

# Commodities Daily

17 February 2015

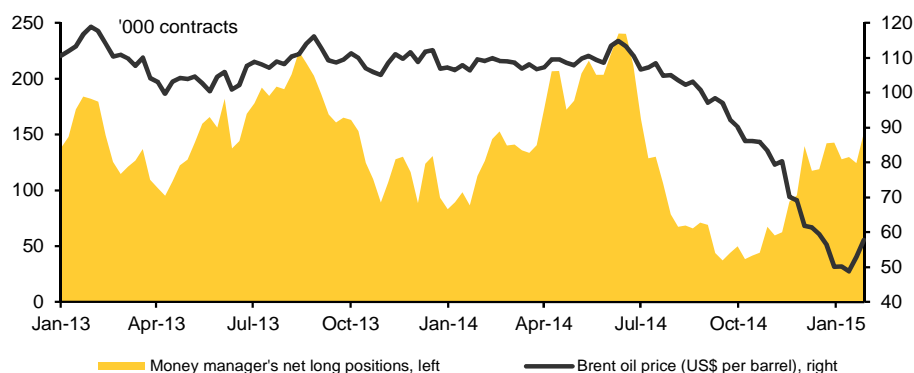
## Markets unbothered by Greek crisis

**Energy:** Oil prices appear unbothered by the escalation of the Greek debt crisis and are continuing to rise. Financial investors have been a key driver of the oil price increase of late. Their net long positions in Brent climbed by 28,000 to 152,000 contracts in the week to 10 February – this is their highest level since July 2014 and was attributable mainly to the closure of short positions. In the short term, the momentum suggests that prices will climb further. The oil price is finding additional support from renewed greater perception of the risks to supply: oil facilities in Libya have been repeatedly subjected to acts of sabotage, with the result that the state-owned National Oil Corporation (NOC) is calling for more protection for its facilities. What is more, the country risks falling under the influence of the terrorist militant group Islamic State (IS), which would doubtless make it even more difficult for Libyan oil production – which has been considerably hampered for months – to normalize. Fatih Birol, the future director of the International Energy Agency, has warned that the growing strength of IS poses a major challenge to oil sector investment in the Middle East. If the uncertainty means that such investment is not made, the supply growth that will be needed over the coming decade may fail to materialize. Significantly less oil is also reaching the market at present from Iraq because of delivery delays caused by bad weather. As a result, oil exports from the south of Iraq totalled a mere 1.5 million barrels per day in the first ten days of February, which is 900,000 barrels per day lower than in January, and less than half as much as was originally planned for this month.

**Precious metals:** Negotiations between Eurozone finance ministers and Greece once again failed to reach any agreement yesterday. This increasingly calls into question the financial solvency and Eurozone membership of this highly-indebted Southeast European country. Creditors have given Greece an ultimatum: it must apply for a continuation of the aid programme by Friday, which would involve the country acknowledging its payment obligations and reforms. If Greece allows this deadline to pass, national bankruptcy would appear to be merely a question of time. What is more, the risk of a bank run in Greece has risen significantly. Rather than gaining considerably in response to this news, the gold price has actually fallen and is trading this morning at a good \$1,220 per troy ounce. Its price in euros is likewise weaker below €1,080 per troy ounce. Evidently, the overwhelming majority of market participants still anticipate a last-minute solution to the Greek debt dispute.

Pulled down by gold, the platinum price again dipped below the \$1,200 per troy ounce mark this morning, though the fundamental picture remains bullish for platinum. According to data from the European Automobile Manufacturers Association (ACEA), nearly 1 million new cars were registered in the EU in January, which is 6.7% up on the year-on-year figure. The ACEA estimates that around 13 million new cars will be registered this year, which would see the European auto market continuing its recovery in 2015.

