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COMMODITIES DAILY

The Commodities Feed: Saudis raise OSPs

Oil prices came under significant pressure last week as Middle East tensions continue to ease. However, price action has been more supportive in early morning trading today on the back of a hike in Saudi OSPs



Energy - Saudi OSPs rise

After falling a little more than 7.3% last week due to easing geopolitical tensions, ICE Brent has started the new trading week on a stronger footing, opening higher. This comes after Saudi official selling prices (OSP) for June loadings, where OSPs for all grades and to all regions (except for the US) were increased. The Saudi's flagship Arab Light into Asia was increased by US\$0.90/bbl MoM to US\$2.90/bbl over the benchmark amid a tightening in the physical market this quarter.

Iraq and Kazakhstan have agreed on a compensation plan for their overproduction since the start of the year. According to OPEC, Iraq and Kazakhstan's cumulative overproduction between January and March totalled 602k b/d and 389k b/d respectively. Both countries have set out plans to fully make up for these volumes by the end of the year.

Despite recent weakness in oil prices, speculators increased their net long in ICE Brent by 24,942 lots over the last reporting week to 320,773 lots as of last Tuesday. This move was predominantly driven by fresh speculative buying. However, given further price weakness since

last Tuesday, current positioning will likely be lower.

Apart from the usual weekly releases, there is not a significant amount on the energy calendar this week. The EIA will publish its latest Short-Term Energy Outlook on Tuesday. This will include the EIA's latest views on the global oil market, and its latest forecast for US oil and gas production for the remainder of this year and 2025. On Thursday, China will release its first batch of trade data for April, including oil imports.

Agriculture – Global coffee exports rise

The latest data from the International Coffee Organization (ICO) shows that global coffee exports rose to 13m bags in March, up 8.1% YoY. This includes Arabica exports of 7.4m bags (up 9.7% YoY) and Robusta exports of 5.6m bags (up 6% YoY). Cumulative exports for October 2023 to March 2024 rose 10.4% YoY to 69.2m bags.

CFTC data shows that money managers reduced their net short in CBOT wheat by 28,318 lots to 47,866 lots as of 30 April, the least bearish position since the week ending 1 August 2023. The fall was led by short covering with the gross short decreasing by 29,095 lots. Speculators also reduced their net short in corn by 20,506 lots to 218,040 lots, a move largely driven by short covering. There was little change in speculative positioning in CBOT soybeans. Speculators increased their net short by just 222 lots to 149,236 lots.

Author

Warren Patterson

Head of Commodities Strategy
Warren.Patterson@ing.com

Ewa Manthey

Commodities Strategist
ewa.manthey@ing.com

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