

Commodities

Commodities: Daily



20 August 2012

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- The precious metals complex continues to be dominated by news of the death toll at Lonmin's Marikana platinum mine in South Africa, after police shot 34 striking workers and injured 78 others on August 16th. The action by South African police was filmed, with the footage near the top of the running order for many news channels in the UK and elsewhere. After rallying 5.7% late last week however, it will be interesting to see how much farther platinum prices have to run. So far platinum has stabilised heading into Monday afternoon with prices trading more or less around its 100-day MA at \$1,471 (Spot basis).

Strategists

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Commodity price data (17 August 2012)

Base metals LME 3-month

	Open	Close	High	Low	Daily change	Change (%)	Cash Settle	Change in cash settle	Cash - 3m
Aluminium	1,849	1,858	1,865	1,844	9	0.49%	1,863.50	35	-36.00
Copper	7,462	7,539	7,554	7,451	77	1.03%	7,567.00	167	1.00
Lead	1,854	1,895	1,897	1,853	41	2.21%	1,899.00	31	-11.25
Nickel	15,540	15,630	15,695	15,383	90	0.58%	15,660.00	205	-60.00
Tin	18,175	18,495	18,685	18,100	320	1.76%	18,160.00	450	13.00
Zinc	1,796	1,797	1,807	1,792	1	0.06%	1,847.50	24	-11.50

Energy

	Open	Close	High	Low	day/day	Change (%)	ATM 1m vol	ATM 6m vol	ATM 1y vol
ICE Brent	113.83	114.34	114.70	113.62	0.63	0.55%	-	-	-
NYMEX WTI	96.36	96.01	96.53	95.87	0.00	0.00%	-	-	-
ICE Gasoil	979.25	982.25	984.75	977.50	2.50	0.25%	-	-	-
API2 Q4'12	94.50	94.10	-	-	-0.40	-0.43%	-	-	-
ICE EUA Dec'12	-	-	-	-	-	-	-	-	-

	AM Fix	PM Fix	High bid	Low offer	Closing bid	Change (d/d)	EFP's
Gold	1,607.00	1,611.00	16,320.50	1,612.25	1,617.00	4.00	1.8/2.2
Silver	-	27.92	28.34	28.03	28.05	0.29	-7/-5
Platinum	1,405.00	1,410.00	1,473.00	1,438.00	1,466.00	59.00	1.5/3.5
Palladium	585.00	585.00	605.00	585.00	604.00	19.00	0.0/1.0

Sources: Standard Bank Research; LME; BBG

Base Metals

With a week of Eurozone sound-bites and speculation on the cards, the metals have unsurprisingly been rather quiet, with prices drifting lower heading into the afternoon after a weak Asian trading session. Chinese data showing an increase in real estate prices over the weekend, has dented hopes of imminent Chinese government intervention, resulting in further weakness in Chinese equities and commodity prices overnight, while a weaker Euro this morning has also added to the gloom.

The base metals, and broader commodity markets generally, continue to be dominated by the triumvirate of the Eurozone (ECB), US (Fed) and China (Govt.), and how they react to the various problems faced by their economies. In that regard, the better than expected US data last week, particularly retail sales, looks to have reduced market expectations of further QE measures in September. Meanwhile, Chinese real estate data for July - showing price gains for new homes in 49 out of 70 cities - has also knocked hopes of further imminent Chinese rate cuts, in spite of not necessarily fitting in with signs that the wider economy continues to struggle. Either way, decision making looks to have been deferred, and, as a result, the focus of the market this week has shifted much more towards Europe, just as a planned week of intense shuttle diplomacy starts ahead of the ECB's announcement of its plan to tackle the Eurozone debt crisis.

Copper prices have fallen back towards Friday morning levels with prices falling below \$7,480 heading into the afternoon. Overnight turnover was ok-ish considering the lack of activity elsewhere, however volumes overall remain rather lacklustre. Given the meetings between European leaders planned for this week, and the FOMC meeting on Wednesday, it looks like another period where copper will range trade and react to the wider global markets as participants sit on the sidelines. On a fundamental note, Escondida production increased by 18% in H1-2012 to 533.2Kt. The increase was expected, owing to higher ore grades, however it nevertheless helps shift the focus of the market away from the supply-side situation that has dominated the copper market in recent years.

Elsewhere, Tin prices look to have stabilised around \$18,500, the most interesting aspect of the market being LME inventories where 965 mt of previously cancelled warrants in Johor were placed back on warrant this morning. Singapore meanwhile saw cancelled warrants increase by 75mt. Nickel also saw an increase in on-warrant stocks this morning, up 678 mt, with a 1,002 mt inflow of material into Johor (Bagged Briquettes) being offset by fresh warrants cancellations and outflows in Rotterdam.

By Leon Westgate

Precious Metals

The precious metals complex continues to be dominated by news of the death toll at Lonmin's Marikana platinum mine in South Africa, after police shot 34 striking workers and injured 78 others on August 16th. The action by South African police was filmed, with the footage near the top of the running order for many news channels in the UK and elsewhere. After rallying 5.7% late last week however, it will be interesting to see how much farther platinum prices have to run. So far platinum has stabilised heading into Monday afternoon with prices trading more or less around its 100-day MA at \$1,471 (Spot basis).

The overall situation at the mine remains very fluid, however, moving away from the political implications following Friday's shooting, including the reappearance of Julius Malema over the weekend and the ongoing power struggle between the NUM and AMCU unions, the key for the platinum market at least is how quickly Lonmin manages to get production going again. The ultimatum for striking employees to return to work due today, and with attendance reportedly up around the 30% mark it will be interesting to see whether some sort of normality is achieved.