### CHART OF THE DAY: Financial investors support latest oil price rise



Source: ICE, Bloomberg, Commerzbank Corporates & Markets

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### Speculative market positioning (net); '000 contracts

	10-Feb	Weekly change
WTI (NYMEX)	195.046	1.602
Brent (ICE)	152.235	27.736
Gasoline (NYMEX)	57.451	1.530
Gasoil (ICE)	39.047	6.705

### Open interest (futures); '000 contracts

	10-Feb	Weekly change
WTI (NYMEX)	1717.593	-3.878
Brent (ICE)	1824.464	-13.196
Gasoline (NYMEX)	372.959	-4.447
Gasoil (ICE)	596.414	0.464

Source: ICE, CFTC, Bloomberg

Head of Commodity Research

**Eugen Weinberg**  
+49 69 136 43417  
eugen.weinberg@commerzbank.com

Analyst

**Carsten Fritsch**  
+49 69 136 21006  
carsten.fritsch@commerzbank.com

Analyst

**Barbara Lambrecht**  
+49 69 136 22295  
barbara.lambrecht@commerzbank.com

Analyst

**Michaela Kuhl**  
+49 69 136 29363  
michaela.kuhl@commerzbank.com

Analyst

**Daniel Briesemann**  
+49 69 136 29158  
daniel.briesemann@commerzbank.com

**Base metals:** The real estate market in China is continuing to cool. According to data from the National Bureau of Statistics, new home prices fell in January in 64 of the 70 cities in China for which statistics are recorded. This generally suggests weaker demand for metals because the real estate sector accounts for example for nearly half of Chinese copper demand. Copper is therefore slightly down this morning, though it is still holding its own above the \$5,700 per ton mark. Aluminium is also weaker as trading gets underway and is trading at around \$1,820 per ton. According to figures from Platts, physical aluminium premiums in the US and Europe have declined again somewhat of late. The premium in the US is currently 23.75 US cents per pound (roughly \$524 per ton) and thus 50 US cents or \$10 below its record high. The premium in Europe is \$350-370 (duty unpaid) or \$430-460 per ton (duty paid). At its peak, well over \$400 per ton (duty unpaid) had to be paid. This points to a good supply situation at present. According to industrial sources, the drop in premiums is attributable to weaker demand and reduced trading activities at the current time. That said, the LME had also introduced new warehousing rules as of 1 February which should allow material to be shipped more quickly from the LME's warehouses. If the premium should decline further and if the LME aluminium price were to fall at the same time, this could somewhat slow the massive expansion of supply on the global aluminium market.

**Agriculturals:** Following yesterday's public holiday in the US, wheat prices this morning are continuing the upswing they began on Friday, boosted by reports that the export duty levied by Russia since February caused exports to collapse by 97% week-on-week to 19,000 tons in the most recent reporting week. That said, exports had been brought forward ahead of the introduction of the export duty, meaning that the previous week's figures were distorted upwards. January exports in Russia have never before been as high as they were in January 2015. Analysts at the Russian SovEcon agency expect two million tons of wheat to be exported between February and June despite the duty in order to fulfil existing contracts. SovEcon anticipates Russian wheat exports of 21 million tons for the 2014/15 season as a whole, which is one million tons higher than the US Department of Agriculture's estimate, which had reduced its forecast from 22 million tons to 20 million tons in January. The solid 59 million ton crop in 2014 should allow significantly higher exports than in the two previous years, though Russia may decide to further curb exports. After all, despite the latest obstacles to exports – designed to put the brake on domestic price rises – wheat prices in Russia continue to rise. Demand for wheat appears robust, and sellers are currently exercising restraint in anticipation of higher purchase prices generated by state bodies.

## Prices

Energy 1)	current	1 day	1 week	1 month	1 year
Brent Blend	61.4	-0.2%	9.7%	23.3%	-43%
WTI	52.8	-0.1%	0.9%	9.5%	-47%
Gasoline	565.0	1.6%	3.6%	25.9%	-41%
Gasoil	579.8	0.3%	4.6%	22.5%	-37%
Diesel	592.0	0.0%	3.9%	24.4%	-37%
Jet fuel	624.0	0.5%	1.4%	19.5%	-37%
Natural gas (\$/mmBtu)	2.80	3.4%	9.7%	-8.9%	-45%
Base metals 2)					
Aluminum	1825	-0.6%	-0.8%	-1.3%	5%
Copper	5749	0.2%	1.9%	-0.2%	-20%
Lead	1835.5	-0.8%	-0.8%	-1.8%	-16%
Nickel	14600	-0.3%	-2.5%	-2.2%	1%
Tin	18125	-0.8%	-0.8%	-6.8%	-22%
Zinc	2150.5	0.0%	0.7%	1.5%	3%
Precious metals 3)					
Gold	1231.5	0.2%	-0.9%	-4.6%	-8%
Gold (€/oz)	1085.1	0.5%	-1.4%	-0.2%	11%
Silver	17.3	-0.5%	-0.5%	-5.4%	-22%
Platinum	1207.1	0.0%	-1.1%	-5.7%	-16%
Palladium	789.3	-0.3%	1.6%	3.4%	6%
Agriculturals 1)					
Wheat (LIFFE, €/t)	190.0	0.7%	1.5%	-3.8%	1%
Wheat CBOT	529.3	1.5%	2.5%	0.8%	-10%
Corn	395.3	0.6%	3.0%	2.7%	-12%
Soybeans	990.5	0.7%	1.9%	0.6%	-25%
Cotton	63.3	-0.4%	1.5%	6.5%	-29%
Sugar	14.84	-0.1%	1.4%	-3.3%	-7%
Coffee Arabica	166.5	-0.6%	2.6%	-2.6%	17%
Cocoa (LIFFE, £/t)	1977	-0.6%	0.0%	-2.7%	6%
Currencies 3)					
EUR/USD	1.1355	-0.3%	0.4%	-2.0%	-17%

