

Commodities Daily

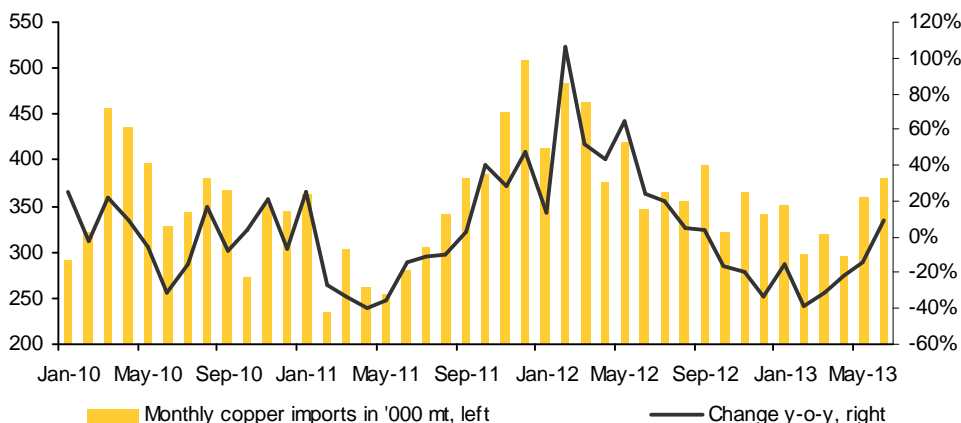
10 July 2013

Mixed trade figures from China

Energy: Brent has climbed overnight to a three-month high of \$108 per barrel, while WTI has achieved \$104.8 per barrel – its highest level for 14 months. Oil prices are also continuing to find support from the tense situation in Egypt. What is more, last week saw an unexpectedly sharp reduction in US crude oil stocks. According to the API, they declined by 9 million barrels, destocking on a similarly high scale having already been recorded a week earlier. No less remarkable was the sharp 2.7 million barrel fall in crude oil stocks at Cushing. Despite higher levels of crude oil processing, gasoline stocks dropped by 3.5 million barrels, which suggests that demand picked up again in the run-up to the Independence Day weekend. While oil demand in the US appears to be reviving, current figures from China point to slowing demand dynamism there. According to the country's customs authorities, Chinese crude oil imports fell in June by 4.4% month-on-month to hit a nine-month low of 5.39 million barrels per day. In the first half year, oil imports declined by 1.4% year-on-year. Following the end of maintenance work in the refineries, and given the necessary restocking of inventories, the import dynamism had actually been expected to pick up again. Obviously refineries do not envisage demand reviving noticeably in the third quarter. This also corresponds to the rather subdued outlook of the customs authorities as regards third-quarter exports in view of weak demand overseas, rising wage costs and the strong yuan.

Precious metals: As trading gets underway this morning, the gold price is holding its own at around \$1,250 per troy ounce despite headwind coming from several directions at once. The US dollar, for instance, has risen noticeably again against the euro and for the first time in three months is trading below the 1.28 EUR-USD mark again. The latest US dollar movement was triggered by statements by ECB board member Jörg Asmussen, who gave a more precise definition of what the ECB means by an "extended period of time" when it comes to low interest rates. The market interpreted his remarks as meaning that it is likely to last more than twelve months, even though the ECB later attempted in an official statement to relativize Asmussen's comments. Furthermore, gold ETFs yesterday saw further outflows of 10 tons, meaning that holdings have been reduced by 53 tons in the past three days of trading alone. In other words, the dynamism of ETF outflows has accelerated noticeably once again since the start of the quarter. Even between mid-April and mid-May, less gold was withdrawn on an average daily basis than has been the case recently. By contrast, the downgrading of Italy's credit rating by rating agency S&P played only a subordinate role, as S&P was only following the lead already taken by the other rating agencies. Greater attention is likely to be paid to this evening's publication of the minutes of the US Federal Reserve's meeting. In recent months, this tended to be followed by pronounced market movements.

