

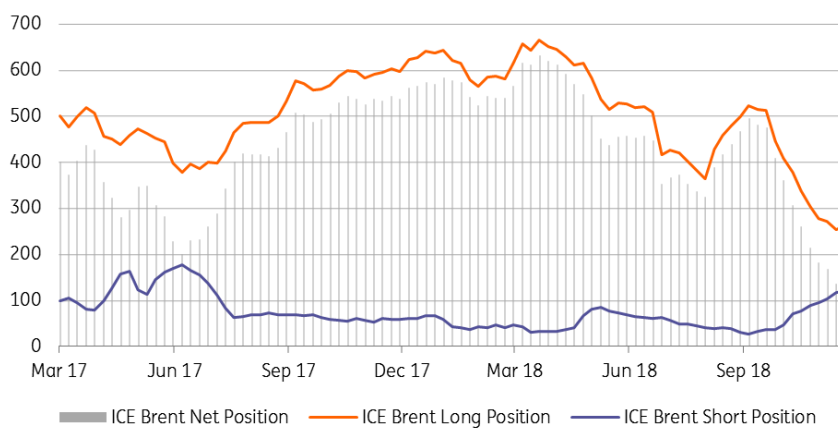
# The Commodities Feed: Limited spec buying in oil

Your daily roundup of commodities news and ING views



Source: Shutterstock

## Speculators underwhelmed by OPEC+ cuts (000 lots)



Source: Bloomberg, ING Research

## Energy

**Oil speculative positioning:** Latest exchange data shows that over the last reporting week, speculators increased their net long in ICE Brent by 3,131 lots to leave them with a net long of 139,597 lots. This limited amount of spec buying clearly indicates that speculators were left underwhelmed following the OPEC+ meeting on the 7th of December. Meanwhile, CFTC data shows the speculators reduced their net long in NYMEX WTI over the last reporting week by 8,638 lots, leaving them with a net long of 119,675 lots.

**US oil drilling:** Data released by Baker Hughes on Friday showed that the number of active oil rigs in the US fell by 4 to 873 last week, after declining by ten the week before. The sell-off we have seen in the market recently is unlikely to help see a pick-up in rig activity anytime soon. Meanwhile today, the EIA is scheduled to release its monthly Drilling Productivity Report.

## Metals

**Precious metal speculative positioning:** Money managers switched back to holding a net long in COMEX gold for the first time since July, with them buying 11,791 lots over the last reporting week, leaving them with a net long of 10,252 lots. The increase was driven by short covering, with shorts buying back 19,617 lots over the reporting week. Similarly, speculators reduced their net short in silver, with them buying 13,209 lots to leave them with a net short of 8,968 lots now.

**Copper smelter restart:** Vedanta could restart its 400ktpa copper smelter in India after being forced to shut by the state government in 2Q18 following protests related to pollution. India's Green Tribunal has allowed the company to reopen the smelter, with the company being asked to implement further pollution control and monitoring mechanisms. Although there are media reports that the Tamil Nadu government will challenge this latest ruling.

## Agriculture

**Specs buy corn:** Latest CFTC data shows that speculators increased their net long in CBOT corn by 44,872 lots over the last reporting week, leaving them with a net long of 98,617 lots. This is the largest position that they have held in corn since June. Sentiment in Agri markets has improved with a slight thawing in trade tensions between China and the US.

Also fundamentally, the outlook for the corn market is relatively more constructive than the wheat and soybeans. The USDA forecasts that 2018/19 global ending stocks for corn will total just 308.8mt tonnes, down from 340.2mt last season, and the lowest stocks since the 2014/15 season.

## Daily price update

	Current	% DoD ch	%YTD ch		Current	% DoD ch	%YTD ch
ICE Brent (US\$/bbl)	60.28	-1.90	-9.85	Comex Silver (US\$/oz)	14.5	-1.47	-15.35
NYMEX WTI (US\$/bbl)	51.2	-2.62	-15.26	LME Copper (US\$/t)	6,132	-0.38	-15.39
ICE Gasoil (US\$/t)	556	-0.22	-7.33	LME Aluminium (US\$/t)	1,926	-0.31	-15.08
NYMEX HO (Usc/g)	185	-1.66	-11.09	LME Zinc (US\$/t)	2,543	-0.90	-23.38
Eurobob (US\$/t)	495	-1.43	-16.88	LME Nickel (US\$/t)	11,080	2.12	-13.17
NYMEX RBOB (Usc/g)	143	-2.97	-20.28	CBOT Corn (Usc/bu)	377	0.33	7.41
NYMEX NG (US\$/mmbtu)	3.83	-7.20	29.60	CBOT Wheat (Usc/bu)	528	0.00	23.59
API2 Coal (US\$/t)	91	1.11	3.71	CBOT Soybeans (Usc/bu)	901	-0.72	-5.38
NYMEX Coking Coal (US\$/t)	226	0.00	-6.71	ICE No.11 Sugar (Usc/lb)	12.65	-0.78	-16.56
				ICE Arabica (Usc/lb)	97	-1.87	-23.18
				ICE London Cocoa (GBP/t)	1,665	-0.54	20.83

Source: Bloomberg, ING Research

## 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>.