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25/03/2014



Weekly Commodity Overview

Market Highlights



ASIA-PACIFIC REGION

China FDI growth slows; Japanese trade data miss estimates

Foreign direct investment into China gained 10.44% year-on-year in the period between January and February that is a much slower pace compared to a 16.1% increase in the preceding period. Meanwhile, another large Asian economy, Japan, released a gloomy trade data last week. Annual exports of the country added 9.8% in February versus an expected jump of 12.4%. Imports added 9% on an annual basis, more than a 7.4% gain predicted by experts. This resulted in a trade deficit of 1.13 trillion yen compared to 1.76 trillion in January.



EUROPE

Disinflation continues; German investor confidence deteriorates

Consumer prices in the single currency area grew at slower pace in February, adding to worries over a possible deflation in the region. Consumer CPI added 0.7% year-on-year last month, while experts predicted a 0.8% increase, the same pace as in January. Disinflation persisted in the region for the fourth month. At the same time, German ZEW investor confidence index dropped to 46.6 in March from 55.7 in February, while market consensus was 52.

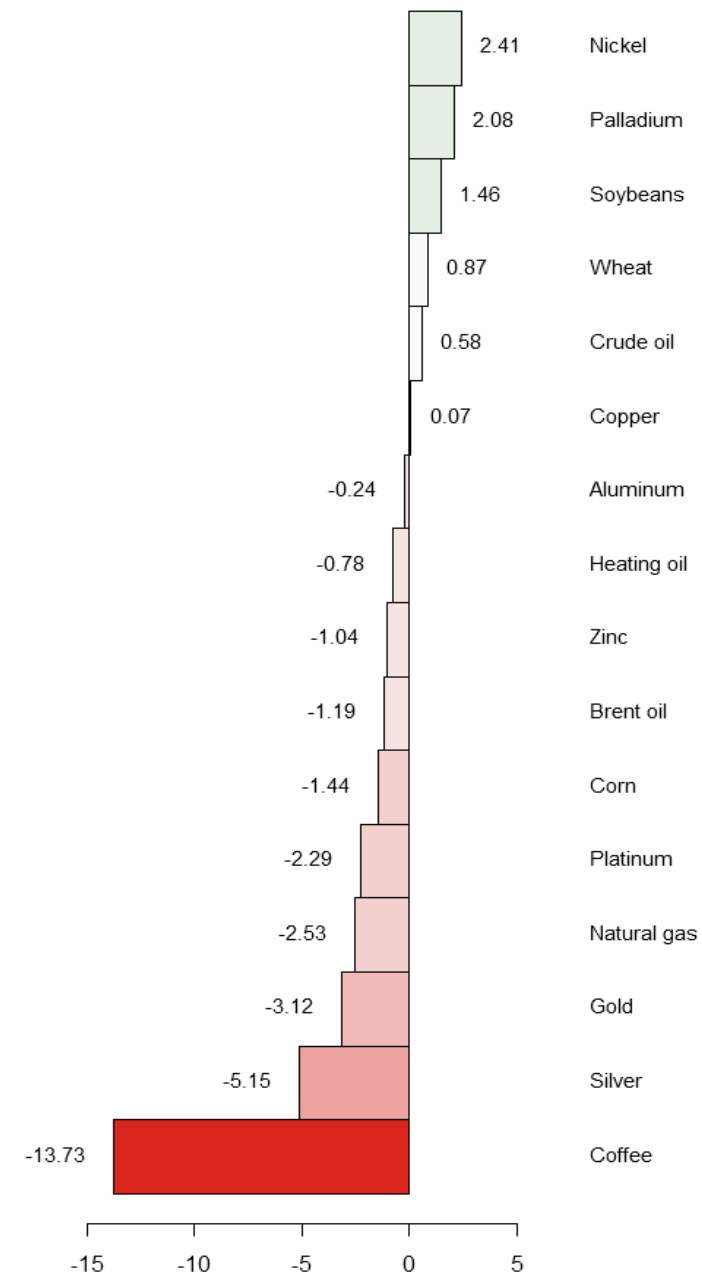


NORTH AMERICA

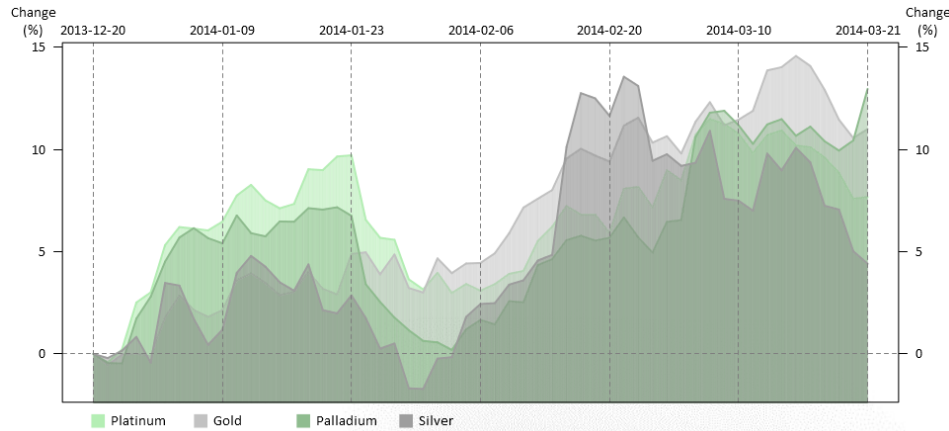
Fed reduces stimulus; U.S. data mostly positive

The Fed at its meeting last week left its key interest rate unchanged at zero to 0.25% but cut its monthly bond-purchasing programme by \$10 billion to \$55 billion. Moreover, many Fed officials said that rates may be raised as early as in 2015. Meanwhile, housing market showed mixed signals, with building permits surpassing expectations last month and existing home sales unexpectedly declining. Housing starts were in line with forecast in February. Consumer prices also remained steady, adding 0.1%, the same as last month and perfectly meeting forecasts. Labour market data was on the positive side, with the number of Americans applying for jobless benefits staying near a four-month low last week.

Weekly Ranked Price Moves (%)



Precious Metals Halt Rally on Fed Decision; Palladium Gains



Gold was paring gains last week as support pertaining to persistent worries over turmoil in Ukraine started to wane. Furthermore, the downside pressure was exacerbated on Wednesday when the Fed reduced its monthly pace of bond-buying by \$10 billion to \$55 billion and most of the officials said they expect a rate increase in 2015. Stronger U.S. Dollar as well as positive data from the world's largest economy also were at a play.

Meanwhile, the recent climb in prices to a six-month high curbed physical demand potential in Asia. China, which overtook India as the world biggest importer last year, may see a drop in its purchases in the second quarter. China's imports are expected to plunge up to 17% on an annual basis in the current quarter amid slowing economic growth in the country and higher bullion's prices.

