

# Commodities Daily

29 November 2012

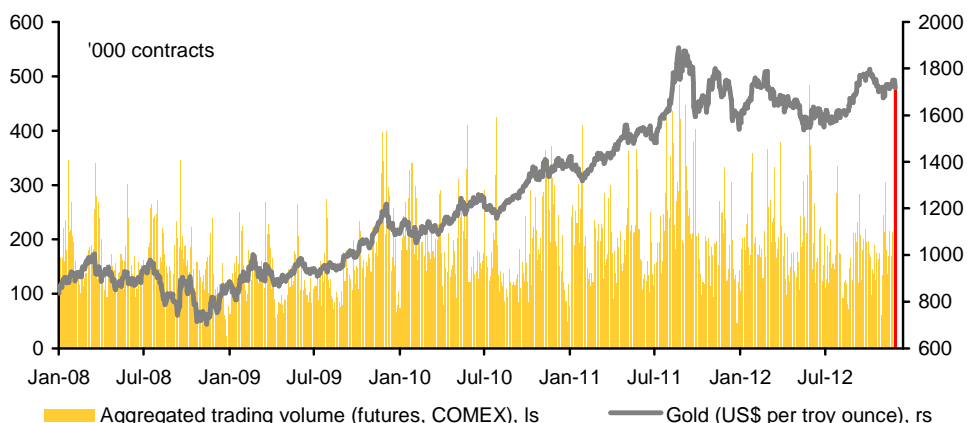
## Sudden slump in the price of gold

**Energy:** Brent is continuing to trade below \$110 per barrel and WTI at just shy of \$87 per barrel. Prices have been given a slight boost this morning amid hopes that a solution may have been found to the US budgetary dispute. As the US Department of Energy reported yesterday, US crude oil stocks fell by a surprising 347 thousand barrels last week. Increased refinery demand has more than offset the higher imports and the growth in domestic oil production. The latter has risen to 6.8 million barrels per day, putting it at its highest level since January 1994. What is more, that is 1 million barrels per day more than at the beginning of the year. Growing (shale) oil production in the US Midwest has caused stocks at Cushing to rise for the third week running – they are meanwhile just 2 million barrels short of the record high they achieved in early June. This may be one explanation why WTI is now trading \$23 below Brent. Oil product inventories have exhibited varying trends: gasoline stocks have risen by 3.9 million barrels on the back of increased refinery production and weaker demand, with the result that gasoline inventories no longer show any meaningful deviation from the long-term average. The distillate situation is quite different: they have fallen for the tenth time in the past eleven weeks. The negative deviation of distillate stocks from the long-term average has now reached 22%.

**Precious metals:** The price of gold shed 2% or more than \$30 yesterday in almost no time at all and for a while was trading only just above the \$1,700 per troy ounce mark. A computerized sell order was to blame, resulting in an extremely high trading volume in the first minute of futures trading on the New York COMEX exchange. According to Bloomberg data, a total of 486,315 futures contracts were traded on the COMEX yesterday – a record number. This corresponds to around 1,500 tons of gold, or more than half a year's mining production. What is more, yesterday's trading volume was almost three times higher than the average volume over the past three months. Because stop-loss thresholds were crossed, there was also follow-up selling for technical reasons which further exacerbated the price slide. The gold price was only able to make a slight recovery yesterday evening, and this morning is trading at around \$1,720 per troy ounce. Yesterday's events are impressive proof that computer-controlled trading systems can bring about massive price fluctuations without any particular trigger being necessary. These are rarely lasting in nature, however.

Dragged down by gold, the other precious metals also came under sharp pressure temporarily, above all silver. At its peak, the white precious metal shed 3.3%, likewise accompanied by a very high trading volume – at 163,330 contracts, the highest number of contracts were traded since mid-May 2011 and more than three times as many as the average figure for the past three months. Silver, however, was able to recoup most of its losses by the close of trading, and this morning is trading at a good \$33.5 per troy ounce.

