

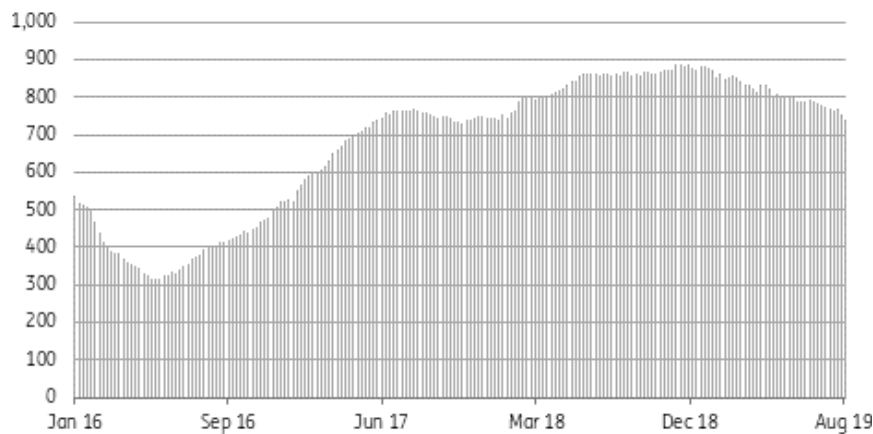
The Commodities Feed: Nickel soars on Indonesia ore export ban

Your daily roundup of commodity news and ING views



Nickel's poor performance in 2023 has been driven by a supply surge from Indonesia

US weekly active oil rig count



Source: Bloomberg, ING

Energy

Managed money positions – CFTC data shows that money managers lowered their net long position in NYMEX WTI by 24,392 lots last week to 182,450, with speculators cautious amid concerns about an economic slowdown. Managed money gross longs dropped by 17,380 lots over the week while gross shorts increased by 7,012 lots. On the other hand, speculators increased net longs in ICE Brent by 3,922 lots over the week, a marginal recovery from a six-month low, with both gross longs and shorts increasing by 15,018 and 11,096 lots, respectively. Turning to refined products, speculators continued to wait on the sidelines in NYMEX Heating oil contracts while reducing net longs in ICE gasoil by 6,439 lots last week.

US oil rig count – Data from Baker Hughes shows that US oil producers idled 12 oil rigs last week with the total active rig count falling to a 19-month low of 742 as of 30 August. The oil explorers have idled 146 rigs (around 16% of active rigs) since November 2018. Oil drillers have been concentrating more on completing the drilled wells rather than drilling new wells due to softer crude oil prices and a weaker demand outlook on the escalating trade dispute. Earlier, EIA's drilling productivity report showed that inventory of drilled-but-uncompleted wells dropped from 8,286 at the end of February to 8,108 at the end of July.

Metals

Indonesia nickel export ban – Indonesia has announced an export ban on nickel ore from the beginning of 2020, bringing forward the planned export restrictions by a full year. The measure is intended to support the domestic processing industry, however, it could result in huge supply losses for the global nickel market in the short-term as domestic smelting capacity is still not sufficient to fully process the nickel ore produced in the country. LME nickel prices jumped more than 8% on Friday and have been trading up another 4% in the morning session as risks of supply shortages loom – LME nickel prices have increased more than 70% year-to-date on supply fears. LME nickel cash/3M spread increased to a decade high of US\$104/t as demand for spot cargoes spiked.

CFTC report – Weekly data from CFTC shows that managed money net longs in silver increased by 10,126 lots over the week to 58,093 lots. Speculators have rushed to silver in the past few weeks seeking value as well as safety. Speculative net longs in gold increased by a marginal 2,761 lots over the week, taking the managed money net long position to a record high of 287,851 lots. Speculators have been a little cautious in adding new longs to already high bullish bets. For industrial metals, scepticism prevails with speculative net shorts in COMEX copper increasing by 8,654 lots over the week, as the US and China went ahead with import tariffs on additional goods effective 1 September as announced earlier.

Agriculture

Speculative positioning – The exchange data shows that speculative net shorts in the LIFFE white sugar contract increased to a record high of 37,199 lots as of 27 August on a stronger Brazilian real and expectations of higher sugar exports from India after the country extended its export subsidy. Meanwhile, CFTC data shows that money managers sold corn and soybean over the last week as fresh tariffs were about to come in effect. Speculative net shorts in CBOT corn and CBOT soybean increased by 37,696 lots and 3,615 lots, respectively over the week.

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