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12/05/2014



Weekly Commodity Overview

Market Highlights



ASIA-PACIFIC REGION

Australia's data mixed; China's price growth decelerates

The Reserve Bank of Australia left its monetary policy on hold last week on hopes that economic data would point to economic recovery. However, the actual data released later in the week only partly confirmed this view. The jobless rate dropped to 5.8% in April, while retail and trade balance missed expectations. At the same time, inflation in the world's second largest economy slowed down last month, leaving more room for the PBOC to ease its policy to boost economic activity in the country. China's CPI added 1.8% year-on-year in April after gaining 2.4% in March. Experts called for a 2.1% rise.



EUROPE

Policy unchanged; retail sales up; German data disappoints

The European Central Bank refrained from any changes to its currency monetary policy, leaving the key interest rate at a record-low of 0.25%. Meanwhile, the economic numbers showed mixed picture. Retail sales in the single currency bloc unexpectedly inched up 0.3% in March after adding 0.1% in February. Economists predicted a 0.2% decline. At the same time, German factory orders surprisingly declined 2.8% in March, missing a forecast of a 0.35% gain and comparing to a 0.9% climb in February. Trade balance of the Eurozone's healthiest economy also was disappointing as surplus narrowed in March, whereas experts projected it to widen.

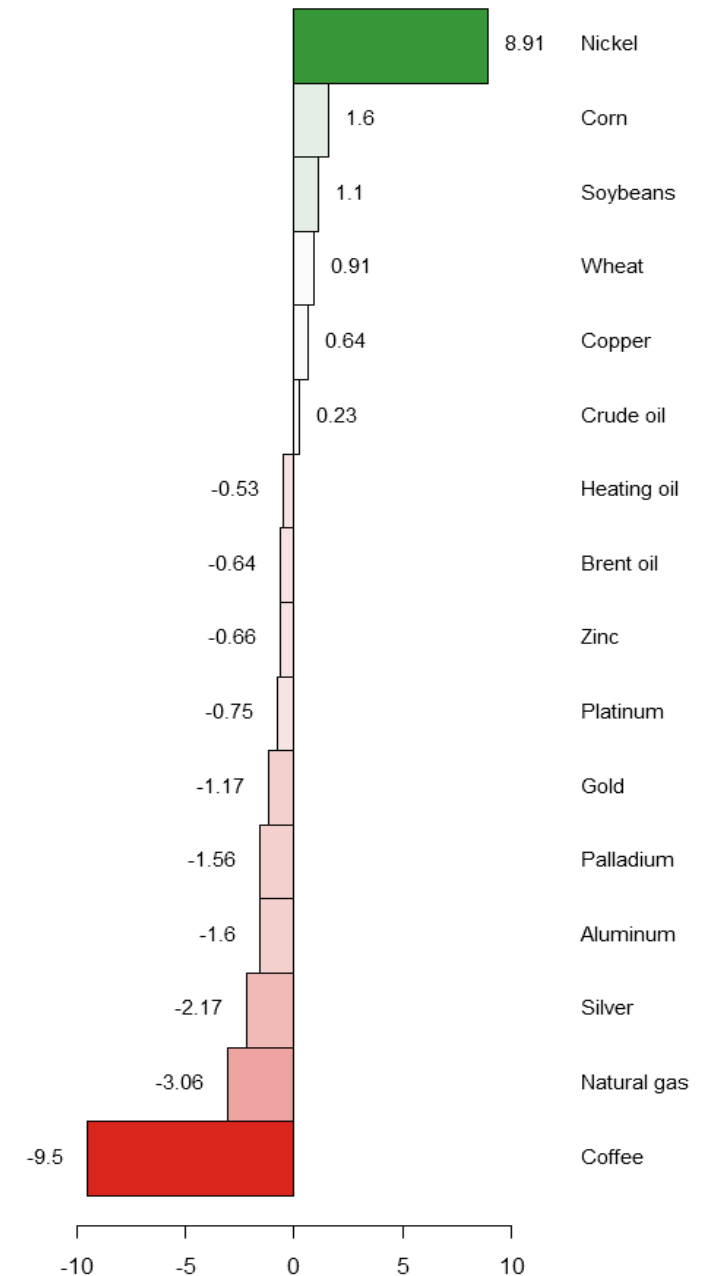


NORTH AMERICA

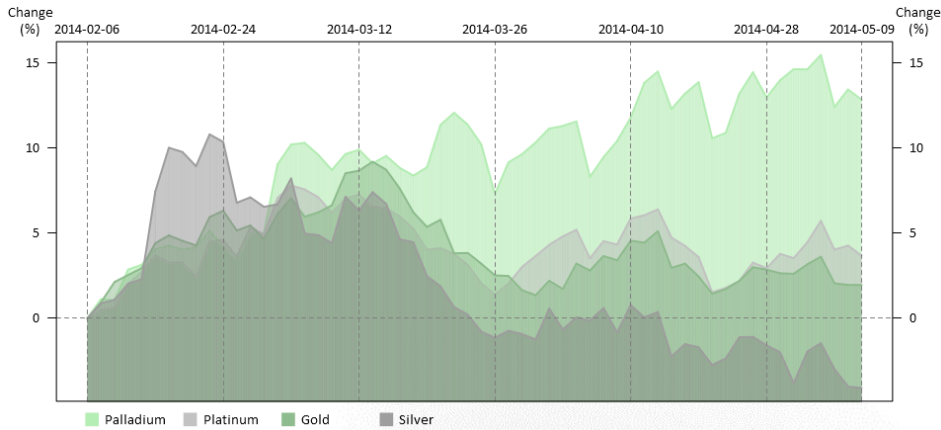
Services sector grows; jobs data better than expected

The growth of services sector in the U.S. sped up in April; ISM non-manufacturing PMI climbed to 55.2 from 53.1 in March, compared to a forecast of 54.3. The trade data was slightly worse than expected, with trade deficit narrowing to \$40.4 billion in March from \$41.9 billion in February, while expected called for a deficit to \$40.1 billion. Meanwhile, weekly jobless claims data beat estimates. The number of Americans applying for jobless benefits dropped to 319,000 in the week ended May 3 versus a market consensus of a decline to 325,000.

Weekly Ranked Price Moves (%)



Precious Metals Slide on Positive Data; Supply Concerns Limit Platinum Losses