### CHART OF THE DAY: Record number of gold futures traded on the COMEX



Source: COMEX, Bloomberg, Commerzbank Corporates &amp; Markets

### US-inventories crude oil/products

| 23.11.         | Weekly chg  | Est.  | Total |
|----------------|-------------|-------|-------|
| Crude oil      | -0.35       | +0.35 | 374.1 |
| - Cushing      | +0.71       |       | 45.9  |
| Gasoline       | +3.87       | +0.90 | 204.3 |
| Distillates    | -0.80       | +0.50 | 112.0 |
| Ref.utilis.(%) | +1.10       | +0.50 | 88.6  |
| Imports        | +0.35       |       | 8.1   |
| 23.11.         | 5-y average | Est.  | prior |
| Natural gas    | -29         | -6    | -38   |

*in mbb, imports in mbb/day,  
natural gas in bn cubic feet  
Source: DOE, Bloomberg*

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**Base metals:** Citing the deputy director of the China Battery Industry Association as its source, data supplier Shanghai Metals Market (SMM) claims that China's State Administration of Taxation and Ministry of Finance are considering the introduction of a 5% consumption tax on lead acid batteries. It is as yet unclear when the tax would be introduced. This could lead to lower demand for batteries, which in turn would – the Association believes – force a number of smaller battery producers to shut down. Ultimately, this could drive down demand for lead, which would cause the already high supply surplus anticipated on the global lead market next year to be even higher.

Aluminium producers have evidently decided to meet Japanese consumers half-way on the question of the physical premium. According to industry sources, producers are now demanding a premium of \$240-249 per ton on the LME price for the first quarter of 2013, which is up to 6% lower than in the current quarter. That said, the negotiations could drag on for a while yet, since the premiums on the spot market are currently “only” \$220-230 per ton. How far producers are ready to concede further ground is questionable, however, given that premiums of \$280-295 per ton are currently being paid on the spot market in Europe.

**Agriculturals:** Wheat prices still find themselves on an upward trajectory. Prices of wheat on the CBOT are nearing the \$9 per bushel mark again, and are thus trading at the upper end of the trading corridor observed for several months. MATIF wheat is now only just short of the contract high it achieved three weeks ago. Wheat prices are being lifted by the tightening of supply in the Black Sea region, which is likely to spark higher demand for US and EU wheat. A clearer picture will be provided by the export figures due to be published today by the US Department of Agriculture and the EU. What is more, winter wheat plants in the US are in very poor condition. According to the USDA, a mere 33% of plants were rated good or excellent last week. This is the lowest figure for late November since records began and is also well below the previous record low of 43% achieved in 1999. This is likely to lead to a lower crop yield next year. 13 years ago, the yield ultimately came to 42 bushels per acre. This year, 46 bushels per acre were harvested. Corn and soybeans are likewise on the up in the slipstream of wheat. There are also doubts about whether the supply from Brazil will be available in time next spring because of logistical problems that are expected to arise and that in previous years have led to shipment delays, especially in the case of sugar.