Silver was on the down-trend last week, being pressurized by weak gold prices and the U.S. stimulus cut. Moreover, the grey metal, being mostly a safe-haven asset even despite the fact it is used for industrial purposes, also lost its favor amid lack of a further escalation of geopolitical tensions over Crimea. Meanwhile, investment demand was on the rise, with holdings in total known ETFs adding 0.29% last week.

Platinum and Palladium were mixed last week despite a strong supply-side support. Top three global platinum producers have already lost more output because of the current stoppages than during strikes in 2012 that means we may see wider shortages of the metal used in automobile industry this year. As concerns its peer, palladium, it managed to use support linked to a possible sanctions imposed on Russia, the largest exporter of the metal. Palladium ended the week with a 2.29% loss, while platinum gained about 2%.

Price Changes (%)						
	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Gold	-3.12	1.18	10.99	0.26	-17.07	-17.4
Silver	-5.15	-7.19	4.41	-7.37	-29.8	-30.75
Platinum	-2.29	0.81	7.67	0.02	-9.62	-9.48
Palladium	2.08	7.03	12.96	9.33	3.92	4.11

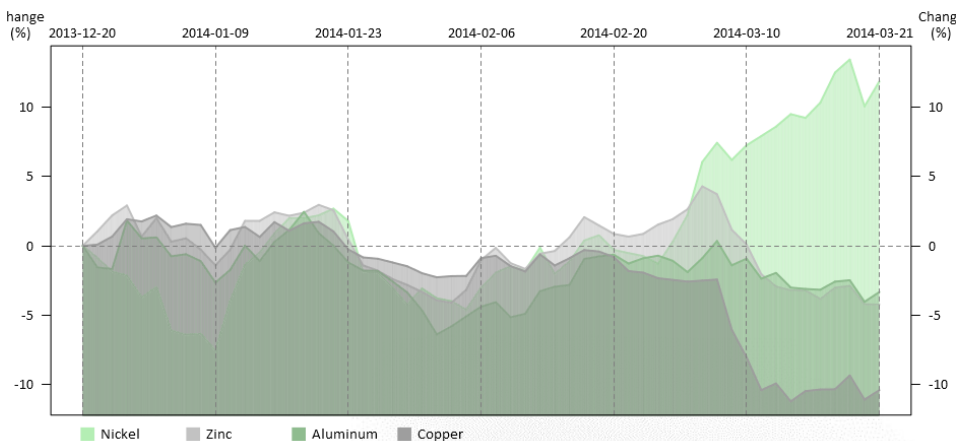
Changes in Total Known ETF Holdings (%)						
	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Gold	-0.01	1.78	-1.08	-8.63	-28.01	-28
Silver	0.29	1.46	0.83	-0.87	0.39	0.84
Platinum	0.8	3.11	1.68	13.25	62.33	61.71
Palladium	-0.51	-0.44	-3.11	-5.29	-6.03	-6.24

Precious Metals Long-Term Price Forecasts (USD per ounce)

	Q1 14			Q2 14			Q3 14			Q4 14		
	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg
Gold	1 160	1 785	1 288.97	1 120	1 780	1 277.29	1 060	1 760	1 273.03	990	1 743	1 271.83
Silver	18.25	33	21.51	16.75	34	21.37	17	35	21.71	17.23	34	21.94
Platinum	1 340	1 855	1 507.68	1 300	1 850	1 538.23	1 320	1 850	1 565.36	1 353	1 850	1 590.86
Palladium	660	850	754.86	625	850	768.36	630	850	780.96	657	900	801.21

S&P GSCI Precious Metals Index	%
Weekly	-3.38
Monthly	0.09
3 Months	10.09
6 Months	-0.87
12 Months	-18.5

Industrial Metals Decline; Nickel Adds to Gains on Russia Supply Worries



Aluminum prolonged the run of losses last week as recent weak industrial data from China coupled with the Fed decision to continue reducing stimulus weighted on the metal. However, the downswing remained restricted as aluminum market may record a deficit this year due to output cuts by the world's largest producers. Since late 2012, total production reductions have amounted around 2.4 million tonnes; this may push demand above supply by 1.3 million tonnes in 2014.

Copper commenced a week near the lowest mark since 2010 as China widened the Yuan trading range against the U.S. Dollar thus reducing copper's appeal to Chinese investors who used the red metal as a collateral for obtaining credit. Moreover, long-standing factors such as slowing China's economy and tensions in Ukraine continued to push the base metal lower. Notwithstanding this, copper closed up 0.07% last week.

Nickel remained in the positive zone last week amid worries that Russian supplies may be disrupted by sanctions later in the year that may result in a wider deficit given that Indonesia, the world top exporter, banned metal ore exports in January 2014. Nickel markets may be in shortage of 35,000 tonnes in 2015 compared to a surplus of 68,000 tonnes expected this year. This will be the first deficit since 2010, according to the data released by the International Nickel Study Group.

Zinc lost over 1% despite support connected to a deficit on the markets last year. According to the latest report of the ILZSG, demand for the metal rose 7.4% in 2013 versus a 3.3% decline in 2012, mainly due to 13.7% and 12.3% jumps in China's and India's consumption, respectively. Last year, zinc markets recorded a deficit of 60,000 tonnes compared to a surplus of 236,000 tonnes in the preceding year.

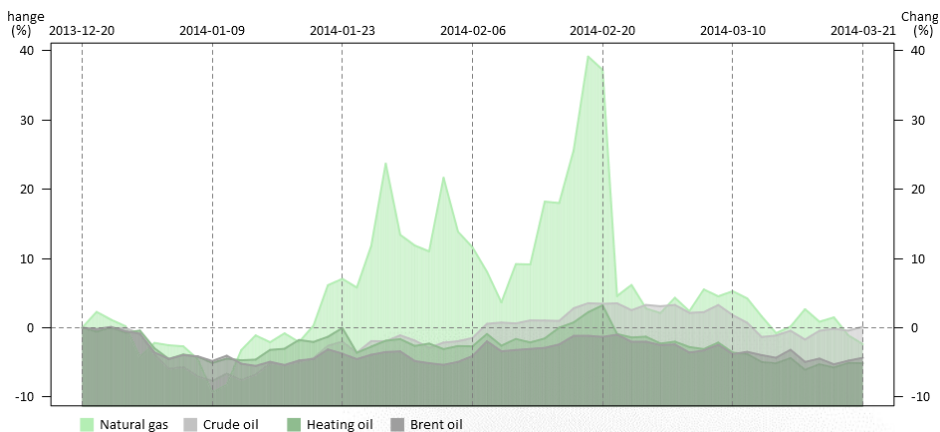
Price Changes (%)						
	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Aluminum	-0.24	-2.59	-3.33	-4.1	-12.02	-11.54
Copper	0.07	-10.03	-10.39	-10.62	-14.91	-14.49
Nickel	2.41	11	11.84	14.99	-4.48	-4.94
Zinc	-1.04	-5.6	-4.22	5.49	0.45	0.28

