

# Commodity Spotlight Compass

02 April 2015

...convinced that commodities prices will rise long-term

Our latest survey indicates that even more respondents were convinced that commodities prices (outside the agricultural sector) would rise long-term in mid-March than in December. There is uncertainty about the near-term outlook, however: though oil is still seen as having correction potential over a three-month period, four out of five corporate clients are convinced that prices will rise long-term. While those surveyed likewise expect base and precious metal prices to increase in the long term, the "optimism" is not quite as pronounced on these markets.

As far as the longer term price performance is concerned, the market participants we surveyed are convinced that **precious metal prices** will climb (page 2). More than half of corporate clients and financial institutions envisage higher gold prices in a year's time. The bulls and bears are pretty much balanced on gold over a three-month term, while sceptics are even in the majority when it comes to silver. Only in the case of palladium is a small majority of financial institutions convinced that prices will rise in the short term.

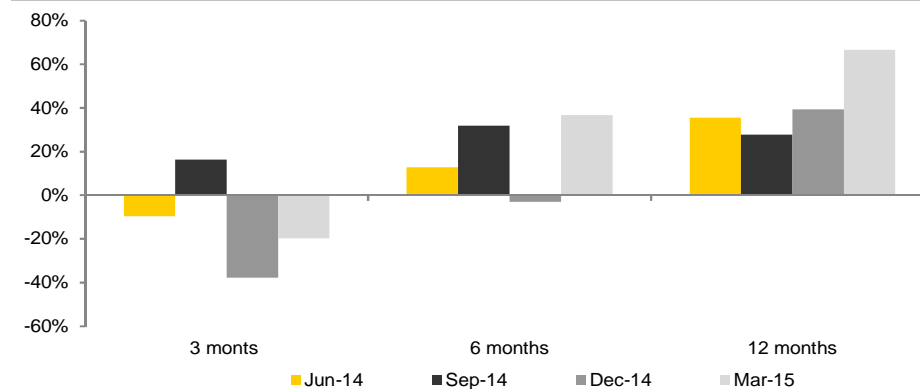
Climbing **base metal prices** are likewise anticipated over a twelve-month period (page 3). Copper and nickel in particular are expected by industry to cost more in a year's time. This optimism is not shared to quite the same extent by the financial institutions. Aluminium is likely to decline in price in the near term – financial institutions are even more convinced of this than corporate clients. .

**Energy** (page 4): Although oil market observers are no longer quite so strongly convinced that prices will continue to fall over a three-month period as they were last December, scepticism still has the upper hand (Chart 1). By contrast, they are actually far more convinced that prices will rise over a one-year term than was the case in the last December survey. Corporate clients in particular envisage higher prices: around 80% of respondents believe that oil will be more expensive in a year's time than it is at present. .

Banks and corporate clients are in disagreement about **agricultural**s (page 5): whereas the latter are sceptical about wheat prices and the majority also believe that the corn price will decrease over the next six months, financial institutions are optimistic about grain prices – not only in the short term, but above all long-term. Corporate clients in particular are showing noticeably greater scepticism about cotton over a six-month period than was the case three months ago, when nobody expected prices to fall. Over a one-year period, cotton is expected both by banks and corporate clients to increase in price, as is cocoa.

**CHART 1: Very large number of participants currently convinced that oil prices will rise long-term**

Proportion of survey participants who envisage rising oil prices over a three-, six- and twelve-months term



Source: Commerzbank Commodity survey

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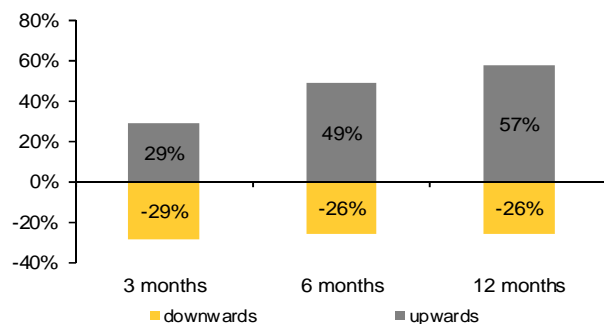
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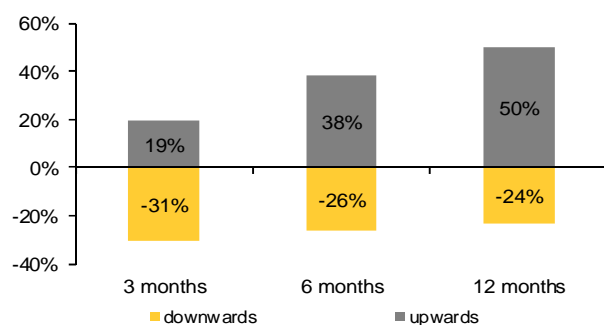
## Precious metals: Optimistic about prices mainly on longer-term perspective