## Prices

| Energy 1)                 | current | 1 day | 1 week  | 1 month | 2012 |
|---------------------------|---------|-------|---------|---------|------|
| Brent Blend               | 109.5   | -0.3% | -0.7%   | 0.3%    | 2%   |
| WTI                       | 86.5    | -0.8% | -0.5%   | 1.6%    | -12% |
| Gasoline                  | 956.0   | -0.2% | -2.8%   | 0.7%    | 3%   |
| Gasoil                    | 932.0   | -0.9% | -1.1%   | -3.5%   | 1%   |
| Diesel                    | 969.8   | -1.3% | -2.8%   | -4.3%   | 3%   |
| Jet fuel                  | 1004.3  | -1.4% | -2.3%   | -2.6%   | 2%   |
| Natural gas               | 3.80    | -1.9% | -3.2%   | 8.8%    | 26%  |
| <b>Base metals 2)</b>     |         |       |         |         |      |
| Aluminum                  | 2000    | -0.4% | 4.2%    | 6.8%    | 0%   |
| Copper                    | 7767.5  | -0.5% | 1.4%    | 1.6%    | 3%   |
| Lead                      | 2188    | -1.1% | 2.1%    | 10.1%   | 9%   |
| Nickel                    | 16980   | 0.2%  | 3.5%    | 7.2%    | -8%  |
| Tin                       | 21425   | 1.1%  | 5.1%    | 9.9%    | 12%  |
| Zinc                      | 1987    | -0.3% | 4.4%    | 10.1%   | 9%   |
| Steel                     | 330     | -1.5% | 1.5%    | -5.4%   | -37% |
| <b>Precious metals 3)</b> |         |       |         |         |      |
| Gold                      | 1719.8  | -1.3% | -0.4%   | 0.8%    | 10%  |
| Gold (EUR)                | 1327.7  | -1.4% | -1.0%   | 0.0%    | 10%  |
| Silver                    | 33.8    | -0.9% | 1.2%    | 6.1%    | 21%  |
| Platinum                  | 1604.8  | -0.4% | 2.0%    | 5.0%    | 15%  |
| Palladium                 | 675.0   | 1.1%  | 3.5%    | 14.7%   | 4%   |
| <b>Agriculturals 1)</b>   |         |       |         |         |      |
| Wheat MATIF               | 276.0   | 1.0%  | 2.5%    | 4.4%    | 36%  |
| Wheat CBOT                | 876.0   | 0.3%  | 3.7%    | 2.1%    | 34%  |
| Corn                      | 760.3   | 0.0%  | 2.8%    | 3.4%    | 18%  |
| Soybeans                  | 1446.3  | -0.2% | 3.2%    | -4.8%   | 21%  |
| Cotton                    | 71.0    | -0.3% | -1.6%   | -1.6%   | -22% |
| Sugar                     | 19.16   | 0.9%  | #VALUE! | -0.4%   | -17% |
| Coffee Arabica            | 154.9   | 0.1%  | #VALUE! | -6.6%   | -33% |
| Cocoa                     | 2508    | 0.2%  | -0.9%   | 5.2%    | 19%  |
| <b>Currencies 3)</b>      |         |       |         |         |      |
| EUR/USD                   | 1.2953  | 0.1%  | 0.7%    | 0.5%    | 0%   |

## Inventories

| Energy *                   | current | 1 day | 1 week | 1 month | 1 year |
|----------------------------|---------|-------|--------|---------|--------|
| Crude oil                  | 374123  | -     | -0.1%  | -0.3%   | 12%    |
| Gasoline                   | 204255  | -     | 1.9%   | 2.9%    | -3%    |
| Distillates                | 112042  | -     | -0.7%  | -5.1%   | -19%   |
| Ethanol                    | 18347   | -     | -3.1%  | -2.2%   | 8%     |
| Crude oil Cushing          | 45857   | -     | 1.6%   | 4.1%    | 47%    |
| Natural gas                | 3873    | -     | -1.0%  | 2.6%    | 1%     |
| Gasoil (ARA)               | 1886    | -     | 2.3%   | -5.7%   | -15%   |
| Gasoline (ARA)             | 531     | -     | -8.6%  | -11.5%  | -19%   |
| <b>Base metals **</b>      |         |       |        |         |        |
| Aluminum LME               | 5189525 | 0.2%  | 0.6%   | 2.5%    | 14%    |
| Shanghai                   | 465679  | -     | 1.1%   | 7.2%    | 159%   |
| Copper LME                 | 249125  | -0.3% | -0.8%  | 3.6%    | -36%   |
| COMEX                      | 63353   | 0.9%  | 3.0%   | 12.8%   | -27%   |
| Shanghai                   | 205933  | -     | 1.2%   | 4.7%    | 216%   |
| Lead LME                   | 362350  | 0.2%  | 0.2%   | 10.9%   | -3%    |
| Nickel LME                 | 136356  | 0.0%  | 1.8%   | 5.8%    | 52%    |
| Tin LME                    | 12015   | 0.2%  | 4.0%   | 2.3%    | -4%    |
| Zinc LME                   | 1198100 | -0.2% | -0.2%  | 2.0%    | 62%    |
| Shanghai                   | 310558  | -     | 2.2%   | 3.4%    | -16%   |
| Steel LME                  | 72800   | -2.7% | -12.2% | -32.6%  | 7%     |
| <b>Precious metals ***</b> |         |       |        |         |        |
| Gold                       | 84103   | 0.2%  | 0.4%   | 1.2%    | 10%    |
| Silver                     | 600849  | 0.0%  | -0.2%  | 1.5%    | 8%     |
| Platinum                   | 1505    | 0.2%  | 0.2%   | -0.1%   | 10%    |
| Palladium                  | 1869    | 0.7%  | 0.6%   | -0.5%   | 5%     |

