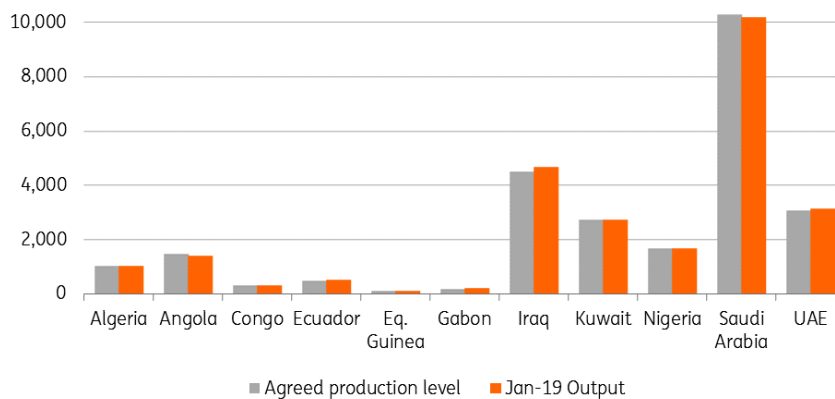


The Commodities Feed: OPEC output falls

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 1.53MMbbls/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

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