### Corporate clients

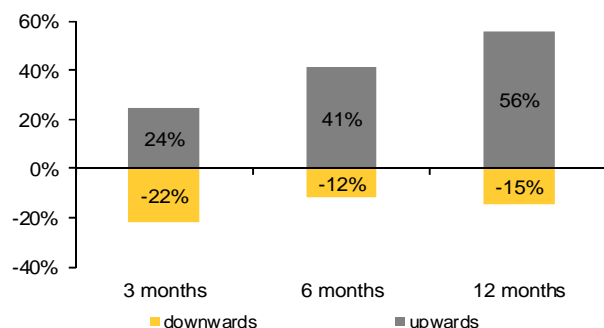
**GOLD: Industry only expects price to rise long-term.....**



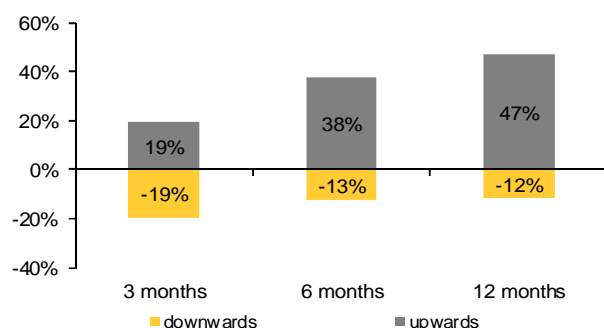
**SILVER: Corporates see silver in gold's shadow...**



**PLATINUM: Industry: One out of two sees a price rise...**



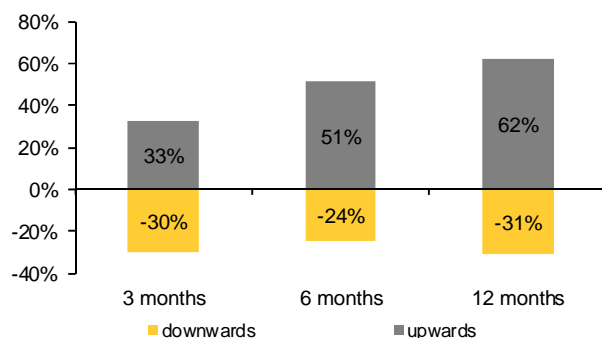
**PALLADIUM: Corporates see rising prices...**