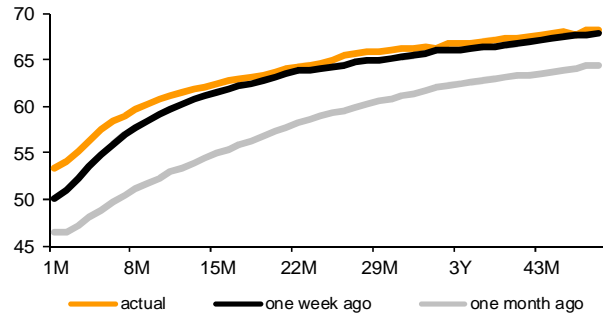
## Inventories

Energy *	current	1 day	1 week	1 month	1 year
Crude oil	417928	-	1.2%	9.3%	16%
Gasoline	242647	-	0.8%	2.3%	4%
Distillates	131223	-	-2.4%	-4.2%	16%
Ethanol	21135	-	0.7%	12.2%	24%
Crude oil Cushing	42598	-	2.9%	32.7%	13%
Natural gas	2268	-	-6.6%	-26.6%	34%
Gasoil (ARA)	3065	-	2.0%	10.0%	50%
Gasoline (ARA)	811	-	-22.5%	11.1%	-22%
Base metals **					
Aluminum LME	3972475	-0.1%	-0.7%	-3.6%	-26%
Shanghai	188842	-	1.5%	-6.7%	-22%
Copper LME	295475	0.1%	2.2%	47.4%	0%
COMEX	18493	-0.4%	-6.2%	-27.8%	4%
Shanghai	155702	-	11.7%	38.2%	-14%
Lead LME	213475	0.0%	0.4%	-1.1%	5%
Nickel LME	426114	0.1%	0.0%	1.8%	59%
Tin LME	11405	-0.5%	-3.7%	-5.8%	30%
Zinc LME	590675	-0.1%	-2.8%	-10.2%	-26%
Shanghai	102787	-	5.8%	18.0%	-60%
Precious metals ***					
Gold	53715	-0.2%	-0.4%	4.7%	-4%
Silver	621469	0.0%	0.0%	0.0%	0%
Platinum	2550	0.2%	0.2%	-1.6%	4%
Palladium	2973	-0.1%	-0.1%	-1.7%	41%

Source: DOE, PJK, LME, COMEX, SHFE, Bloomberg, Commerzbank Corporates & Markets

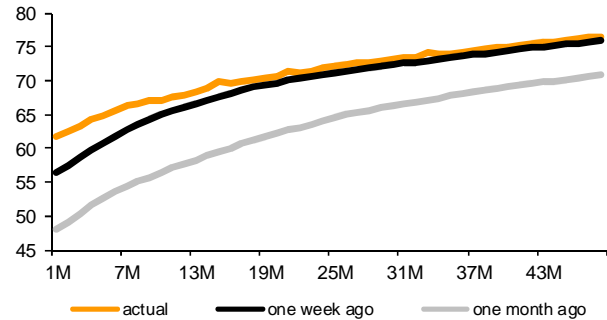
Percentage change on previous period  
<sup>1)</sup> 1 month forward, <sup>2)</sup> 3 months forward, <sup>3)</sup> spot  
 Crude oil in USD per barrel, oil products and base metals in USD per ton,  
 Precious metals in USD per troy ounce, grains and soybeans in US cents per bushel,  
 Cotton, sugar and coffee Arabica in US cents per pound  
 \* US inventories of crude oil, oil products and ethanol in '000 barrel,  
 US natural gas inventories in billion cubic feet, ARA stocks in '000 tons  
 \*\* tons, \*\*\* ETF holdings in '000 ounces