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

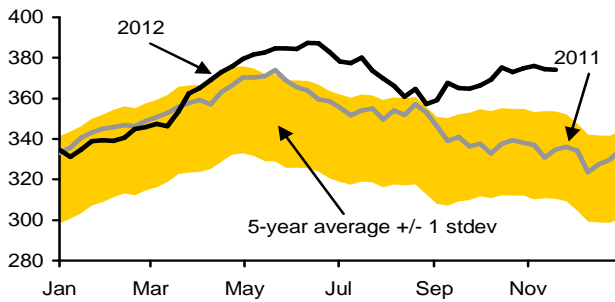
\* US inventories of crude oil, oil products and ethanol in '000 barrel,

US natural gas inventories in billion cubic feet, ARA stocks in '000 tons

\*\* tons, \*\*\* ETF holdings in '000 ounces

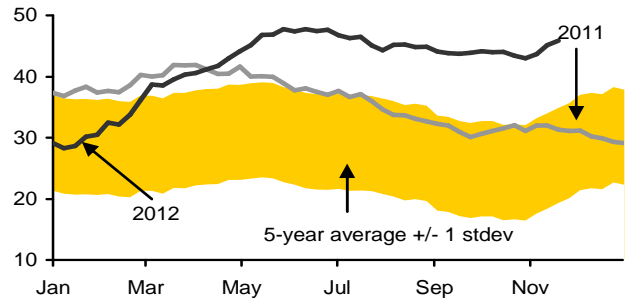
## DOE data: US inventories of crude oil and oil products

GRAPH 1: Crude oil inventories (in mbbl)



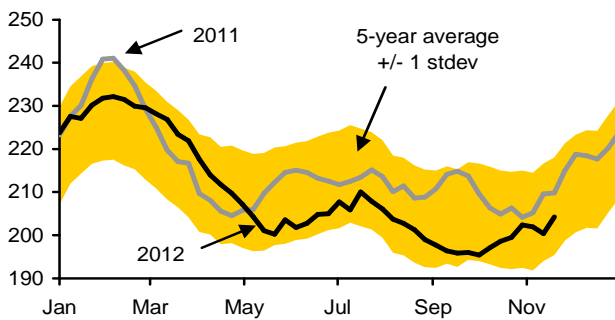
Source: DOE; Bloomberg, Commerzbank Corporates & Markets

GRAPH 2: Crude oil inventories at Cushing (in mbbl)



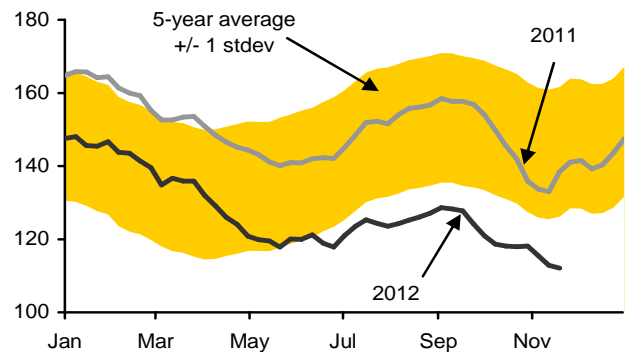
Source: DOE; Bloomberg, Commerzbank Corporates & Markets

GRAPH 3: Gasoline inventories (in mbbl)



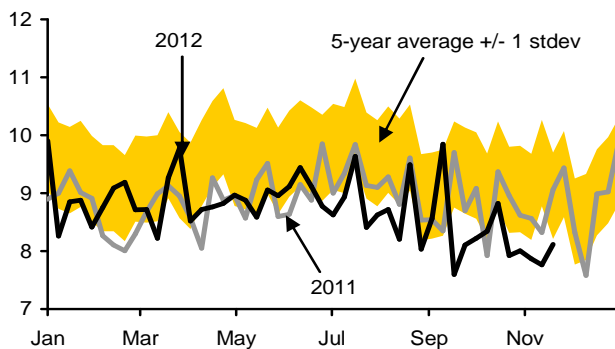
Source: DOE; Bloomberg, Commerzbank Corporates & Markets

