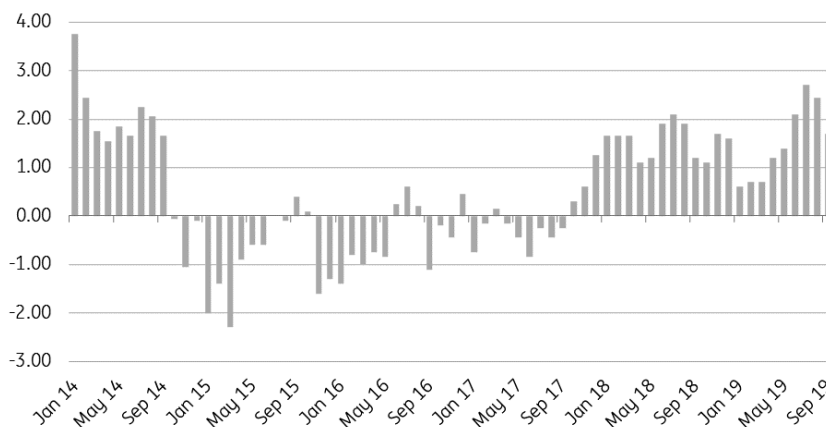


# The Commodities Feed: Saudi OSP lowered

Your daily roundup of commodity news and ING views



## Saudi Arab Light official selling price to Asia vs. Oman/Dubai benchmark (US\$/bbl)



Source: Bloomberg, ING Research

## Energy

**Saudi OSP:** Saudi Aramco lowered its official selling price (OSP) for Arab Light to Asia for September

by US\$0.75/bbl, to US\$1.70/bbl over the Oman/Dubai benchmark. This is the second consecutive month that we have seen a reduction in prices for this grade into the region, and comes despite Saudi Arabia continuing to cut output by more than their agreed quota under the OPEC+ production cut deal. Prices into the region for all other grades were also lowered, whilst OSP's into the US were left unchanged month-on-month, although for sales into Europe, prices were lifted. Arab Light into North West Europe for September was increased by US\$2.65/bbl to a discount of US\$0.05/bbl.

**Speculative positioning:** Latest exchange data shows that speculators increased their net long in ICE Brent by 20,021 lots over the last reporting week, to leave them with a net long of 276,340 lots as of last Tuesday. This move was driven by fresh longs, with the gross long increasing by 21,603 lots. However the current speculative position is likely to be somewhat different, following the selloff seen in the market towards the end of last week, along with the reduction in aggregate open interest.

## Metals

**Metal market positioning:** Latest data from CFTC shows that money managers increased their net long in COMEX gold by 13,848 lots over the last week, to leave them with a net long of 231,365 lots as of 30 July. Gross longs increased by 12,313 lots while gross shorts were cut by 1,535 lots. Price action and the increase in open interest since 30 July suggests that current net longs could be even higher. Trade war escalation, geopolitical tension in the Middle East and rate cuts have been supportive for precious metals, with them re-emerging as a safe haven asset. On the other hand, the net short in COMEX copper increased by 9,789 lots over the week, leaving speculators with a net short of 40,372 lots as of last Tuesday, with demand prospects dimmed further by slower industrial activity and increasing uncertainty for global trade.

**Yuan weakness:** The Chinese renminbi slipped below the 7 mark this morning against the US dollar, having depreciated by c.2.2% since the end of July. The weaker Chinese yuan is likely to weigh on industrial metals demand and prices, as it increases the cost of metals for Chinese processors. Also, the currency depreciation in China may make further trade talks with the US difficult. LME copper softened to a two-year low of c.US\$5,680/t in today's morning session.

## Agriculture

**Agri speculative positioning:** Speculators sold both corn and soybean over the last week due to the uncertainty over US/China trade talks; the unsuccessful trade discussions and more recent price action suggests that the selling has intensified further over the past few days. Money managers' net long in CBOT corn dropped by 41,264 lots over the last reporting week- leaving speculators with a net long of 111,952 lots as of last Tuesday. While net shorts in CBOT soybean increased by 15,083 lots over the same time period, leaving them with a net short of 53,572 lots. Meanwhile, Beijing has reportedly asked its State-Owned Enterprises to suspend agriculture imports from the US, after President Trump tweeted that the US intends to impose a 10% tariff on the remainder of Chinese goods.

## Daily price update

	Current	% DoD ch	%YTD ch		Current	% DoD ch	%YTD ch
ICE Brent (US\$/bbl)	61.89	2.30	15.04	Spot Gold (US\$/oz)	1,440.8	-0.30	12.35
NYMEX WTI (US\$/bbl)	55.66	3.17	22.57	Spot Silver (US\$/oz)	16.2	-0.80	4.58
ICE Gasoil (US\$/t)	578	-1.41	13.17	LME Copper (US\$/t)	5,730	-2.87	-3.95
NYMEX HO (Usc/g)	189	2.01	12.46	LME Aluminium (US\$/t)	1,770	-0.56	-4.12
Eurobob (US\$/t)	621	2.57	29.57	LME Zinc (US\$/t)	2,350	-2.25	-4.74
NYMEX RBOB (Usc/g)	178	1.81	34.58	LME Nickel (US\$/t)	14,450	-0.99	35.17
NYMEX NG (US\$/mmbtu)	2.12	-3.68	-27.86				
TTF Natural Gas (EUR/MWh)	12.01	-2.82	-45.35	CBOT Corn (Usc/bu)	400	1.72	6.53
				CBOT Wheat (Usc/bu)	491	3.15	-2.48
API2 Coal (US\$/t)	59	-0.67	-31.28	CBOT Soybeans (Usc/bu)	850	0.38	-3.65
Newcastle Coal (US\$/t)	73	0.00	-28.30	ICE No.11 Sugar (Usc/lb)	12.02	-0.83	-0.08
SGX TSI Coking Coal (US\$/t)	158	-0.71	-25.38	ICE Arabica (Usc/lb)	98	0.93	-3.63
SGX Iron Ore 62% (US\$/t)	103.16	-4.58	48.50	ICE London Cocoa (GBP/t)	1,822	-0.05	3.17

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>.