

# The Commodities Feed: China adds to gold holdings

Your daily roundup of commodity news and ING views



## Energy

**ICE Brent speculative positioning:** Latest exchange data shows that speculators reduced their net long in ICE Brent by 6,748 lots over the last reporting week, leaving them with a net long of 248,006 lots as of last Tuesday. This is the smallest net long that speculators have held since early February and shows the lack of speculative reaction (at least to the upside) to the OPEC+ meeting last Monday and Tuesday, which saw the group extend production cuts by nine months.

Meanwhile, COT data for NYMEX WTI will be released later today by the CFTC, as a result of a US holiday last week.

**Forties oil flows reduced:** Ineos released a statement yesterday saying that it would “progressively reduce” oil flows along its 575Mbbls/d Forties Pipeline System due to one of its processing units needing repair. Flows along the pipeline will be reduced to 150Mbbls/d, through until mid-day Tuesday, which is when the company expects work to be complete. The impact on the market is likely to be limited assuming repair work is completed in a timely manner. A prolonged period of reduced flows could provide some support to prompt Brent spreads.

## Metals

**China zinc output:** Refined zinc production from China is picking up pace. SMM reported that refined zinc production increased 3.3% month-on-month (15% year-on-year). We are forecasting the China market to enter into surplus from July and remain there for the remainder of the year. Fundamentals are turning bearish. However saying that, the global zinc market will still remain in a small deficit this year, but much narrower than seen in 2018. Furthermore, LME (London Metal Exchange) stocks still remain at a very low level, meaning that market bears will still need to be very cautious.

**Gold update:** India increased the import duty on gold from 10% to 12.5% on Friday, pushing up the cost of gold for Indian buyers. India is a major importer of gold and rising prices could negatively impact the price-sensitive gold imports into the country. Meanwhile, China's central bank added 0.33mOz of gold to its reserves in June, the seventh consecutive month of gold buying which pushed up total gold reserves to 61.94mOz at the end of June. The PBoC has maintained its diversification drive away from the US dollar amid ongoing trade tensions between the US and China.

## Daily price update

	Current	% DoD ch	%YTD ch		Current	% DoD ch	%YTD ch
ICE Brent (US\$/bbl)	64.23	1.47	19.39	Spot Gold (US\$/oz)	1,399.5	-1.17	9.12
NYMEX WTI (US\$/bbl)	57.51	N/A	26.65	Spot Silver (US\$/oz)	15.0	-1.89	-3.20
ICE Gasoil (US\$/t)	577	0.35	12.92	LME Copper (US\$/t)	5,902	-0.30	-1.06
NYMEX HO (US\$/g)	191	N/A	13.34	LME Aluminium (US\$/t)	1,803	-0.22	-2.33
Eurobob (US\$/t)	639	N/A	33.25	LME Zinc (US\$/t)	2,407	-0.74	-2.43
NYMEX RBOB (US\$/g)	193	N/A	45.77	LME Nickel (US\$/t)	12,480	1.13	16.74
NYMEX NG (US\$/mmbtu)	2.42	N/A	-17.76				
TTF Natural Gas (EUR/MWh)	11.22	6.35	-48.98	CBOT Corn (US\$/bu)	434	N/A	15.73
				CBOT Wheat (US\$/bu)	519	N/A	3.18
API2 Coal (US\$/t)	61	1.51	-29.66	CBOT Soybeans (US\$/bu)	872	N/A	-1.16
Newcastle Coal (US\$/t)	77	-0.26	-23.82	ICE No.11 Sugar (US\$/lb)	12.36	N/A	2.74
SGX TSI Coking Coal (US\$/t)	185	-0.02	-12.85	ICE Arabica (US\$/lb)	109	N/A	7.46
SGX Iron Ore 62% (US\$/t)	108.15	-5.40	55.68	ICE London Cocoa (GBP/t)	1,785	-0.61	1.08

Source: Bloomberg, ING Research

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