GRAPH 4: Distillates inventories (in mbbl)



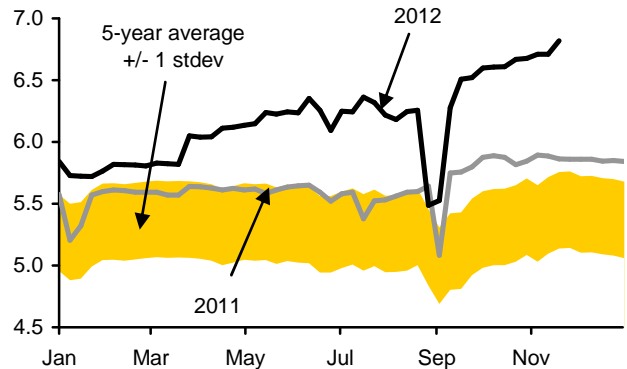
Source: DOE; Bloomberg, Commerzbank Corporates & Markets

GRAPH 5: Crude oil imports (in mbbl/day)



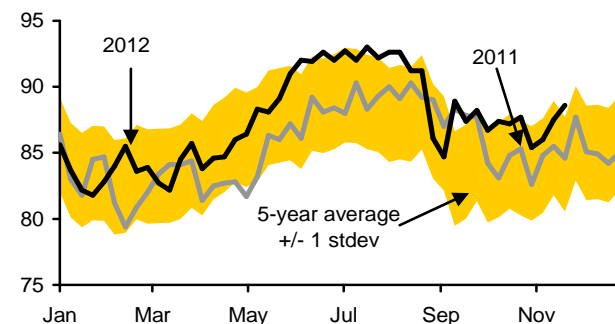
Source: DOE; Bloomberg, Commerzbank Corporates & Markets

GRAPH 6: Oil production (in mbbl/day)



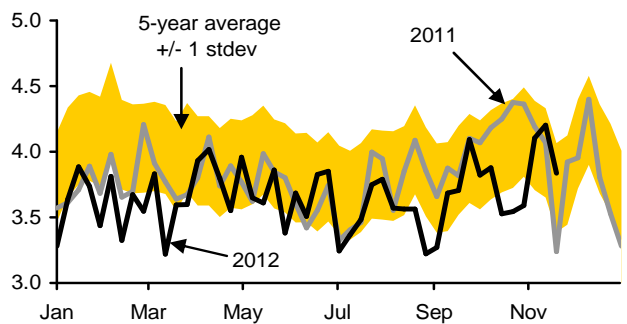
Source: DOE; Bloomberg, Commerzbank Corporates & Markets

GRAPH 7: Refinery utilization (in %)



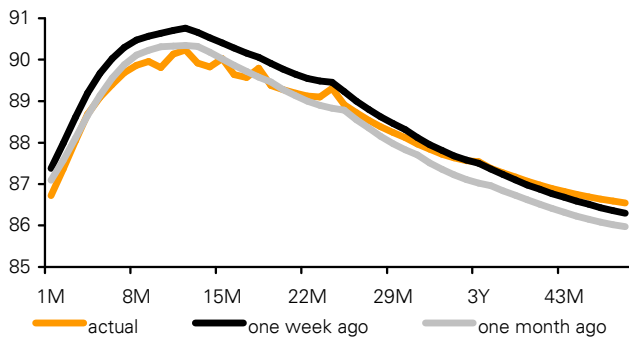
Source: DOE; Bloomberg, Commerzbank Corporates & Markets

GRAPH 8: Destillate demand (in mbbl/day)



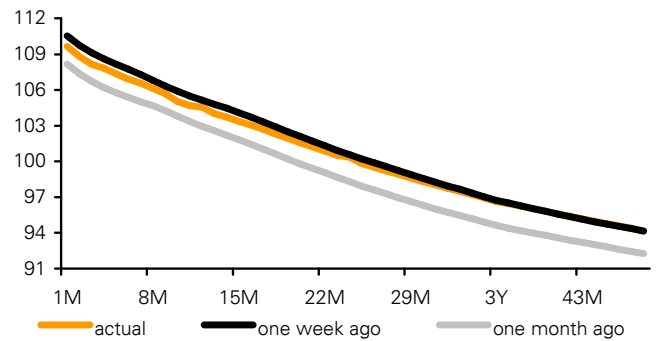
Source: DOE; Bloomberg, Commerzbank Corporates & Markets

