



**DUKASCOPY**  
RESEARCH PRODUCTS

14/04/2014



# Weekly Commodity Overview

## Market Highlights



### ASIA-PACIFIC REGION

#### China records trade surplus amid rising prices; Japan refrains from extra stimulus

China's exports and imports surprisingly declined last month. Exports dropped 6.6% on an annual basis, while imports slumped 11.3%, resulting in a trade surplus of \$7.71 billion. Experts predicted the trade data to show a deficit of \$900,000 in March. At the same time, price growth accelerated last month, with CPI gaining annualized 2.4%, slightly less than a forecast of 2.5% but much more than a previous month's reading of 2%. China's neighbor, Japan, also was mentioned in the top headlines last week, with the BOJ refraining from expanding its stimulus plan despite a possible detrimental effect of April's sales-tax hike.



### EUROPE

#### Industrial output data mixed; German trade surplus narrows

Industrial production data for February was mixed, with German industrial output coming at 0.4%, slightly more than a 0.3% gain expected and French industrial production being 0.1%, less projection of a 0.2% jump. Meanwhile, German trade numbers disappointed investors, showing that trade surplus narrowed to 15.7 billion Euros versus a forecast of 18 billion Euros.

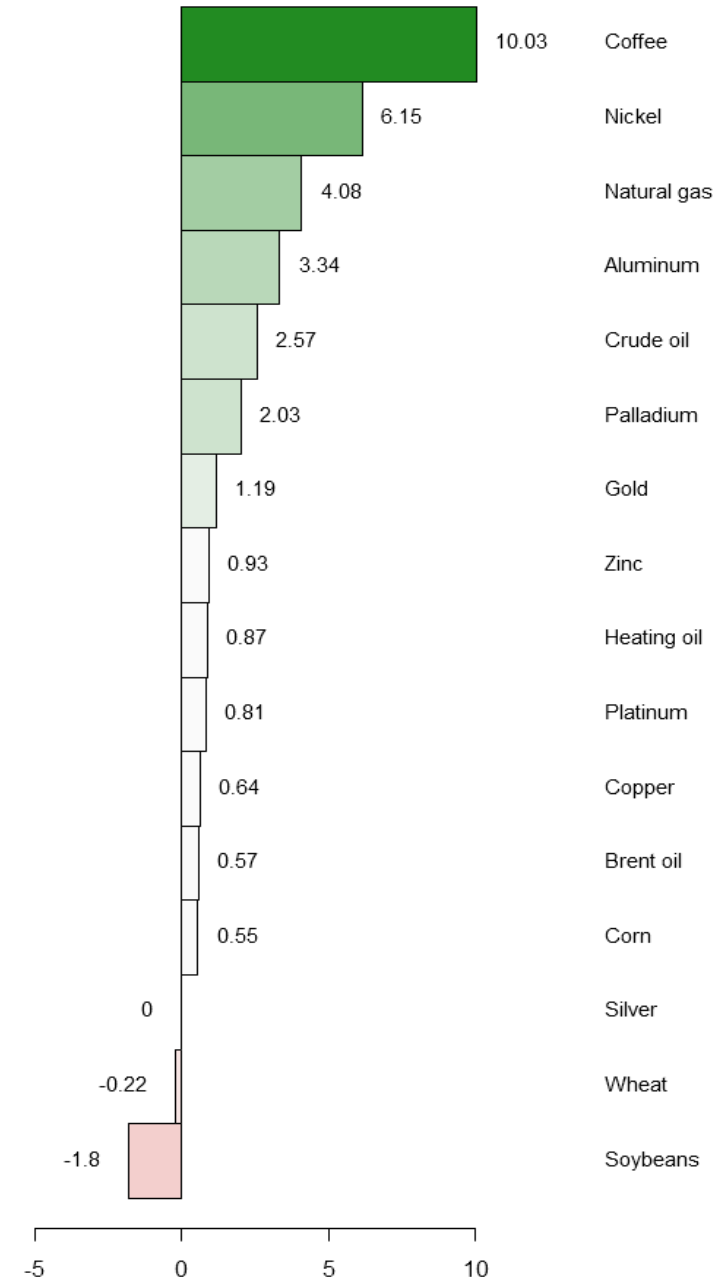


### NORTH AMERICA

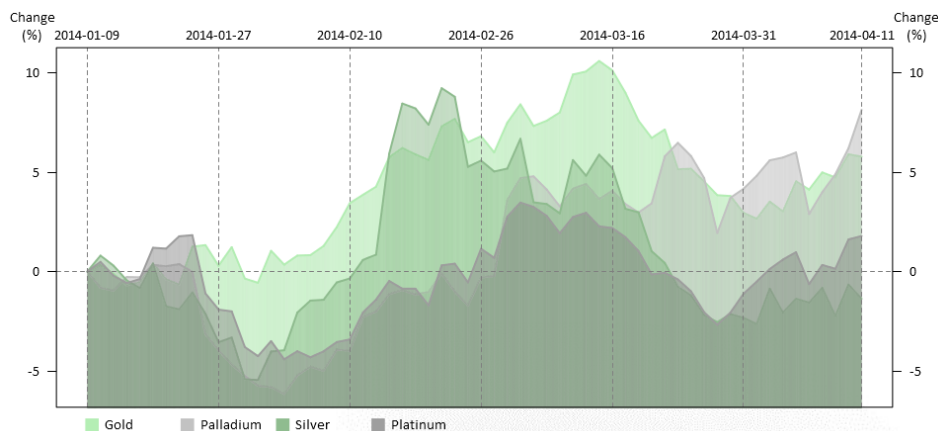
#### Policy tightening worries ebb; jobless claims at record low

Concerns over a looming rate hike somehow abated after a release of the Fed minutes, revealing that several policy makers said an increase in their median forecast for the benchmark interest rate exaggerated a potential pace of policy tightening. At the same time, jobs market data pointed to a sustainable recovery. The number of Americans applying for the jobless benefits dropped to the lowest level since May 2007 last week. Meanwhile, preliminary numbers on consumer confidence showed that consumer mood surged to a nine-month high in April, according to the Thomson Reuters/University of Michigan's index.

## Weekly Ranked Price Moves (%)



# Precious Metals Extend Gains on Ukraine Woes, South Africa's Strikes



**Gold** performed better this week compared to the preceding one as the yellow metal was bolstered by the release of the Fed meeting minutes on Wednesday. The report revealed that projections of the policy markets in relation to the looming rise in rates exaggerated the potential pace of policy tightening. The bullion also drew some strength from on-going turmoil in Ukraine. The unrest deepened in the eastern regions of the country where protestors demand a separation from Ukraine.