Gold was gradually retreating starting from Monday. On Wednesday, the yellow metal dived below the psychologically important level of \$1,300 per ounce and failed to return above this mark during the rest of the week. The decline was mostly provoked by positive data releases across the globe that hurt safe-haven appeal of the bullion. Speculation that the Fed will continue scaling back its stimulus plan faster than expected also weighed on gold futures.

Physical demand-side support started to fade away amid lack of new data. In the preceding week, the shiny metal received a boost from ideas that India, the second-biggest gold importer, would buy more gold due to festival season. Meanwhile, in the weeks to come, the yellow metal may continue seeking support on tensions over Ukraine that have recently sparked a rally in gold prices.

Silver failed to move in opposite direction to gold even despite some positive numbers from the industrial demand side. According to the latest data from the CPM, fabrication demand for the grey metal is likely to increase 2.9% in 2014 to 890.7 million ounces that is a nine-year high. Furthermore, silver inventories in the total known ETFs climbed 0.76% week-on-week and almost 2% year-on-year.

Platinum and Palladium dropped despite solid support linked to on-going supply concerns. Despite some progress in talks between South Africa's mining giants and workers, strikes continued thus weighting on the output from the world's top platinum producer. Meanwhile, possible sanctions on Russia, the biggest exporter of palladium, were supportive for palladium prices. Additionally, the metals were bolstered by bright demand prospects as global economic recovery is boosting car demand. Platinum-group metals are used in auto-catalyst production.

Price Changes (%)						
	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Gold	-1.17	-1.4	1.96	0.23	-12.72	-12.41
Silver	-2.17	-3.28	-4.09	-10.3	-20.25	-20.19
Platinum	-0.75	-0.63	3.68	-0.9	-5.13	-5.85
Palladium	-1.56	2.2	12.83	5.52	14.21	11.58

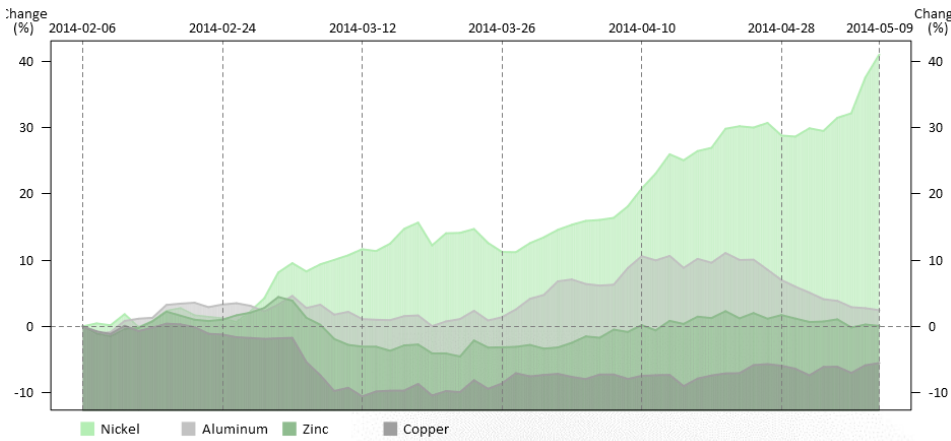
Changes in Total Known ETF Holdings (%)						
	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Gold	-0.26	-1.31	-0.71	-8.34	-22.52	-22.98
Silver	0.76	0.28	2.69	-0.85	1.96	1.99
Platinum	-0.36	1.83	8.22	12.01	50.85	68.4
Palladium	3.88	25.55	26.09	23.75	21.48	20.44