CHART OF THE DAY: China importing more copper again of late



Source: Chinese Customs, Bloomberg, Commerzbank Corporates & Markets

US inventories crude oil / oil products

	API	DOE	
	5.7.	Survey	28.6.
Crude oil	-9.0	-3.2	-10.35
Gasoline	-3.5	+1.0	-1.72
Distillates	+2.8	+1.0	-2.42
Utiliz. (%)	+0.2	+0.2	+2.00
Imports	-0.3	-	-0.89
Cushing	-2.7	-	0.39

Weekly change in mm barrels, imports in mbpd,

Source: API, DOE, Bloomberg

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Bloomberg: CBIR

Base metals: According to figures from the Chinese customs authorities, China imported 380 thousand tons of copper in June. This is nearly 10% up on last year's figure. Copper imports had thus risen for the second consecutive month and were at their highest level for nine months. Essentially, three factors are doubtless responsible: for one thing, there have for some months now been attractive arbitrage opportunities again between the exchanges in London and Shanghai, purchases being reflected in the import statistics with a roughly two-month delay. For another thing, the copper stocks in the warehouses of the SHFE have been slashed since the end of March by around 75 thousand tons or 30% – they currently find themselves at a nine-month low – while cancelled warrants in the Asian LME warehouses are close to a record high. Both these factors point to robust demand from China. Last but not least, Chinese traders are likely to have taken advantage of the low copper prices to trade opportunistically. Imports could thus continue to be relatively robust in the coming months too. The trade statistics for the economy as a whole are probably to blame for the fact that the copper price is not profiting significantly from these figures and is trading this morning only slightly up at almost \$6,800 per ton. After all, contrary to expectations both imports and exports declined in June, in the latter case for the first time since early 2012. The data tally with the cooling of the Chinese economy that has been observed of late.

Agriculturals: The prediction of high temperatures in key US growing regions which could damage corn and soybean plants that are lagging behind in terms of their development is currently causing prices in Chicago to rise. Growing conditions had been almost ideal in recent weeks. Soybean prices have also been finding support from June's Chinese soybean import figures, which showed that imports soared by 36% month-on-month and at 6.93 million tons achieved a record level, having proved disappointing in the first months of 2013. This is also evident from the fact that soybean imports in the first half of the year are still 5.4% down on the previous year's level. Import activity had long been hampered by delayed deliveries from Brazil. These problems have now been resolved, something that had already been reflected in increased imports in May. Another record figure of over 7 million tons is anticipated for July. Even though this pace is unlikely to be sustained over several months, the figures for the forthcoming 2013/14 season give rise to optimism.

Hot and dry weather since June have been worsening the prospects for the Russian grain harvest. In recent days, a number of institutes have downwardly corrected their wheat crop estimates. Even the Russian government is now talking only of a crop of "at least" 50 million tons. This is interpreted as an implied reduction of its previous forecast of 50-54 million tons.

Prices

Energy 1)	current	1 day	1 week	1 month	ytd
Brent Blend	107.8	0.4%	2.2%	4.0%	-3%
WTI	103.5	0.4%	4.9%	9.1%	14%
Gasoline	995.5	0.2%	4.1%	2.1%	4%
Gasoil	908.3	-0.2%	1.2%	5.0%	-2%
Diesel	924.5	-0.2%	3.5%	2.9%	-2%
Jet fuel	972.0	-0.1%	3.7%	2.8%	-3%
Natural gas (\$/mmBtu)	3.66	-2.2%	-0.4%	-4.2%	9%
Base metals 2)					
Aluminum	1790	-0.7%	-0.1%	-6.2%	-13%
Copper	6730	-1.5%	-3.1%	-5.4%	-15%
Lead	2037	-1.6%	-1.3%	-5.2%	-12%
Nickel	13325	-0.8%	-2.6%	-9.4%	-21%
Tin	19305	-0.7%	-3.0%	-7.0%	-17%
Zinc	1869	-0.6%	1.2%	-0.3%	-9%
Precious metals 3)					
Gold	1251.4	1.2%	0.0%	-9.6%	-25%
Gold (€/oz)	979.1	1.9%	1.6%	-0.6%	-23%
Silver	19.3	1.0%	-2.7%	-12.3%	-37%
Platinum	1366.3	0.5%	1.6%	-9.3%	-11%
Palladium	700.0	0.5%	2.4%	-8.9%	0%
Agriculturals 1)					
Wheat (LIFFE, €/t)	196.8	1.7%	1.8%	-3.4%	-21%
Wheat CBOT	677.5	2.2%	2.9%	-1.8%	-13%
Corn	521.8	4.2%	4.2%	-4.0%	-25%
Soybeans	1276.3	1.9%	3.0%	-3.0%	-9%
Cotton	86.0	0.8%	0.2%	0.1%	14%
Sugar	16.34	-0.4%	-0.9%	-0.6%	-17%
Coffee Arabica	122.3	-1.0%	-1.7%	-3.7%	-15%
Cocoa (LIFFE, £/t)	1527	1.3%	3.0%	-1.8%	6%
Currencies 3)					
EUR/USD	1.2781	-0.7%	-1.6%	-3.4%	-3%