From the physical demand side, the precious metal also was well-supported as market players brought forward the recent comments of the India's central bank's head Raghuram Rajan who said that the RBI would steadily remove curbs on gold imports that is likely to result in stronger demand from the country that was the top importer until China overtook it in 2013.

**Silver** was flat amid solid demand from India. Indian consumers were buying much more silver last year as a hike of import duty on precious metals to 10% discouraged gold buying but boosted silver demand. The country's imports in 2013 surged 189% to 6,125 tonnes from 2,115 tonnes in 2012. In December, inbound shipments amounted 825 tonnes, posting a record 6560% annual jump.

**Platinum and Palladium** remained vulnerable to the news from South Africa where a two-month strike among mine workers wiped out thousands ounces of output. The platinum-group metals were also supported by bright demand perspectives amid recovering car industry across the globe. Total vehicle sales in the U.S. skyrocketed to 16.4 million units in March, a seven-year high. Meanwhile, concerns over possible sanctions on Russia, the biggest exporter of palladium, created additional supply risk-premium for the metal.

Price Changes (%)						
	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Gold	1.19	-3.76	5.78	4.01	-15.47	-15.8
Silver	0	-6.61	-1.37	-6.18	-28.21	-28.32
Platinum	0.81	-0.93	1.79	6.32	-4.54	-4.91
Palladium	2.03	3.82	8.14	13.11	11.71	9.81

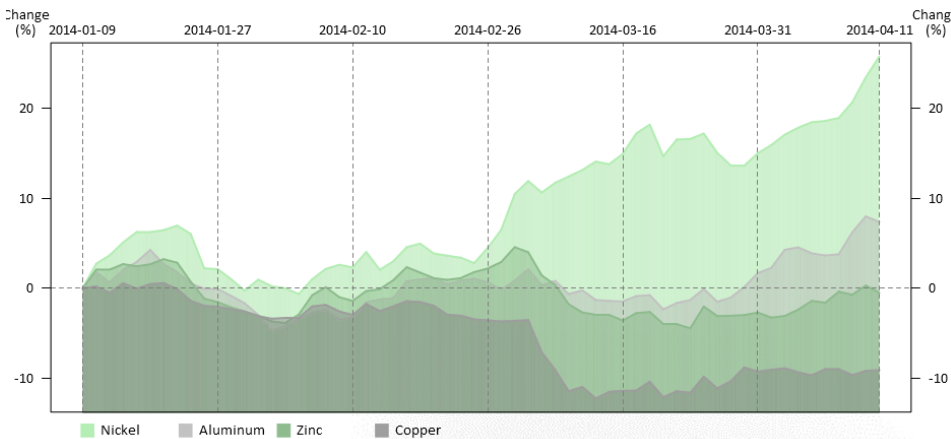
Changes in Total Known ETF Holdings (%)						
	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Gold	-0.32	-0.87	0.06	-8.51	-26.66	-27.92
Silver	-0.31	0.38	2.53	-1.48	1.47	1.47
Platinum	1.23	3.9	4.88	12.4	66.59	66.28
Palladium	4.18	3.67	1.8	-0.8	-0.55	-0.92

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

	Q2 14			Q3 14			Q4 14			Q1 15		
	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg
Gold	1 120	1 780	1 278.1	1 060	1 760	1 272.71	990	1 743	1 272.5	970	1 500	1 207.6
Silver	16.75	34	21.4	17	35	21.71	17.23	34	21.97	17.6	25	20.85
Platinum	1 300	1 850	1 540.5	1 320	1 850	1 565.36	1 353	1 850	1 587.23	1 450	1 900	1 610.38
Palladium	625	850	767.36	630	850	779.71	657	900	801.46	705	1 000	827.68

S&P GSCI Precious Metals Index	%
Weekly	1.05
Monthly	-4.12
3 Months	4.8
6 Months	2.52
12 Months	-6.76

# Industrial Metals Rise on Deficit Concerns; Stronger Demand



Price Changes (%)						
	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Aluminum	3.34	7.58	7.35	0.65	-3.3	-2.71
Copper	0.64	2.09	-9.05	-7.15	-12.05	-12.44
Nickel	6.15	11.13	25.68	25.25	8.07	6.61
Zinc	0.93	2.24	-0.48	7.23	5.49	5.31

Changes in LME inventories(%)						
	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Aluminum	-0.07	1.6	-1.59	0.43	2.93	3.06
Copper	-3.67	-2.81	-27.79	-51.24	-59.42	-57.92
Nickel	-1.78	2.61	5.74	21	64.26	64.47
Zinc	-2.07	1.8	-10.05	-18.01	-27.74	-28.22

Industrial Metals Long-Term Price Forecasts (USD)												
	Q2 14			Q3 14			Q4 14			Q1 15		
	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg
Copper	6 000	8 983	7 171.2	5 750	8 762	7 088.5	5 750	8 487	7 066.34	6 275	8 500	7 021.5
Zinc	1 720	2 500	2 036.26	1 608	2 403	2 042.93	1 532	2 500	2 095.04	1 643	2 425	2 117.88
Aluminum	1 608	2 304	1 854.04	1 536	2 271	1 878.54	1 463	2 215	1 918.39	1 536	2 200	1 920.59
Nickel	13 007	20 391	15 200.22	12 771	20 170	15 406.48	12 098	19 950	15 581.48	12 838	20 000	15 999

S&P GSCI Industry Metals Index	%
Weekly	2.09
Monthly	4.42
3 Months	-1.21
6 Months	-2.67
12 Months	-6.63

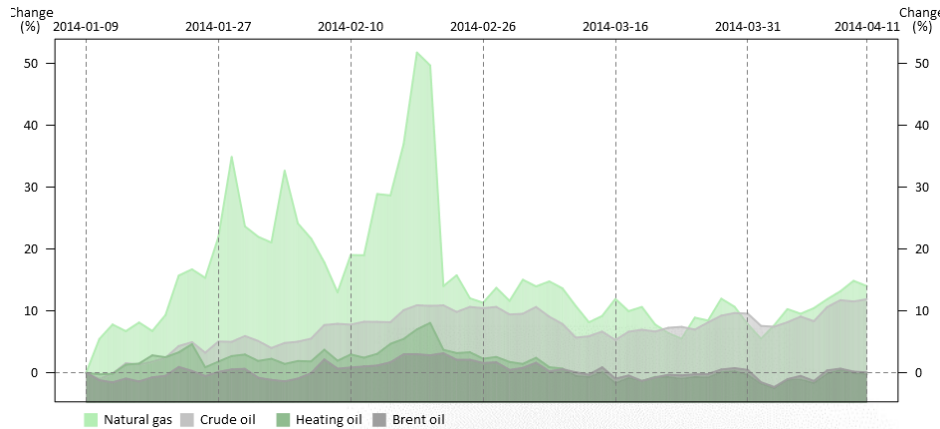
**Aluminum** extended gains as talks that the market will face a deficit after more than decade-long surplus remained the dominating factor. Alcoa, the third biggest aluminum producer, said that producers outside China are likely to continue reducing output amid weak aluminum prices thus pushing the global market into a deficit this year. The company now expects demand to exceed supply by 730,000 metric tonnes in 2014 compared to earlier forecast of a glut of 106,000 metric tonnes. Alcoa plans to reduce output by 800,000 tonnes, while United Co. Rusal, the biggest producer in the world, reported its output plummeted to an eight-year low in February.

