

## The Commodities Feed: Gold nears \$2,200/oz

Gold is trading higher on Monday morning after rallying almost 5% last week. On Friday, prices reached fresh record highs on expectations the Federal Reserve will cut interest rates this year



### Metals – Gold surges to fresh record highs

Gold prices jumped on Friday to trade just below \$2,200/oz before giving back some of the gains this morning. Gold rallied almost 5% last week, setting a nominal high on four consecutive sessions. The release of a higher-than-expected jobless rate in the US last week increased expectations that the Fed might be moving closer to looser monetary policy. The US data pushed the dollar and 10-year Treasury yields lower, boosting the precious metal further. Rising gold prices pushed the net speculative bullish bets for gold to the highest level in two months.

The latest CFTC data shows that speculators increased their net longs in COMEX gold by 63,018 (the biggest weekly addition since 4 June 2019) for a third consecutive week, leaving them with a net long of 131,060 lots as of last Tuesday, the highest bullish bets since the week ending 2 January 2024. We expect gold prices to trade higher this year as safe-haven demand continues to be supportive amid geopolitical uncertainty with ongoing wars and the upcoming US election. [We have revised our 2024 gold forecast higher](#), and we now expect fourth quarter prices to average \$2,150/oz. We expect an average of \$2,084/oz in 2024 on the assumption that the Fed starts cutting rates in June and the dollar weakens. The market now awaits US inflation data due for release on Tuesday for further clues on the US monetary policy. A stronger-than-expected reading

would cap further gains in the precious metal.

## Energy – Saudi Arabia plans to slash heavy crude supply to Asia

Saudi Aramco is planning to reduce its supply of Arab heavy crude to term customers in Asia starting in April due to oilfield maintenance. However, the quantity and duration of the maintenance are still unclear, while the producer will maintain its April loading for other crude grades. Earlier, the producer unexpectedly increased prices for heavier grades in April for Asian buyers.

Weekly data from Baker Hughes shows that the US oil rigs rose by two rigs over the last week, with the total oil rig count increasing to 504 for the week ending 8 March 2024. Meanwhile, gas rigs fell by 4, taking the total rig count (oil and gas combined) to 622 over the reporting week. The extended weakness in the gas prices appears to weigh on gas rigs, with some exploration companies reducing investments in natural gas production.

The latest positioning data from CFTC shows that speculators increased their net long position in NYMEX WTI by 9,230 lots for a fourth consecutive week, leaving them with net longs of 183,960 lots as of 5 March 2024, the highest bullish bets since the week ending 24 October 2023. Rising concerns over the tightening physical market, OPEC+ extending supply cuts and persisting uncertainty in the Middle East continue to support the uptrend in speculative bets. In contrast, money managers extended the decline in their net longs in ICE Brent by 17,976 lots for a third straight week over the last week, leaving them with a net long position of 236,805 lots as of last Tuesday. This was the least bullish bet since the week ending on 23 January 2024. The move was dominated by falling gross long positions, which decreased by 18,044 lots to 312,562 lots over the reporting week.

The market now awaits the release of the OPEC and EIA updates scheduled later this week to get more clarity on the demand outlook. OPEC will release its monthly oil market report, which will include monthly production numbers for the group along with its latest outlook for the oil market. The report will likely continue to show expectations that the market will tighten for the remainder of the year. The EIA will also release its Short-Term Energy Outlook, which will include its latest US oil production estimates.

## Agriculture – USDA lowers global corn and soybean crop estimates

In its latest monthly update, the USDA said it expects 2023/24 global corn production to fall to 1,230.2mt, down from its earlier estimates of 1,232.6mt. Supply losses from South Africa (-1.3mt), Ukraine (-1mt), and Mexico (-1mt) offset supply gains from Argentina (+1mt) and could tighten the global market. The agency revised up the global corn consumption estimates by 1.5mt to 1,212.2mt. Meanwhile, the ending stocks estimates were lowered by 2.4mt to 319.6mt at the end of 2023/24. The market was expecting a number closer to 320.9mt. For the US market, the WASDE left the domestic corn balance sheet completely unchanged for the year. Estimates for ending stocks were left unchanged at 2,172m bushels at the end of 2023/24. The market was looking for a number close to 2,155m bushels.

Similarly, the USDA revised down the 2023/24 global soybean inventory estimates from 116mt to 114.3mt. This was marginally lower than the average market expectations of 114.7mt. Global

soybean production estimates were reduced by 1.4mt to 396.9mt, reflecting the lower supplies from Brazil (-1mt), and South Africa (-0.4mt). The agency also reduced global demand and beginning stock estimates to 381.9mt and 102.2mt respectively. For the US market, the agency kept its domestic soybean ending stock estimates for 2023/24 unchanged at 315m bushels, lower than the average market expectations of around 319m bushels. It also left production and demand estimates unchanged at 4,165m bushels and 2,424m bushels respectively.

For wheat, the USDA increased its 2023/24 US inventory estimates to 673m bushels (+18% year-on-year), up from previous projections of 658m bushels and higher than the market expectations of 658m bushels. Meanwhile, the agency lowered the US wheat export estimates by 15m bushels to 710m bushels. For the global balance, wheat inventory estimates were revised down from 259.4mt to 258.8mt at the end of 2023/24, the lowest since 2015/16. This is also lower than the average market expectations of 259.2mt. The USDA slightly lowered the beginning stock projections by 0.1mt to 271.1mt. The production estimates increased by 1mt to 786.7mt. Meanwhile, global consumption estimates were increased from 797.5mt to 799mt for 2023/24.

A recent report from China's Agriculture Supply and Demand estimates (CASDE) shows that sugar production in the nation fell marginally to 9.95mt for the 2023/24 season, compared to its previous estimates of 10mt. The decline in the production estimates is largely due to cold weather conditions impacting the cane yields in the southern region. Meanwhile, the group kept production, consumption, and trade estimates for corn and soybeans unchanged for the period.

## Author

### Ewa Manthey

Commodities Strategist

[ewa.manthey@ing.com](mailto:ewa.manthey@ing.com)

### Warren Patterson

Head of Commodities Strategy

[Warren.Patterson@asia.ing.com](mailto:Warren.Patterson@asia.ing.com)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the

Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit [www.ing.com](http://www.ing.com).