Changes in LME inventories(%)						
	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Aluminum	3.26	1.07	-0.98	-0.11	3.35	3.54
Copper	5.73	-8.58	-30.55	-52.74	-53.08	-52.34
Nickel	4.64	5.32	10.88	29.34	74.51	74.74
Zinc	-2.23	-1.88	-12.82	-20.31	-34.15	-34.77

Industrial Metals Long-Term Price Forecasts (USD)												
	Q1 14			Q2 14			Q3 14			Q4 14		
	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg
Copper	6 250	8 983	7 238.07	6 000	8 983	7 173.87	5 750	8 762	7 088.5	5 750	8 487	7 066.34
Zinc	1 825	2 315	2 020.26	1 720	2 500	2 035.33	1 608	2 403	2 042.93	1 532	2 500	2 095.04
Aluminum	1 650	2 304	1 818.93	1 608	2 304	1 854.93	1 536	2 271	1 880.86	1 463	2 215	1 920.18
Nickel	13 007	20 611	15 103.33	13 007	20 391	15 180.96	12 771	20 170	15 406.48	12 098	19 950	15 581.48

S&P GSCI Industry Metals Index	%
Weekly	0
Monthly	-5.62
3 Months	-6.57
6 Months	-6.66
12 Months	-13.69

Energy Futures Decline as U.S. Inventories Are on the Rise



WTI and Brent oil performed poorly on Monday; however, a rally in the rest of the week almost covered early losses. On Monday, ideas that Crimea's vote to join Russia will not produce any impact on the oil transit through Ukraine calmed investors thus forcing energy prices to descend from one-week high. WTI also received a boost from the developments in the U.S. where Enterprise Products Partners LP said that it would increase considerably the capacity of Seaway pipeline earlier than expected, in May.

At the same time, energy prices entered a red zone in the second part of the week after the EIA released its weekly inventory report on Wednesday. The report unveiled that U.S. stockpiles rose much more than experts had predicted. Inventories soared 5.9 million barrels in the week ended March 14 compared to estimates of a 2.4-million-barrel gain. In the preceding week, stockpiles also jumped more than expected, by 6.2 million barrels versus a forecast of a 2.1-million-barrel increase.

Natural gas was losing its value as spring weather forecasts in the U.S. put a heavy selling pressure on the commodity. However, natural gas managed to gain some ground on Thursday after the EIA reported that the U.S. storage dropped in the week ended March 14; however, a decline was slightly smaller than expected. Inventories plunged 48 billion cubic feet versus a forecast of a decline of 58 billion cubic feet.

Heating oil, unlike WTI, was supported by the EIA report, showing that distillate fuel inventories in the U.S. plummeted more than projected in the week ended March 14. Distillate fuel supplies, which include heating oil and diesel, slumped 3.1 million barrels, while experts called for a 900,000-barrel drop. However, the commodity ended the week with a 0.78% loss after retreating more than 2% in the preceding week.

Price Changes (%)

	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Crude oil	0.58	-3.29	0.14	-5.05	5.86	6.92
Brent oil	-1.19	-3.21	-4.34	-2.11	-0.16	0.83
Natural gas	-2.53	-29.86	-2.38	14.62	5.94	6.42
Heating oil	-0.78	-7.2	-5.13	-2.8	-2.39	-1.61

Changes in U.S. inventories (%)

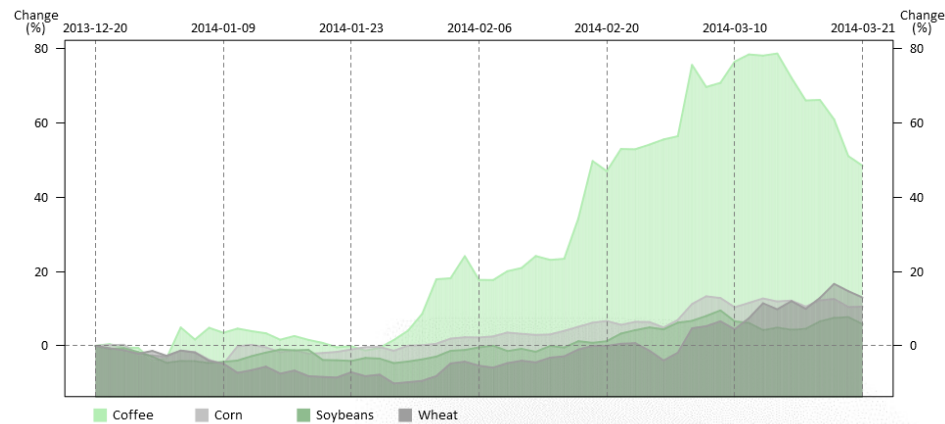
	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Crude oil	1.58	4.01	0.95	5.69	-1.78	-2.12
Gasoline	-0.66	-4.63	0.82	2.91	-0.24	-0.9
Natural Gas	-4.8	-43.71	-70.66	-71.11	-49.2	-50.83
Distillate Fuel	-2.72	-1.96	-4.41	-15.44	-7.45	-7.96

Energy Futures Long-Term Price Forecasts (USD)

	Q1 14			Q2 14			Q3 14			Q4 14		
	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg
Crude oil	90	107	97.29	85	109	95.72	80	112	96.77	70	114	95.11
Natural gas	61.43	72	68.49	57.13	65	62.01	58.35	65.1	62.29	68.8	72	70.22
Heating oil	289	300	293	273	298	281.25	280	299	287.75	287	290	289
Brent oil	100	118.5	106.46	95	117.5	103.99	90	119	104.33	85	122	102.66

S&P GSCI Energy Index	%
Weekly	-0.72
Monthly	6.05
3 Months	10.62
6 Months	6.18
12 Months	-7.46

Agricultural Commodities Mixed; Coffee Leads Losses



Wheat started the week with a small loss as predictable results of Crimea referendum as well as lack of exact measures from the western nations removed supply risk-premium. However, the following sessions were more positive for wheat futures. On Tuesday, the USDA reported a further deterioration in the winter wheat condition amid cold, dry and windy weather. Additional supportive factor came from the demand side. Egypt, the world's top importer, bought 175,000 tonnes from the U.S., Russia and Romania. However, a climb to a 10-month high in the first part of the week turned a negative factor since high prices started to erode demand.

Corn declined amid signs that political turmoil in Ukraine has not impacted grain shipments from the country. Ukraine exported about 700,000 metric tonnes in the week ended March 16 compared to 480,000 tonnes in the preceding week. However, the same as wheat, corn saw pressure stemming from elevated prices that were weighting on consumption. On Wednesday, Taiwan refused to buy 60,000 tonnes of the grain in a tender, citing high prices. Corn futures closed 1.44% lower last week.

Soybeans traded higher despite concerns over a possible continuation of order cancelations by China and progress in Brazilian harvest despite rainfalls. According to Safras, the Mato Grosso harvesting is 84% complete despite unfavorable weather; this compares well to 87% completion rate in the same period last year. The oilseed managed to close with a 1.46% gain also as tightening U.S. ending stocks offered a strong support.