GRAPH 1: Forward curve oil market (WTI)



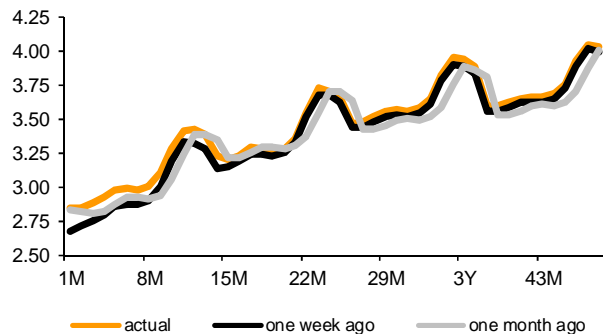
Source: NYMEX; Bloomberg, Commerzbank Corporates & Markets

GRAPH 2: Forward curve oil market (Brent)



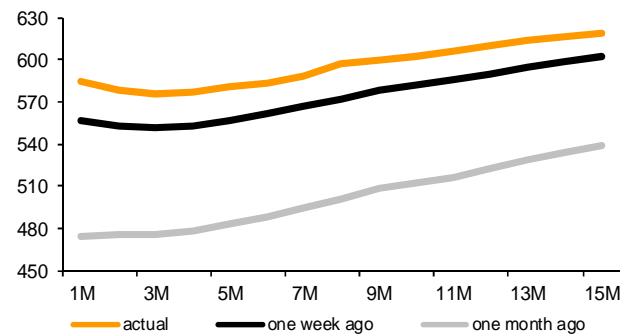
Source: ICE; Bloomberg, Commerzbank Corporates & Markets

GRAPH 3: Forward curve gas market (Henry Hub)



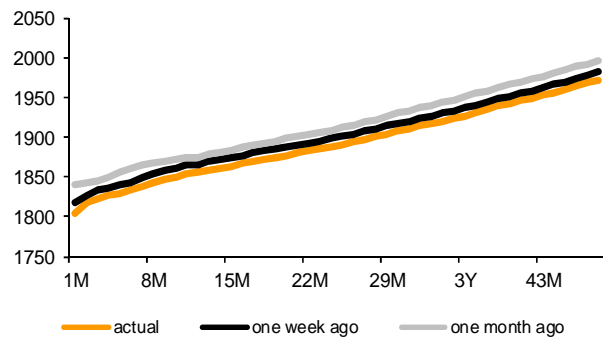
Source: NYMEX; Bloomberg, Commerzbank Corporates & Markets

GRAPH 4: Forward curve gasoil (ICE)



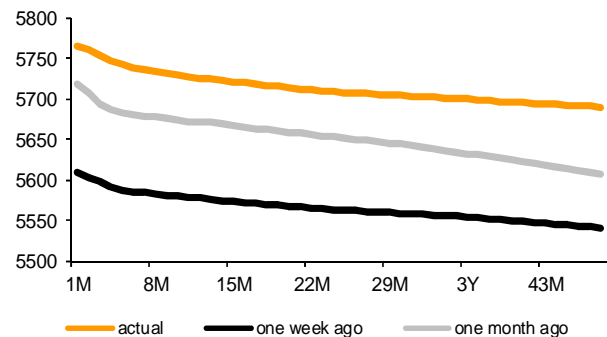
Source: ICE; Bloomberg, Commerzbank Corporates & Markets

GRAPH 5: Forward curve aluminium (LME)



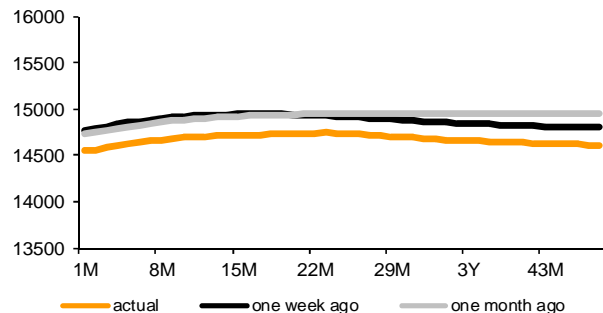
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 6: Forward curve copper (LME)



