

Snap | 3 September 2019

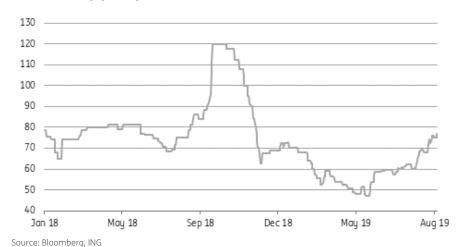
The Commodity Feed: Improving copper premium

Your daily roundup of commodity news and ING views



Source: Shutterstock

China copper premium (\$/tonne)



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Energy

OPEC oil output: Bloomberg estimates show that OPEC oil production increased by 200Mbbls/d month-on-month to 29.99MMbbls/d in September led by output gains from Nigeria (+60Mbbls/d MoM), Saudi Arabia (+50Mbbls/d MoM), Angola (+40Mbbls/d MoM) and Iraq (+30Mbbls/d MoM). These are the first monthly output gains this year and helped crude oil supplies to increase in the international market. Russia has also supported global oil supply in August with the country increasing its oil output by 140Mbbls/d MoM to 11.29MMbbls/d.

Gasoline cracks: PVM data shows that European gasoline cracks softened to a six-month low of US\$4.8/bbl on weaker demand for the refined product. Bloomberg data showed that European gasoline exports to the US softened to a two-month low of 308Mbbls/d last week as gasoline inventories on the US east coast increased. Meanwhile, NYMEX gasoline cracks in the US also dropped to US\$9/bbl, the lowest level in nine years for this time of the year reflecting sufficient supplies in the domestic market as US refineries have been working at a seasonally higher operating rates.

Metals

China copper premium – SMM data shows that the premium for China import copper increased to a fresh year-to-date high of US\$77/t, reflecting a reduced interest in importing the red metal. In the meantime, the average operating rate from copper wire and cable manufactures in August has risen by 2.72% to 91% compared to that in July 2018, reflecting a marginal improvement of demand from the grid network sector. A soft manufacturing PMI for August (coming in at 49.5 compared to 49.7 for July) raised hopes of stimulus from Beijing. Earlier, China's State Council Financial Stability Development Committee stressed that it will maintain reasonable liquidity and growth in social financing and that it attaches great importance to the development of infrastructure.

Gold ETF investment – The uptrend in gold retail investment continues with total known ETF holdings of gold increasing to a fresh five-year high of 78.9mOz as of 2 September. ETF investors have bought nearly 4.63mOz of gold in the quarter so far and 7.85mOz since the start of the year amid an increase in trade war uncertainty. With fresh tariffs coming into force at the start of this month, we believe that demand for safe havens could remain strong.

Agriculture

European grains production – In its monthly forecasts, the European Commission increased its estimates for soft-wheat production in Europe to 142.7mt for the 2019/20 season (+10.8% YoY) compared to the 141.3mt of production seen last month. The expected wheat crop for 2019/20 is the highest in the last four years on the back of recovering acreage and stronger yield. On the other hand, corn output estimates were revised down from 69.5mt to 68.5mt due to softer yields. Lower domestic supplies will help European corn imports to increase in 2019/20.

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Daily price update

	Current	% DoD ch	%YTD ch		Current	% DoD ch	%۱
ICE Brent (US\$/bbl)	58.66	-2.93	9.03	Spot Gold (US\$/oz)	1,529.3	0.59	
NYMEX WTI (US\$/bbl)				Spot Silver (US\$/oz)	18.5	0.51	
CE Gasoil (US\$/t)	556	-0.98	8.76	LME Copper (US\$/t)	5,620	-0.57	
NYMEX HO (Usc/g)				LME Aluminium (US\$/t)	1,749	-0.23	
Eurobob (US\$/t)				LME Zinc (US\$/t)	2,244	1.77	
NYMEX RBOB (Usc/g)				LME Nickel (US\$/t)	18,060	0.89	
NYMEX NG (US\$/mmbtu)							
TTF Natural Gas (EUR/MWh)	11.85	-7.42	-46.10	CBOT Corn (Usc/bu)			
				CBOT Wheat (Usc/bu)			
API2 Coal (US\$/t)	57	0.89	-34.30	CBOT Soybeans (Usc/bu)			
Newcastle Coal (US\$/t)	66	2.33	-35.16	ICE No.11 Sugar (Usc/lb)			
SGX TSI Coking Coal (US\$/t)	156	1.40	-26.42	ICE Arabica (USc/lb)			
GGX Iron Ore 62% (US\$/t)	87.14	3.26	25.44	ICE London Cocoa (GBP/t)	1,652	0.73	

Source: Bloomberg, ING

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