

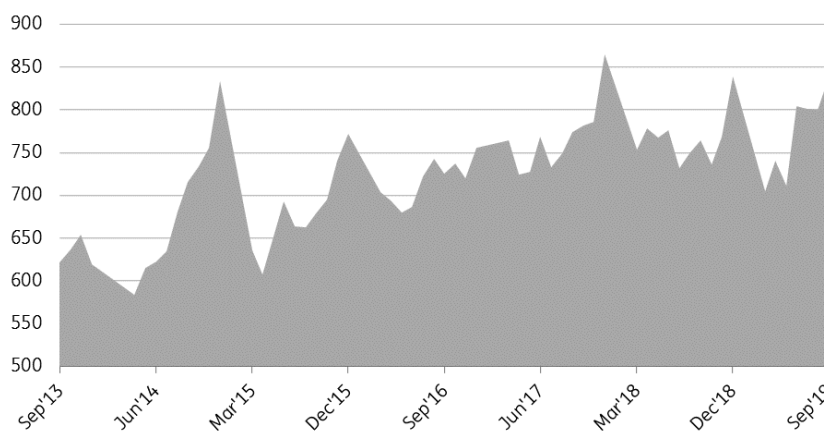
The Commodities Feed: China copper output edges higher

Your daily roundup of commodity news and ING views



Source: Shutterstock

China refined copper output (000 tonnes)



Source: NBS, Bloomberg

Energy

Neutral zone restart: Saudi Arabia and Kuwait are expected to sign an agreement within 45 days which would see oil production resumed at the neutral zone, according to media reports. Production at the jointly run fields of Khafji and Wafra has been shut for at least four years, following a dispute between the two countries. The oil fields can produce as much as 500Mbbbls/d. If and when production is finally restarted in the neutral zone, it should not have an impact on overall oil supply for the time being, given that both Saudi Arabia and Kuwait are part of the OPEC+ production cut deal. Therefore any increases in output will be offsetting reductions elsewhere.

Speculative positioning: Latest COT data shows that speculators reduced their net long in ICE Brent further over the last reporting week. Speculators sold 3,220 lots over the week, which left them with a net long of 202,893 lots as of last Tuesday, levels last seen back in January. The renewed spec selling that we have seen since mid-September highlights the pessimism in the market, with slowing demand growth and expectations for a large surplus over the first half of 2020 key drivers for the market.

Metals

China metals output: Data released from China's National Bureau of Statistics shows that the country's monthly refined copper output continued to grow, reaching 838kt in September; despite concerns over a slower demand outlook. Cumulative output increased by 6.4% over the first nine months of the year and stood at 7mt. Higher concentrate imports and expansion in domestic smelter capacity overshadowed falling treatment charges and resulted in the output increase. Along with that, China's monthly refined zinc output increased by 19% YoY to 548kt in September (the highest level since Dec'17) as a result of increased concentrate availability and healthy treatment charges. This takes cumulative zinc output so far this year to 4.58mt, up 9.5% YoY.

CFTC data: Weekly data from the CFTC showed that money managers decreased their net longs in COMEX gold by 29,879 lots over the last week with them holding a net long of 219,753 lots as on 15 October. This move was in-line with expectations, following US/China trade talk developments. Meanwhile, speculators reduced their net short in COMEX copper by 4,852 lots to total 52,874 lots as of last Tuesday. Despite this, positioning remains historically very short and reflects the broader fears of a global slowdown, and the impact this will have on copper demand.

Daily price update

	Current	% DoD ch	%YTD ch		Current	% DoD ch	%YTD ch
ICE Brent (US\$/bbl)	59.42	-0.82	10.45	Spot Gold (US\$/oz)	1,490.1	-0.12	16.18
NYMEX WTI (US\$/bbl)	53.78	-0.28	18.43	Spot Silver (US\$/oz)	17.6	0.02	13.28
ICE Gasoil (US\$/t)	589	0.90	15.37	LME Copper (US\$/t)	5,806	1.17	-2.67
NYMEX HO (Usc/g)	195	-0.05	15.84	LME Aluminium (US\$/t)	1,738	0.64	-5.85
Eurobob (US\$/t)	562	0.02	17.15	LME Zinc (US\$/t)	2,457	0.74	-0.41
NYMEX RBOB (Usc/g)	162	0.03	22.61	LME Nickel (US\$/t)	16,230	-0.25	51.82
NYMEX NG (US\$/mmbtu)	2.32	0.09	-21.09				
TTF Natural Gas (EUR/MWh)	15.97	-0.37	-27.36	CBOT Corn (Usc/bu)	391	-0.95	4.27
				CBOT Wheat (Usc/bu)	532	1.28	5.76
API2 Coal (US\$/t)	62	-0.88	-27.55	CBOT Soybeans (Usc/bu)	934	0.27	5.84
Newcastle Coal (US\$/t)	69	0.15	-32.20	ICE No.11 Sugar (Usc/lb)	12.32	0.65	2.41
SGX TSI Coking Coal (US\$/t)	155	-0.78	-26.79	ICE Arabica (Usc/lb)	96	3.01	-6.04
SGX Iron Ore 62% (US\$/t)	82.54	-0.33	18.81	ICE London Cocoa (GBP/t)	1,897	-0.63	7.42

Source: Bloomberg, ING Research

Author

Warren Patterson

Head of Commodities Strategy

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 <http://www.ing.com>.