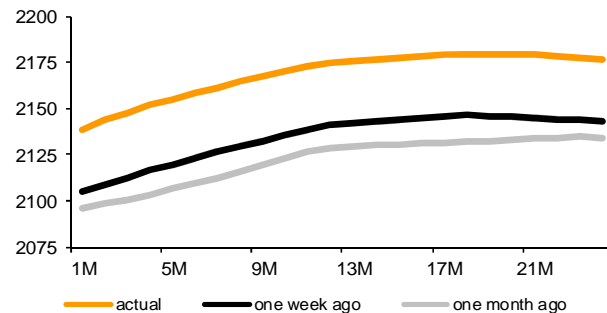
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 7: Forward curve nickel (LME)



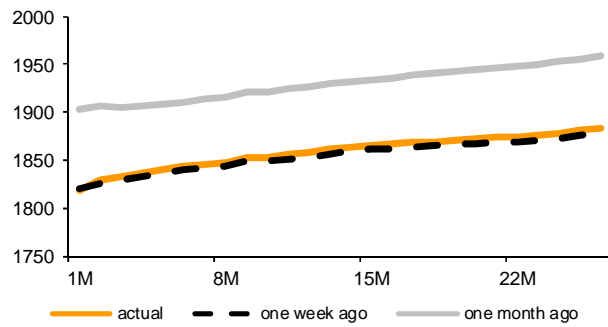
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 8: Forward curve zinc (LME)



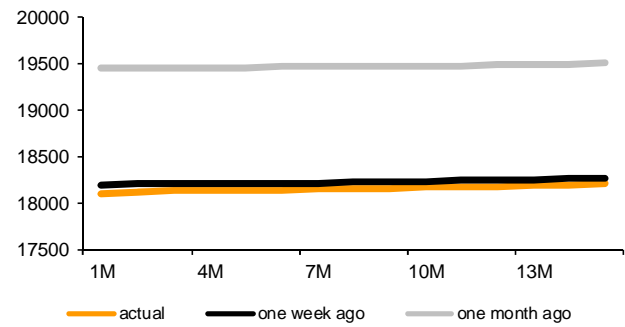
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 9: Forward curve lead (LME)



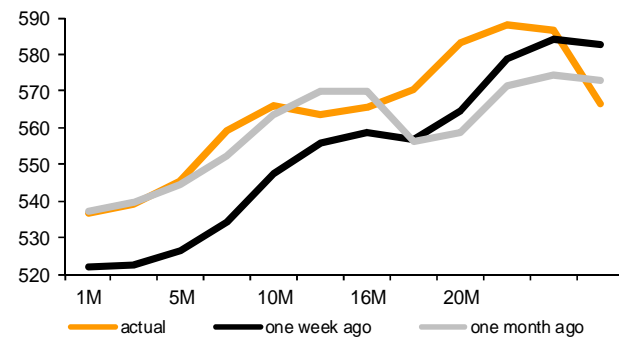
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 10: Forward curve tin (LME)



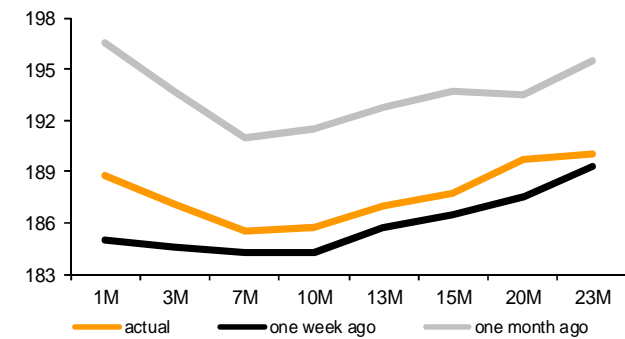
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 11: Forward curve wheat (CBOT)



