

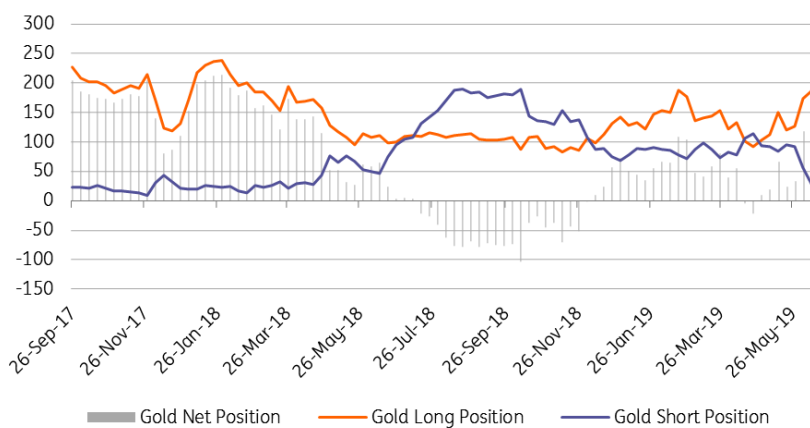
The Commodities Feed: US refinery fire

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 335Mbbbls/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\$1,400/oz 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 Chuquibambilla 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 | | CBOT Corn (Usc/bu) | 442 | -1.72 | | 17.93 | |
| TTF Natural Gas (EUR/MWh) | 10.36 | 2.04 | | -52.89 | | 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

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>.