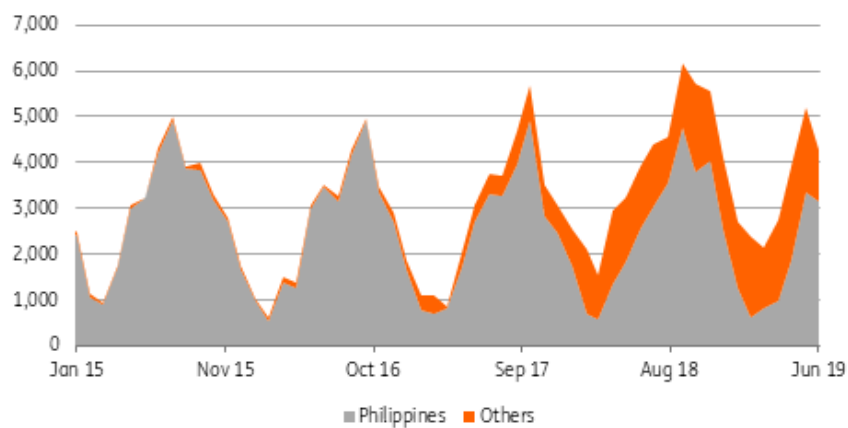


The Commodities Feed: Gulf tensions return

Your daily roundup of commodity news and ING views



China nickel ore imports (k tonnes)



Source: China Customs, Bloomberg, ING Research

Energy

Gulf tensions: Crude oil prices have strengthened this morning, with ICE Brent up more than 1% at the time of writing. This follows a drone attack on the Shaybah field in Saudi Arabia over the weekend. Yemen's Houthi rebels claimed responsibility for the attack. A fire was extinguished at a gas processing plant, however the attack has reportedly had no impact on production at the field. The field is able to produce around 1MMbbls/d of crude oil.

Speculative positioning: Latest exchange data shows that speculators reduced their net long in ICE Brent by 36,733 lots over the last reporting week, to leave them with a net long of 226,767 lots as of last Tuesday. The reduction was largely driven by longs liquidating, with the gross long position falling by 26,873 lots over the week.

Meanwhile, CFTC data shows that speculators increased their net long in NYMEX WTI by 23,310 lots over the reporting week to leave them with a net long of 200,499 lots as of last Tuesday. This move however was largely driven by short covering. WTI in recent weeks has performed relatively better than Brent, with the WTI/Brent discount narrowing to less than US\$4/bbl. Pipeline start ups in the US have been supportive for WTI, while the ongoing trade war has had more of an impact on Brent.

Metals

Managed money position: Latest CFTC data shows that money managers reduced their net long in COMEX gold by 7,114 lots over the last week leaving them with a net long position of 277,968 lots as of last Tuesday. There was clearly some profit taking, with the gross long position falling by 6,546 lots, while the gross short increased by just 568 lots. The underlying fundamentals remain unchanged and until trade and currency uncertainties ease, money managers may continue to hold onto longs in gold. Similarly, the managed money net long in silver fell by 11,772 lots last week, with the majority of change coming in the form of longs liquidating, with gross longs falling by 10,138 lots. For base metals, net speculative shorts in COMEX copper declined by 6,052 lots leaving them with a net short of 68,545 lots as of last Tuesday. Trade and macro uncertainty is likely to keep copper under pressure in the near term.

Philippines nickel: The head of the Mine and Geoscience Bureau in the Philippines said that the SR Languyan mine, one of the major nickel ore producers in the country, could shut down by the end of the year as ore deposits are nearly depleted. The high-grade mine supplies around 300-400kt of nickel ore to Chinese buyers, and the mine closure is likely to impact nickel shipments from the country. The Philippines supplied nearly 55% of Chinese nickel ore imports over the 1H19, and lower shipments are likely to tighten the Chinese nickel ore market over the next year. There has been plenty of uncertainty in the nickel ore market recently, with speculation that Indonesia plans to bring forward a ban on ore exports to 2020/21.

Agriculture

CFTC report: Weekly data from the CFTC shows that money managers reduced their net long in CBOT corn by 34,994 lots last week, leaving them with a net long of 44,513 lots only. Money managers have liquidated net longs in CBOT corn by more than 75% over the past few weeks, but more recently was driven by the bearish WASDE report, where US corn acreage was kept surprisingly high. Meanwhile, speculative shorts in CBOT soybean dropped by 6,363 lots, leaving them with a net short of 66,450 lots as of last Tuesday.

Daily price update

	Current	% DoD ch	%YTD ch		Current	% DoD ch	%YTD ch
ICE Brent (US\$/bbl)	58.64	0.70	9.00	Spot Gold (US\$/oz)	1,513.5	-0.64	18.01
NYMEX WTI (US\$/bbl)	54.87	0.73	20.83	Spot Silver (US\$/oz)	17.1	-0.88	10.44
ICE Gasoil (US\$/t)	560	-0.09	9.54	LME Copper (US\$/t)	5,744	-0.12	-3.70
NYMEX HO (Usc/g)	181	0.12	7.85	LME Aluminium (US\$/t)	1,792	0.56	-2.93
Eurobob (US\$/t)	591	0.58	23.12	LME Zinc (US\$/t)	2,261	-0.13	-8.35
NYMEX RBOB (Usc/g)	166	1.25	25.16	LME Nickel (US\$/t)	16,200	-0.31	51.54
NYMEX NG (US\$/mmbtu)	2.20	-1.43	-25.17	CBOT Corn (Usc/bu)	371	2.84	-1.07
TTF Natural Gas (EUR/MWh)	10.96	-2.39	-50.16	CBOT Wheat (Usc/bu)	471	0.37	-6.46
API2 Coal (US\$/t)	58	-0.86	-32.34	CBOT Soybeans (Usc/bu)	867	1.08	-1.73
Newcastle Coal (US\$/t)	65	-0.38	-35.45	ICE No.11 Sugar (Usc/lb)	11.64	0.09	-3.24
SGX TSI Coking Coal (US\$/t)	154	-2.39	-27.53	ICE Arabica (Usc/lb)	93	-1.80	-8.84
SGX Iron Ore 62% (US\$/t)	86.82	0.42	24.97	ICE London Cocoa (GBP/t)	1,629	-1.03	-7.76

Source: Bloomberg, ING Research

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