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	1 125	1 780	1 288.75	1 070	1 760	1 282.72	1 011	1 743	1 277.12	970	1 500	1 224.75
Silver	16.75	34	21.35	17	35	21.7	17.23	34	21.78	17.6	25	20.88
Platinum	1 300	1 850	1 539.39	1 320	1 850	1 570.91	1 353	1 850	1 593.61	1 450	1 900	1 615.77
Palladium	625	850	774.77	630	850	787.73	657	900	807.77	705	1 000	837.26

S&P GSCI Precious Metals Index	%
Weekly	-1.29
Monthly	-1.65
3 Months	1.16
6 Months	-1.31
12 Months	-11.11

Industrial Metals Mixed; Nickel at 19-Month High on Supply Worries



Aluminum prolonged its losing streak last week. However, the lightweight metal managed to slow down the pace of its retreat last week, declining by only 1.6% versus a 4% slump in the preceding period. The recent numbers from the International Aluminum Institute put a heavy drag on prices. According to the report, global inventories of unwrought aluminum climbed to 1.215 million metric tonnes in March from 1.171 million metric tonnes in February.

Copper managed to close in the green zone thanks to an improved demand for riskier assets amid upbeat U.S. data and lack of new developments in relation to the West-Russia standoff. Also supporting the red metal, China's demand remained strong. The country bought 420,000 tonnes of copper in March after importing 379,000 tonnes in February. However, the metal came under notable pressure after Glencore, the eighth largest copper producer, reported a 24% increase in Q1 output due to expansion at African and Australian operations.

Nickel skyrocketed to a 19-month high on mounting supply concerns. Indonesia, the largest miner of the metal, banned exports of unprocessed ores in January 2014, while Russia, the second biggest miner, may face severe sanctions from the West as situation in Ukraine remains tense. From the negative side, nickel inventories at the LME warehouses stood 55% higher compared to the same period last year.

Zinc moved in tandem with aluminum prices, losing 0.66% last week. At the same time, the metal still may witness some support pertaining to signs of solid demand. Last year, global markets unexpectedly swung to a deficit, while stocks at the LME continued to decline. Now LME storage is down almost 30% year-to-date.

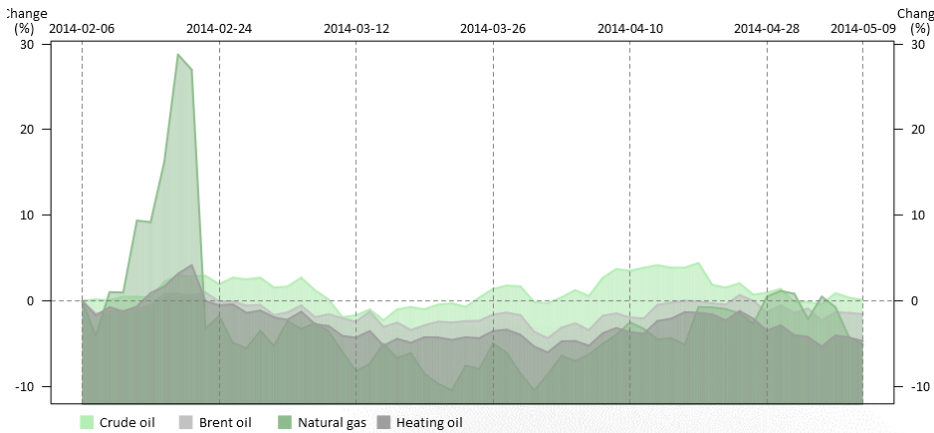
Price Changes (%)						
	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Aluminum	-1.6	-5.82	2.44	-2.99	-9.31	-8.43
Copper	0.64	2.62	-5.52	-5.05	-8.34	-7.53
Nickel	8.91	19.42	41	43.47	29.21	30.23
Zinc	-0.66	0.92	0.07	8.34	7.44	8.76

Changes in LME inventories(%)						
	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Aluminum	-0.64	-0.77	-1.33	-0.61	1.59	3.13
Copper	-9.35	-16.93	-32.37	-55.26	-66.33	-65.61
Nickel	-0.5	-0.67	4.29	15.84	55.87	55.9
Zinc	-0.86	-7.29	-8.13	-25.04	-26.34	-27.11

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	7 005.03	5 750	8 762	6 996.9	5 750	8 487	7 012.5	6 275	8 500	6 957.58
Zinc	1 720	2 500	2 042.04	1 608	2 403	2 052.33	1 532	2 500	2 118.11	1 643	2 381	2 129.94
Aluminum	1 608	2 304	1 850.68	1 536	2 271	1 864.86	1 463	2 215	1 908.57	1 536	2 049	1 907.11
Nickel	13 007	20 391	15 985.41	12 771	20 170	16 317.3	12 098	21 000	16 590.19	12 838	20 600	17 035.53

S&P GSCI Industry Metals Index	%
Weekly	0.59
Monthly	0.8
3 Months	0.35
6 Months	-1.47
12 Months	-4.68

Energy Futures Mostly Lower; Natural Gas Plunges After EIA Data



WTI and Brent oil were mixed despite both starting the week in the red zone. Energy prices started to advance only early Tuesday after API report showed that Cushing supplies dropped 1.46 million barrels in the week ended May 2. Since the beginning of the year, inventories at the largest oil-storage hub slid almost 40%, according to the EIA. Some support also came from persistent worries over tensions in Ukraine; however, this prop failed to help Brent oil to close in the positive area. Meanwhile, WTI futures received a boost from brighter demand prospects as the recent data pointed to an acceleration of economic growth in the U.S.

