Market Movers

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WTI & Brent

Net Speculative positioning in Crude Oil: *Source - ICE, CFTC*

BRENT WTI % O/I (rhs)

A quarter of the combined Net Spec position has now been liquidated, taking overall exposure back to early November levels summer 2007. Among the non-specs, producers seem to be much more heavily short Brent, with Swap Dealer longs there partly offsetting sizeable WTI shorts

PCAM
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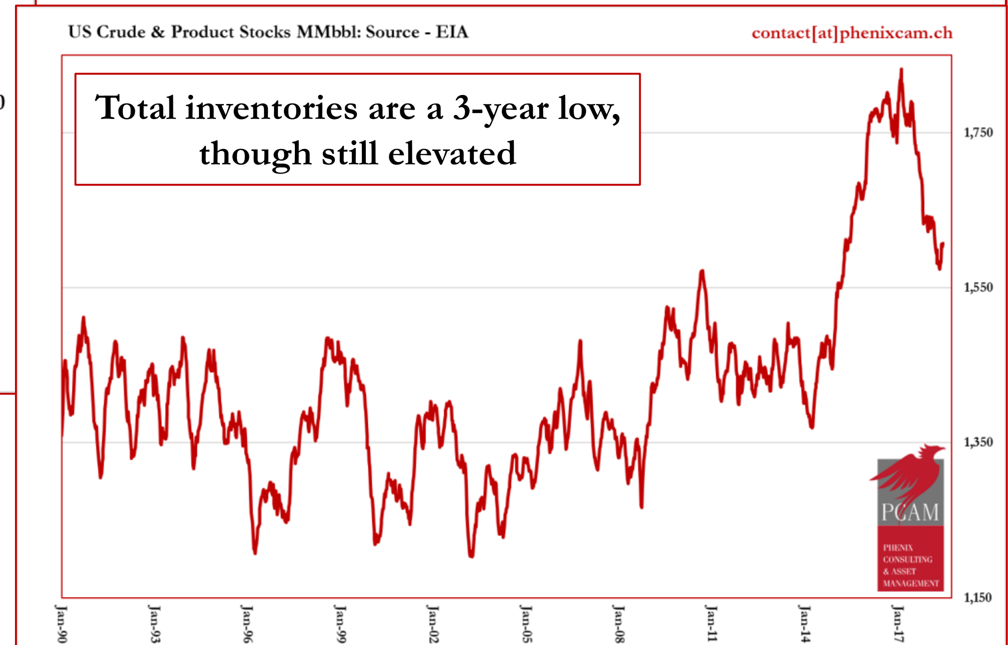
1,250,000
1,000,000
750,000
500,000
250,000
0
-250,000
-500,000

100.0
75.0
50.0
25.0
0.0

Dec-10 Dec-11 Dec-12 Dec-13 Dec-14 Dec-15 Dec-16 Dec-17 Dec-18



WTI & Brent

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Market Movers

WTI & Brent

27th June 2018

The past few weeks have undoubtedly provided a test of resolve, but they have not yet made the case for oil to hit the mid $80s entirely hopeless, especially with the renewed sabre-rattling v-a-v Iran.

WTI & Brent

Clear divergence between the two contracts offers opportunity.

Whereas the oil-patch is abuzz with talk of a need for plunging Midland-Cushing differentials to limit production before WTI stabilizes, the somewhat equivocal OPEC/NOPEC accord has conversely provided some support to deferred months in the North Sea.

As a result, over 12 months, WTI currently runs an 8.5% contango, Brent one of 3.7%.

Market Movers

27th June 2018

Little clarity for aluminium after the sanctions disruption. Inventories heading back to decade lows is the main supportive factor for the market

Tin has undergone a five-month mini-bear market and is now firmly in the middle of the trading range

Courtesy of Investing.com

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Market Movers

27th June 2018

Lead inventory edging lower again towards 2010s lows and the metal seems to have shrugged off the recent trend break. $2250 is however possible as this latest rally fades

ZINC

(3593.7)
(3274.5)
(2780.8)
(2529.7)
(2278.6)
(1784.9)
(1465.7)
PCAM
Courtesy of
Investing.com
2016 Apr Jul Oct 2017 Apr Jul Oct 2018 Apr Jul

China slowdown fears are starting to weigh on former star performer, zinc, as inventories finally move away from 9-year lows.

Chart looks to offer nothing but bad news.

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Copper

Copper is still building value higher and so could yet reach up as far as $4.10/lb.

However, the rapid rejection of the attempted ramp out of the past 8 months' trading range leaves us wary.

More consolidation is the immediate prospect

COPPER

(7349.95)
(7186.85)
(6934.59)
(6806.28)
(6677.98)
(6425.71)
(6262.61)
(6207.41)
(6080.23)
(5883.51)
(5783.46)
(5683.40)
(5486.69)
(5359.50)

2016 Apr Jul Oct 2017 Apr Jul Oct 2018 Apr Jul

Courtesy of Investing.com

Nickel

Despite the general weakness of the last few sessions, Nickel continues to build value higher and with inventories falling to early 2014 lows, it is hard to recommend a conviction short.

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CORN

The USDA has 78% of corn crop as good to excellent – a status last matched in 1994 and the second highest rating ever behind 1991. The China issue broke prices far lower than the mean reversion we were calling for last month, testing the line off the 2016 & 2017 lows. With managed money accounts now short, it may just give us comfort by pushing on through $3.50/55, as a first step toward recovery

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SOY

The crash saw Beans pull back to just short of the lows of the past 4 years – and hence near their lowest since immediately after Lehman.

They must quickly trade above $9.20/25 if we are to hope to recover $10.25: if not, we could easily project to 2005/06 lows between $5.00/25.

