

# The Commodities Feed: China iron ore inventory rises

Your daily roundup of commodity news and ING views



## Energy

**US oil rigs:** Data from Baker Hughes shows that oil rigs in the US dropped by five over the last week to total 779 active rigs, the lowest level since February 2018, as low oil prices and expectations of slower demand weigh on exploration spending. Oil explorers have idled 14 rigs in the month so far and 106 rigs since the start of 2019. On Thursday, the IEA's executive director, Faith Birol, said that oil demand growth could be around 1.1MMbbls/d this year, compared to the agency's estimates of 1.2MMbbls/d of demand growth in its 12 July report.

**Speculative positioning:** Latest exchange data shows that speculators increased their net longs in ICE Brent by 36,277 lots last week, leaving them with net longs of 280,420 lots – this was the first long build-up in over 10 weeks as geopolitical tensions in the Middle East escalated. Meanwhile, CFTC data shows that money managers increased their net longs in NYMEX WTI by 41,039 lots last week to leave them with net longs of 199,644 lots. All of this buying came from longs build-up with gross longs increasing by 41,598 lots week-on-week.

## Metals

**Managed money data:** Weekly data from CFTC shows that managed money net longs in COMEX

gold increased by 2,746 lots over the last week to leave them with net longs of 219,888 lots. Gross longs increased by 6,742 lots while gross shorts also increased by 3,996 lots. The geopolitical uncertainty and expectations of a Fed rate cut at the July meeting have kept speculators invested in precious metals. Turning to copper, managed money net shorts dropped by 18,744 lots to leave them with net shorts of 37.254 lots. The bulk of the buying comes from short-covering with speculators reducing gross shorts by 14,414 lots.

**China iron ore inventory:** Iron ore inventory at Chinese ports increased by 3mt last week in a sign that iron ore supplies in the country have been improving. Last week, data from Australia showed that iron ore exports from Port Hedland in the country increased to a record high in June 2019 and these shipments are likely pushing up the availability of iron ore at Chinese ports. Brazilian supplies have also been recovering from 1Q lows after some of the mines were restarted. Vale's quarterly report is due later this week which will provide further clues on the Brazilian iron ore supply in the seaborne market.

## Agriculture

**Cocoa grinding:** Cocoa processing in 2Q19 is turning out to be a mixed bag for cocoa demand after Asia and North America reported stronger grinding numbers for the quarter. Data from Cocoa Association of Asia and Cocoa Association of North America shows that cocoa grinding in Asia increased 16.3% YoY to a record high of 215.6kt in 2Q19, while in North America, cocoa processing gained 3.7% YoY to 123.7kt. Earlier, European grinding data was weak due to low profitability and a slowdown in consumer demand.

## Daily price update

	Current	% DoD ch	%YTD ch		Current	% DoD ch	%YTD ch
ICE Brent (US\$/bbl)	62.47	0.87	16.12	Spot Gold (US\$/oz)	1,425.4	-1.43	11.14
NYMEX WTI (US\$/bbl)	55.63	0.60	22.51	Spot Silver (US\$/oz)	16.2	-0.92	4.54
ICE Gasoil (US\$/t)	576	1.23	12.78	LME Copper (US\$/t)	6,065	1.37	1.68
NYMEX HO (Usc/g)	189	1.46	12.42	LME Aluminium (US\$/t)	1,848	-0.32	0.11
Eurobob (US\$/t)	633	0.42	31.98	LME Zinc (US\$/t)	2,425	-1.62	-1.70
NYMEX RBOB (Usc/g)	184	0.34	39.04	LME Nickel (US\$/t)	14,730	-0.87	37.79
NYMEX NG (US\$/mmbtu)	2.25	-1.57	-23.44				
TTF Natural Gas (EUR/MWh)	10.81	0.72	-50.81	CBOT Corn (Usc/bu)	431	1.47	14.87
				CBOT Wheat (Usc/bu)	503	1.82	-0.15
API2 Coal (US\$/t)	67	4.02	-20.48	CBOT Soybeans (Usc/bu)	902	2.30	2.15
Newcastle Coal (US\$/t)	76	1.27	-25.10	ICE No.11 Sugar (Usc/lb)	11.59	0.35	-3.66
SGX TSI Coking Coal (US\$/t)	174	-0.42	-17.99	ICE Arabica (Usc/lb)	106	-1.21	3.93
SGX Iron Ore 62% (US\$/t)	116.67	1.81	67.94	ICE London Cocoa (GBP/t)	1,836	0.16	3.96

Source: Bloomberg, ING

## Author

### Warren Patterson

Head of Commodities Strategy

[Warren.Patterson@ing.com](mailto:Warren.Patterson@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 [www.ing.com](http://www.ing.com).