Coffee was the top loser last week after posting record gains in the preceding weeks. The previous rally was fuelled by ideas that long-awaited rains in Brazil may fail to revive drought-stricken crops. Volcafe has recently reduced its estimate of the global ending stocks in 2014/15 to a deficit of 6.5million bags, the first deficit in five years.

Price Changes (%)

	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Wheat	0.87	13	13	7.27	-6.22	-5.39
Corn	-1.44	4.07	10.56	6.21	-15.52	-15.74
Soybeans	1.46	4.97	5.84	7.11	11.72	10.47
Coffee	-13.73	-0.84	48.44	49.28	23.04	22.91

USDA Wasde Total Estimated Inventories

	Forecast	Today	Month	3 Months	6 Months	YTD
Soybens	0	170	13.33	-35.85	21.43	-8.11
Green Coffee	0	72225.22	0	0	-3.83	-6.98
Corn	-1.14	164330	8.53	6.27	39.27	27.23
Wheat	2.41	178480	1.25	-4.24	2.47	3.46

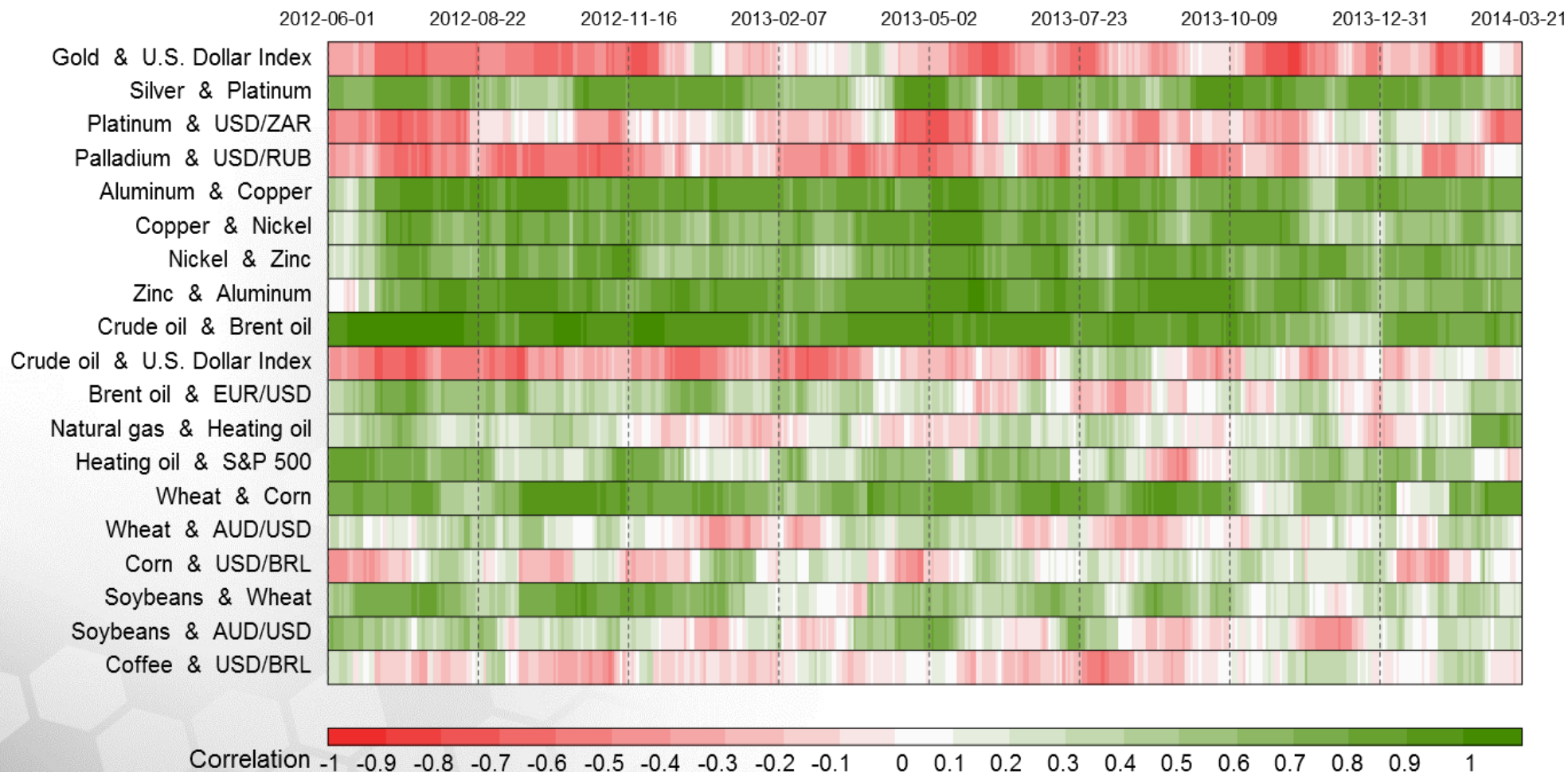
Farm Commodities Long-Term Price Forecasts (USD)

	Q1 14			Q2 14			Q3 14			Q4 14		
	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg
Corn	400	580	455.74	380	590	469	370	600	472.5	350	650	475.03
Coffee	105	170	130.17	107	165	132.73	112	160	133.4	110	150	131.6
Wheat	571.41	720	616.04	550	750	615.27	525	750	626.8	500	750	629.63
Soybeans	1 260	1 400	1 318.8	1 200	1 400	1 295.2	1 100	1 350	1 248.3	1 000	1 400	1 202.3

S&P GSCI Agriculture Index	%
Weekly	-0.37
Monthly	-3.55
3 Months	-1.42
6 Months	-1.07
12 Months	2.17