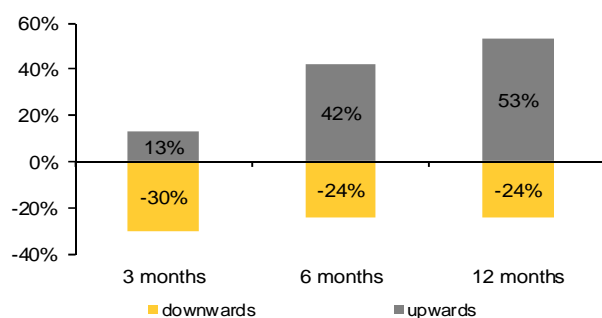
Source: Commerzbank Commodity Survey

### Financial institutions

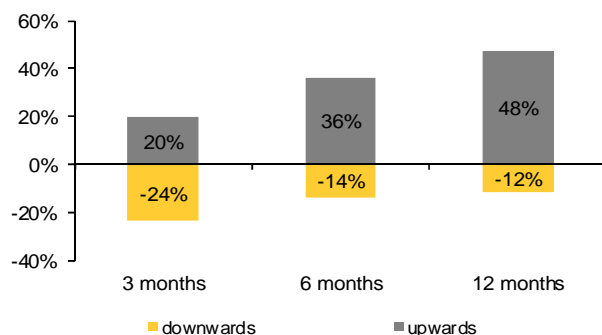
**... as do banks**



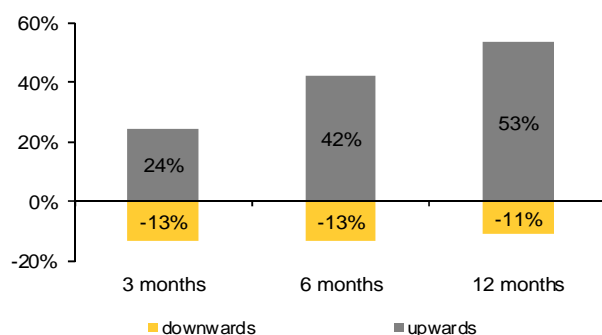
**... and financial institutions share that view**



**...and banks also take a very positive view**



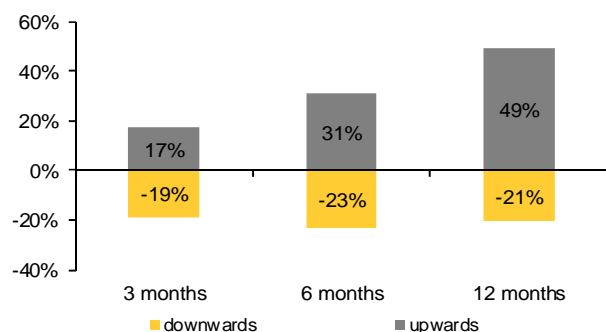
**...and financial institutions are even more optimistic**



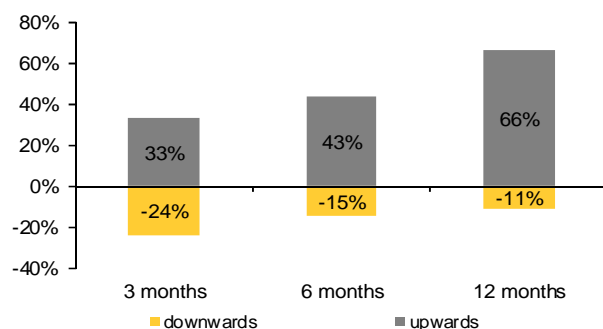
## Base metals: Industry convinced that prices, especially for copper and nickel, will rise long-term – banks somewhat more conservative

### Corporate clients

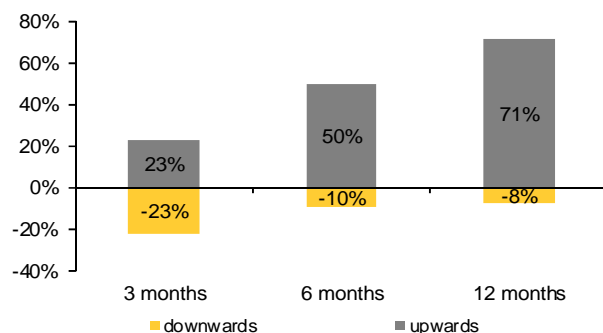
**ALUMINIUM: Industry convinced of higher prices (long-term)...**



