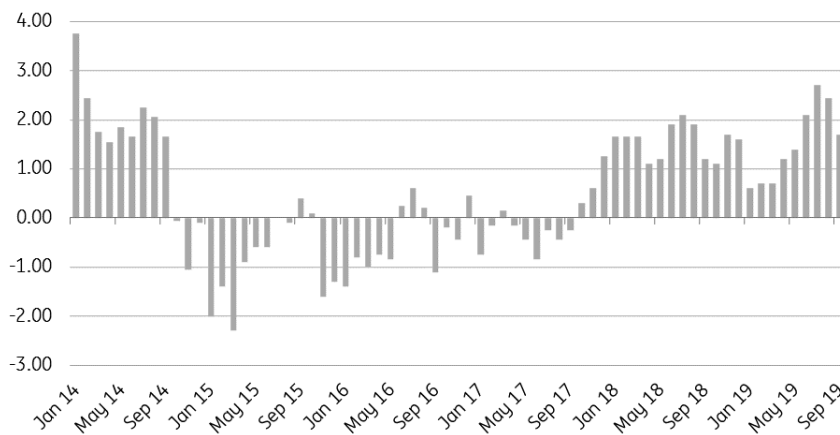


The Commodities Feed: Saudi OSP lowered

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

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