GRAPH 9: Forward curve oil market (WTI)



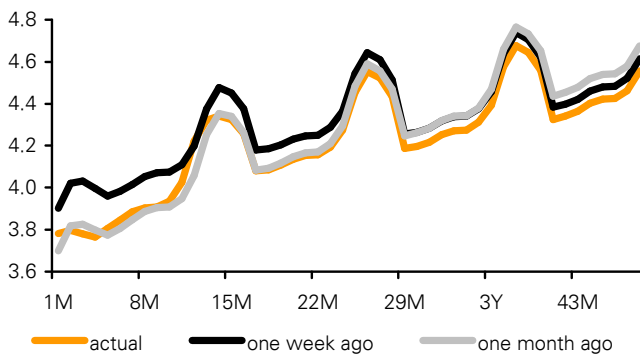
Source: NYMEX; Bloomberg, Commerzbank Corporates & Markets

GRAPH 10: Forward curve oil market (Brent)



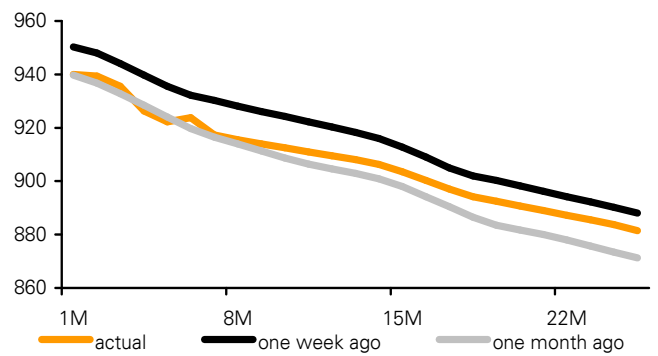
Source: ICE; Bloomberg, Commerzbank Corporates & Markets

GRAPH 11: Forward curve gas market (Henry Hub)



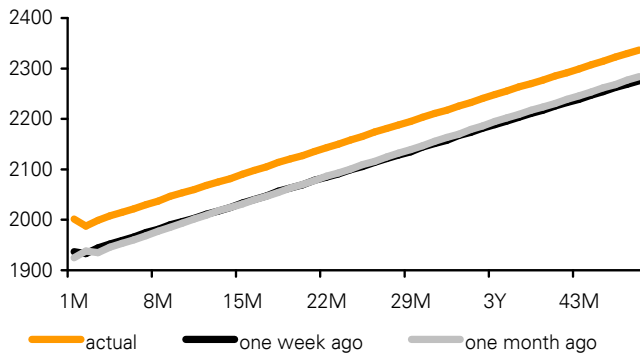
Source: NYMEX; Bloomberg, Commerzbank Corporates & Markets

GRAPH 12: Forward curve gasoil (ICE)



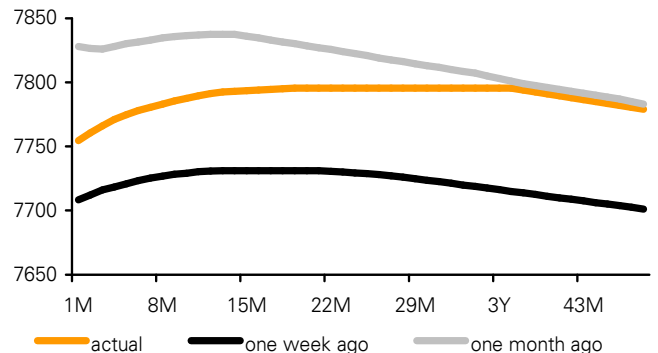
Source: ICE; Bloomberg, Commerzbank Corporates & Markets

GRAPH 13: Forward curve aluminium (LME)