**COPPER: Industry sees higher prices...**

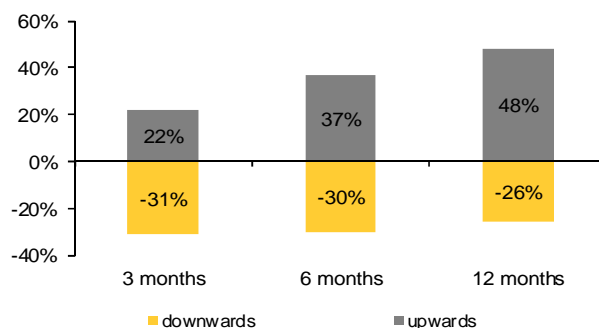


**NICKEL: More than two thirds of corporates regard nickel as too cheap on a longer-term perspective**

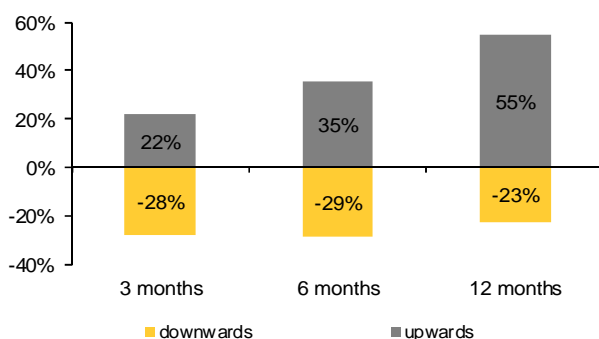


### Financial institutions

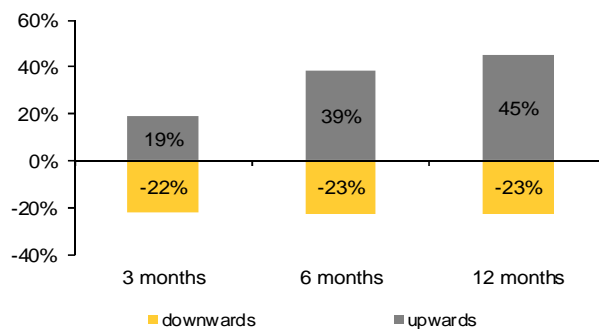
**Banks are more sceptical, especially on a short-term perspective**



**...as do financial institutions**



**Banks are not quite so convinced**

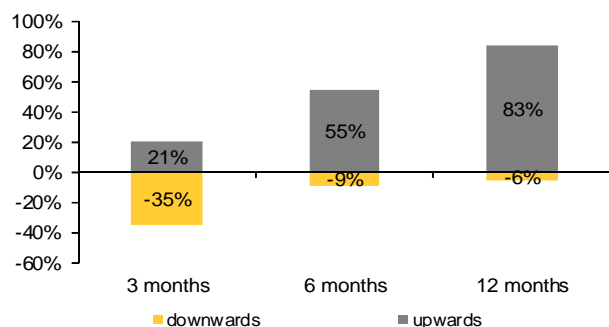


Source: Commerzbank Commodity Survey

## Energy: Sceptical short-term, but especially corporates convinced that oil prices will rise long-term

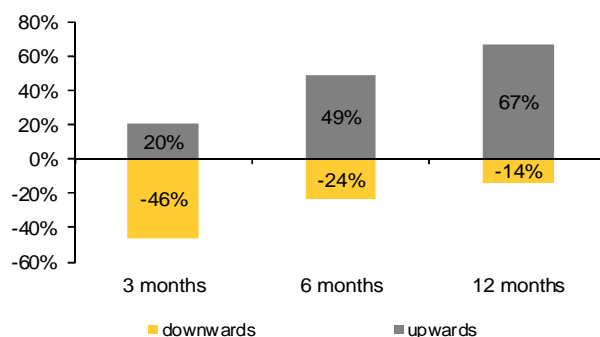
### Corporate clients

**BRENT:** Uncertain near-term, but 4 out of 5 corporates are convinced that oil price will rise long-term.....

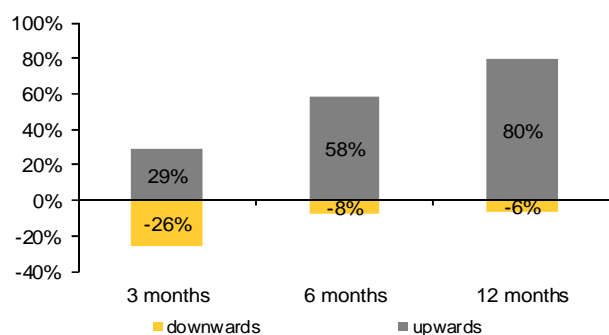


### Financial institutions

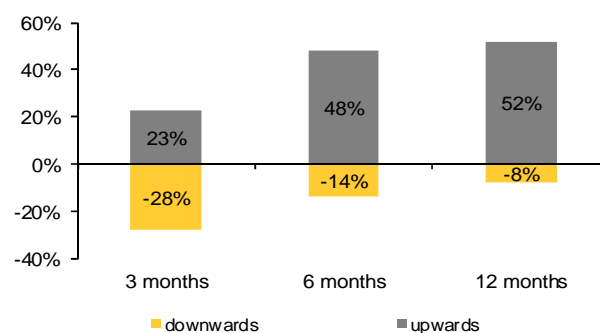
Among banks, scepticism dominates near-term, but rising prices are also expected long-term