Correlation Matrix

Correlation

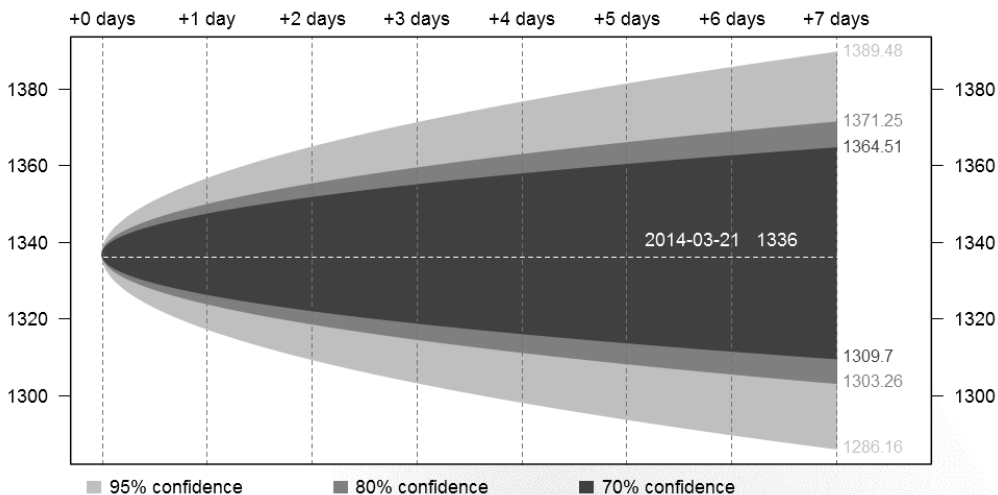


Precious Metals Confidence Intervals for the Next 7 Days

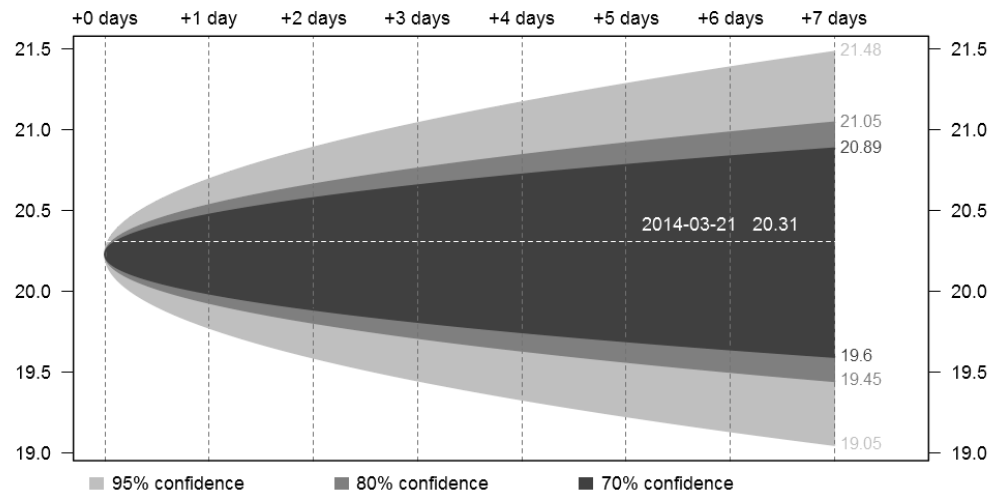
Tuesday, March 25, 2014

15:30 GMT

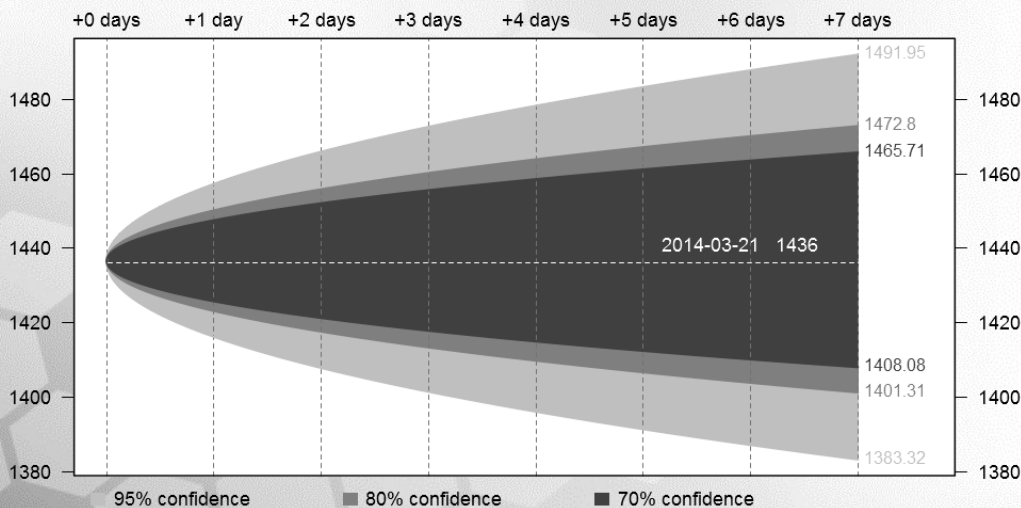
Gold Potential Rates



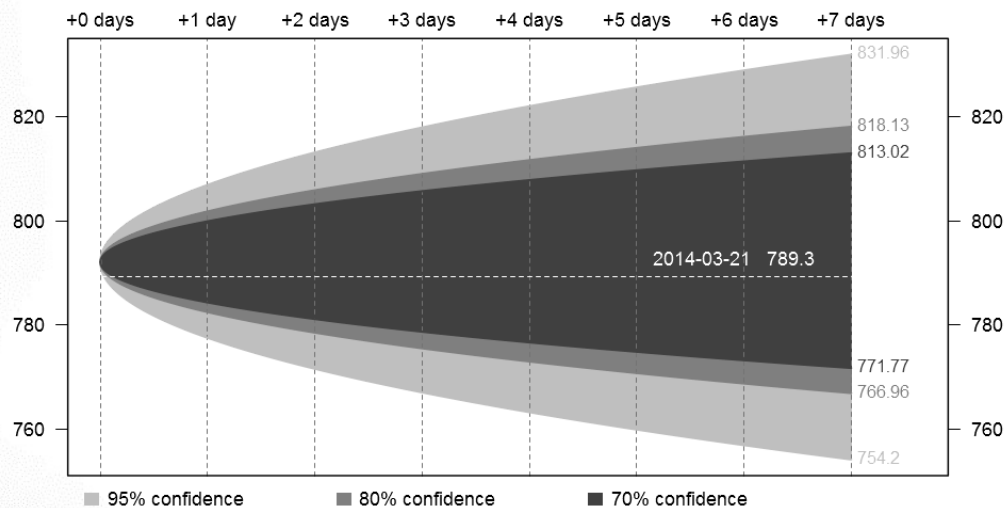
Silver Potential Rates