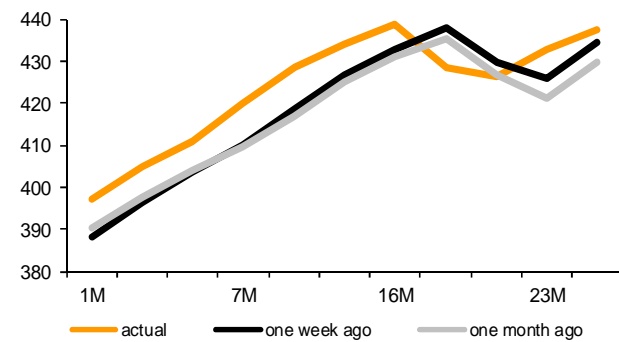
Source: CBOT; Bloomberg, Commerzbank Corporates & Markets

GRAPH 12: Forward curve wheat (Paris)



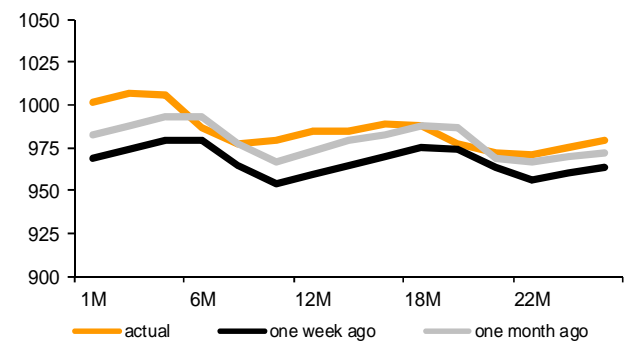
Source: MATIF; Bloomberg, Commerzbank Corporates & Markets

GRAPH 13: Forward curve corn (CBOT)



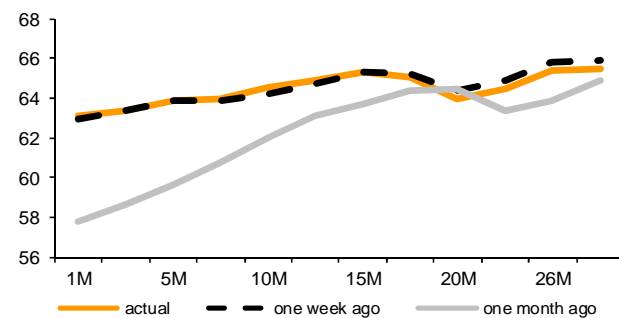
Source: CBOT; Bloomberg, Commerzbank Corporates & Markets

GRAPH 14: Forward curve soybeans (CBOT)



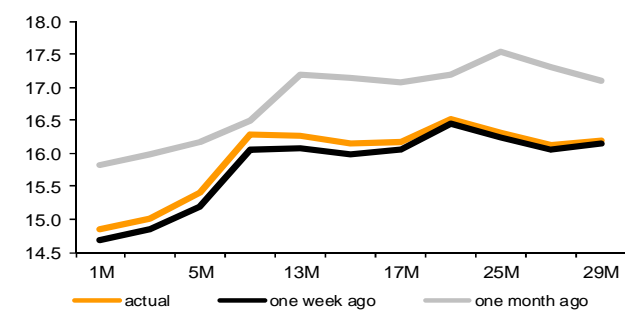
Source: CBOT; Bloomberg, Commerzbank Corporates & Markets

GRAPH 15: Forward curve cotton (NYBOT)



Source: NYBOT; Bloomberg, Commerzbank Corporates & Markets

GRAPH 16: Forward curve sugar (NYBOT)



Source: NYBOT; Bloomberg, Commerzbank Corporates & Markets

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#### Commerzbank Corporates & Markets

**Frankfurt**  
Commerzbank AG  
DLZ - Gebäude 2, Händlerhaus  
Mainzer Landstraße 153  
60327 Frankfurt  
Tel: + 49 69 136 21200

**London**  
Commerzbank AG, London Branch  
PO BOX 52715  
30 Gresham Street  
London, EC2P 2XY  
Tel: + 44 207 623 8000

**New York**  
Commerz Markets LLC  
225 Liberty Street,  
32nd floor  
New York, NY 10281 - 1050  
Tel: + 1 212 703 4000

**Singapore Branch**  
Commerzbank AG  
71, Robinson Road, #12-01  
Singapore 068895  
Tel: +65 631 10000

**Hong Kong Branch**  
Commerzbank AG  
29/F, Two IFC 8  
Finance Street Central  
Hong Kong  
Tel: +852 3988 0988