

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

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