Platinum Potential Rates



Palladium Potential Rates

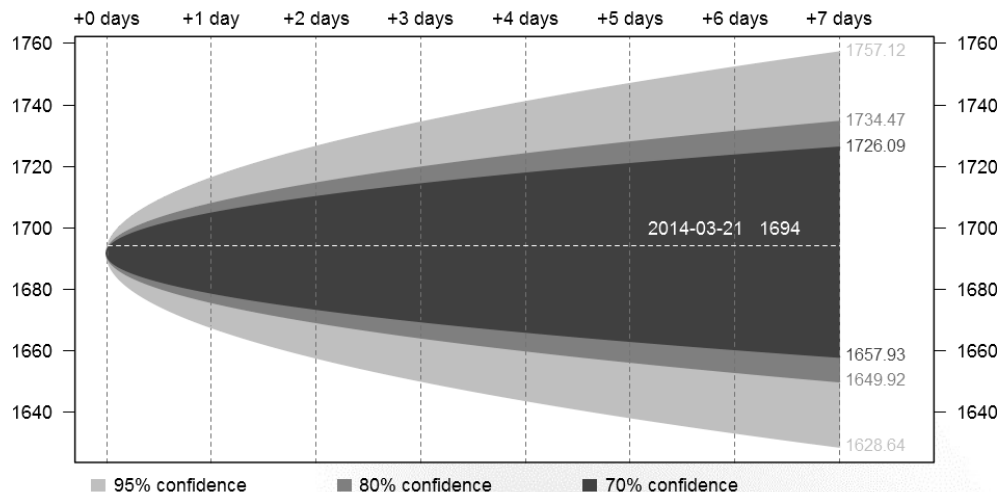


Industrial Metals Confidence Intervals for the Next 7 Days

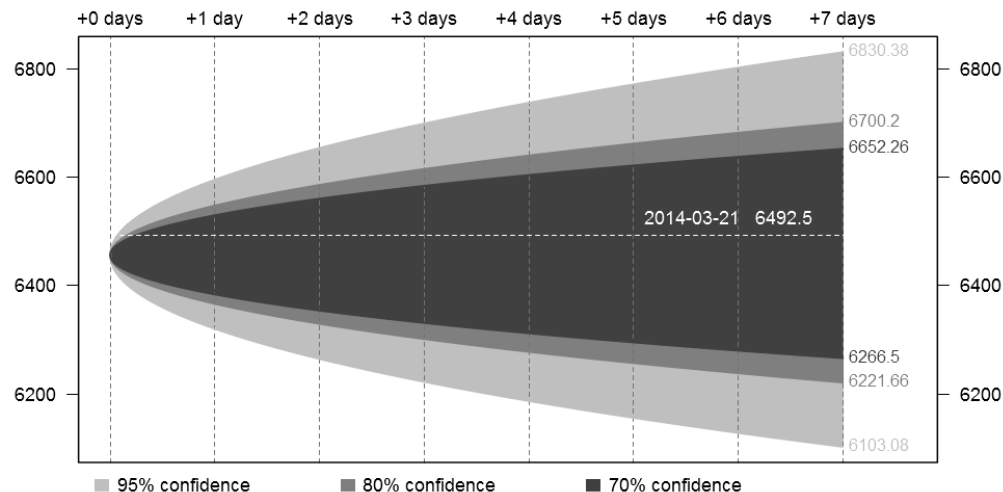
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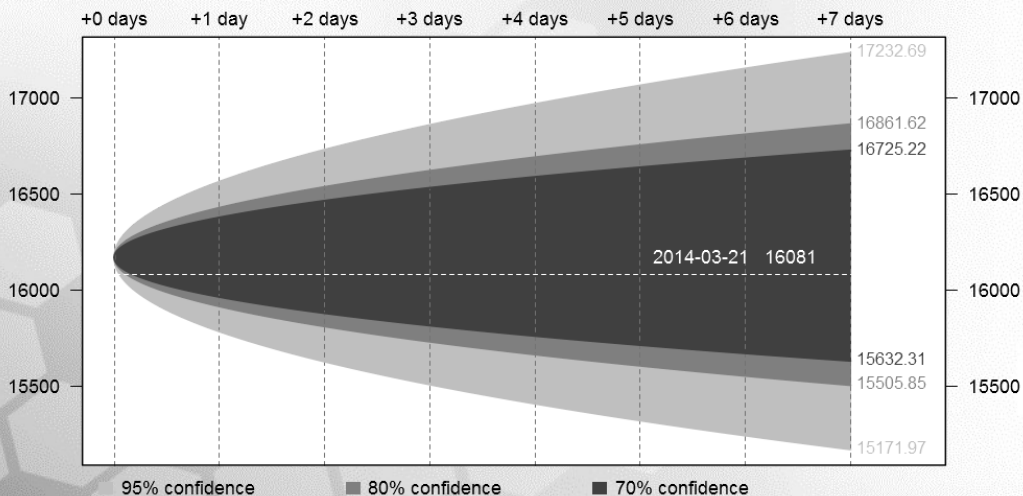
Aluminum Potential Rates



