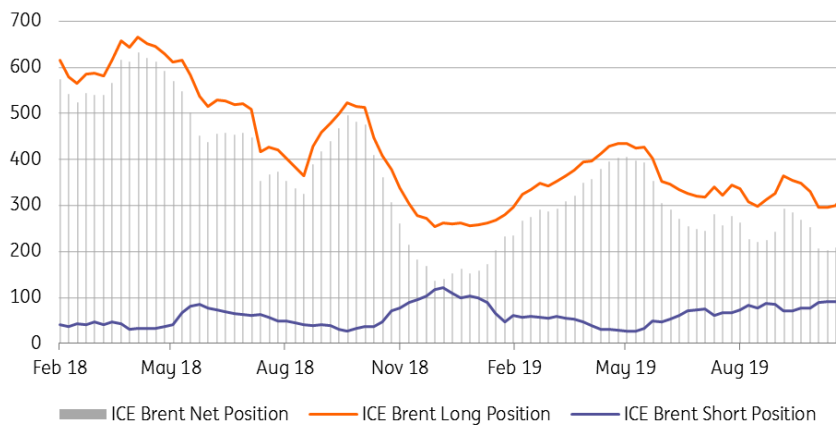


The Commodities Feed: Oil spec longs surge

Your daily roundup of commodity news and ING views



ICE Brent managed money position (000 lots)



Source: ICE, Bloomberg, ING Research

Energy

Oil speculative positioning: Latest COT data shows that speculators increased their net long in ICE Brent by 45,648 lots over the last reporting week, leaving them with a net long of 253,999 lots as of last Tuesday. This is the largest weekly increase since early September, and also takes the net spec position back to levels seen in September. The increase was predominantly driven by fresh longs, rather than shorts coming in to cover. Looking at NYMEX WTI data, the increase in the speculative net long position was less impressive, rising by just 10,819 lots over the week, leaving speculators with net longs of 104,675 lots as of last Tuesday.

Canadian crude values: West Canada Select's (WCS) differential to WTI widened further towards the end of last week, with WCS now trading at a discount of US\$21.50/bbl to WTI. This compares to a discount of around US\$16.75/bbl prior to news that the 590Mbbbls/d Keystone pipeline would be shut due to a leak. On Friday, there were media reports that the pipeline could be shut for anywhere between 7-12 days in order to carry out repair work.

Metals

CFTC data: Latest data from the CFTC shows that money managers reduced their net short position in COMEX copper by 23,463 lots over the last week, with the total net short position falling to a six-month low of 20,365 lots as of 29 October. Speculators increased gross longs by 11,514 lots over the week, and covered 11,949 shorts, with sentiment slight more positive, as the US and China continue to work towards phase one of their trade deal. However, manufacturing data released more recently from both China and the US has been somewhat downbeat, and raises doubts for copper demand in 4Q19. Meanwhile, speculative net longs in gold increased by 7,171 lots over the week with speculators holding a net long of 233,101 lots as of 29 October.

Iron ore supplies: Vale announced on Friday that it will restart the 8mtpa Alegria iron ore mine in Brazil after the National Mining Agency in the country allowed the company to resume operations partially at the mine. While Vale has maintained its production and sales guidance for the current year, the restart of the Alegria mine supports the production outlook for 2020. From the more than 90mt pa of capacity suspended following the dam incident in January, only 42mt pa of capacity remains suspended as of now. Recovering iron ore supplies from Brazil, combined with healthy flows from Australia, have weighed on iron ore in China, with prices down around 30% from the peak in July.

Agriculture

Coffee prices: Arabica coffee prices have strengthened to a three-month high of US\$1.04/lb as supplies from major exporting countries remained soft in October following a 3% drop in global coffee exports in September. Data released up until now shows that coffee shipments from Brazil dropped 4% year-on-year to 3.15m bags in October, while coffee exports from Honduras were down 12% YoY to 88.7k bags for the month. There are concerns over dryness in some parts of Brazil, whilst producers have reportedly been holding onto inventories in the low price environment.

Daily price update

	Current	% DoD ch	%YTD ch		Current	% DoD ch	%YTD ch
ICE Brent (US\$/bbl)	61.69	2.42	14.67	Spot Gold (US\$/oz)	1,514.3	0.09	18.08
NYMEX WTI (US\$/bbl)	56.2	3.73	23.76	Spot Silver (US\$/oz)	18.1	0.13	17.01
ICE Gasoil (US\$/t)	578	1.94	13.17	LME Copper (US\$/t)	5,850	0.91	-1.93
NYMEX HO (Usc/g)	193	2.93	15.01	LME Aluminium (US\$/t)	1,786	1.77	-3.25
Eurobob (US\$/t)	577	1.54	20.38	LME Zinc (US\$/t)	2,520	1.51	2.15
NYMEX RBOB (Usc/g)	166	1.50	25.08	LME Nickel (US\$/t)	16,775	0.78	56.92
NYMEX NG (US\$/mmbtu)	2.71	3.08	-7.69				
TTF Natural Gas (EUR/MWh)	16.18	0.27	-26.41	CBOT Corn (Usc/bu)	389	-0.19	3.80
				CBOT Wheat (Usc/bu)	516	1.43	2.53
API2 Coal (US\$/t)	59	0.34	-29.93	CBOT Soybeans (Usc/bu)	924	0.82	4.73
Newcastle Coal (US\$/t)	68	0.89	-33.23	ICE No.11 Sugar (Usc/lb)	12.48	0.00	3.74
SGX TSI Coking Coal (US\$/t)	138	-1.36	-34.99	ICE Arabica (Usc/lb)	104	2.01	2.11
SGX Iron Ore 62% (US\$/t)	81.71	-1.21	17.62	ICE London Cocoa (GBP/t)	1,898	1.99	7.47

Source: Bloomberg, ING Research

Author

Warren Patterson

Head of Commodities Strategy

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>.