**Copper** started the week on a slightly negative note but managed to gain during the next sessions on ideas that China's demand will remain strong. According to the CEO of Antofagasta Diego Hernandez, the world second largest economy is likely to meet its growth target of 7.5% this year. The red metal, which is heading for the 10-year high surplus of around 400,000 metric tonnes this year, also received a boost from reports that oversupply may be smaller than previously thought due to delays in execution of several important projects. For example, opposition to the new mines in Peru and Chile is escalating amid environmental concerns.

**Nickel** traded higher last week as riots in Ukraine may prompt the West to impose new sanctions on Russia, big exporter of the base metal, at a time when Indonesia, which accounted for about 17% of global supplies, banned export of the metal ore.

**Zinc** rose on signs of strong demand that absorbed supply glut and pushed the market into a deficit last year. The ILZSG said zinc market recorded a deficit of 60,000 tonnes in 2013 after being in surplus of 236,000 tonnes in the preceding year.

# Energy Futures Soar on Instability in Ukraine; EIA Data Limits Gains



**WTI and Brent oil** were in the up-trend last week on talks that U.S. demand remained strong. However, the fact that rebels in Libya surrendered two oil ports to the state put a drag on Brent oil futures. Now Libya can potentially increase its oil output 180,000 barrels per day. Meanwhile, lack of clarity over energy exports from Russia amid on-going Ukrainian woes as well as calming worries over the pace of Fed policy tightening were the key supporting factors for energy prices.

The EIA report was on the negative side last week. U.S. inventories soared four million barrels in the week ended April 4 compared to estimates of a one-million barrel gain and a previous week's unexpected decline of 2.4 million barrels. At the same time, some numbers released by the EIA were positive for WTI futures. The EIA reported gasoline demand in the U.S. averaged at 8.81 million barrels in the four weeks ended April 4, while inventories slid to the lowest level since November.

**Natural gas** was steadily climbing last week as updated weather forecasts pointed to cooler-than-normal temperatures across the U.S. in the end of last week. The commodity price as usually was affected by the weekly EIA inventory update released on Thursday that showed supplies increased less than expected last week. Storage climbed four billion cubic feet compared to a forecast of a jump of 15 billion cubic feet.

**Heating oil** tracked gains in WTI and Brent oil; however, the advance was restricted by the third consecutive climb in inventories that belied analysts' projections. According to the EIA report, distillate fuel inventories, which include heating oil and diesel, climbed 200,000 barrels in the week ended April 4, whereas experts called for a 800,000-barrel decline. This was the third week in line when experts predicted a drop in distillate fuel supplies but the actual data showed a gain in inventories.

## Price Changes (%)

	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Crude oil	2.57	5.87	11.89	1.69	8.87	10.14
Brent oil	0.57	-0.02	0.07	-3.55	1.96	3.12
Natural gas	4.08	2.9	13.99	22.35	10.24	8.76
Heating oil	0.87	0.26	-0.26	-3.35	-0.66	0.7

## Changes in U.S. inventories (%)

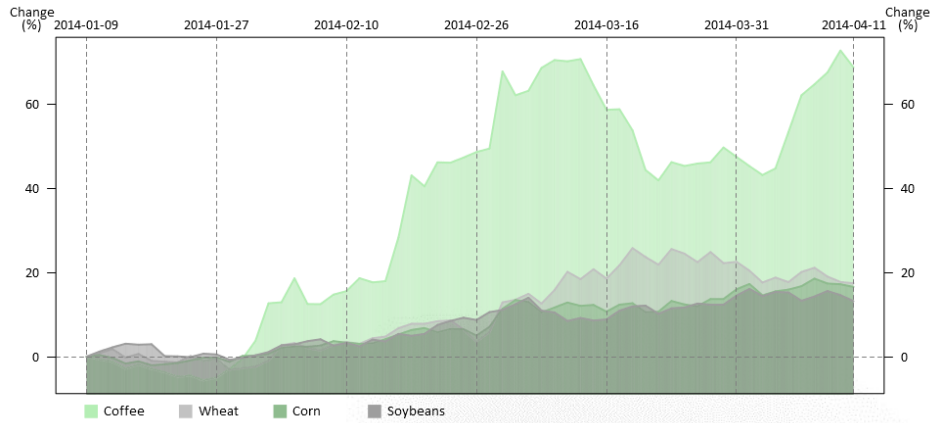
	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Crude oil	-0.62	4.88	5.42	4.5	-2.2	-1.51
Gasoline	-0.72	-6.49	-2.31	-1.87	-2.28	-2.54
Natural Gas	-8.26	-39.02	-72.36	-76.43	-51.27	-53.85
Distillate Fuel	0.49	-0.09	-5.2	-12.56	-0.03	-1.99

## Energy Futures Long-Term Price Forecasts (USD)

	Q2 14			Q3 14			Q4 14			Q1 15		
	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg
Crude oil	85	109	95.64	80	112	96.85	70	114	95.25	78	106	95.48
Natural gas	57.13	65	62.01	58.35	65.1	62.29	68.8	72	70.22	71	71	71
Heating oil	273	298	281.25	280	299	287.75	287	290	289	295	305	300
Brent oil	95	117.5	103.87	90	119	104.33	85	122	102.65	85	114	101.11

S&P GSCI Energy Index	%
Weekly	-0.75
Monthly	-0.13
3 Months	15.54
6 Months	5.88
12 Months	-1.23

# Agricultural Commodities Mixed; Coffee Soars as Brazil's Supplies Drop



**Wheat** started the week in the positive zone as drought continued to weight on the winter crops in the U.S. According to the first crop progress report in 2014, only 35% of U.S. winter seedlings were in 'good' or 'excellent' condition. However, the grain came under a heavy selling pressure in the middle of the week as the USDA raised its forecast for global supplies for the end of 2013/14 by 2.9 million tonnes to 186.7 million tonnes. Analysts expected the USDA to lower the estimate slightly. The USDA also revised up its forecast of domestic inventories by 25 million bushels to 583 million bushels.