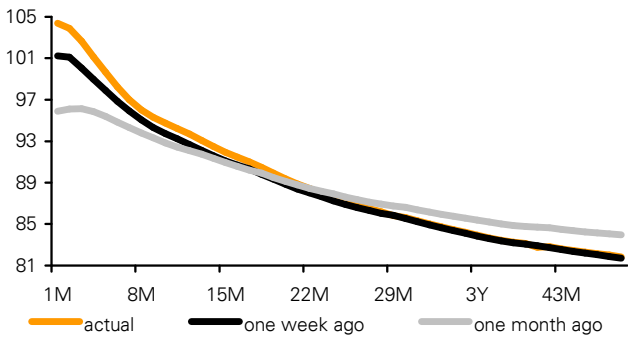
Inventories

Energy *	current	1 day	1 week	1 month	1 year
Crude oil	383792	-	-2.6%	-3.5%	0%
Gasoline	223662	-	-0.8%	2.1%	9%
Distillates	120771	-	-2.0%	0.1%	3%
Ethanol	15445	-	-5.2%	-3.8%	-24%
Crude oil Cushing	49652	-	0.8%	-1.7%	4%
Natural gas	2605	-	2.8%	21.7%	-16%
Gasoil (ARA)	1897	-	1.6%	-10.1%	-16%
Gasoline (ARA)	721	-	3.2%	-4.0%	16%
Base metals **					
Aluminum LME	5433575	0.3%	-0.2%	4.4%	13%
Shanghai	395897	-	-1.1%	-9.6%	29%
Copper LME	650125	-1.0%	-1.4%	6.6%	157%
COMEX	69878	-0.8%	-2.6%	-10.1%	35%
Shanghai	173021	-	-5.2%	-3.5%	11%
Lead LME	195975	-0.1%	-1.0%	-4.5%	-44%
Nickel LME	193416	-0.1%	2.5%	6.1%	84%
Tin LME	14410	-0.1%	1.2%	-0.2%	15%
Zinc LME	1025050	-0.5%	-2.4%	-7.7%	4%
Shanghai	274320	-	-1.1%	-6.2%	-17%
Precious metals ***					
Gold	63776	-0.5%	-2.9%	-7.1%	-18%
Silver	604577	-0.1%	0.2%	-0.7%	6%
Platinum	2115	0.3%	2.9%	6.7%	57%
Palladium	2208	-0.2%	0.3%	-1.3%	15%

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

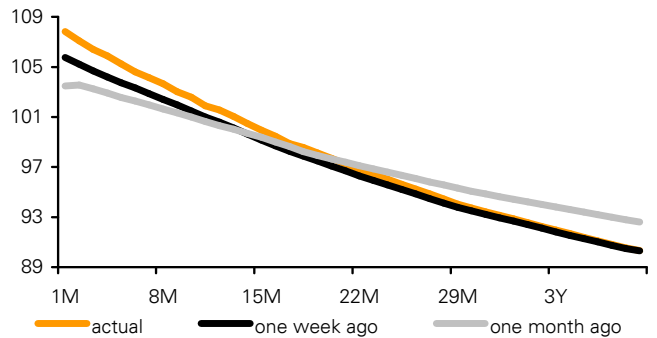
Percentage change on previous period
¹⁾ 1 month forward, ²⁾ 3 months forward, ³⁾ spot
 Crude oil in USD per barrel, oil products and base metals in USD per ton, Precious metals in USD per troy ounce, grains and soybeans in US cents per bushel, Cotton, sugar and coffee Arabica in US cents per pound
 * 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)



