

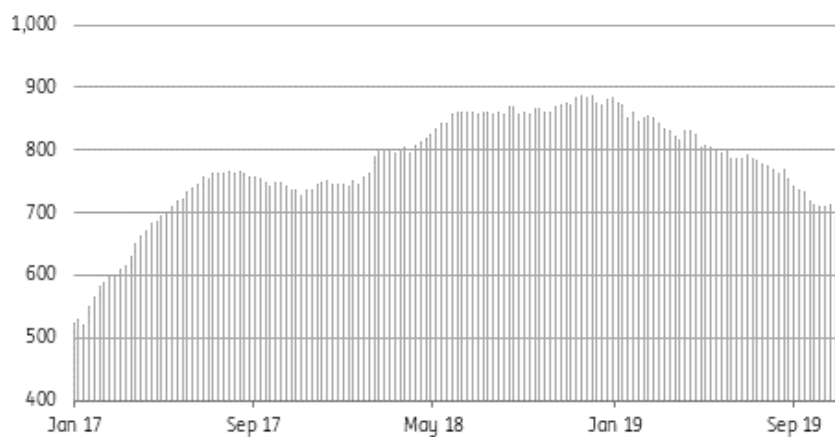
The Commodities Feed: US active oil rigs fall to two-year low

Your daily roundup of commodity news and ING views



Source: Shutterstock

US active oil rig count



Source: Bloomberg, ING

Energy

Speculative position: Latest COT data shows that speculators increased their net long position in ICE Brent by 28,353 lots over the last week leaving the speculators with net longs of 282,352 lots as of 5 November 2019. Most of the increase comes from new longs, with gross longs increasing by 24,500 lots last week. Similarly, managed money net longs in NYMEX WTI also increased by 11,793 lots over the week with total speculative net longs rising to 116,468 lots. Expectations of phase one of the trade deal have been keeping market sentiment positive.

US oil drilling: Data from Baker Hughes shows that active oil rigs in the US fell by seven last week to a 2-year low of 684 as of 8 November 2019. 201 oil rigs have been idled since the start of the year as US drillers have been concentrating more on completing the wells rather than drilling new wells due to low oil prices and tight budgets. US oil production continues to maintain healthy growth for the immediate term due to wells completions and the efficiency gains; However, risks of a production slowdown increase if exploration/drilling CAPEX remains under pressure.

Metals

CFTC report: The weekly report from CFTC shows that short covering continued in COMEX copper over last week on positive sentiment over the trade deal. Money managers covered 2,527 lots of net shorts in COMEX copper leaving them with net shorts of 17,838 lots, levels not seen since the end of April 2019. For precious metals, speculators reduced net longs in COMEX gold by a marginal 2,617 lots over the week leaving the speculators with net longs of 230,484 lots. However, the price action since then suggests that more longs have been liquidated over the past few sessions.

Investment demand in gold: Investors have been liquidating gold as the risk appetite appears to be returning in the market and demand for safe-haven assets slows down. ETF investors have sold nearly 615kOz of gold over the past two days, taking the total ETF holdings in gold to a one-month low of 81.68mOz as of 8 November. Investors have added more than 11mOz of gold to ETF holdings since the end of May 2019 and some of it could return to the market if the US/China trade deal continues to make progress. Physical demand for gold faces pressure due to high prices and a pause by China on gold buying for forex reserves. Data from Peoples' Bank of China showed that Chinese gold reserves were flat on a monthly basis at 62.64mOz as at the end of October 2019 after adding more than 3.4mOz of gold over the preceding ten months.

Agriculture

USDA WASDE report: The monthly WASDE report from the USDA on Friday was fairly constructive for the grains' market as production estimates were revised downwards due to inclement weather. The USDA has lowered US corn production estimates from 13,779m bushels to 13,661m bushels due to a downside revision in the yields from 168.4bu/acre to 167bu/acre. US corn ending stocks estimates are also revised down from 1,929m bushels to 1,910m bushel.

Turning to wheat and production estimates were revised down from 1,962m bushels to 1,920m bushels which have weighed on the ending stocks estimates as well. The US soybean production estimates were left unchanged in the current report. For the global markets, the USDA has lowered the corn ending stocks estimates for 2019/20 from 303mt to 296mt mainly due to downside revisions in beginning stocks and lower production from the US. For wheat production and stocks, estimates are largely left unchanged except Russia where production estimates are revised higher from 72.5mt to 74mt.

Daily price update

	Current	% DoD ch	%YTD ch		Current	% DoD ch	%YTD ch
ICE Brent (US\$/bbl)	62.51	0.35	16.19	Spot Gold (US\$/oz)	1,459.0	-0.65	13.76
NYMEX WTI (US\$/bbl)	57.24	0.16	26.05	Spot Silver (US\$/oz)	16.8	-1.72	8.51
ICE Gasoil (US\$/t)	577	-1.16	12.87	LME Copper (US\$/t)	5,924	-0.84	-0.69
NYMEX HO (Usc/g)	192	-0.11	14.12	LME Aluminium (US\$/t)	1,808	-0.30	-2.09
Eurobob (US\$/t)	578	0.16	20.59	LME Zinc (US\$/t)	2,482	-0.12	0.61
NYMEX RBOB (Usc/g)	163	-0.11	23.42	LME Nickel (US\$/t)	16,190	-0.06	51.45
NYMEX NG (US\$/mmbtu)	2.79	0.61	-5.14				
TTF Natural Gas (EUR/MWh)	15.94	-1.09	-27.48	CBOT Corn (Usc/bu)	377	0.53	0.60
				CBOT Wheat (Usc/bu)	510	-0.44	1.39
API2 Coal (US\$/t)	58	-0.77	-31.23	CBOT Soybeans (Usc/bu)	920	-0.59	4.19
Newcastle Coal (US\$/t)	67	0.45	-33.58	ICE No.11 Sugar (Usc/lb)	12.57	1.45	4.49
SGX TSI Coking Coal (US\$/t)	140	-0.53	-33.91	ICE Arabica (Usc/lb)	109	0.32	7.46
SGX Iron Ore 62% (US\$/t)	77.56	-3.42	11.65	ICE London Cocoa (GBP/t)	1,926	2.18	9.06

Source: Bloomberg, ING

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 <http://www.ing.com>.