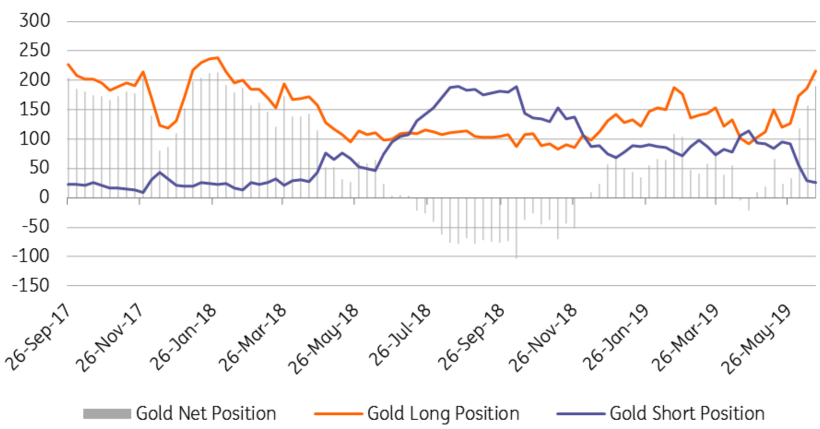
The Commodities Feed: US refinery fire

Your daily roundup of commodity news and ING views

Source: Shutterstock

COMEX gold speculative positioning (000 lots)



Source: Bloomberg, CFTC, ING Research

Energy

Speculative positioning: Latest data shows that speculators sold 20,520 lots in ICE Brent over the last reporting week, to leave them with a net long of 271,506 lots as of last Tuesday- the smallest net long they have held since February. The bulk of this selling came from longs liquidating. Although given that the market has rallied more than 5% since last Tuesday as a result of growing tensions in the Middle East, it is likely that current positioning is somewhat different, with these tensions attracting spec longs back into the market.

Meanwhile, CFTC data shows that speculators increased their net long in NYMEX WTI by 17,322 lots over the last reporting week, to leave them with a net long of 146,738 lots. The bulk of this increase has been a result of fresh longs, rather than short covering. Similar to Brent, given the price action that we have seen last Tuesday, the actual spec long is likely to be somewhat larger right now, with WTI having rallied almost 8% since last Tuesday, and with aggregate open interest somewhat higher.

US refinery fire: A fire and an explosion at the 335Mbbls/d Philadelphia Energy Solutions refinery on Friday (the largest on the US East Coast) has seen US gasoline rally more than 6% since the incident. The outage is likely to continue offering support to gasoline prices on the East Coast, and this does mean the potential for increased flows of European gasoline over the summer months in order to meet any shortfall- we have already seen European gasoline cracks strengthen as a result.

Metals

CoT data: The managed money net position in COMEX gold increased by 32,963 lots over the last reporting week, leaving them with a net long of 189,681 lots as of last Tuesday. The bulk of this was fresh buying, with the gross long increasing by 29,794 lots, while the gross short fell by 3,169 lots. This spec long is very likely to be much larger right now, with the data not capturing the rally above US$1,400oz following the dovish US Federal Reserve meeting. Meanwhile, money managers reduced their net short in COMEX copper by 7,678 lots last week, however they still hold a fairly large net short of 44,059 lots in the metal. Moving forward, speculators might become more concerned with supply issues, particularly after miners at Codelco's Chuquicamata copper mine rejected the company's latest offer over the weekend, and continued with their strike action, which began on 14 June.

Agriculture

Agri speculative positioning: Unsurprisingly, with continued concerns over the US corn crop, following heavy rainfall across the US Midwest, speculators increased their net long in CBOT corn by 32,303 lots this week, leaving them with a net long of 143,515 lots as of last Tuesday. The bulk of this buying was a result of short covering, with the gross short position decreasing by 21,296 lots over the reporting week. Continued rainfall is also raising concerns over the impact it will have on soybean plantings, and this is reflected in speculative positioning. Speculators bought 35,848 lots over the last reporting week, to leave them with a net short of 55,307 lots as of last Tuesday. Once again the bulk of this buying reflected short covering rather than fresh longs.

USDA acreage report: This week, speculators will be watching closely the USDA's annual acreage report for 2019/20, which will be released on 28 June. Expectations are that we will see a fairly large fall in planting area, as a result of the heavy rainfall. Expectations for corn acreage are that estimates could fall to 87m acres, according to a Bloomberg survey. This compares to 89.8m acres that was estimated in the June WASDE, and 92.8m acres from their March estimate.

Daily price update

	Current	% DoD ch	%YTD ch		Current	% DoD ch	%YTD ch
ICE Brent (US$/bbl)	**65.2**	1.16	21.19	Spot Gold (US$/oz)	**1,399.6**	0.81	9.13
NYMEX WTI (US$/bbl)	**57.43**	1.38	26.47	Spot Silver (US$/oz)	**15.3**	-0.50	-0.95
ICE Gasoil (US$/t)	**587**	1.29	14.93	LME Copper (US$/t)	**5,971**	-0.03	0.10
NYMEX HO (Usc/g)	**192**	1.67	13.98	LME Aluminium (US$/t)	**1,768**	-0.76	-4.25
Eurobob (US$/t)	**599**	0.81	24.90	LME Zinc (US$/t)	**2,433**	-1.42	-1.38
NYMEX RBOB (Usc/g)	**186**	3.91	40.22	LME Nickel (US$/t)	**12,090**	-1.71	13.10
NYMEX NG (US$/mmbtu)	**2.19**	0.05	-25.65				
TTF Natural Gas (EUR/MWh)	**10.36**	2.04	-52.89	CBOT Corn (Usc/bu)	**442**	-1.72	17.93
				CBOT Wheat (Usc/bu)	**526**	-0.09	4.52
API2 Coal (US$/t)	**56**	0.71	-34.47	CBOT Soybeans (Usc/bu)	**903**	-1.39	2.29
Newcastle Coal (US$/t)	**71**	2.01	-30.08	ICE No.11 Sugar (Usc/lb)	**12.22**	-1.69	1.58
SGX TSI Coking Coal (US$/t)	**193**	-0.26	-9.20	ICE Arabica (USc/lb)	**100**	-1.24	-2.01
SGX Iron Ore 62% (US$/t)	**111.50**	-0.49	60.50	ICE London Cocoa (GBP/t)	**1,824**	1.67	3.28

Source: Bloomberg, ING Research

Author

Warren Patterson
Head of Commodities Strategy
Warren.Patterson@asia.ing.com

Disclaimer