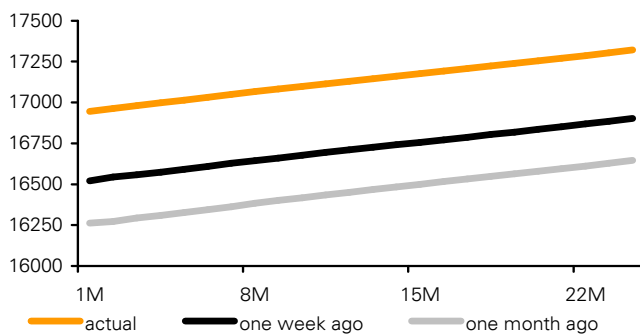
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 14: Forward curve copper (LME)



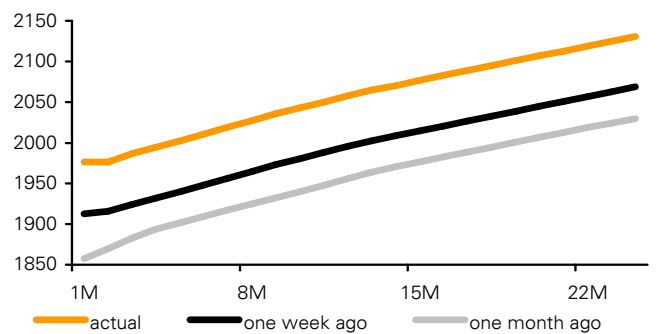
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 15: Forward curve nickel (LME)



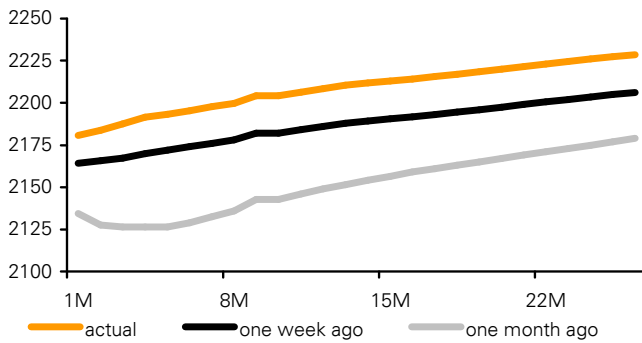
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 16: Forward curve zinc (LME)



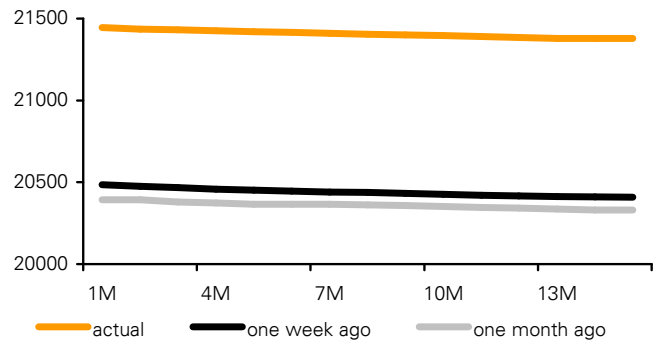
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 17: Forward curve lead (LME)



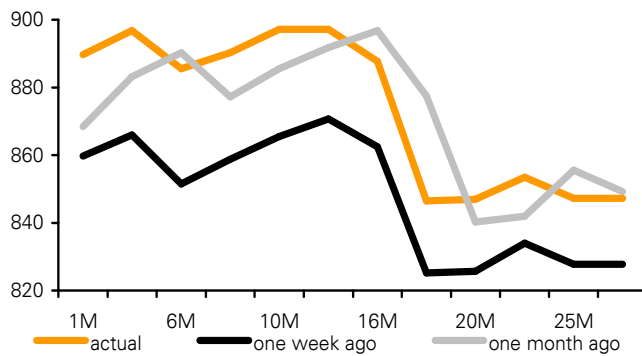
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 18: Forward curve tin (LME)