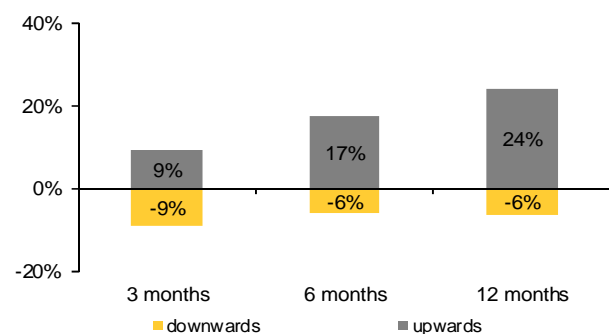
### DIESEL: Diesel to become dearer also over the long-term



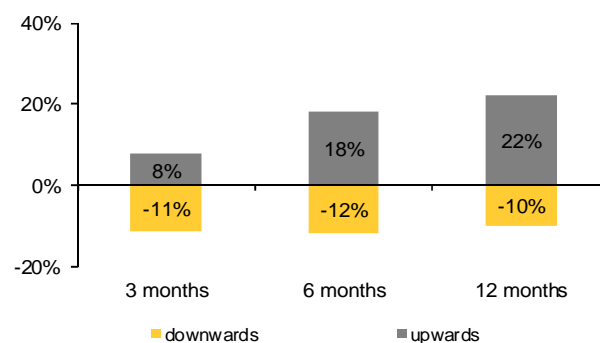
### Banks are also optimistic, but less convinced



