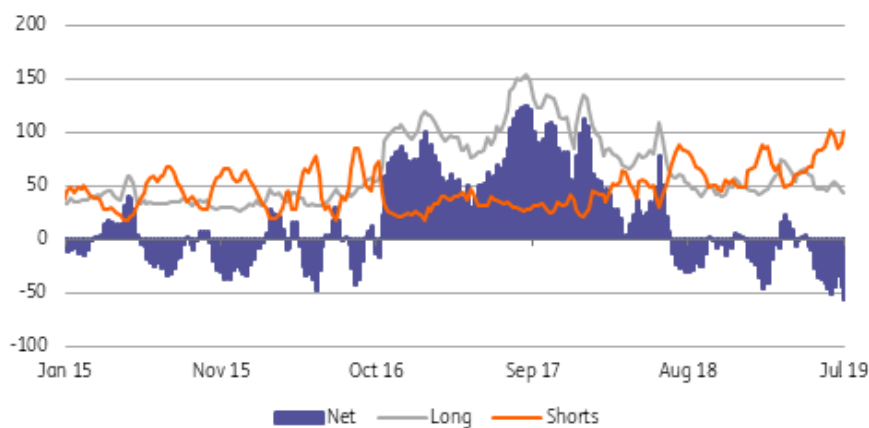


# The Commodities Feed: Copper speculative net shorts grow

Your daily roundup of commodity news and ING views



Source: Shutterstock



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

## Author

### Warren Patterson

Head of Commodities Strategy

[Warren.Patterson@asia.ing.com](mailto: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>.