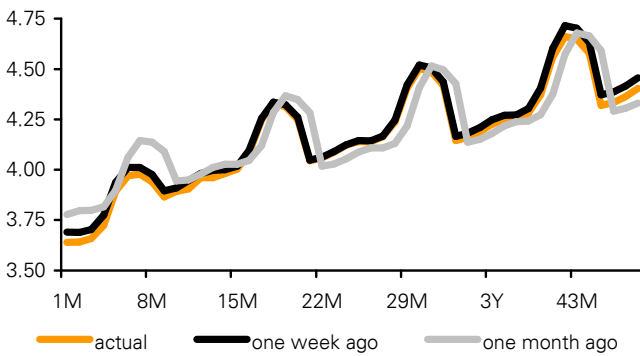
Source: NYMEX; Bloomberg, Commerzbank Corporates & Markets

GRAPH 2: Forward curve oil market (Brent)



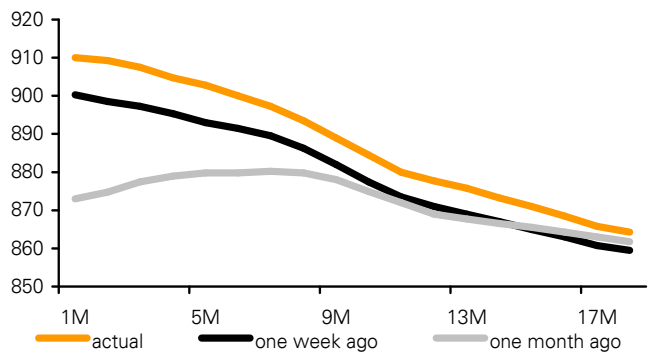
Source: ICE; Bloomberg, Commerzbank Corporates & Markets

GRAPH 3: Forward curve gas market (Henry Hub)



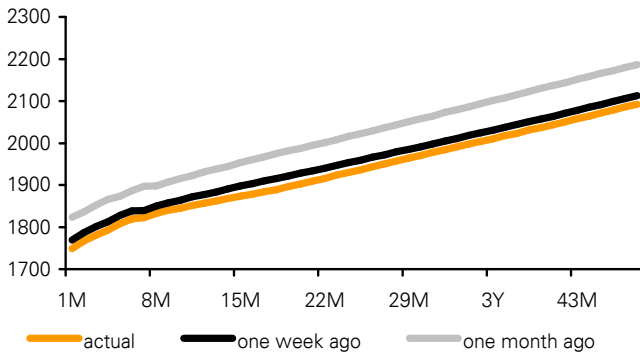
Source: NYMEX; Bloomberg, Commerzbank Corporates & Markets

GRAPH 4: Forward curve gasoil (ICE)



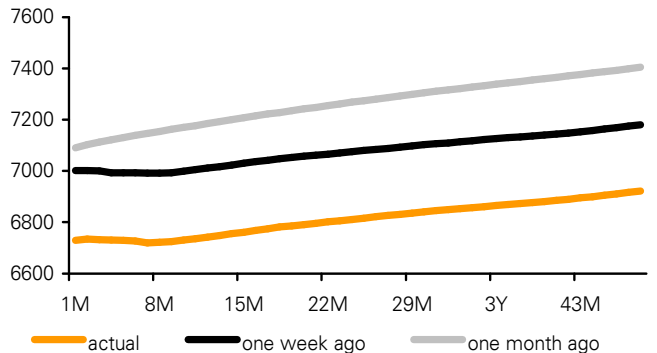
Source: ICE; Bloomberg, Commerzbank Corporates & Markets

GRAPH 5: Forward curve aluminium (LME)



