

# Oil steadies as China COVID-19 fears face tight supply concerns

NEW YORK — Oil prices were little changed on Monday as markets balanced an expected drop in demand due to mass testing for coronavirus disease 2019 (COVID-19) in China against ongoing concerns over tight supply.

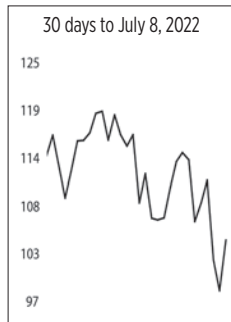
Brent futures for September delivery gained 8 cents or 0.1% to settle at \$107.10 a barrel, while US West Texas Intermediate (WTI) crude fell 70 cents or 0.7% to settle at \$104.09.

With the US Federal Reserve expected to keep raising interest rates, open interest in New York Mercantile Exchange (NYMEX) futures fell on July 7 to its lowest since October 2015 as investors cut back on risky assets.

Last week, oil speculators cut their net long futures and options positions on the NYMEX and Intercontinental Exchanges to their lowest since April 2020.

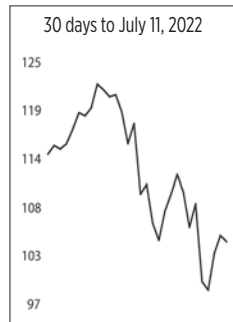
The market was rattled earlier in the session by news that China had discovered its first case of a

ASIA-DUBAI (JULY CONTRACT)



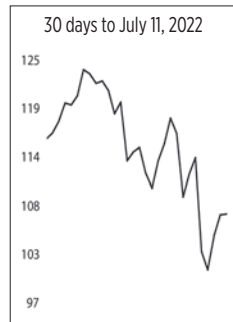
DOLLARS PER BBL	
July	4 5 6 7 8
\$/bbl	108.40 111.01 101.70 98.20 104.05
Average (July 1-8)	\$104.94
Average (June 1-30)	\$113.25

NEW YORK-WTI (AUGUST CONTRACT)



DOLLARS PER BBL	
July	5 6 7 8 11
\$/bbl	99.50 98.53 102.73 104.79 103.01
Average (July 1-11)	\$103.01
Average (June 1-30)	\$114.34

LONDON-BRENT (SEPTEMBER CONTRACT)



DOLLARS PER BBL	
July	5 6 7 8 11
\$/bbl	102.77 100.69 104.65 107.02 106.77
Average (July 1-11)	\$106.77
Average (June 1-30)	\$117.36

Source: REUTERS

highly transmissible Omicron subvariant in Shanghai that could lead to another round of mass testing, which would hurt fuel demand.

Also putting pressure on oil was a rise in the US dollar against a basket of other currencies to its highest since October 2002. A stronger

dollar reduces demand for oil by making the fuel more expensive for buyers using other currencies.

Euro zone finance ministers said the fight against inflation was the current priority despite dwindling growth in the bloc, as they were informed of a deteriorating

economic outlook by the European Commission.

The market remains jittery about plans by Western nations to cap Russian oil prices, with Russian President Vladimir Putin warning that further sanctions could lead to "catastrophic" consequences in the global energy market.

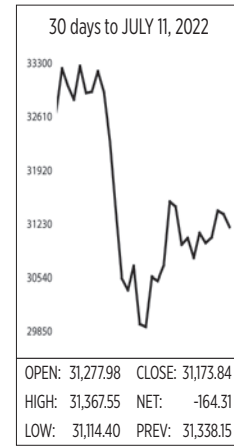
JPMorgan said the market was caught between concern over a potential halt to Russian supplies and a possible recession.

Questions also remain about how long more crude will flow from Kazakhstan via the Caspian Pipeline Consortium (CPC).

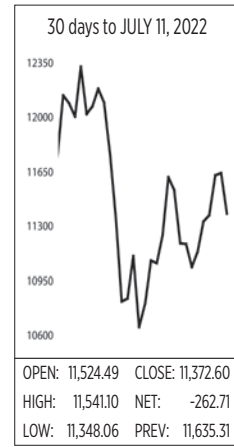
Supply has continued so far on the pipeline, which carries about 1% of global oil, with a Russian court overturning an earlier ruling suspending operations there.