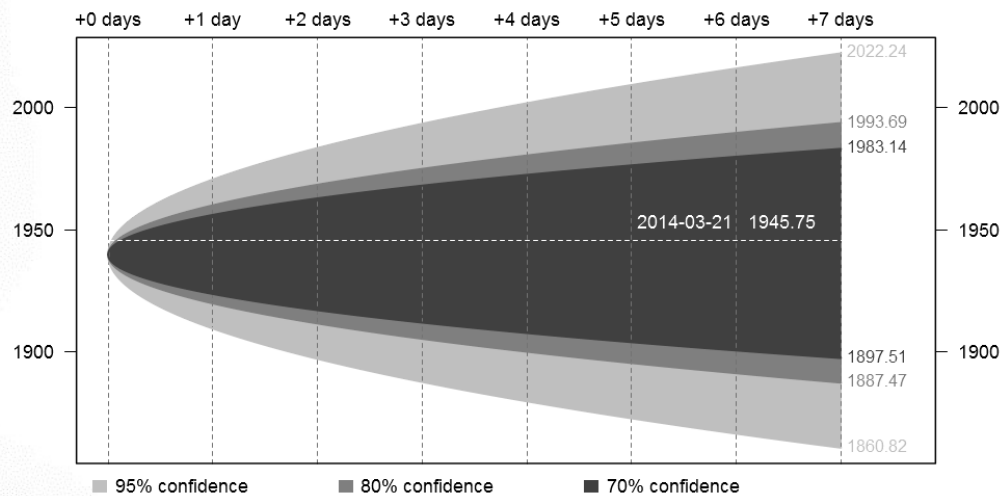
Copper Potential Rates



Nickel Potential Rates

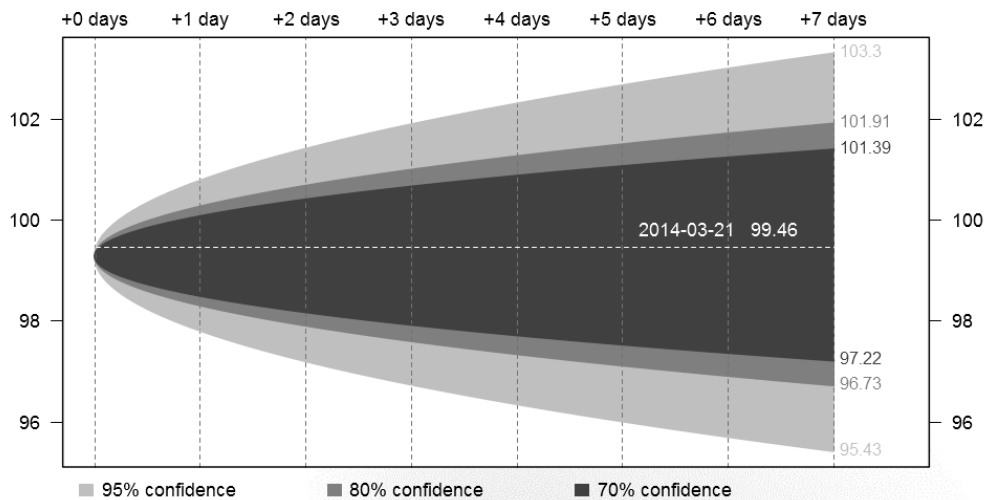


Zinc Potential Rates

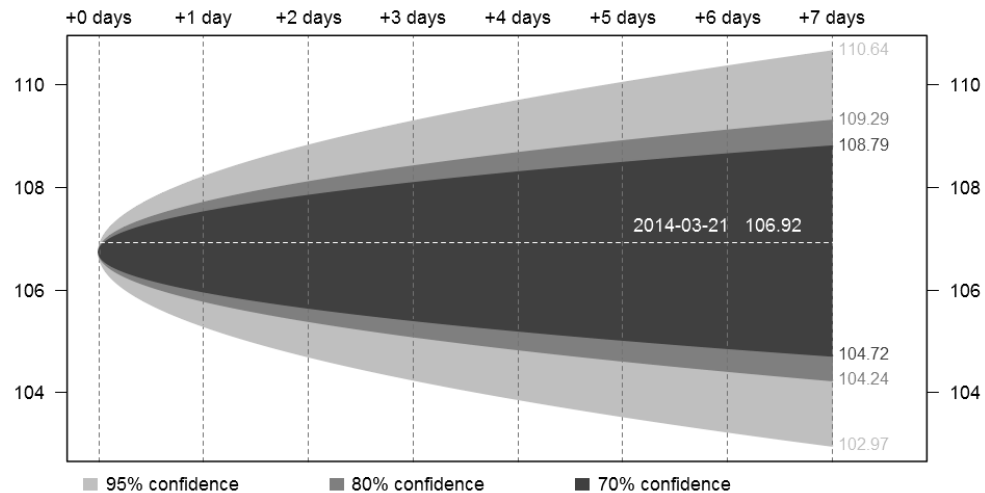


Energy Confidence Intervals for the Next 7 Days

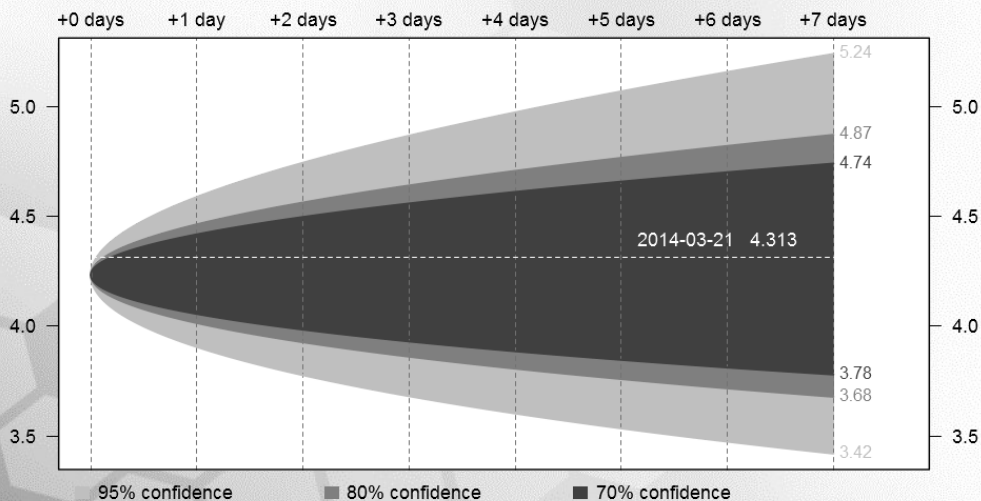
Crude.oil Potential Rates



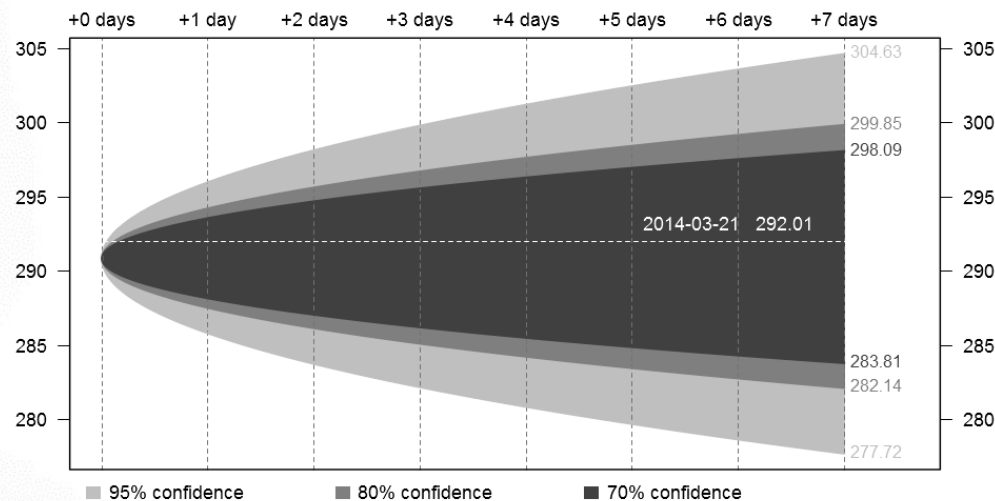
Brent.oil Potential Rates



Natural.gas Potential Rates



Heating.oil Potential Rates

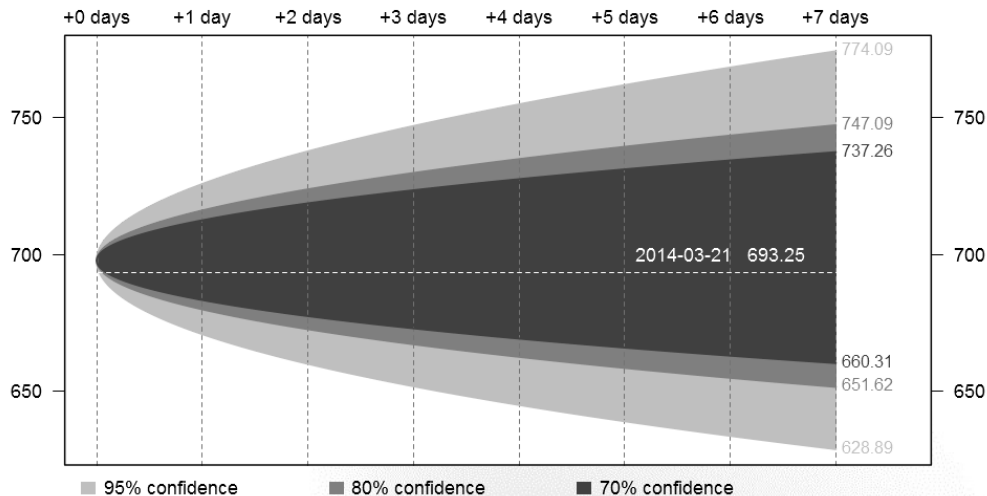


Agriculture Confidence Intervals for the Next 7 Days

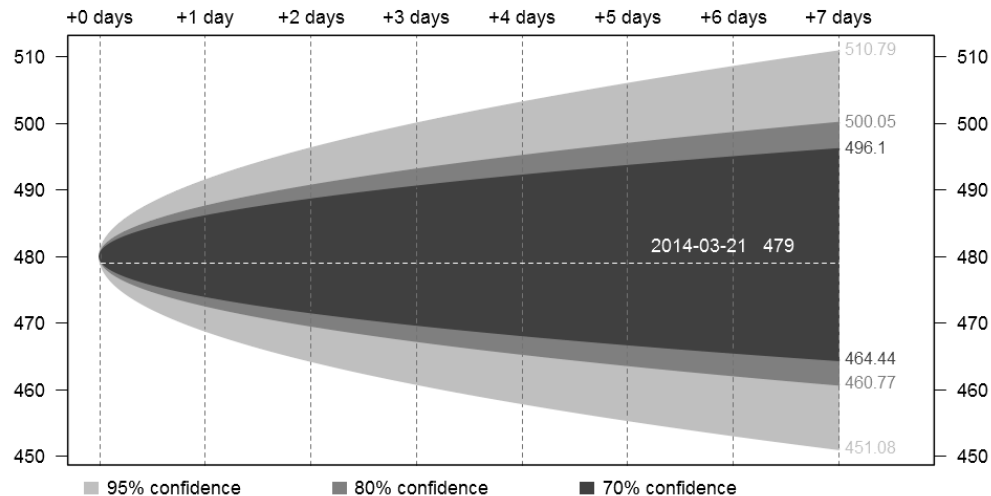
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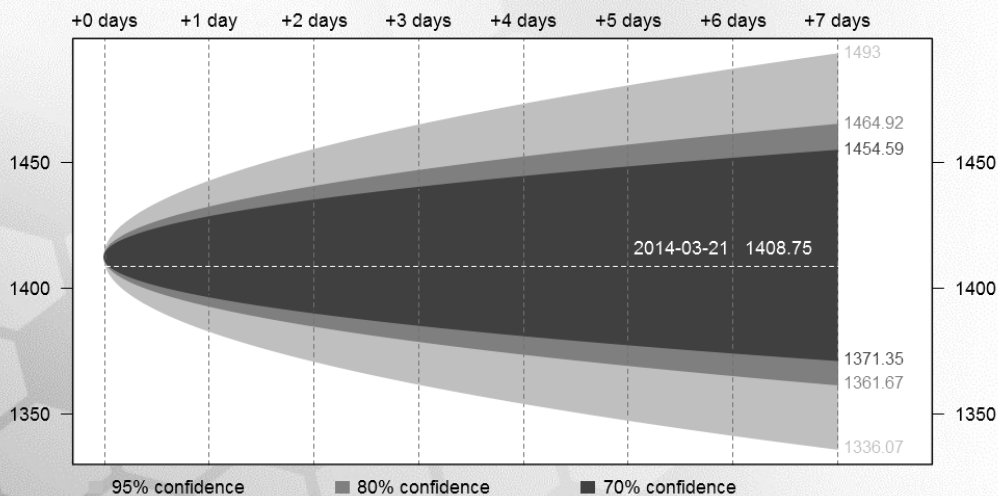
Wheat Potential Rates



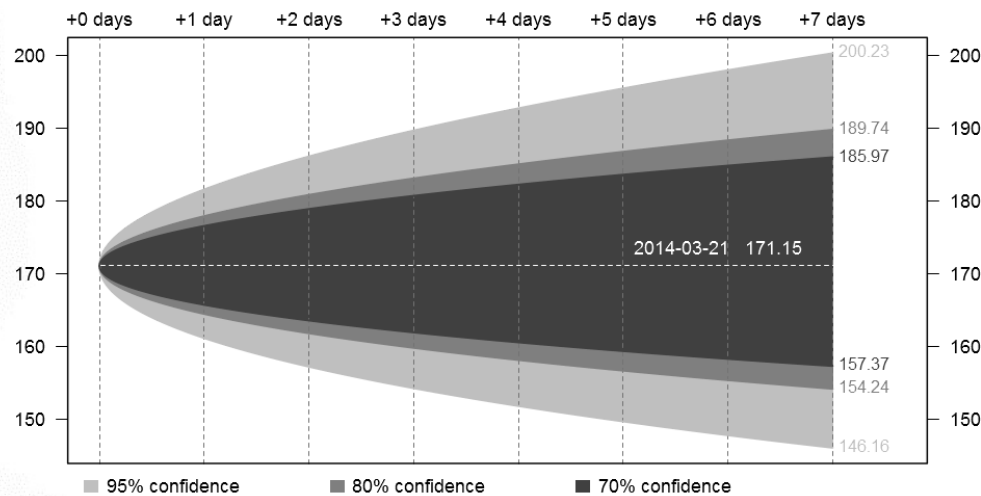
Corn Potential Rates



Soybeans Potential Rates



Coffee Potential Rates



EXPLANATIONS

Commodities

- Gold - COMEX active contracted (USD/t o.z.)
- Silver - COMEX active contract (USD/t o.z.)
- Platinum - New York Mercantile Exchange active contract (USD/t o.z.)
- Palladium - New York Mercantile Exchange active contract (USD/t o.z.)
- Aluminum-Active contract of primary aluminum of minimum 99.2% purity at the LME (USD/MT)
- Copper –Active contact of electrolytic copper at the LME (USD/MT)
- Zinc - Active contract of zinc od minimum 99.995% purity at the LME (USD/MT)
- Nickel– Active contract of nickel of 99.8% purity at the LME (USD/MT)
- Crude oil - light, sweet crude oil active contract on the New York Mercantile Exchange (USD/bbl.)
- Brent oil - Brent oil active contract on the ICE Futures Europe (USD/bbl.)
- Natural Gas - natural gas active contract on the New York Mercantile Exchange (USD/MMBtu)
