

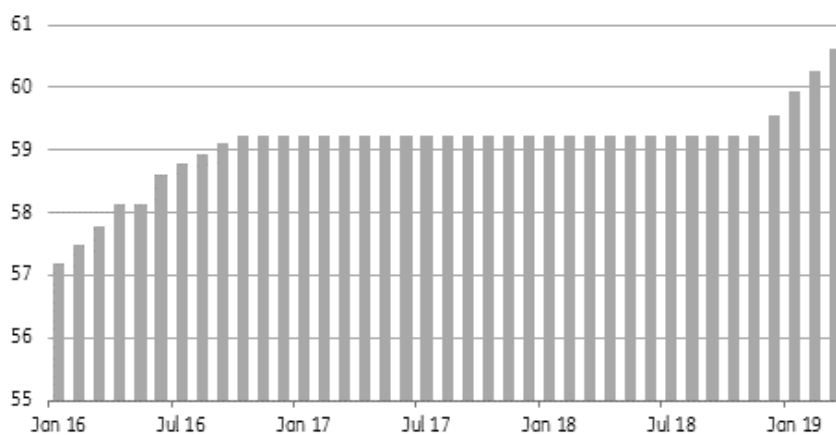
The Commodities Feed: Chinese gold reserves grow

Your daily roundup of commodity news and ING views



Source: shutterstock

China gold reserves (mOz)



Source: PBoC, ING Research

Energy

Libyan tensions build: Conflict in Libya has escalated once again, with Khalifa Haftar in the east of the country ordering his troops to move towards Tripoli, which is home to the internationally-recognised government. As of yet, the fighting does not appear to have led to a disruption in oil output. However, current events certainly increase the risk of possible disruptions, and are thus supportive for oil prices.

That said, Bloomberg reports that oil production at the Sharara oil field has risen to 293Mbbbls/d, after restarting operations in early March. The country's largest oil field was taken over by local tribesmen in early December.

Speculative positioning: The oil market saw another week of speculators continuing to add to their net long positions. The managed money position in ICE Brent increased by 26,625 lots to leave specs with a net long of 348,660 lots- the largest position since the end of October. Spec positioning in NYMEX WTI also increased, though not to the same extent, with the net long increasing by 6,602 lots, leaving specs with a net long of 244,807 lots.

Looking ahead to this week, speculators will likely focus on the EIA's Short Term Energy Outlook on Tuesday, followed by the OPEC monthly report on Wednesday, and finally the IEA monthly oil market report on Thursday.

Metals

Chinese gold reserves: China added 360kOz of gold to its foreign reserves last month, taking total gold holdings to 60.62mOz as of the end of March 2019. It was the fourth consecutive month of gold purchases by the country, having added 1.38mOz since the end of November 2018. This increased buying comes at a time when trade tensions between the US and China continue to drag on. Globally, central bank gold purchases were strong over 2018, predominantly driven by Russia, and 2019 looks as though it will be another year of strong buying from central banks, with China returning to the market.

Mine operations to return to normal: Miner MMG expects operations at its Las Bambas copper mine in Peru to return to normal, after having come to a deal with locals, which will see a blockade lifted. The 400ktpa mine has seen operations disrupted for the last two months, which forced MMG to declare force majeure on supply from the mine.

Daily price update

| | Current | % DoD | ch | %YTD | ch | | Current | % DoD | ch | %YTD | ch |
|----------------------------|---------|-------|--------|------|----|--------------------------|---------|-------|-------|------|----|
| ICE Brent (US\$/bbl) | 70.34 | 1.35 | 30.74 | | | Comex Silver (US\$/oz) | 15.1 | 0.01 | -2.92 | | |
| NYMEX WTI (US\$/bbl) | 63.08 | 1.58 | 38.91 | | | LME Copper (US\$/t) | 6,401 | -0.78 | 7.31 | | |
| ICE Gasoil (US\$/t) | 618 | 0.37 | 21.00 | | | LME Aluminium (US\$/t) | 1,890 | -0.26 | 2.38 | | |
| NYMEX HO (Usc/g) | 204 | 1.44 | 21.51 | | | LME Zinc (US\$/t) | 2,922 | 0.86 | 18.44 | | |
| Eurobob (US\$/t) | 663 | 1.04 | 38.32 | | | LME Nickel (US\$/t) | 13,071 | -0.68 | 22.27 | | |
| NYMEX RBOB (Usc/g) | 197 | 1.48 | 48.73 | | | CBOT Corn (Usc/bu) | 363 | -0.75 | -3.33 | | |
| NYMEX NG (US\$/mmbtu) | 2.66 | 0.79 | -9.39 | | | CBOT Wheat (Usc/bu) | 468 | -0.64 | -7.05 | | |
| API2 Coal (US\$/t) | 64 | 3.54 | -25.41 | | | CBOT Soybeans (Usc/bu) | 899 | -0.83 | 1.87 | | |
| NYMEX Coking Coal (US\$/t) | 195 | 0.00 | -14.22 | | | ICE No.11 Sugar (Usc/lb) | 12.76 | 0.39 | 6.07 | | |
| | | | | | | ICE Arabica (Usc/lb) | 93 | -2.20 | -8.49 | | |
| | | | | | | ICE London Cocoa (GBP/t) | 1,810 | 0.17 | 2.49 | | |

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>.