### CARBON: The longer the horizon, the more carbon bulls



### ...also among banks

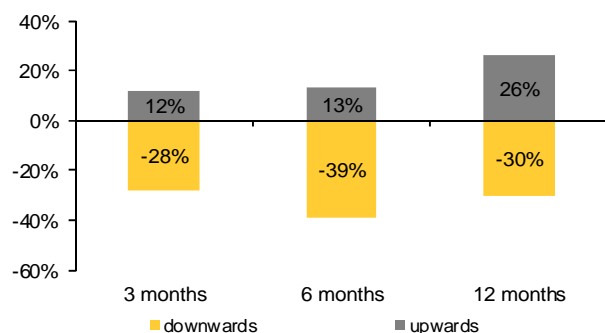


Survey: Commerzbank Commodity Survey

## Agricultural commodities: Expectations of banks and industry differ

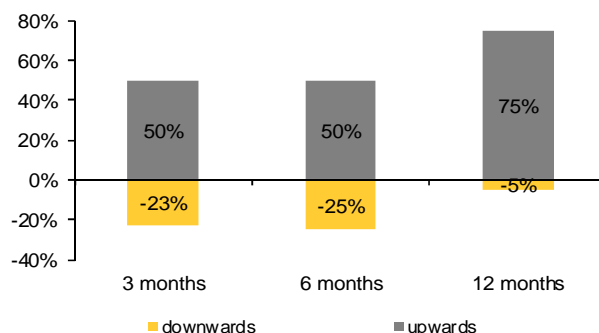
### Corporate clients

**WHEAT: Corporates tend to be sceptical.....**

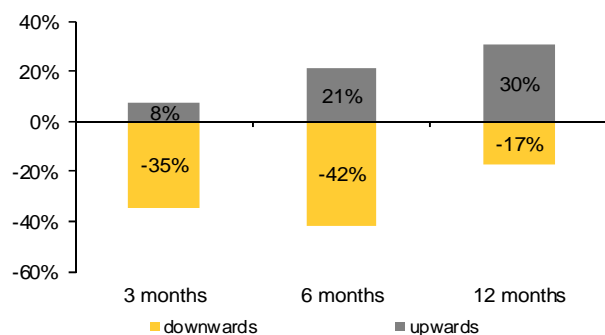


### Financial institutions

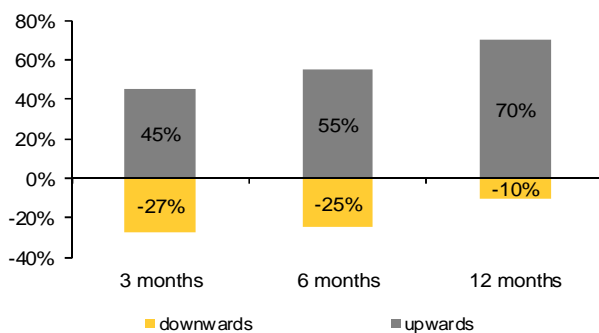
**...whereas banks are optimistic**



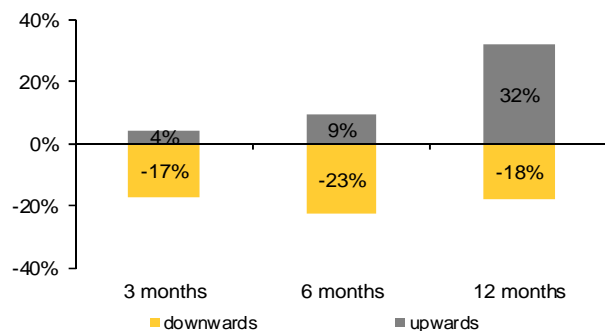
**CORN: Short-term price decline expected.....**



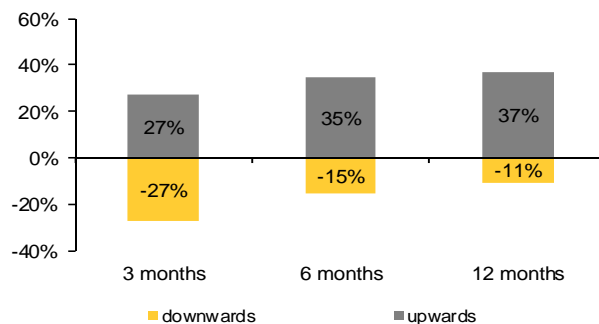
**...while banks are predominantly optimistic**



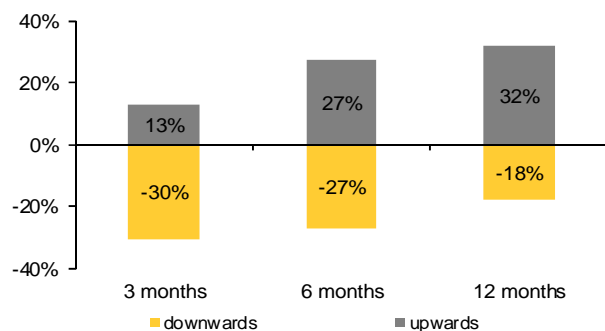
**COTTON: Corporates are sceptical near-term**



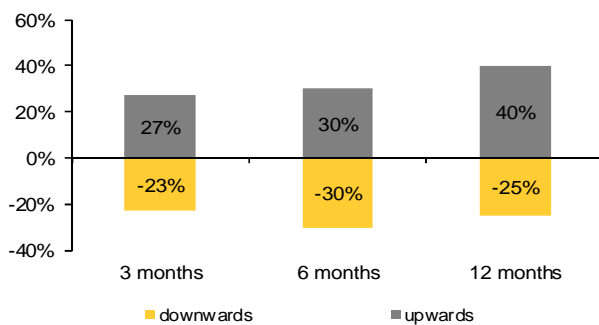
**...banks are divided, but optimism dominates long-term**