**Corn** commenced last week with a small decline on outlook that weather in the U.S. may improve thus allowing farmers to speed up planting. Later in the week, the grain also was struggling with the downside pressure amid Wasde data. Despite cutting its forecast for domestic inventories more than market consensus, the USDA raised its estimate of Brazilian output by two million tonnes to 72 million tonnes, fuelling worries that more buyers will which to cheaper Brazilian supplies.

**Soybeans** rallied to a 10-month high on Tuesday on bullish numbers from the USDA report. Stockpiles of the oilseed at the end of summer are predicted at 135 million bushels versus an earlier estimate of 145 million bushels and compared to forecasts of 138.5 million bushels. This implies that until the next season's harvest will be extremely tight. However, the upswing was halted latter in the week amid persistent concerns that China may continue cancelling orders of more expensive U.S. oilseed.

**Coffee** skyrocketed as Deral said Brazilian supplies were likely to record a large decline this year because of the drought in the very beginning of 2014. At the same time, a price of 200 cents per pound still remained unattainable on ideas that Colombia harvest may achieve up to 11.4 million bags this season.

Price Changes (%)						
	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Wheat	-0.22	-2.27	17.44	-3.47	-6.11	-5.81
Corn	0.55	3.28	16.58	16.45	-7.09	-7.26
Soybeans	-1.8	4.34	13.2	14.25	16.95	17.97
Coffee	10.03	-0.85	68.71	74.42	44.36	43.6

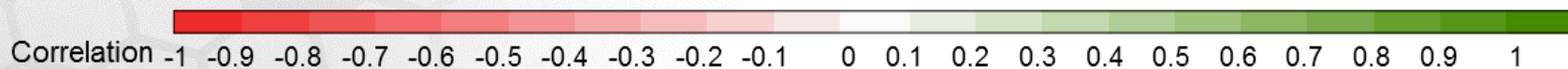
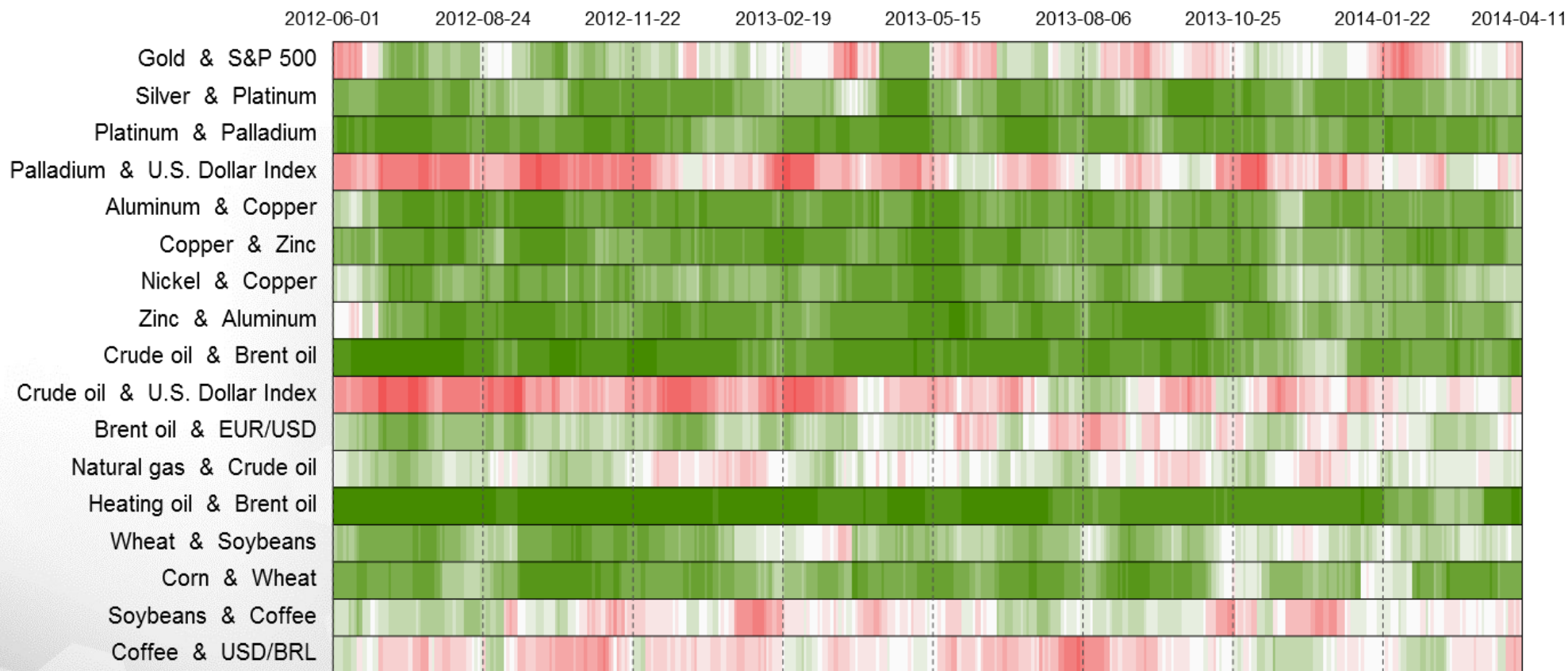
USDA Wasde Total Estimated Inventories						
	Forecast	Today	Month	3 Months	6 Months	YTD
Soybens	0	170	13.33	-35.85	21.43	-8.11
Green Coffee	0	72225.22	0	0	-3.83	-6.98
Corn	-1.14	164330	8.53	6.27	39.27	27.23
Wheat	2.41	178480	1.25	-4.24	2.47	3.46

Farm Commodities Long-Term Price Forecasts (USD)												
	Q2 14			Q3 14			Q4 14			Q1 15		
	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg
Corn	380	590	463.33	370	570	461.11	350	550	457.04	350	550	450.51
Coffee	107	185	143.42	112	200	146.75	110	200	143.75	116.01	200	152
Wheat	550	650	602.52	525	680	614.78	500	720	616.26	500	730	618.2
Soybeans	1 200	1 380	1 294.11	1 100	1 340	1 238.11	1 000	1 300	1 181.44	1 000	1 310	1 160.17

S&P GSCI Agriculture Index	%
Weekly	1.66
Monthly	2.68
3 Months	6.63
6 Months	1.39
12 Months	13.23