The main positive is the complete liquidation of managed money longs from near 6-year highs: sellers may now be exhausted.

SOYBEANS

Courtesy of TradingView

Wheat

With producers already as short as at any time in the past six years, having sold all the way through the past six months' rally, the contract needs some new impetus – perhaps in the form of poor growing conditions in Russia and Australia .

That said, the 2018 trendline held in this latest set-back and, if we can now stay above $4.75, further gains could therefore be in store.

(972.02)
(884.36)
(748.78)
(679.82)
(610.86)
(475.29)
(387.63)

2002 2004 2006 2008 2010 2012 2014 2016 2018

Courtesy of TradingView

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Market Movers

Gold

27th June 2018

(1434.25)
(1376.08)
(1286.11)
(1240.35)
(1194.58)
(1104.61)
(1046.44)

Jun 2014 Jun 2015 Jun 2016 Jun 2017 Jun 2018 May Oct

Courtesy of Investing.com

The Trump trend-line has decisively broken, leaving the larger one off the late 2015 lows which intersects the $1240 mid-point of the post-Bubble range as the next objective.

With spec longs dwindling, there, we would reduce risk and watch how the market reacts before entering again

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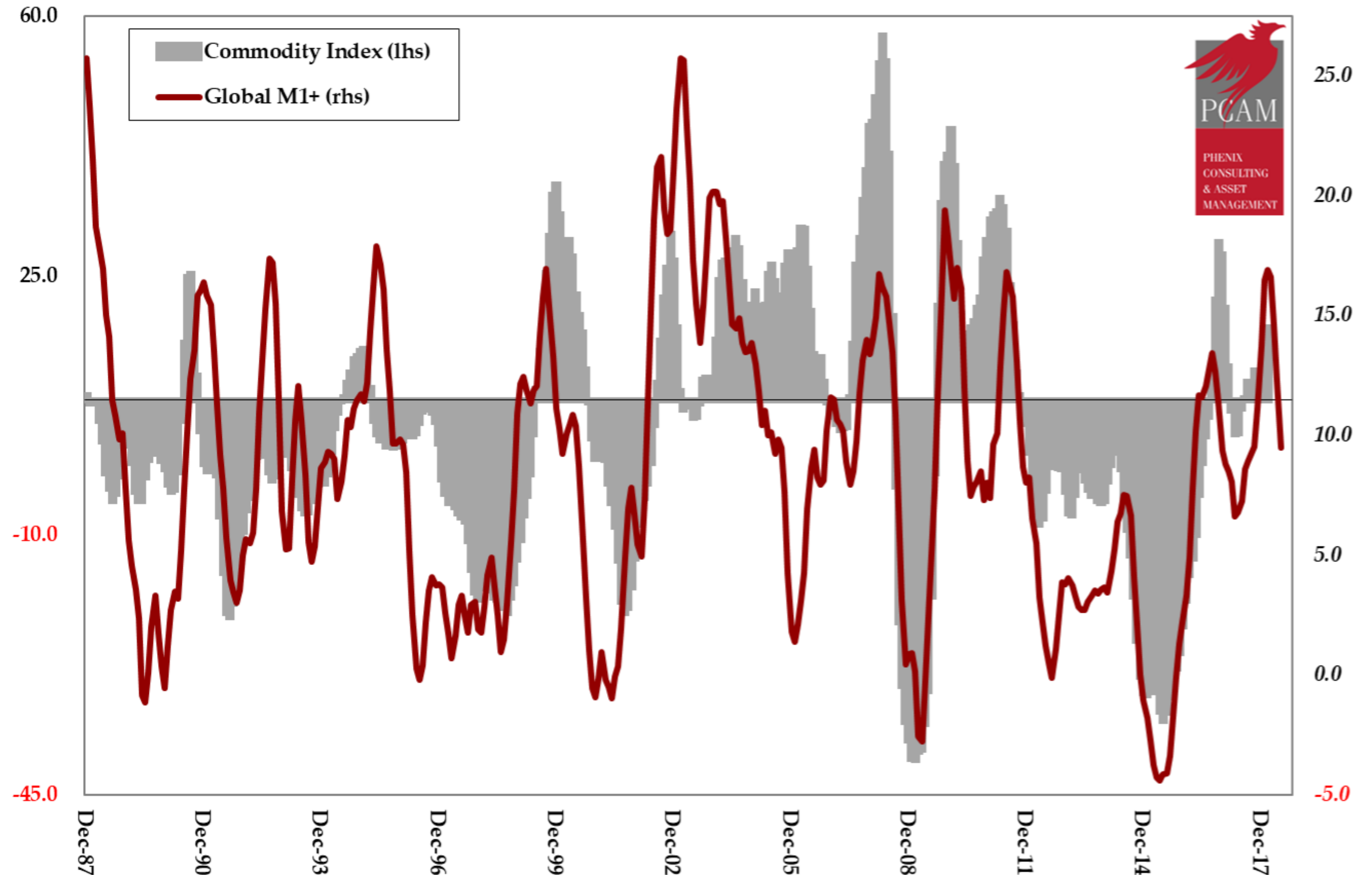
MACRO

Last summer, global money supply was expanding at its most rapid lick since the aftermath of the Lehman Crisis, but lacklustre growth in own-currency aggregates in China and the US, coupled with a slowdown in the Eurozone, has combined with the strengthening US dollar to throw that positive influence sharply into reverse on a common-currency basis.

Despite no overall increase so far in 2018, the year-on-year change is still positive (if less reassuringly so, ex-CPI), but the pace of that deceleration may be too marked for commodity pricing entirely to ignore.



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