**COCOA: Industry tends to expect falling prices short-term...**



**Banks are divided regarding the short-term view**



Source: Commerzbank Commodity survey

## Our forecasts at a glance

Quarterly averages										Yearly averages		
Energy	04/01/15	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	2014	2015	2016
Brent Blend <sup>1)</sup>	57.1	55	55	65	75	75	75	80	80	100	62	78
WTI <sup>1)</sup>	50.1	49	43	60	72	72	72	77	77	93	56	75
Diesel <sup>2)</sup>	529	530	530	600	700	700	680	720	740	856	590	710
Gasoline <sup>2)</sup>	551	510	580	680	710	690	730	790	750	905	620	740
Jet fuel <sup>2)</sup>	565	570	580	650	740	740	730	770	780	908	640	760
Nat gas (\$ per mmBtu)	2.61	2.9	3.0	3.0	3.5	4.0	4.0	4.5	5.0	4.3	3	4.5
Coal <sup>2)</sup>	57.7	60	63	65	68	70	70	75	75	75	64	73
EUA (€ per ton)	6.93	7.3	7.3	8.0	9.0	9.0	9.0	9.5	9.5	6.0	8	9
Power (€ per mWh)	32.2	33	33	34	34	35	35	36	36	35	33	35
Base metals	04/01/15	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	2014	2015	2016
(US\$ per metric ton)												
Copper	6045	5750	6000	6200	6500	6800	6800	6800	6800	6827	6100	6800
Aluminium	1778	1850	1850	1825	1825	1850	1850	1850	1850	1895	1850	1850
Lead	1857	1975	1900	1950	2000	2100	2100	2100	2100	2118	1950	2100
Tin	16575	18900	19500	20000	20500	22000	22000	22000	22000	21894	19700	22000
Zinc	2103	2125	2150	2200	2250	2400	2400	2400	2400	2165	2175	2400
Nickel	12705	14500	14500	15000	15500	16000	16000	16000	16000	16952	14900	16000
Iron ore (Swaps)	57	65	61	60	62	65	65	65	65	98	62	65
Precious metals	04/01/15	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	2014	2015	2016
(US\$ per troy ounce)												
Gold	1203.9	1225	1150	1175	1250	1250	1250	1300	1350	1260	1200	1300
Silver	17.0	17.0	16.0	16.5	18.0	18.5	18.5	19.0	20.0	19.1	17	19
Platinum	1163.7	1200	1150	1200	1275	1300	1325	1350	1400	1384	1200	1350
Palladium	748.2	800	775	800	850	875	900	925	950	800	810	910
Crop	04/01/15	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	2014	2015	2016
Wheat (CBOT) <sup>4)</sup>	529	525	530	540	550	550	540	540	550	590	540	550
Wheat (Paris; EUR)	191	190	190	195	200	200	195	195	200	190	195	200
Corn (CBOT) <sup>4)</sup>	382	380	370	380	400	430	430	450	450	420	380	440
Corn (Paris; EUR)	164	160	160	170	175	180	185	190	190	160	165	185
Soybeans <sup>4)</sup>	990	1000	925	925	950	1000	1000	1050	1050	1250	950	1030
Rapeseed <sup>3)</sup>	368	360	345	350	355	360	380	400	400	355	355	385
Cotton <sup>5)</sup>	63	60	62	63	65	67	68	69	70	77	63	69
Softs	04/01/15	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	2014	2015	2016
Coffee (Arabica) <sup>5)</sup>	134.9	155	150	160	170	190	190	180	170	180	160	185
Coffee (Robusta) <sup>2)</sup>	1750	1900	1900	1950	2000	2100	2000	1950	1900	2000	1950	2000
Cocoa (GBP per ton) <sup>2)</sup>	1920	2000	1950	2000	2050	2100	2100	2100	2100	1900	2000	2100
Sugar <sup>5)</sup>	12.3	14.0	13.0	14.0	15.0	16.0	16.5	17.0	17.0	16.5	14	16.5
Livestock	04/01/15	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	2014	2015	2016
Live cattle <sup>5)</sup>	152	150	150	145	150	155	155	150	155	150	149	154
Feeder cattle <sup>5)</sup>	217	210	215	220	210	210	200	200	190	205	214	200
Lean hogs <sup>5)</sup>	76	72	85	85	80	80	90	90	80	105	81	85
Currencies	04/01/15	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	2014	2015	2016
EUR/USD <sup>6)</sup>	1.0780	1.12	1.10	1.06	1.04	1.02	1.01	1.00	0.99	1.33	1.08	1.01

if not specified quarterly averages in US\$, <sup>1)</sup> per barrel, <sup>2)</sup> per tonne, <sup>3)</sup> per pound, <sup>4)</sup> US-cents per bushel, <sup>5)</sup> US-cents per pound

Source: Commerzbank Corporates & Markets, Bloomberg

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