

The Commodities Feed: Ever Given partially refloated

Your daily roundup of commodity news and ING views



Energy

ICE Brent has been trading soft in the morning session today after reports emerged that the ship blocking the Suez Canal has been refloated though it's still unclear how soon the trade route could be reopened. Crude oil recovered by more than 4% on Friday and ended the week largely on a flat note after trading in a zigzag pattern over the last few sessions. The indecisiveness of the market over the demand concerns, logistical issues around the Suez Canal and output decision by OPEC+ later in the week have been keeping oil volatile. The weakness in the physical and paper market since the OPEC+ meeting earlier in the month could push the group to roll over the current cuts when it meets next on 1 April.

According to the latest market positioning data, speculators liquidated crude oil long positions sharply over the last week as a flare-up in Covid cases across Europe and fear of lockdowns put money managers on the defensive. The exchange data shows that money managers reduced their net long positions by 51,473 lots in ICE Brent contracts over the last week, holding a net long position of 282,930 lots as of 23 March, the lowest net long position for the current year. The move lower was predominantly driven by longs liquidating, with gross longs falling by 36,650 lots over the week whilst 14,823 lots of new shorts were also created. Speculative net longs in NYMEX WTI also fell by 16,778 lots over the week reflecting weaker sentiment.

Metals

The metals complex remained volatile amid the short-run dynamics. The underlying fundamentals remained firm while the markets are caught in multiple forces amid the third Covid wave in Europe and dollar strengthening. Last Friday, there were reports about concerns that the Suez Canal blockage could exacerbate the structural tightness in the aluminium market and further tighten the billet market. It's not clear whether the market had started to price in the event; nevertheless, the latest news that the ship has been partially refloated has done little help to market sentiment this morning, as the greenback strengthening keeps the broader complex under pressure. On nickel, the Madagascar-based Ambatory mine restarted last week after being suspended for a year.

Lastly, the latest CFTC data shows that speculators increased their net long position in COMEX copper after five weeks of consecutive declines, buying 970 lots over the last reporting week, and leaving them with a net long of 45,540 lots as of last Tuesday. For precious metals, speculators increased their net long in COMEX gold by 1,269 lots, to leave them with a net long of 56,010 lots, while they decreased their net long positions in silver for a fourth straight week by 3,018 lots.

Agriculture

Speculative interest in corn continues to be high on increased demand from China and some supply concerns from South America due to inclement weather. CFTC data shows that money managers increased net longs in CBOT corn for a third consecutive week. The net bullish position rose to a fresh 10-year high of 388,175 lots as of 23 March, which was entirely due to fresh longs, with total gross longs increasing by 17,511 lots over the week. Speculative interest in corn remains high despite expectations that the USDA could estimate stronger corn plantings and production for next year on firm prices. Meanwhile, speculative interest in soybean was relatively sanguine with managed money net longs increasing by 6,813 lots over the week to 162,853 lots as of 23 March. Net longs in CBOT soybean have been largely flat at around 160k lots for the last few weeks.

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