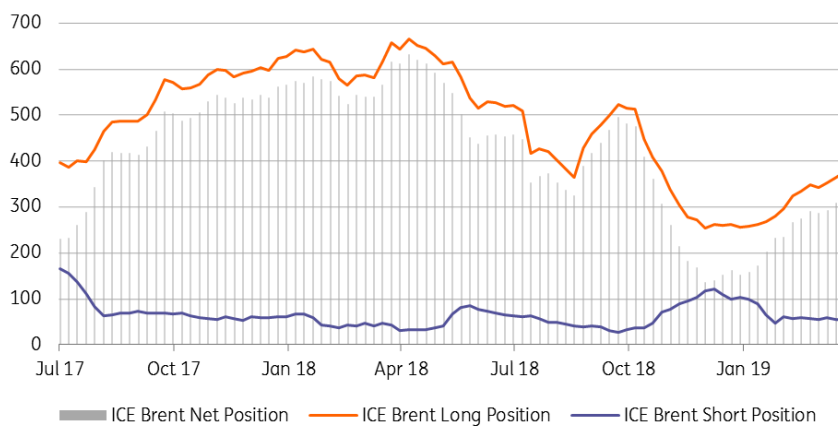


The Commodities Feed: Specs continue to add to oil long

Your daily roundup of commodity news and ING views



Limited short covering to come from specs in ICE Brent (000 lots)



Source: Bloomberg, ICE, ING Research

Energy

Oil speculative positioning: Latest exchange data shows that speculators increased their net long in ICE Brent by 13,429 lots over the last reporting week, leaving them with a net long of 322,035 lots as of last Tuesday. The bulk of this buying were fresh longs, rather than short covering. In fact, moving forward the risk of a short covering rally is fairly limited given that speculators hold a gross short of just 54,090 lots.

Meanwhile, CFTC data shows that speculators increased their net long in NYMEX WTI by 25,888 lots over the week, leaving them with a net long of 238,205 lots. Similar to Brent, the bulk of this buying came from fresh buying.

US production and rigs: Numbers releases by Baker Hughes on Friday showed that the US oil rig count declined by eight over the week to total 816. Since mid-November, the number of active oil rigs in the US has declined by 72, and this is largely a result of the price weakness seen over Q4. Meanwhile, Friday also saw the EIA release monthly US production numbers for January, which showed that US oil output over the month fell by 90Mbbbls/d to average 11.87MMbbbls/d. This is the first decline in US output since May.

Metals

Further iron ore disruptions: Rio Tinto has declared force majeure on some of its iron ore supplies after its Cape Lambert shipping terminal reported damages following last week's cyclone. The miner expects around 14mt of iron ore supply to be lost due to the disruption. Rio Tinto was expected to increase output over 2019 to try to offset some of the losses from Vale in Brazil. However, latest developments push the global seaborne market even further into deficit for 2019.

China data surprises: China's manufacturing PMI for March came in at 50.5, much better than market expectations of below 50, and indicates the positive effects of stimulus on industrial and manufacturing activity. The stronger than expected numbers have proved supportive for the base metals complex this morning. Meanwhile, trade talks seem to continue moving in the right direction, and over the weekend China decided it would once again suspend retaliatory tariffs on US vehicles and parts.

Agriculture

US 2019 plantings: The USDA released its Prospective Plantings report on Friday, which gave the agency's estimates for 2019 US plantings. Expectations are that planted corn area in 2019 will increase by 4% to total 92.8m acres. Meanwhile soybean area is expected to fall by 5% to total 84.6m acres. This expected shift from soybean to corn plantings is largely a result of China's retaliatory tariffs on US soybeans, which has seen China take a step back as a significant buyer of US beans, and as a result we have seen a large build in stock in the US. These estimates did weigh on CBOT corn prices on Friday.

US grain stocks: On Friday the USDA also released its Grain Stocks report, which showed that US corn stocks as of the 1st March stood at 8.6b bushels, down 3% from the 1st March 2018. However, unsurprisingly US soybean stocks on the 1st March stood at 2.72b bushels, up 29% YoY. This increase reflects the lack of Chinese buying. Finally, total wheat stocks stood at 1.59b bushels on the 1st March, up 6% YoY.

Daily price update

	Current	% DoD ch	%YTD ch		Current	% DoD ch	%YTD ch
ICE Brent (US\$/bbl)	68.39	0.84	27.12	Comex Silver (US\$/oz)	15.1	0.91	-2.77
NYMEX WTI (US\$/bbl)	60.14	1.42	32.44	LME Copper (US\$/t)	6,483	1.93	8.68
ICE Gasoil (US\$/t)	605	0.88	18.50	LME Aluminium (US\$/t)	1,912	0.47	3.58
NYMEX HO (Usc/g)	197	0.07	17.41	LME Zinc (US\$/t)	2,923	1.95	18.48
Eurobob (US\$/t)	585	0.17	21.88	LME Nickel (US\$/t)	12,984	0.75	21.46
NYMEX RBOB (Usc/g)	190	0.84	43.20				
NYMEX NG (US\$/mmbtu)	2.66	-1.84	-9.46	CBOT Corn (Usc/bu)	357	-4.68	-4.93
				CBOT Wheat (Usc/bu)	458	-1.45	-9.04
API2 Coal (US\$/t)	71	-1.31	-17.29	CBOT Soybeans (Usc/bu)	884	-0.59	0.20
NYMEX Coking Coal (US\$/t)	212	-0.17	-6.68	ICE No.11 Sugar (Usc/lb)	12.53	0.00	4.16
				ICE Arabica (Usc/lb)	95	0.53	-7.22
				ICE London Cocoa (GBP/t)	1,728	1.05	-2.15

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.