Brazilian President Jair Bolsonaro, meanwhile, said that a deal was close with Moscow to buy much cheaper diesel from Russia. — Reuters

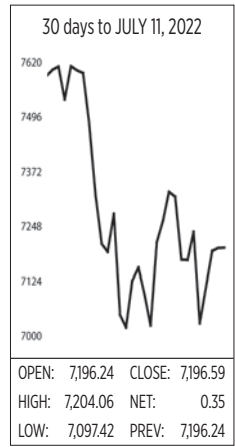
DOW JONES



NASDAQ COMPOSITE



FTSE



## New York bourse slips ahead of economic data and quarterly earnings

NEW YORK — US stocks lost ground on Monday as a lack of catalysts left market participants warily embarking on a week back-ended loaded with crucial inflation data and the unofficial beginning to second-quarter earnings season.

Market leading growth stocks pulled all three major US stock indexes into negative territory, with risk-off sentiment exacerbated by Macau's first casino shutdown in over two years to curb the spread of coronavirus disease 2019 (COVID-19).

"It's a nervous market," said Rob Haworth, senior investment strategist at US Bank Wealth Management in Seattle. "It's all about the kickoff to earnings season and what inflation (data) tells us."

"We know inflation is being driven by supply constraints, and China is an important factor," Mr. Haworth added. "And (the Macau shutdown) threw a cold blanket on the market this morning."

Results from big banks, including JPMorgan Chase & Co., Citigroup, Inc., and Wells Fargo & Co., are expected to launch second-quarter reporting season later this week.

The S&P 500 Banking index slid 1.0%.

Analysts expect steep plunges of the year-on-year profits as the companies grow their loan loss reserves, fueling fears of impending recession.

Later in the week a raft of economic data — including consumer prices, retail sales and factory output — should provide a glimpse of the extent to which inflation has peaked and the economy has cooled down as the Federal Reserve moves closer to next week's policy meeting, which is expected to culminate in the second straight 75-basis-point (bp) interest rate hike.

"The market is trying to caution itself ahead of that (CPI) print," Mr. Haworth said. "We're hoping for a slowdown, which would put the Federal Reserve in a softer stance, but on the other hand,

there are lots of reasons to believe inflation could stay high and the Fed will remain aggressive."

The market currently expects that the central bank will raise the Fed funds futures rate by 75 bps in its latest salvo against red-hot inflation, a tactic which some fear could tip an already cooling economy into recession.

The Dow Jones Industrial Average fell 164.31 points or 0.52% to 31,173.84; the S&P 500 lost 44.95 or 1.15% to 3,854.43; and the Nasdaq Composite dropped 262.71 or 2.26% to 11,372.60.

Of the 11 major sectors in the S&P 500, communication services suffered the biggest percentage drop, while utilities led the gainers.

Before big banks launch second quarter earnings season in earnest on Thursday and Friday, PepsiCo and Delta Air Line results are expected on Tuesday and Wednesday, respectively.

As of Friday, analysts saw aggregate annual S&P earnings growth of 5.7% for the April to June period, down from the 6.8% forecast at the beginning of the quarter, according to Refinitiv.

Twitter, Inc. tumbled 11.3% in the wake of Elon Musk saying he is terminating his deal to buy the social media company.

Shares of US casino operators Las Vegas Sands, Wynn Resorts and Melco Resorts fell between 6.3% and 9.6% after Macau shuttered all casinos to contain its worst COVID-19 outbreak since the health crisis began.

The broader S&P 1500 Hotel, Restaurant and Leisure index dipped 1.5%.

Declining issues outnumbered advancing ones on the NYSE by a 2.41-to-1 ratio; on Nasdaq, a 2.81-to-1 ratio favored decliners.

The S&P 500 posted two new 52-week high and 30 new lows; the Nasdaq Composite recorded 20 new highs and 130 new lows.

Volume on US exchanges was 9.33 billion shares, compared with the 12.92 billion average over the last 20 trading days. — Reuters

## Dollar strength, rate hikes pin gold near nine-month low

GOLD was pinned near a nine-month low on Monday as bets for aggressive interest rate hikes by the US Federal Reserve and the dollar's ascent dimmed appeal for bullion.

Spot gold fell 0.3% to \$1,735.91 per ounce by 2 p.m. ET (1800 GMT). US gold futures settled down 0.6% at \$1,731.70.

Despite recession risks, lately investors have opted for dollar over gold, pushing the currency to a near two-decade peak, also eroding appeal for bullion among overseas buyers.