# Correlation Matrix

## Correlation

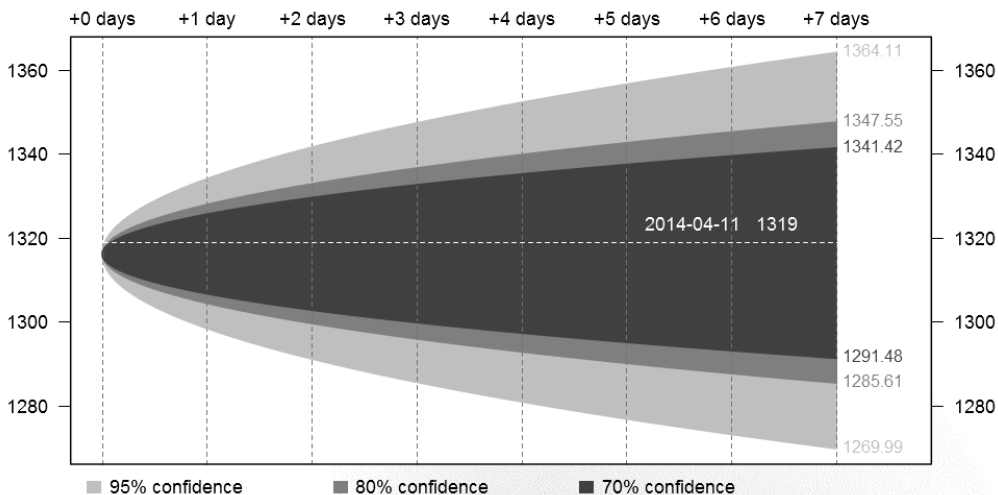


# Precious Metals Confidence Intervals for the Next 7 Days

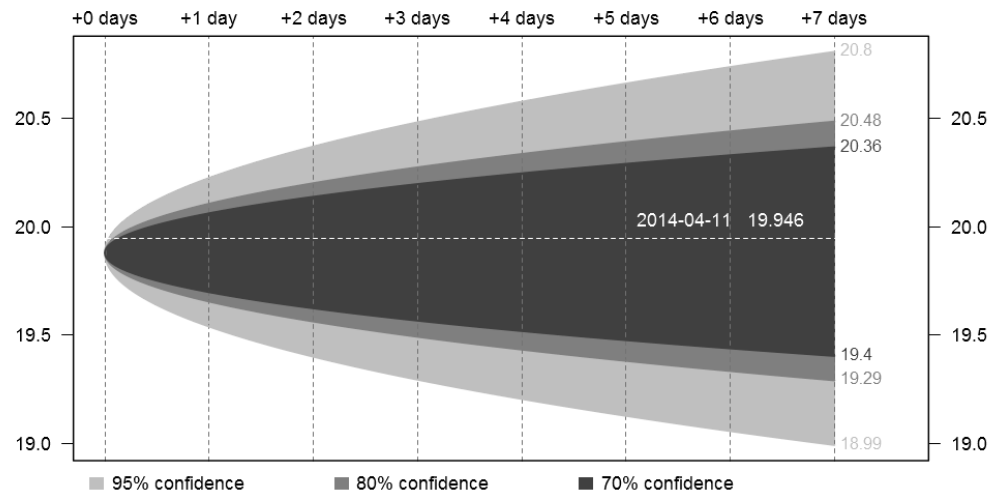
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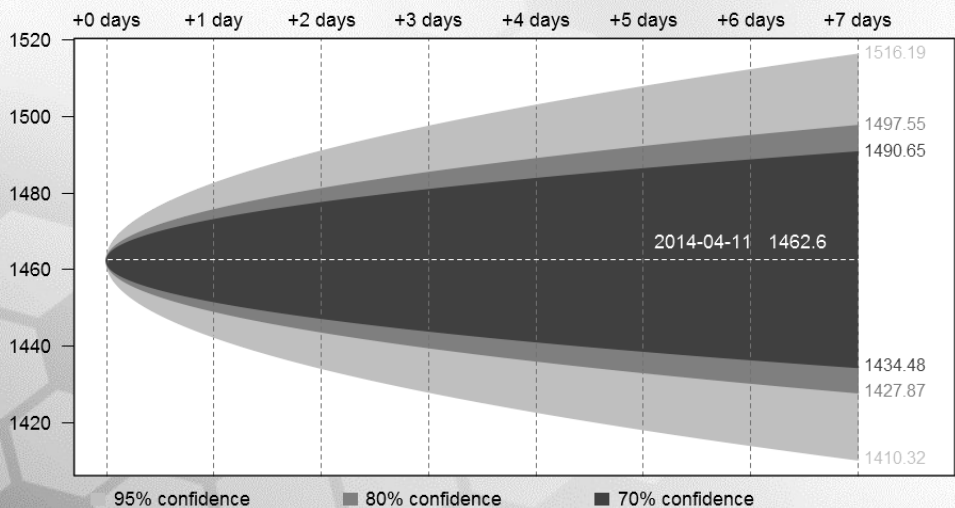
Gold Potential Rates



