.35 | -21.49 | CBOT Soybeans (Usc/bu) | 832 | 1.22 | -5.75 |
| NYMEX Coking Coal (US\$/t) | 209 | 0.00 | -8.28 | ICE No.11 Sugar (Usc/lb) | 11.62 | 0.61 | -3.41 |
| | | | | ICE Arabica (Usc/lb) | 88 | 1.03 | -13.35 |
| | | | | ICE London Cocoa (GBP/t) | 1,743 | 0.81 | -1.30 |

Source: Bloomberg, ING Research

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