Interest rate hikes, meanwhile, raise the opportunity cost of holding bullion since it pays no interest.

"Gold is under pressure as the dollar is making major runs and there are expectations of a fairly large interest increase after the (recent US) federal report highlighted a strong labor market," said Edward Moya, senior analyst with OANDA.

"Gold prices could tentatively breach below the \$1,700 level and then see strong support around \$1,670."

US data on Friday showed labour market powered ahead with strong job gains, giving the Fed ammunition to deliver another 75-basis-point (bp) rate hike this month.

Meanwhile, Fed's Esther George, a dissenter at the central bank's 75-bp increase last month, said abrupt changes in rates "could create strains" in economy.

But growing pessimism over the state of some economies in Asia, and geopolitical instability to some extent, are limiting gold's losses, as bullion remains the

go-to safe haven during times of trouble, said Ricardo Evangelista, senior analyst at ActivTrades.

Spot silver fell 0.7% to \$19.16 per ounce.

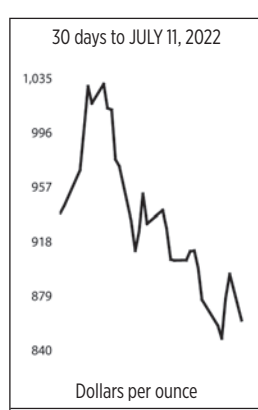
Despite the fall in silver prices, the retail cost of American Silver Eagle coins stayed high at around \$35/ounce, a premium of about 80% on the spot price, which appears to be high enough to impact demand, Heraeus Precious Metals wrote in a note.

Platinum dropped 2.6% to \$873.50 and palladium was down 1.3% at \$2,154.99. — Reuters

### US COMMODITY FUTURES

Source: REUTERS  
MONDAY, JULY 11, 2022

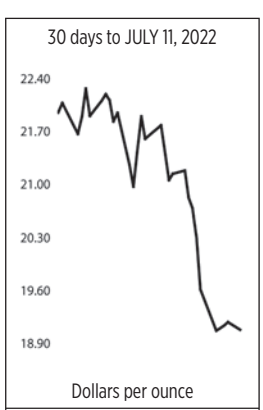
PLATINUM (OCTOBER CONTRACT)



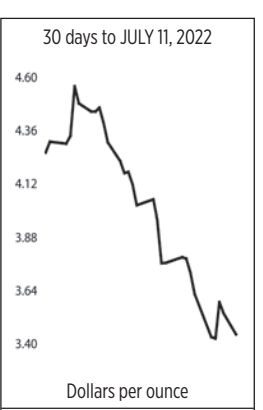
GOLD (JULY CONTRACT)



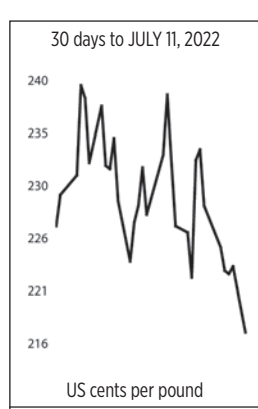
SILVER (JULY CONTRACT)



COPPER (JULY CONTRACT)



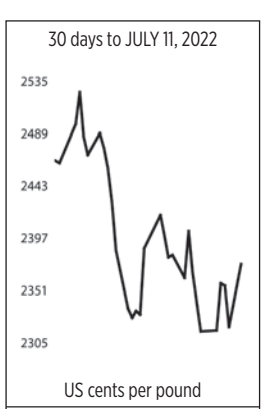
COFFEE (JULY CONTRACT)



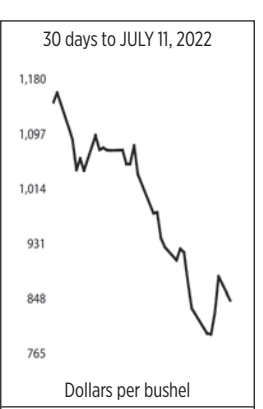
SUGAR (OCTOBER CONTRACT)



COCOA (SEPTEMBER CONTRACT)



WHEAT (JULY CONTRACT)



## Arabica coffee falls over 3%; raw sugar also down

NEW YORK/LONDON — Arabica coffee futures on ICE closed more than 3% lower on Monday amid worries about global demand and a weakening Brazilian currency that boosts coffee sales from farmers and exporters.