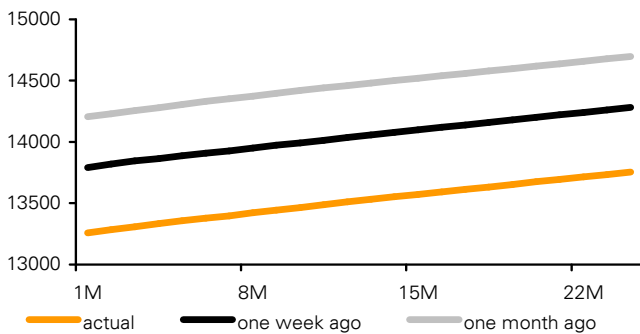
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 6: Forward curve copper (LME)



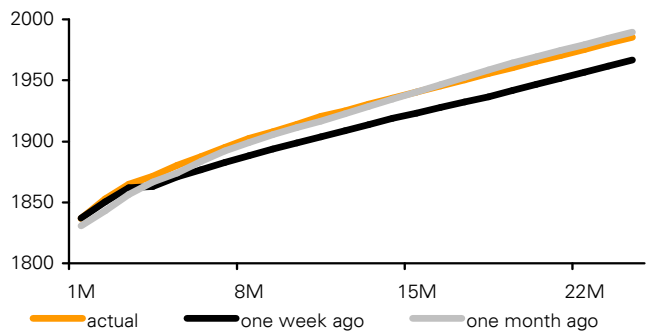
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 7: Forward curve nickel (LME)



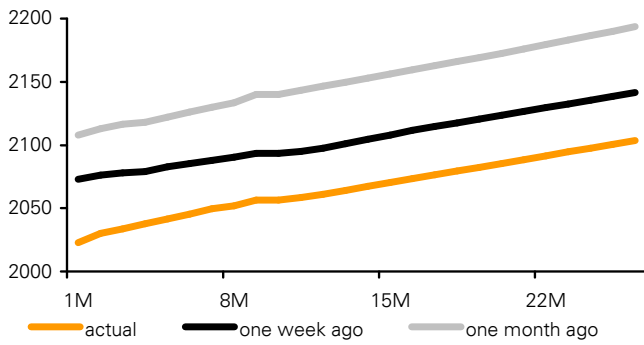
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 8: Forward curve zinc (LME)



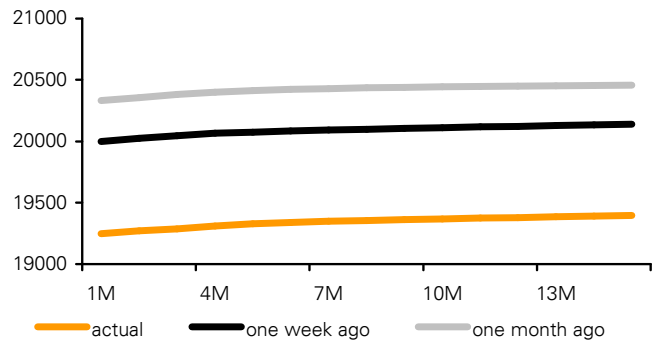
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 9: Forward curve lead (LME)



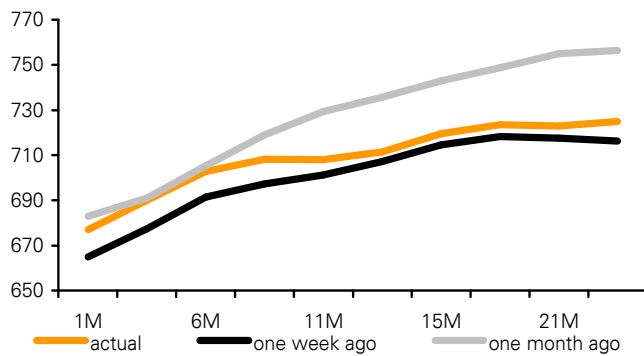
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 10: Forward curve tin (LME)