Another factor fostering a climb in WTI prices was weekly EIA report. In the week ended May 2, the U.S. inventories dropped 1.8 million barrels compared to expectations of a 900,000-barrel climb. Meanwhile, crude oil supplies rose 1.7 million barrels in the week ended April 25, while analysts called for a 1.3-million-barrel climb.

Natural gas declined after the EIA data revealed a larger-than-expected increase in the U.S. inventories. Natural gas supplies jumped 74 billion cubic feet in the week ended May 2 versus a forecast of a 71-billion-cubic-foot increase. However, total inventories still stood almost 800 billion cubic feet less than in the same period 2013 and more than 900 billion cubic feet below the five-year average. Meanwhile, weather forecasts were on the negative side, with forecasting models pointing to above-normal temperatures in the most U.S. territory.

Heating oil limited losses after the EIA report showed an unexpected decline in the U.S. storage. U.S. distillate fuel inventories, which include heating oil and diesel, plunged 400,000 barrels in the week ended May 2, whereas experts predicted a 1.5-million-barrel increase in stockpiles.

Price Changes (%)

	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Crude oil	0.23	-3.48	0.11	5.7	3.33	3.46
Brent oil	-0.64	-0.08	-1.53	2.64	3.94	3.72
Natural gas	-3.06	-1.2	-5.11	27.31	11.68	11.66
Heating oil	-0.53	-1.6	-4.7	1.22	-0.16	-0.66

Changes in U.S. inventories (%)

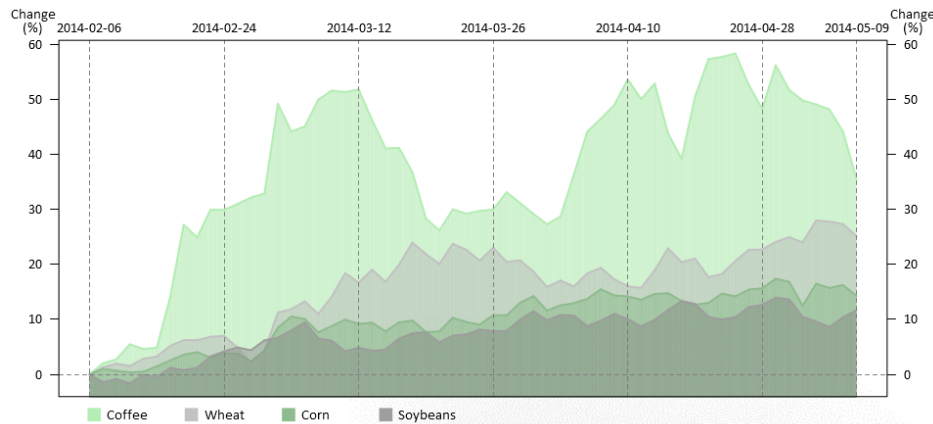
	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Crude oil	-0.45	4.6	11.03	3.15	0.52	0.58
Gasoline	0.76	-1.13	-9.27	1.5	-0.88	-1.3
Natural Gas	7.54	28.35	-45.14	-72.34	-43.43	-40.63
Distillate Fuel	-0.39	0.93	0.18	-3.24	-3.03	-1.51

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	107	96.19	80	109	97.35	70	110	95.34	78	110	96.72
Natural gas	57.13	63.9	60.61	57	65.1	60.89	65	72	68.97	71	71	71
Heating oil	273	298	285	280	299	287.75	287	290	289	290	295	292.5
Brent oil	95	117.5	104.25	90	119	104.96	85	122	103.14	85	115	102.53

S&P GSCI Energy Index	%
Weekly	-0.02
Monthly	1.34
3 Months	14.58
6 Months	12.5
12 Months	0.1

Agricultural Commodities Advance After Wasde; Coffee Dives 9%



Price Changes (%)						
	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Wheat	0.91	6.68	25.11	11.2	1.01	-1.23
Corn	1.6	-0.1	14.24	18.92	-4.61	-6.28
Soybeans	1.1	0.61	11.68	14.74	22.46	21.99
Coffee	-9.5	-9.01	35.52	76.74	25.79	22.6

