

Energy

EIA weekly report – The weekly EIA report was constructive for the oil market with crude oil and refined products reporting a large drawdown. EIA data showed that US crude oil inventories dropped by 4.7MMbbls last week, more than the 4MMbbls withdrawal that the market had been expecting, according to a BBG survey. The inventory withdrawal comes on the back of crude oil production falling by 100Mbbls/d week-on-week to 12.4MMbbls/d. US crude oil inventories have now dropped for 10 out of 12 weeks, reflecting a tight domestic oil market. On the trade side, crude oil imports recovered by 976Mbbls/d WoW to 6.9MMbbls/d after falling below 6MMbbls/d last week; however, imports are still somewhat below the year-to-date average of 7.1MMbbls/d. Crude oil exports were largely flat at around 3.06MMbbls/d. Turning to products, gasoline and middle distillate inventories dropped by 2.4MMbbls and 2.5MMbbls, respectively over the week. Refinery utilisation fell by 0.4% WoW to 94.8%, pushing down the refined products supplies in the domestic market and helping the inventory withdrawals.

Saudi oil pricing – Saudi Arabia has increased crude oil prices for its US and Asian buyers for the October deliveries. For Asia, Saudi Arabia has raised the premium for its Arab Light grade by US\$0.60/bbl MoM and will now charge a premium of US\$2.3/bbl over the Oman/Dubai benchmarks. Prices for other lighter grades have also been increased for the month. For the US, premiums have been increased marginally by US\$0.1/bbl MoM with current premiums increasing to US\$2.95/bbl over the ASCI index. On the other hand, Saudi Arabia was seen offering a bigger discount to European buyers with Arab light discounts over Brent increasing to US\$1.25/bbl compared to the US\$0.05/bbl discount for September deliveries.

Metals

Indonesia nickel – Uncertainty over Indonesian nickel supplies continues after the country said that nickel miners can apply for new export quotas for the rest of the current year in addition to their already approved quotas. The country had previously recommended around 23.6mt of nickel ore exports for 2019 out of which 13.3mt has already been exported over the first seven months of the year. The new export quotas could increase nickel ore supplies into the market as miners could bring forward nickel ore sales by using the existing inventory or ramping up operating rates at mines. LME nickel prices corrected by around 3% yesterday on the prospect of increased supply in the short-term with the LME nickel cash/3M spread narrowing from more than US\$100/t at the end of August to US\$15/t currently.

Risk appetite up – Yesterday saw the bulls taking charge again on better economic data from the US (non-manufacturing PMI) and growing optimism over the US/China trade talks which could be held in the coming weeks. The return of risk appetite among investors saw some safe-haven positions, including gold, being liquidated, with spot gold prices falling more than 2% yesterday.

Daily price update

	Current	% DoD ch	%YTD ch		Current	% DoD ch	%YTD ch
ICE Brent (US\$/bbl)	60.95	0.41	13.29	Spot Gold (US\$/oz)	1,519.1	-2.16	18.45
NYMEX WTI (US\$/bbl)	56.3	0.07	23.98	Spot Silver (US\$/oz)	18.7	-4.83	20.37
ICE Gasoil (US\$/t)	586	2.13	14.78	LME Copper (US\$/t)	5,845	1.69	-2.01
NYMEX HO (Usc/g)	189	0.44	12.36	LME Aluminium (US\$/t)	1,784	0.51	-3.36
Eurobob (US\$/t)	563	0.36	17.45	LME Zinc (US\$/t)	2,342	1.39	-5.07
NYMEX RBOB (Usc/g)	155	0.85	16.79	LME Nickel (US\$/t)	17,500	-2.78	63.70
NYMEX NG (US\$/mmbtu)	2.44	-0.41	-17.18				
TTF Natural Gas (EUR/MWh)	12.24	2.32	-44.34	CBOT Corn (Usc/bu)	347	0.14	-7.60
				CBOT Wheat (Usc/bu)	464	1.70	-7.80
API2 Coal (US\$/t)	61	1.24	-27.74	CBOT Soybeans (Usc/bu)	850	-1.48	-3.71
Newcastle Coal (US\$/t)	69	0.81	-32.45	ICE No.11 Sugar (Usc/lb)	10.97	-0.36	-8.81
SGX TSI Coking Coal (US\$/t)	152	-1.98	-28.30	ICE Arabica (Usc/lb)	92	-1.28	-9.47
SGX Iron Ore 62% (US\$/t)	86.97	-1.02	25.19	ICE London Cocoa (GBP/t)	1,661	-1.72	-5.95

Source: Bloomberg, ING

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