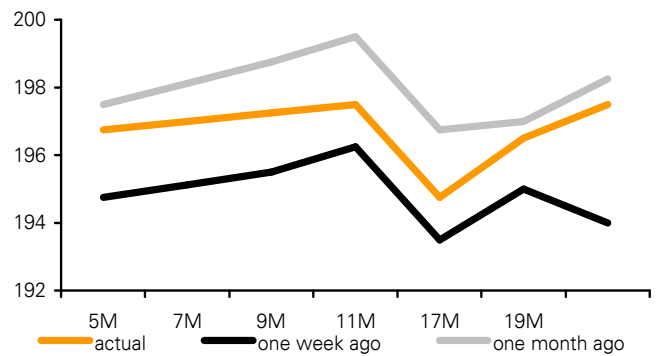
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 11: Forward curve wheat (CBOT)



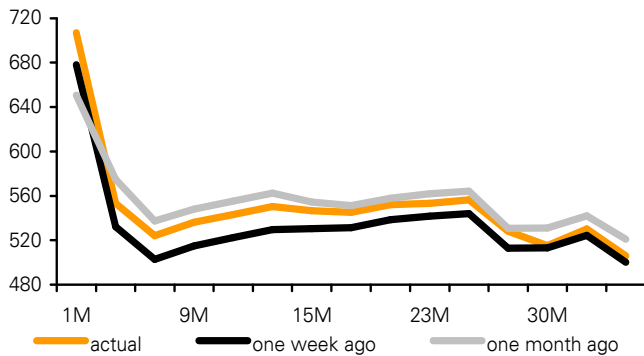
Source: CBOT; Bloomberg, Commerzbank Corporates & Markets

GRAPH 12: Forward curve wheat (MATIF)



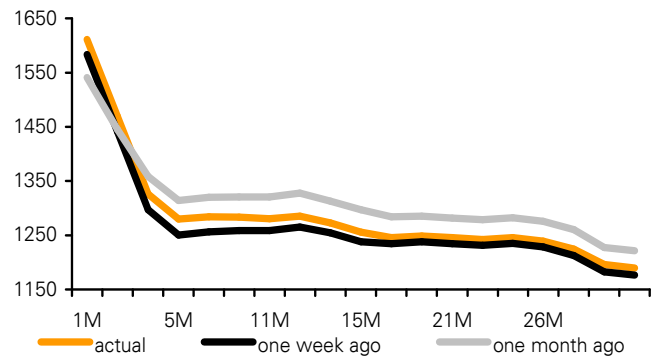
Source: MATIF; Bloomberg, Commerzbank Corporates & Markets

GRAPH 13: Forward curve corn (CBOT)



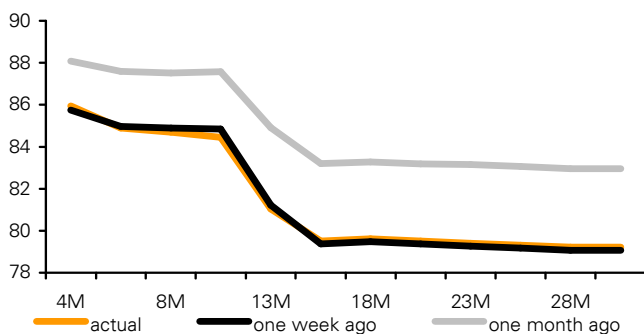
Source: CBOT; Bloomberg, Commerzbank Corporates & Markets

GRAPH 14: Forward curve soybeans (CBOT)



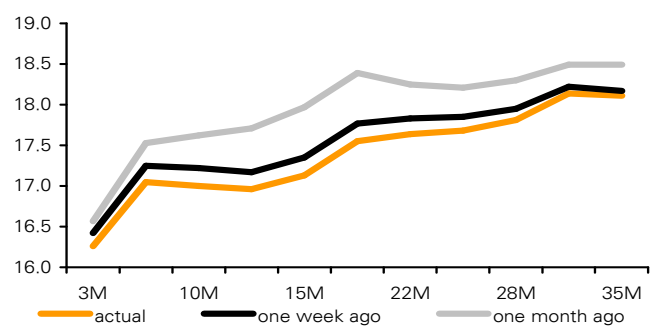
Source: CBOT; Bloomberg, Commerzbank Corporates & Markets

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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