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	483.73	370	570	483.64	350	550	480.91	350	600	492.25
Coffee	107	200	169.33	112	203.3	166.72	110	216.7	162.78	130	218	171.6
Wheat	550	715	630.18	525	720	633.45	500	735	635.27	500	745	642.44
Soybeans	1 200	1 530	1 355.45	1 100	1 550	1 284.09	1 000	1 570	1 227.55	1 000	1 590	1 223.88

S&P GSCI Agriculture Index	%
Weekly	-0.51
Monthly	-1.49
3 Months	0.25
6 Months	6.07
12 Months	8.09

Wheat was sitting close to one-year highs last week as supply risks boosted appeal of the grain. Escalating fears of a civil war in Ukraine coupled with drought in the U.S. were the key factors pushing wheat futures higher. In the U.S., the heat came to the top growing regions thus weighting further on the prospects of the hard winter wheat that has been already hurt by cold and long-lasting dryness. Other large wheat exporters, Russia and Ukraine, may fail to compensate for possible crop losses in the U.S. as tensions in Ukraine prevent farmers from planting, while the West may impose sanctions on Russia, the fifth largest wheat exporter.

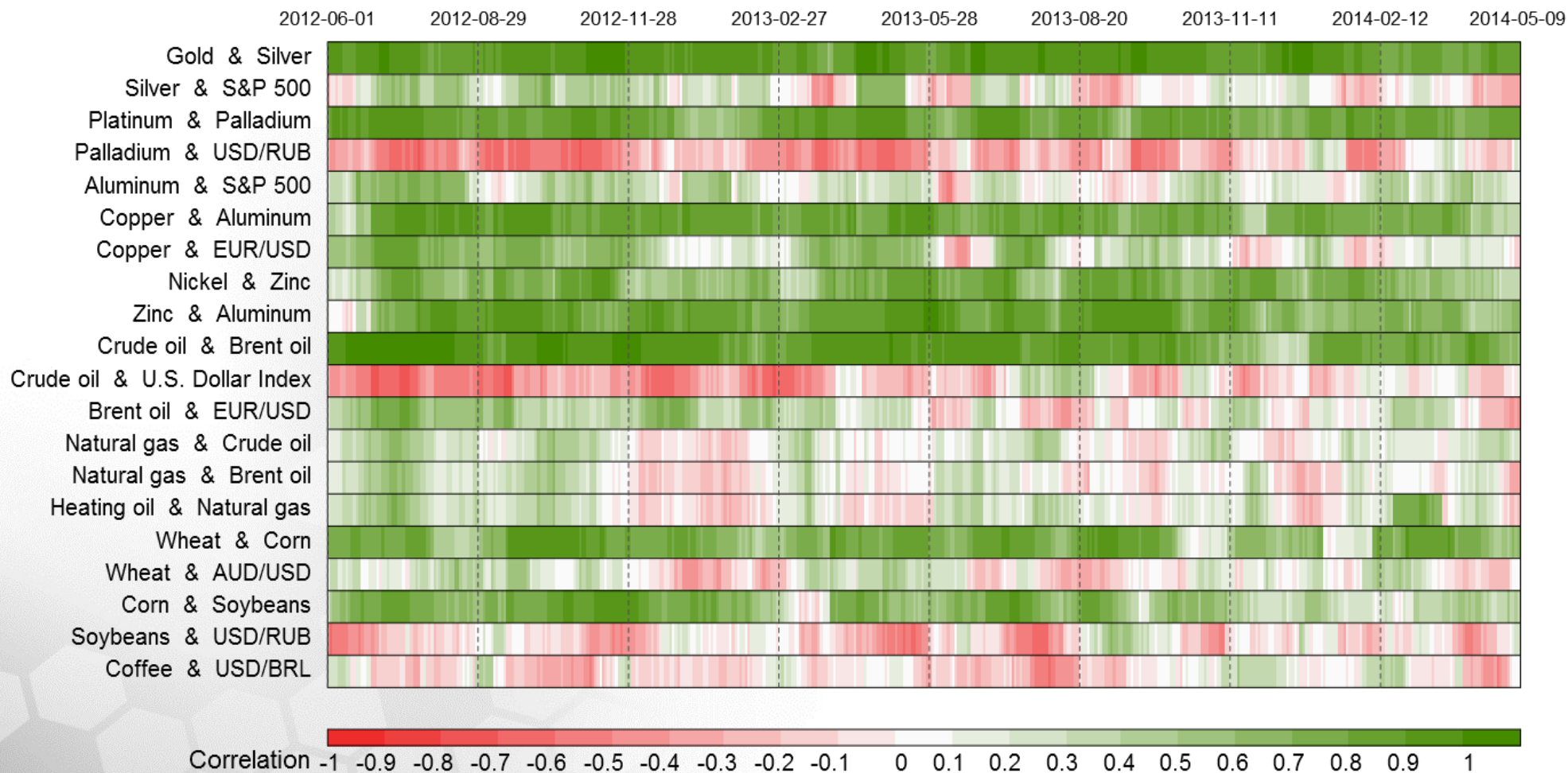
Corn also was propped up by turmoil in Ukraine, the third largest corn exporter. Strong demand for the U.S. grain also gave some stimulus for corn to advance. U.S. farmers sold about 1.24 million tonnes of corn last week compared to 1.6 million tonnes in the preceding week. However, Friday's USDA data turned strongly negative for corn-the USDA hiked its estimate for world's ending inventories by over 10 million tonnes, citing bright perspectives of Brazilian harvest and revisions to previous seasons.

