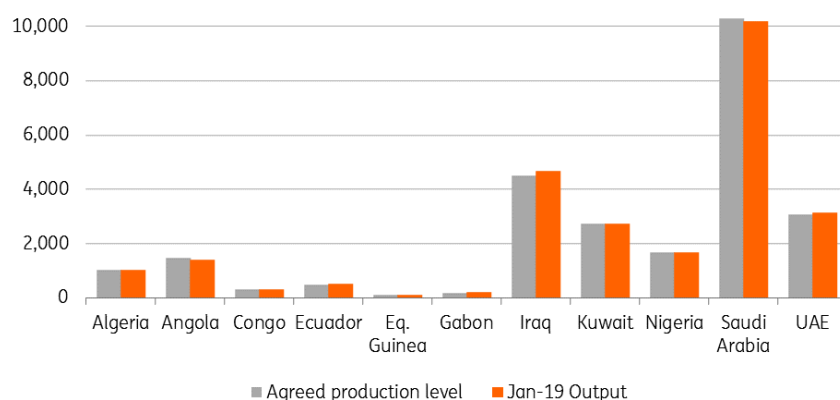


The Commodities Feed: OPEC output falls

Your daily roundup of commodity news and ING views



OPEC agreed production level vs. January 2019 production estimate (Mbbbls/d)



Source: OPEC, Bloomberg, ING Research

Energy

OPEC+ oil output: According to Bloomberg estimates, OPEC production fell by 1.53MMbbbls/d

month-on-month to average 31.02MMbbls/d over January. The fall in output reflects the cuts that OPEC agreed to at their last meeting towards the end of last year. Based on these estimates there are a number of countries which have not hit their target- Iraq agreed to reduce output to 4.51MMbbls/d vs. estimated production of 4.69MMbbls/d over the month. Saudi Arabia has cut more than it agreed to, with the Kingdom's output averaging 10.2MMbbls/d, compared to an agreed level of 10.31MMbbls/d. Finally, turning to a non-OPEC member of the deal, Russian oil production averaged 11.38MMbbls/d over January, which is some distance away from the 11.19MMbbls/d agreed level.

Further spec buying: Speculators have continued to increase their net long in ICE Brent, having bought 29,769 lots over the last reporting week, leaving them with a net long of 232,703 lots- the largest position held since early November. As we have seen in recent weeks, the increase in the spec net long has been largely driven by short covering rather than fresh longs. Over the last reporting week, specs covered 17,830 lots of shorts. In fact, since mid-December shorts have covered just over 74k lots.

Metals

Iron ore strength: Following the fatal dam failure in Brazil, iron ore prices have rallied well above US\$85/t, with growing uncertainty over Brazilian supply. Vale announced last week that it would cut output by around 10% (c.40mt) on decommissioning of some of the tailing dams in the region, although these cuts will be partly offset by production gains from other regions. The Chinese domestic market has also seen similar strength, and volumes on the Dalian iron ore futures contract increased more than 50% week-on-week to 10.5m contracts- the highest volume in nearly six-months, and reflects greater speculative interest. However, China celebrates Chinese New Year Holidays this week, which should see the market quieten down.

Agriculture

China buys further US soybeans: Following trade talks in the US last week, China has bought further US soybeans, with both Sinograin and Cofco buying more than 1m tonnes each. While this will certainly help US farmers, export volumes are still significantly behind last year. USDA data shows that 20.46mt of US soybeans have been inspected for export so far this marketing year, which compares to 33.4mt at the same stage last season.

Indian sugar production: Latest data from the Indian Sugar Mills Association (ISMA) shows that cumulative sugar production through to the end of January stands at 18.5mt, compared to 17.1mt at the same stage in the 2017/18 season. The stronger output so far this season is due to an earlier start to crushing. However, based on poorer yield trends, ISMA does expect that total production this season will come in at 30.7mt, which is 5-6% lower than the total output seen last season.

Daily price update

	Current	% DoD ch	%YTD ch		Current	% DoD ch	%YTD ch
ICE Brent (US\$/bbl)	62.75	1.39	16.64	Comex Silver (US\$/oz)	15.9	-0.88	2.52
NYMEX WTI (US\$/bbl)	55.26	2.73	21.69	LME Copper (US\$/t)	6,139	-0.49	2.92
ICE Gasoil (US\$/t)	578	-1.07	13.22	LME Aluminium (US\$/t)	1,883	-1.41	2.00
NYMEX HO (Usc/g)	191	1.80	13.80	LME Zinc (US\$/t)	2,777	2.13	12.57
Eurobob (US\$/t)	517	6.02	7.71	LME Nickel (US\$/t)	12,660	1.44	18.43
NYMEX RBOB (Usc/g)	144	5.45	8.55				
NYMEX NG (US\$/mmbtu)	2.73	-2.84	-7.01	CBOT Corn (Usc/bu)	378	0.46	0.87
				CBOT Wheat (Usc/bu)	524	1.50	4.17
API2 Coal (US\$/t)	80	-2.21	-7.77	CBOT Soybeans (Usc/bu)	918	0.27	3.99
NYMEX Coking Coal (US\$/t)	204	2.63	-10.26	ICE No.11 Sugar (Usc/lb)	12.60	-1.02	4.74
				ICE Arabica (Usc/lb)	104	-2.08	1.82
				ICE London Cocoa (GBP/t)	1,591	1.27	-9.91

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 www.ing.com.