

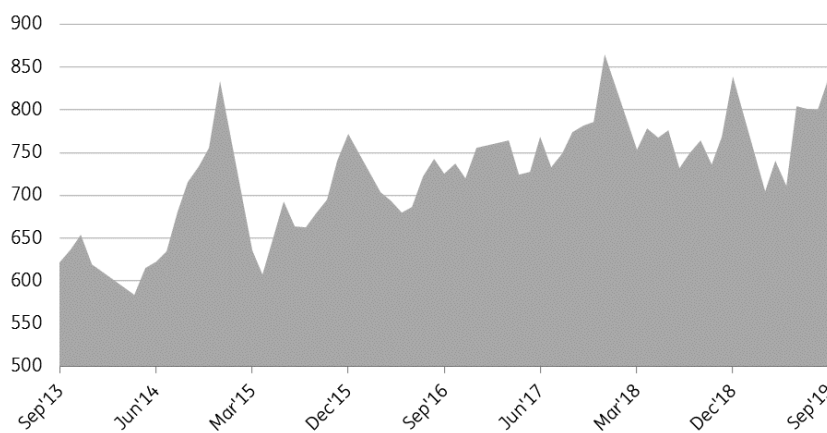
The Commodities Feed: China copper output edges higher

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

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