Soybeans started the week on the negative note as investors were unwilling to buy the commodity ahead of the key USDA report that was due later in the week. Nevertheless, the oilseed erased all previous losses on Friday after the USDA cut its estimate for ending world and U.S. inventories. World stocks in the end of this season were lowered 2.44 million tonnes to 66.98 million tonnes, while U.S. inventories were cut 130 million bushels to 130 million bushels.

Coffee plunged to a one-month low on Friday amid speculation that Brazilian harvest may not have been hurt as much as some experts forecast. At the same time, Arabica coffee may seek support on signs of strong demand- Brazil's exports rose 8% in April.

Correlation Matrix

Correlation

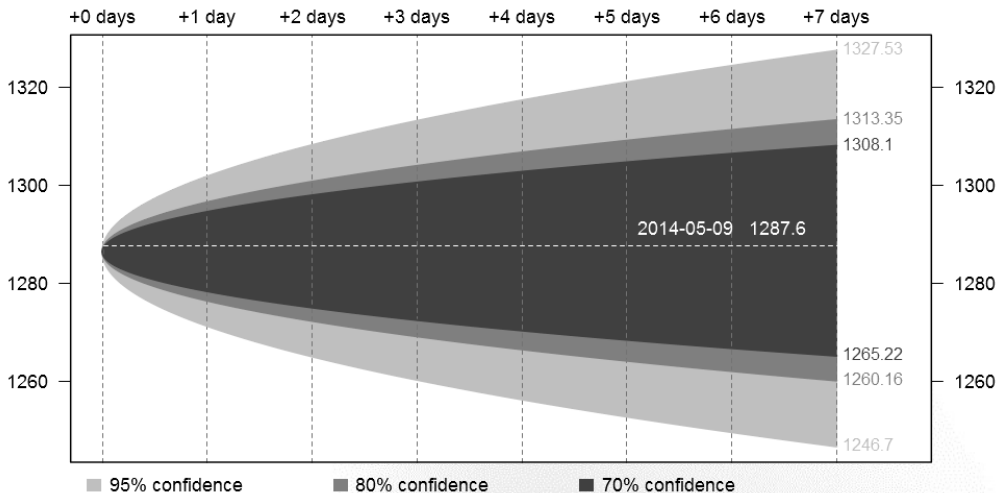


Precious Metals Confidence Intervals for the Next 7 Days

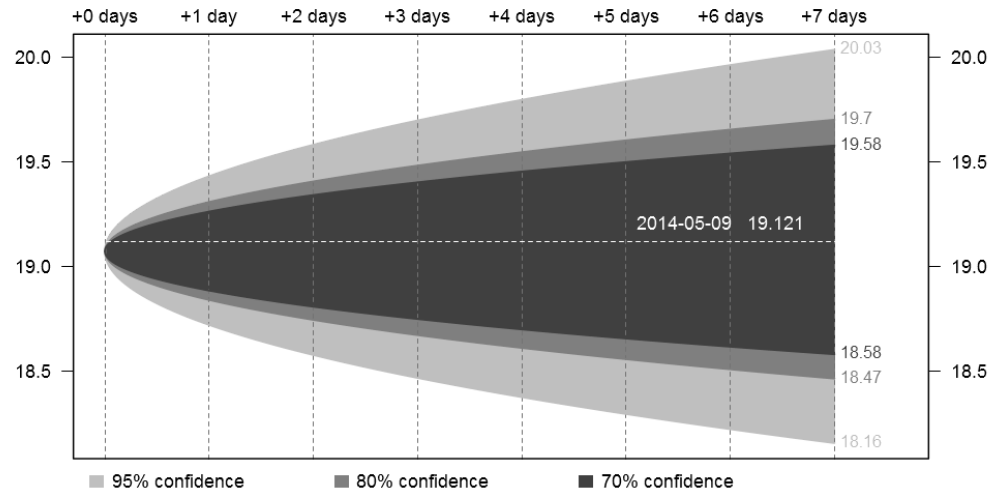
Monday, May 12, 2014

7:30 GMT

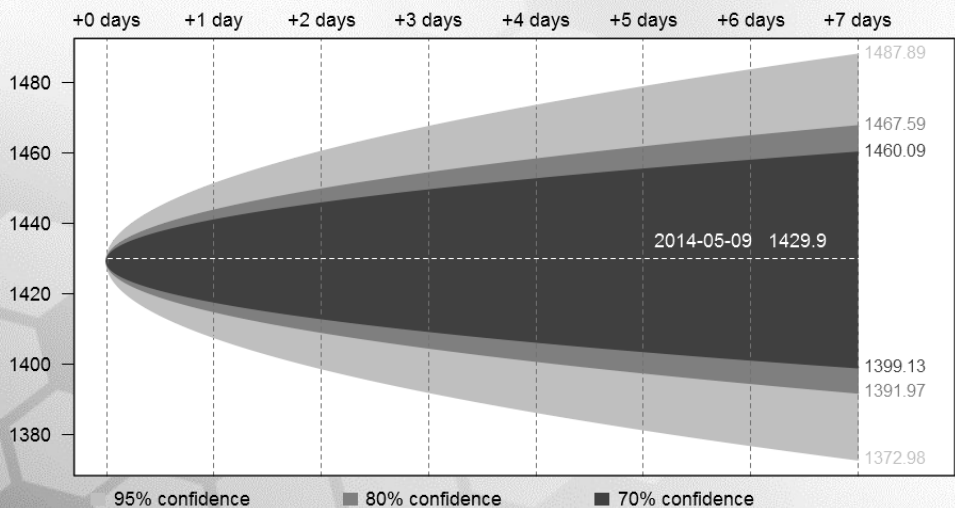
Gold Potential Rates



