

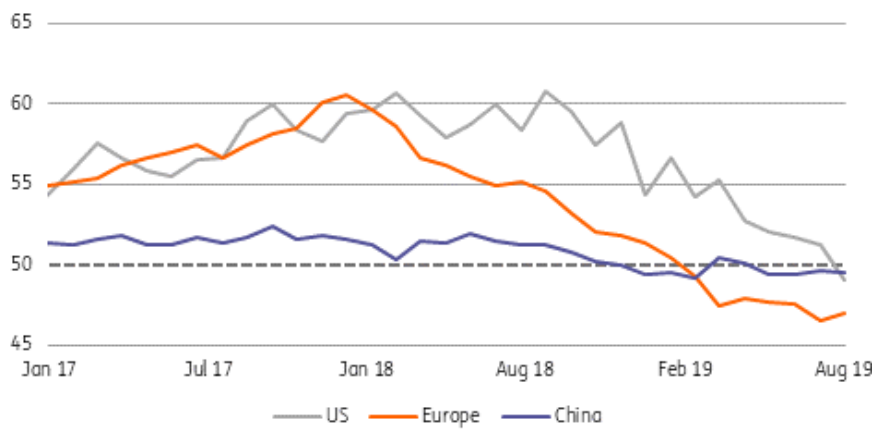
The Commodity Feed: Survey implies US crude inventory still declining

Your daily roundup of commodity news and ING views



Source: Shutterstock

Manufacturing PMIs pointing to contraction



Source: Bloomberg, ING

Energy

US oil inventory – A Bloomberg survey ahead of the EIA weekly report estimates that US crude oil inventory dropped by 4.2MMbbls over the last week. US oil inventory had fallen by 10MMbbls over the preceding week and a drop last week as well would indicate a tightening oil market in the US. Turning to products and the survey estimates show gasoline inventory to have declined by 2MMbbls and distillate stocks to report a gain of 0.5MMbbls. The EIA report is scheduled to be released on Thursday (instead of usual Wednesday) due to Labor day holiday in the US.

US LNG exports – Freeport has shipped first LNG cargo from its newly started Freeport LNG terminal in Texas. The Freeport LNG terminal is the fifth LNG export terminal to be operating in the US and it has raised the US LNG export capacity to 46.3mtpa (6.1Bcf/d). Rising LNG shipments from the US is likely to help increase offtake for the shale gas and reduce the supply glut in the domestic market which pressured Henry Hub prices to around US\$2/MMBtu in early August. On the other hand, US LNG supplies are likely to add to the supply glut in the European and Asian market and may keep prices under pressure over there, if demand doesn't match the supply growth.

Metals

Base metals trading soft – The LME metals index traded soft yesterday with LME copper falling to a two-year low as manufacturing PMI in the US dropped below 50 in August. US manufacturing activity contracted last month with manufacturing PMI coming in at 49.1 - the lowest level since January 2016 as rising trade tensions weigh on industrial sentiments. Earlier, both Europe and China also reported manufacturing PMI well below the 50-mark for the month of August. The soft economic data supports stimulus calls from policymakers and better demand prospects in the medium term; however, for the immediate term, it points to a weaker demand environment.

Platinum prices – Spot platinum prices have gained more than 11% over the past week mainly due to risk-off sentiments in markets and also due to increased possibility of industrial action at the South African mines. The wage talks between platinum mining companies and the mineworkers' union AMCU has been going on in South Africa over the past few weeks and the discussions have not been very positive so far. In fact, management and labor union were reported to be quite apart on the wage discussions and making plans to deal with a strike if it comes to that. The current wage contract expires in 4Q19. Last time, the wage dispute resulted in a five-month strike and large supply losses for platinum in 2014.

Agriculture

US crop progress – The USDA's weekly crop progress report shows a marginal improvement in corn condition with 58% of the current crop rated in good-to-excellent condition as against 57% last week; however, it remains significantly below the 67% reported at this time last year. Soybean crop condition remains same with 57% of the crop rated good-to-excellent, flat on a weekly basis but lower than the 66% for last year at this stage of the crop cycle. The crop progress report continues to be at odds with the USDA's WASDE report where it raised corn production forecasts earlier on expectations of better yields. USDA's next WASDE report is due on 12 September 2019 and will be watched closely.

	Current	% DoD ch	%YTD ch		Current	% DoD ch	%YTD ch
ICE Brent (US\$/bbl)	58.26	-0.68	8.29	Spot Gold (US\$/oz)	1,547.1	1.16	20.63
NYMEX WTI (US\$/bbl)	53.94		18.78	Spot Silver (US\$/oz)	19.3	4.30	24.32
ICE Gasoil (US\$/t)	551	-0.81	7.88	LME Copper (US\$/t)	5,610	-0.18	-5.95
NYMEX HO (Usc/g)	180		7.29	LME Aluminium (US\$/t)	1,753	0.23	-5.04
Eurobob (US\$/t)	544		13.51	LME Zinc (US\$/t)	2,205	-1.74	-10.62
NYMEX RBOB (Usc/g)	147		11.09	LME Nickel (US\$/t)	17,985	-0.42	68.24
NYMEX NG (US\$/mmbtu)	2.36		-19.80				
TTF Natural Gas (EUR/MWh)	12.10	2.11	-44.96	CBOT Corn (Usc/bu)	350		-6.73
				CBOT Wheat (Usc/bu)	447		-11.13
API2 Coal (US\$/t)	61	1.76	-28.34	CBOT Soybeans (Usc/bu)	857		-2.95
Newcastle Coal (US\$/t)	68	3.19	-33.09	ICE No.11 Sugar (Usc/lb)	11.19		-6.98
SGX TSI Coking Coal (US\$/t)	156	-0.28	-26.62	ICE Arabica (Usc/lb)	92		-9.33
SGX Iron Ore 62% (US\$/t)	85.73	-1.62	23.41	ICE London Cocoa (GBP/t)	1,674	1.33	-5.21

Source: Bloomberg, ING

Author

Warren Patterson

Head of Commodities Strategy

Warren.Patterson@asia.ing.com

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