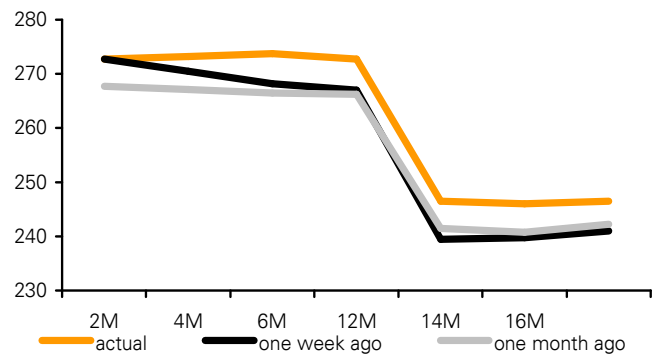
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 19: Forward curve wheat (CBOT)



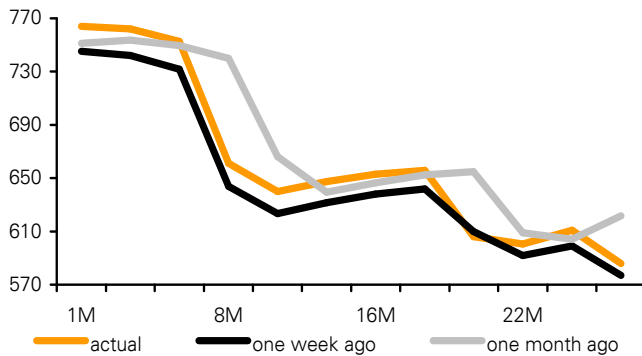
Source: CBOT; Bloomberg, Commerzbank Corporates & Markets

GRAPH 20: Forward curve wheat (MATIF)



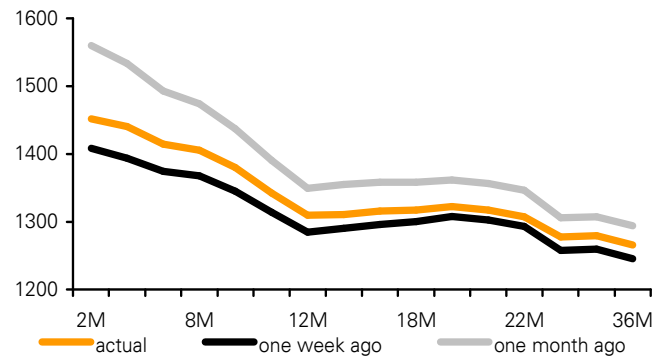
Source: MATIF; Bloomberg, Commerzbank Corporates & Markets

GRAPH 21: Forward curve corn (CBOT)



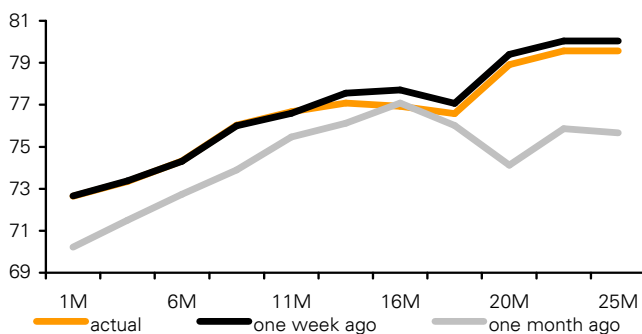
Source: CBOT; Bloomberg, Commerzbank Corporates & Markets

GRAPH 22: Forward curve soybeans (CBOT)



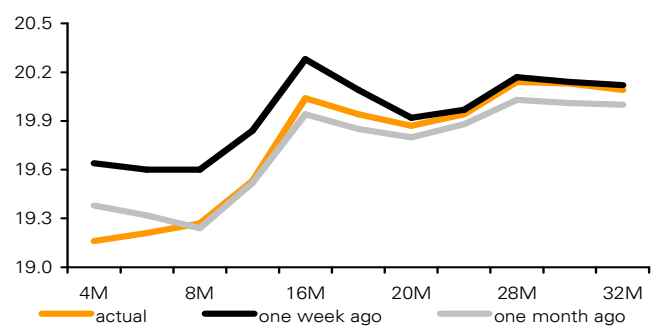
Source: CBOT; Bloomberg, Commerzbank Corporates & Markets

GRAPH 23: Forward curve cotton (NYBOT)



Source: NYBOT; Bloomberg, Commerzbank Corporates & Markets

GRAPH 24: Forward curve sugar (NYBOT)



Source: NYBOT; Bloomberg, Commerzbank Corporates & Markets

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