- Heating oil - heating oil active contract on the New York Mercantile Exchange (USD/gal.)
- Wheat - wheat active contract on the Chicago Board of Trade (cents/bu)
- Corn - corn active contract on the Chicago Board of Trade (cents/bu)
- Coffee - benchmark Arabica coffee active contract on the NYB-ICE Futures Exchange
- Soybeans -active contract on the Chicago Board of Trade (cents/bu)

Indices

- **S&P GSCI Precious Metals Total Return Index** - commodity group subindex composed of gold and silver; the index reflects return on underlying commodity futures price movement
- **S&P GSCI Industrial Metals Total Return Index** - commodity group subindex composed of futures contracts on aluminium, copper, lead, nickel and zinc
- **S&P GSCI Energy Total Return Index** - commodity group subindex composed of futures contracts on crude oil, Brent oil, RBOB gas, heating oil, gas oil and natural gas
- **S&P GSCI Agriculture Total Return Index** - commodity group subindex composed of futures contracts on wheat, red wheat, corn, soybeans, cotton, sugar, coffee and cocoa

Indicators

Long-term price forecasts-aggregated price forecasts based on predictions of 20 international banks forecasts

USDA Wasde Total Estimated Inventories (Today)-current level of inventories of wheat in 1000 MT, corn in 1000 MT, soybeans in million bushels and green coffee in 1000 bags



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- Market Research
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- Trade Pattern Ideas
- Global Stock Market Review
- Commodity Overview
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