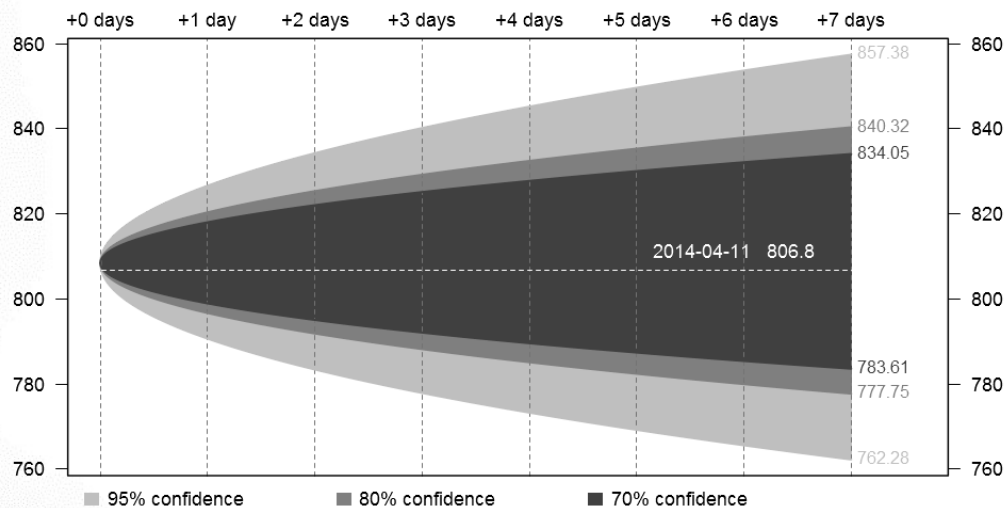
Silver Potential Rates



Platinum Potential Rates



Palladium Potential Rates



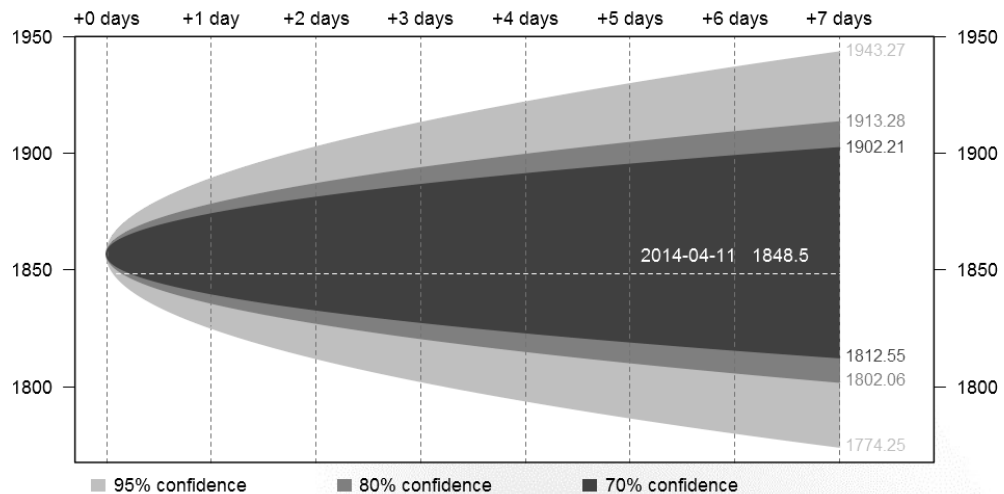


# Industrial Metals Confidence Intervals for the Next 7 Days

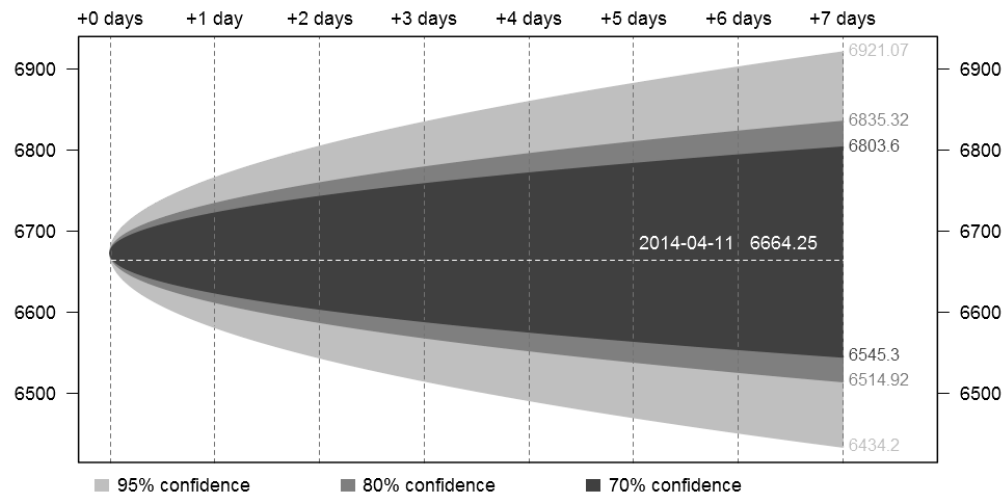
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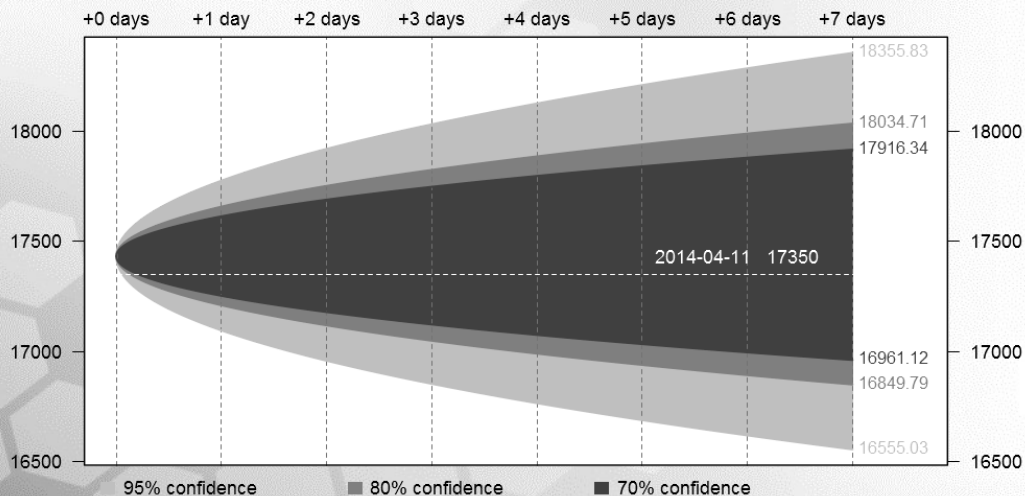
Aluminum Potential Rates