With tensions between the NUM and the AMCU bubbling over at other operations in the region, Royal Bakofeng Platinum Ltd also announcing production losses of 2,600 oz of PGM production during H1-2012 due to absenteeism from rockdrill operator's, focus has certainly shifted from the demand side problems in platinum, back to supply-side issues. Inter-union strife will continue to be a key issue affecting mine output for the remainder of this year.

Looking elsewhere, palladium, which rallied along with platinum last week, has drifted lower this morning falling just over 1% back towards the \$600/oz mark.

Gold and silver have meanwhile had a very quiet start to the week with both metals trading sideways ahead of this week's FOMC statement and likely comments, aimed at the markets, from various European leaders. Technically speaking, both gold and silver are trading in tighter ranges of late with the market perhaps gearing up for a more significant move, perhaps in early September.

By Leon Westgate

Base metals

Daily LME Stock Movement (mt)

Metal	Today	Yesterday	In	Out	One day change	YTD change (mt)	Cancelled warrants (mt)	Cancelled warrants (%)	Contract turnover
Aluminium	4,914,175	4,919,925	4,025	9,775	-5,750	-56,225	1,722,550	35.05	137,744
Copper	234,150	234,550	800	1,200	-400	-136,750	37,775	16.13	100,385
Lead	317,525	319,200	100	1,775	-1,675	-35,550	54,125	17.05	43,448
Nickel	115,758	114,900	1,002	144	858	25,710	14,364	12.41	36,512
Tin	11,630	11,630	0	0	0	-560	5,165	44.41	8,685
Zinc	975,800	978,475	225	2,900	-2,675	154,100	128,500	13.17	99,581

Shanghai 3-month forward prices

Metal	Open	Last	1d Chnge
Aluminium	15,270	15,210	-60
Copper	55,000	54,830	60
Zinc	14,525	14,405	-55

COMEX active month future prices

Metal	Open	Close	Change	Change (%)
Aluminium	Ali Jul'12	-	-	-
Copper	Cu Jul'12	343	338.30	-4.50
Zinc				

ZAR metal prices

	Aluminium	Copper	Lead	Nickel	Tin	Zinc	ZAR/USD fix
Cash	15,486	62,882	15,781	130,135	150,910	15,353	8.3100
3-month	15,633	63,433	15,945	131,511	155,617	15,120	8.4140

Energy

Energy futures pricing	Price	Change	Price	Change	Price	Change	Price	Change	Price	Change
	1 month		2 month		3 month		6 month		1 year	
Sing Gasoil (\$/bbl)	128.77	-0.09	129.98	-0.17	129.07	0.13	129.22	0.28	126.47	0.45
Gasoil 0.1% Rdam (\$/mt)	982.25	2.50	982.00	2.25	978.75	2.50	968.50	3.25	940.50	-3.25
NWE CIF jet (\$/mt)	1,044.47	-0.21	1,059.75	0.33	1,057.05	2.08	1,044.19	2.83	1,027.89	3.20
Singapore Kero (\$/bbl)	129.23	-0.05	130.81	0.01	130.23	0.19	129.21	0.30	126.84	0.44
3.5% Rdam barges (\$/mt)	635.01	-2.54	642.00	-7.75	639.50	-7.50	633.50	-6.75	620.00	-6.25
1% Fuel Oil FOB (\$/mt)	690.90	-2.67	695.25	-9.75	689.50	-9.25	677.75	-6.25		
Sing FO180 Cargo (\$/mt)	669.27	-2.96	675.50	-7.50	673.25	-7.00	667.00	-6.50		
Thermal coal	Q4-12		Q1-13		Q2-13		Cal 13		Cal 14	
API2 (CIF ARA)	94.10	-0.40	96.40	-0.45	98.05	-0.25	99.50	-0.25	107.35	-0.25
API4 (FOB RBCT)	90.80	-0.25	93.30	-0.45	95.15	-0.25	96.50	-0.25	103.75	-0.25

Precious metals

Forwards (%)	1 month	2 months	3 months	6 months	12 months		
Gold	0.31833	0.34667	0.37500	0.47333	0.52167		
Silver	0.53167	0.52833	0.52667	0.48667	0.44333		
USD Libor	0.23600	0.33200	0.43350	0.71815	1.04400		
Technical Indicators	30-day RSI	10-day MA	20-day MA	100-day MA	200-day MA	Support	Resistance
Gold	50.87	1,609.67	1,596.65	1,611.27	1,651.16	1,609.00	1,630.00
Silver	48.83	27.78	27.50	29.11	30.68	27.72	28.70
Platinum	44.38	1,405.60	1,408.08	1,487.96	1,531.30	1,390.00	1,410.00
Palladium	46.79	581.21	578.55	617.05	640.99	575.00	585.00
Active Month Future	COMEX GLD	COMEX SLV	NYMEX PAL	NYMEX PLAT	DGCX GLD	TOCOM GLD	CBOT GLD
	Dec'12	Dec'12	Oct'12	Oct'12	Oct'12	Jun'13	Dec'12
Settlement	1,609.70	27.8550	584.00	1,410.40	1,607.50	4,051.00	1,613.00
Open Interest	391,070	124,143	23,478	52,942	1,197	135,090	849
Change in Open Interest	1,391	-360	-43	-209	137	-879	5

Sources: Standard Bank; LME; Bloomberg

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