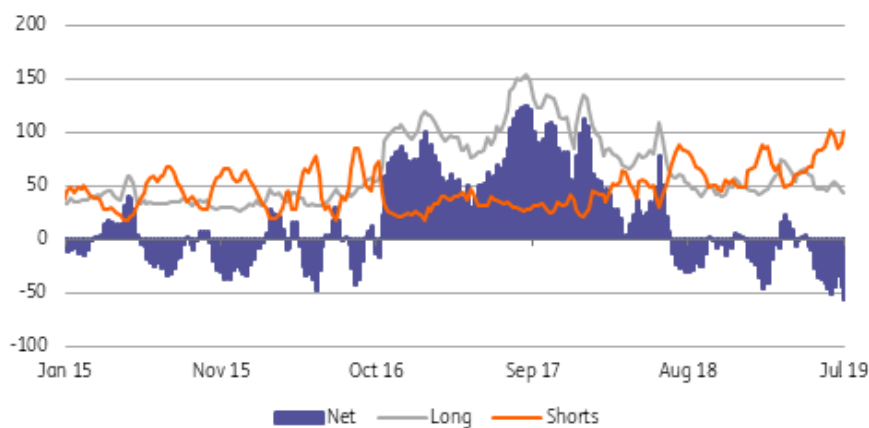


The Commodities Feed: Copper speculative net shorts grow

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Source: Bloomberg, ING

Energy

US storm: The tropical storm Barry has made the landfall over the weekend with the oil & gas

infrastructure in the Gulf of Mexico witnessing no severe damage due to the storm. The oil & gas producers in the Gulf of Mexico has started preparation to restart the operations and the output is likely to return to normal over the coming days. Bureau of Safety and Environmental Enforcement (BSEE) reported yesterday that nearly 1.38MMbbls/d of oil production (72.8% of the production in the region) and 2.78MMcf/d of gas production (61.7% of regional output) was shut-in on Sunday due to the storm.

IEA report: The IEA released its monthly oil market report on Friday leaving its demand estimates largely unchanged for 2019 and 2020. The agency estimates demand growth to increase from 0.55MMbbls/d in 1H19 to 1.8MMbbls/d in 2H19 (1.2MMbbls/d for the full year 2019) and likely to average at 1.4MMbbls/d for 2020. On the supply side, the output is estimated to increase by 2MMbbls/d in 2019 and 2.1MMbbls/d in 2020 which will leave the OPEC oil requirement to 28MMbbls/d in 1Q20; the levels not seen since 3Q03. At current OPEC output levels of around 30MMbbls/d; IEA estimates would leave the global oil market in a decent surplus in both 2019 and 2020 – IEA reports a surplus of 0.9MMbbls/d for 1H19.

Speculative position: Speculators continue to liquidate their long positions in crude oil futures on rising expectations of market surplus. Exchange data shows that Money managers liquidated 3,863 lots of long position in ICE Brent with them now holding a net long of 244,143 lots; money managers have liquidated 162,032 lots of long position over the past two months. Similarly, CFTC data shows that speculators liquidated 2,612 lots of long position in NYMEX WTI last week with them now holding a net long of 158,605 lots. In products, money managers increased their net long position by 2,228 lots, 3,146 lots and 5,380 lots respectively in NYMEX gasoline, NYMEX heating oil and ICE gasoil.

Metals

CFTC COT report: CFTC data shows that money managers liquidated 24,021 lots in COMEX gold last week with them now holding net long of 217,142 lots. Gross longs dropped by 17,094 lots while gross shorts increased by 6,927 lots over the week. The trade truce between the US/China and positive economic data from the US were seen lowering the bullish sentiments for safe-haven demand in the immediate term. Meanwhile, speculative net shorts in COMEX copper increased by 11,686 lots to a record high of 55,998 lots as traders remain pessimistic on-demand growth.

China trade data: Customs data shows that China's iron ore imports dropped 10% YoY to c.75mt in June 2019 with YTD imports down 5.9% YoY to 499mt as supplies from Brazil and Australia have been slow. Lower imports have been creating pressure on iron ore inventories at ports which dropped by around 33.6mt since early April. Unwrought copper imports into the country dropped 27.2% YoY (down 9.7% MoM) to 326kt in June 2019 with YTD imports down 12.5% YoY to 2.27mt. A manufacturing PMI below 50 and slowdown in construction and automobile sector continue to weigh on copper demand in the country.

	Current	% DoD ch	%YTD ch		Current	% DoD ch	%YTD ch
ICE Brent (US\$/bbl)	66.72	0.30	24.01	Spot Gold (US\$/oz)	1,415.8	0.85	10.39
NYMEX WTI (US\$/bbl)	60.21	0.02	32.59	Spot Silver (US\$/oz)	15.2	0.64	-1.78
ICE Gasoil (US\$/t)	605	1.77	18.45	LME Copper (US\$/t)	5,935	-0.34	-0.50
NYMEX HO (Usc/g)	198	0.08	17.81	LME Aluminium (US\$/t)	1,822	-0.33	-1.30
Eurobob (US\$/t)	652	-0.21	35.89	LME Zinc (US\$/t)	2,438	0.41	-1.18
NYMEX RBOB (Usc/g)	198	-0.63	49.35	LME Nickel (US\$/t)	13,470	2.59	26.01
NYMEX NG (US\$/mmbtu)	2.45	1.53	-16.56				
TTF Natural Gas (EUR/MWh)	13.28	1.13	-39.60	CBOT Corn (Usc/bu)	450	0.39	19.87
				CBOT Wheat (Usc/bu)	536	0.00	6.56
API2 Coal (US\$/t)	62	-0.72	-27.97	CBOT Soybeans (Usc/bu)	907	1.17	2.75
Newcastle Coal (US\$/t)	76	-1.69	-25.54	ICE No.11 Sugar (Usc/lb)	12.30	-0.65	2.24
SGX TSI Coking Coal (US\$/t)	182	-0.10	-14.14	ICE Arabica (Usc/lb)	105	-0.28	3.29
SGX Iron Ore 62% (US\$/t)	114.06	0.72	64.19	ICE London Cocoa (GBP/t)	1,777	0.62	0.62

Source: Bloomberg, ING

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