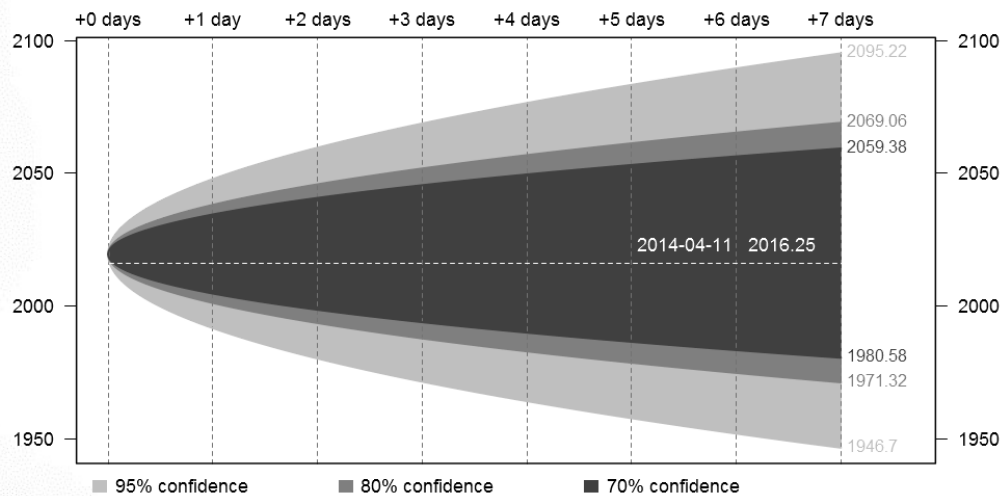
Copper Potential Rates



Nickel Potential Rates

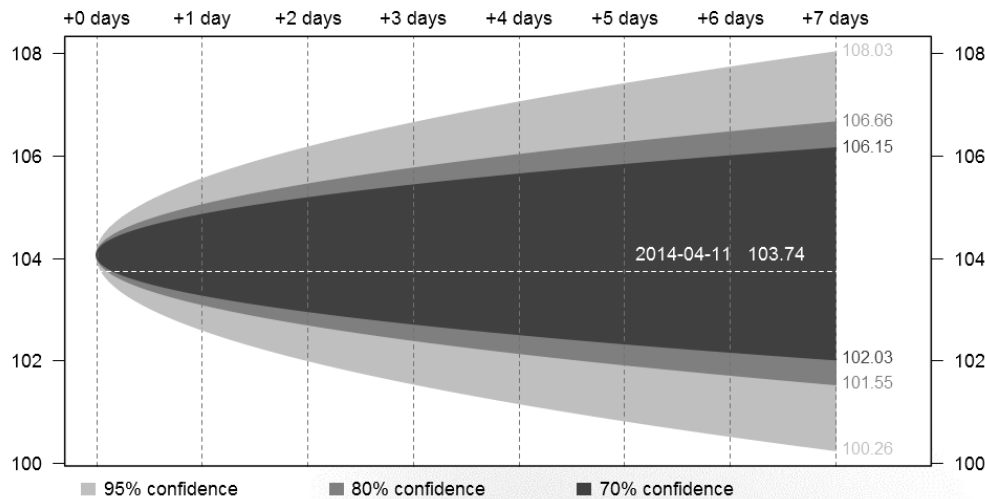


Zinc Potential Rates

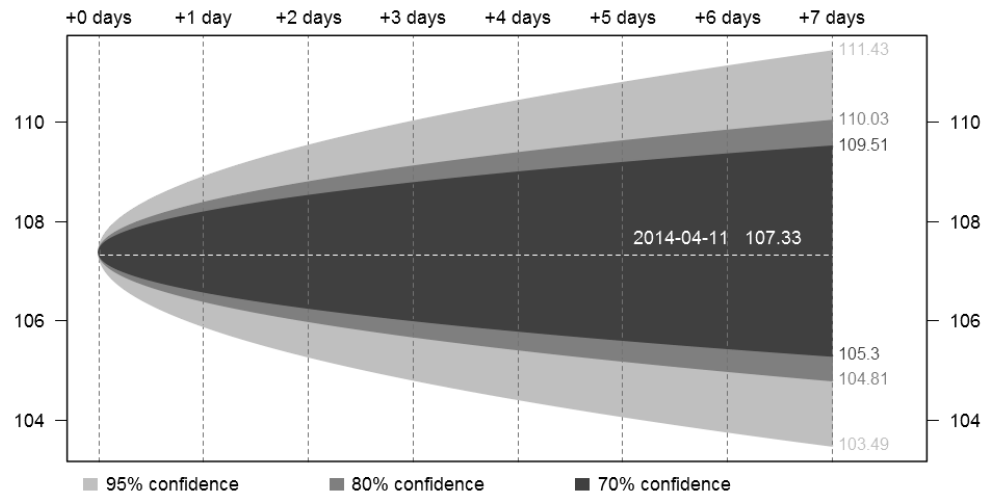


# Energy Confidence Intervals for the Next 7 Days

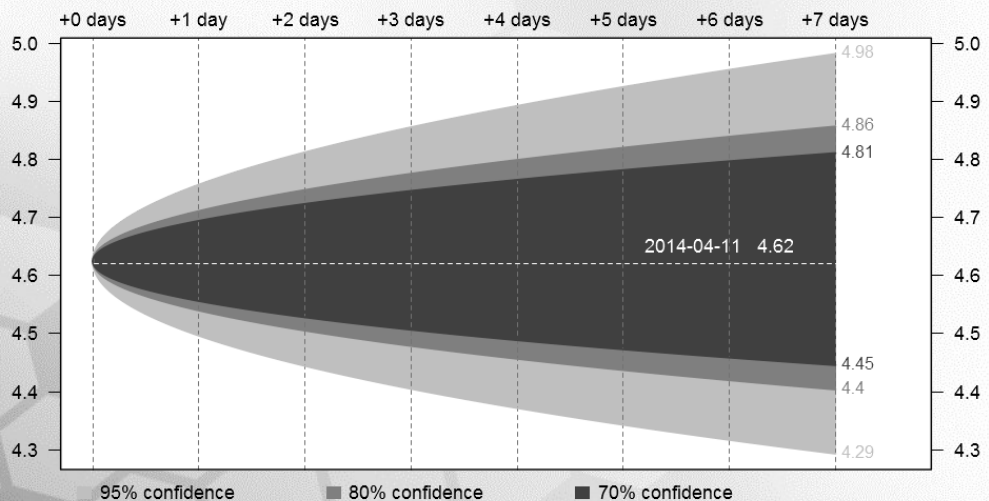
Crude.oil Potential Rates



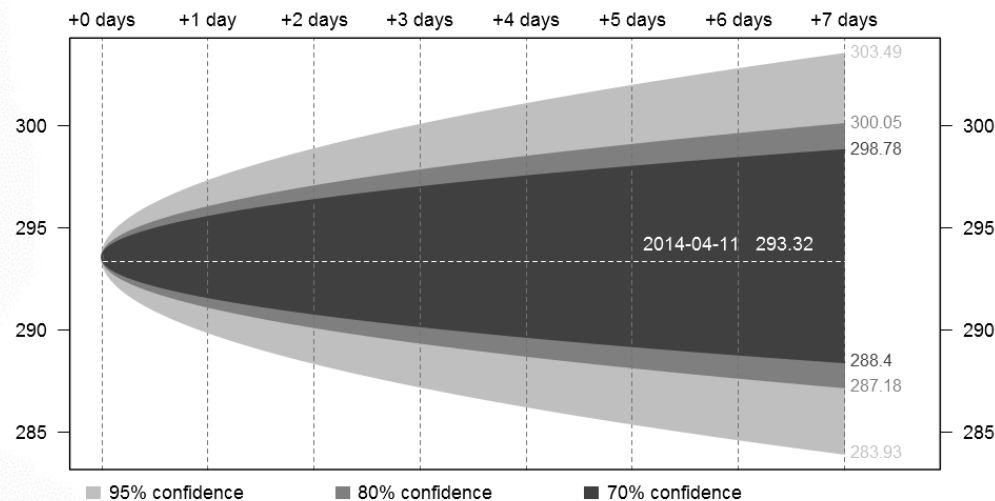
Brent.oil Potential Rates



Natural.gas Potential Rates



Heating.oil Potential Rates

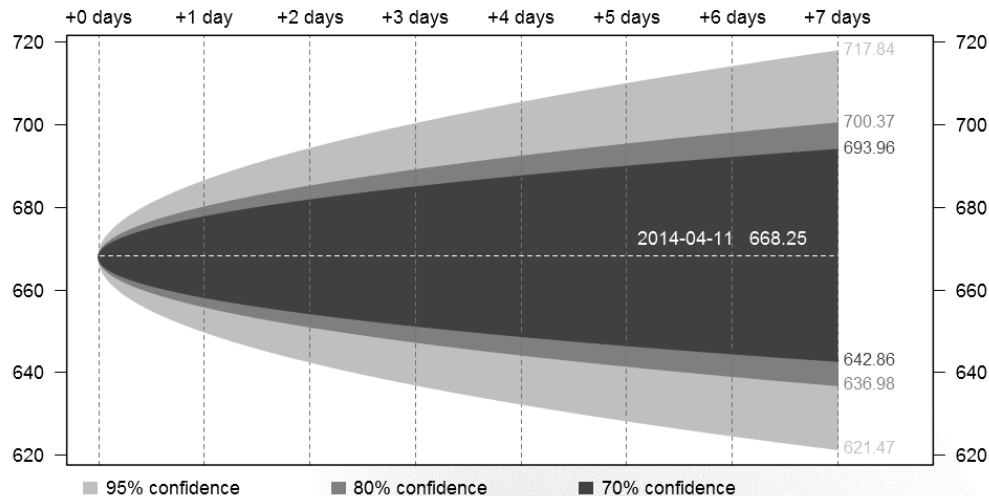


# Agriculture Confidence Intervals for the Next 7 Days

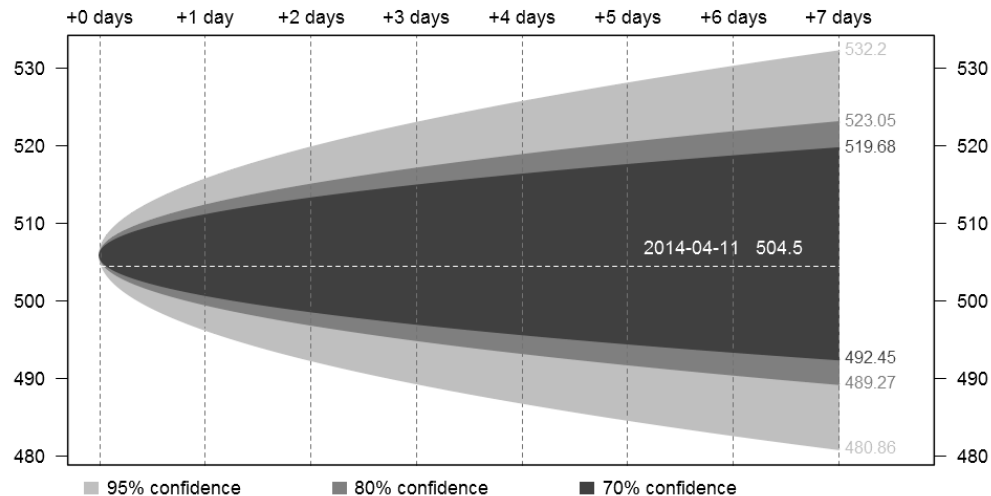