Raw sugar futures slipped after hitting a one-month high in the previous session.

COFFEE: September arabica coffee fell 7.2 cents or 3.3% to \$2.1325 per pound (lb), after hitting a six-week low of \$2.1270.

Dealers said the weak Brazilian real was tempting exporters to sell dollar-priced coffee by raising returns in local currency terms.

"The macro outlook remains volatile, and the fundamentals

are not good for the Brazilian real," said a coffee trader, citing moves by the government in the country to boost public spending in an electoral year.

The Brazilian currency fell 2% on Monday, approaching the weakest level since January.

September robusta coffee fell \$15 or 0.8% to \$1,966 a ton.

SUGAR: October raw sugar fell 0.16 cent or 0.8% at 18.86 cents per lb, but remained well off a four-month low of 17.71 cents hit early last week.

Dealers said the market is looking for direction after funds erased their long position in sugar.

Speculators sold 40,627 contracts in ICE raw sugar in the week to July 5, switching to a net

short position for the first time in two years.

Open interest in raw sugar fell more than 30% from late last year.

Brazil's industry group Unica is expected to release production numbers on Tuesday.

August white sugar rose \$2.40 or 0.4% to \$571.30 a ton.

COCOA: September New York cocoa rose \$55 or 2.4% to \$2,373 a ton.

Major cocoa buyers have agreed to pay a premium and back a price floor on cocoa sold by Ivory Coast and Ghana as part of a deal to combat poverty among farmers.

September London cocoa rose £44 or 2.6% to £1,760 per ton. — Reuters

### SPOT PRICES

MONDAY, JULY 11, 2022

METAL		
PALLADIUM free \$/troy oz		2,170.84
PALLADIUM JMI base, \$/troy oz		2,199.00
PLATINUM free \$/troy oz		880.14
PLATINUM JMI base \$/troy oz		882.00
KRUGGERAND, fob \$/troy oz		1,738.00
IRIDIUM, whs rot, \$/troy oz		4,790.00
RHODIUM, whs rot, \$/troy oz		13,890.00
GRAINS (July 7, 2022)		
(FOB Bangkok basis at every Thursday)		
FRAGRANT (100%) 1 <sup>st</sup> Class, \$/ton		890.00
FRAGRANT (100%) 2 <sup>nd</sup> Class, \$/ton		862.00
RICE (5%) White Thai- \$/ton		429.00
RICE (10%) White Thai- \$/ton		427.00
RICE (15%) White Thai- \$/ton		425.00
RICE (25%) White Thai- \$/ton (Super)		425.00
BROKER RICE A-1 Super \$/ton		401.00
FOOD		
COCOA ICCO Dly (SDR/mt)		1,695.32
COCOA ICCO \$/mt		2,232.76
COFFEE ICA comp '2001 cts/lb		195.83
SUGAR ISA FOB Daily Price, Carib. port cts/lb		18.85
SUGAR ISA 15-day ave.		18.43

### LIFFE COFFEE

	High	Low	Sett	Psett
Sept.	1987	1955	1966	1981
Nov.	1985	1953	1963	1982
Jan.	1978	1946	1956	1978
Mar.	1976	1941	1951	1975

### LIFFE COCOA

	High	Low	Sett	Psett
July	1739	1698	1733	1701
Sept.	1766	1714	1760	1716
Dec.	1802	1760	1795	1760
Mar.	1797	1759	1790	1760

### COCONUT

	Buyer/Seller
MANILA COPRA (based on 6% moisture)	
Peso/100kg	
Lag/Qzn/Luc 22	4,150.00/4,200.00
Philippine Coconut Oil - Crude	
CIF NY/NOLA	77.00
PALM OIL CIF NY/NOLA	80.00
COCONUT OIL (PHIL/IDN), \$ per ton,	
CIF Europe	
July/Aug.'22	1,550.00/1,600.00
Aug./Sept.'22	1,450.00/1,500.00
Sept./Oct.'22	1,400.00/1,500.00
Oct./Nov.'22	1,400.00/1,500.00

### LONDON METAL EXCHANGE

	3 MOS
ALUMINUM H.G.	2,379.50
ALUMINUM Alloy	1,710.00
COPPER	7,584.50
LEAD	1,942.00
NICKEL	21,839.00
TIN	26,263.00