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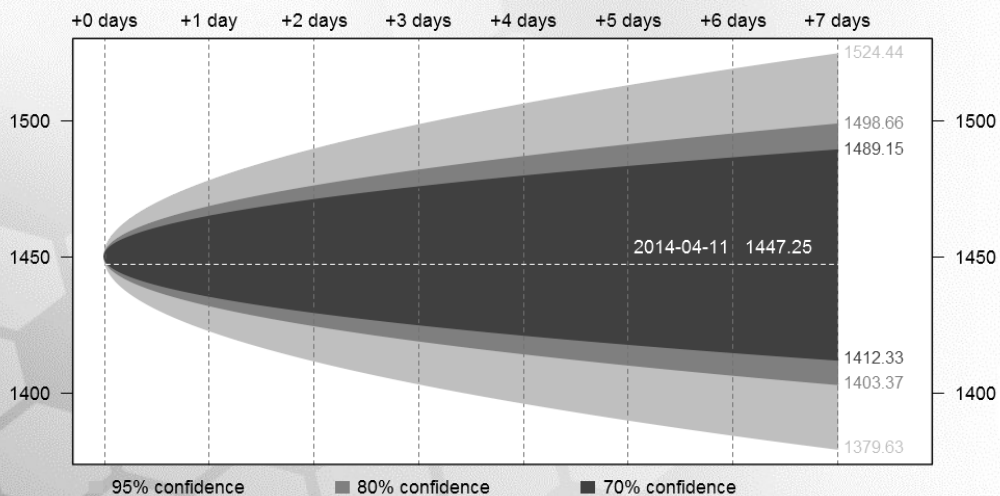
Wheat Potential Rates



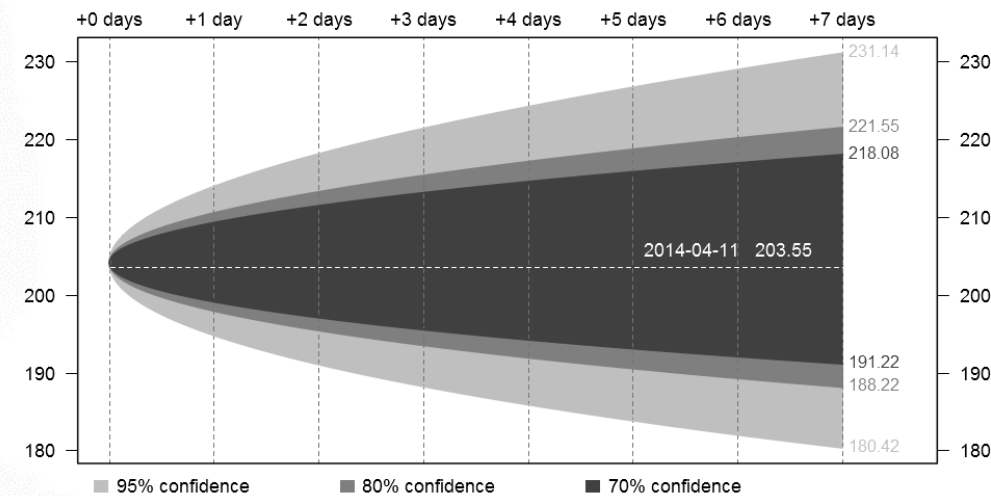
Corn Potential Rates



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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- Press Review
- Market Research
- Expert Commentary
- Dukascopy Sentiment Index
- Trade Pattern Ideas
- Global Stock Market Review
- Commodity Overview
- Economic Research
- Quarterly Report
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