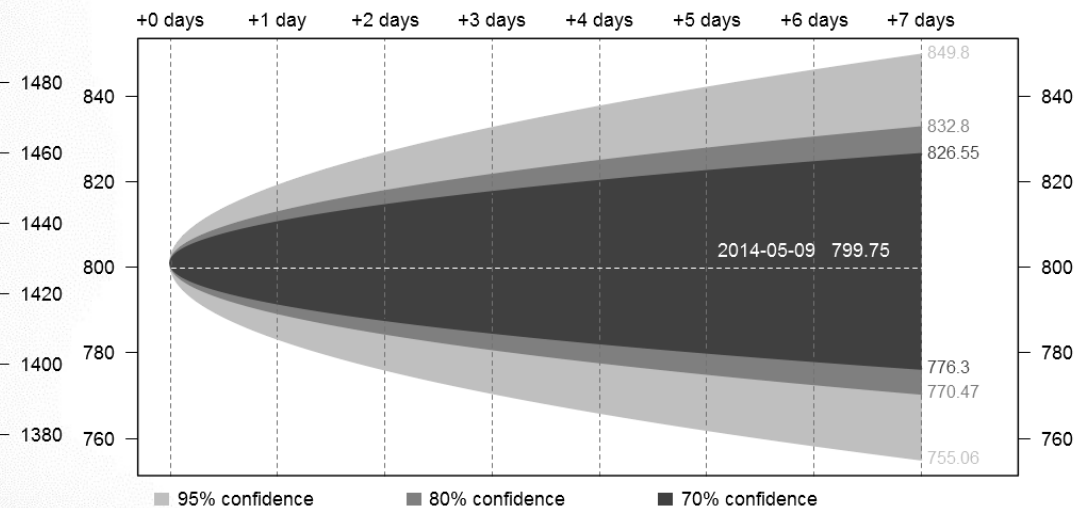
Silver Potential Rates



Platinum Potential Rates



Palladium Potential Rates

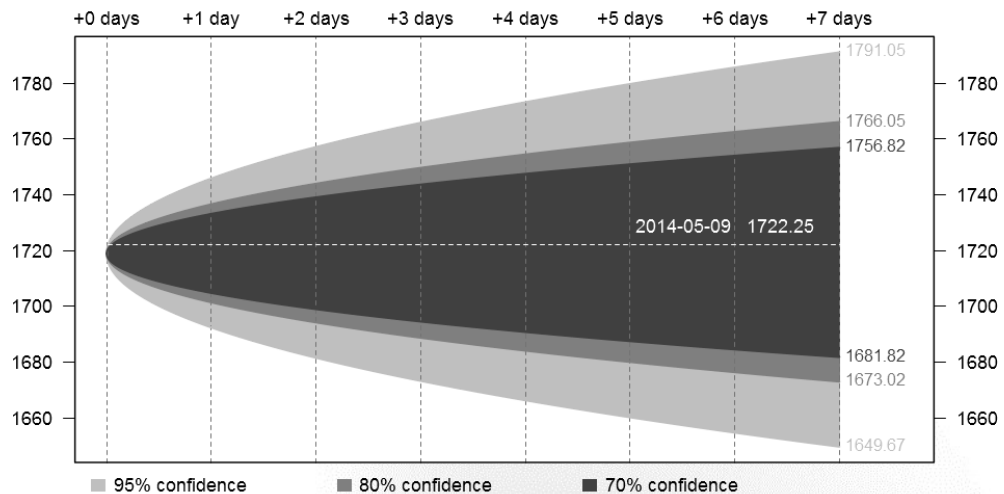


Industrial Metals Confidence Intervals for the Next 7 Days

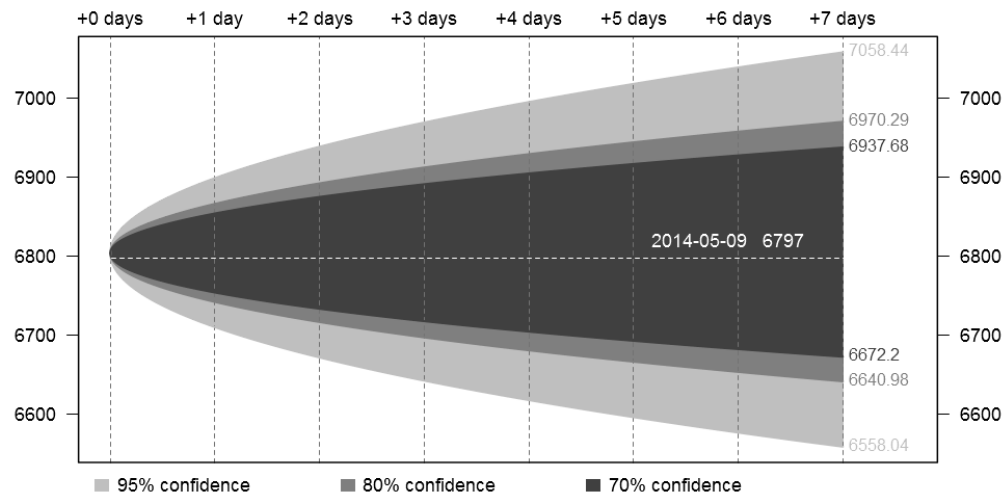
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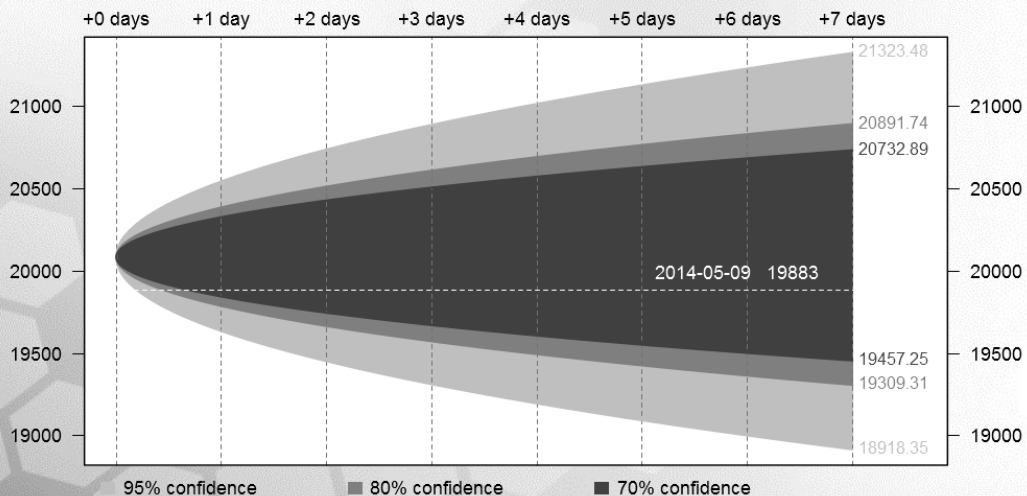
Aluminum Potential Rates



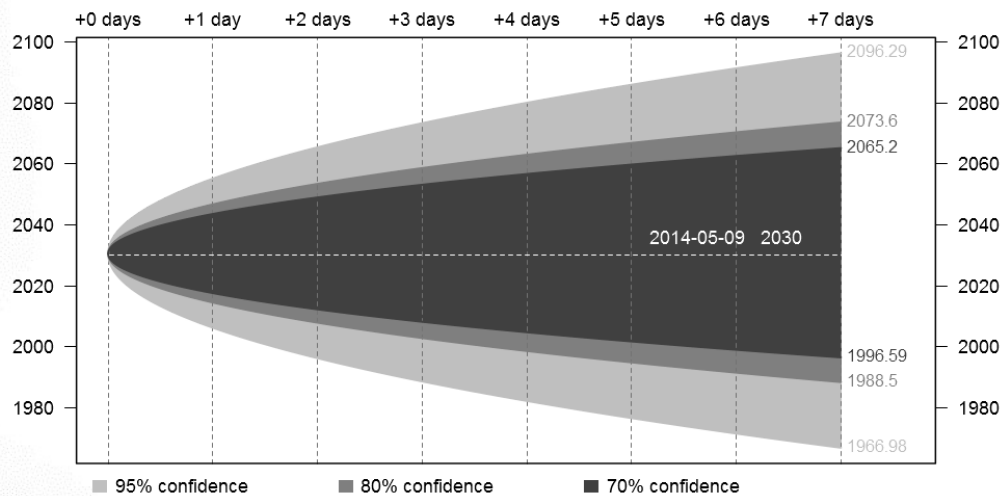
Copper Potential Rates



Nickel Potential Rates

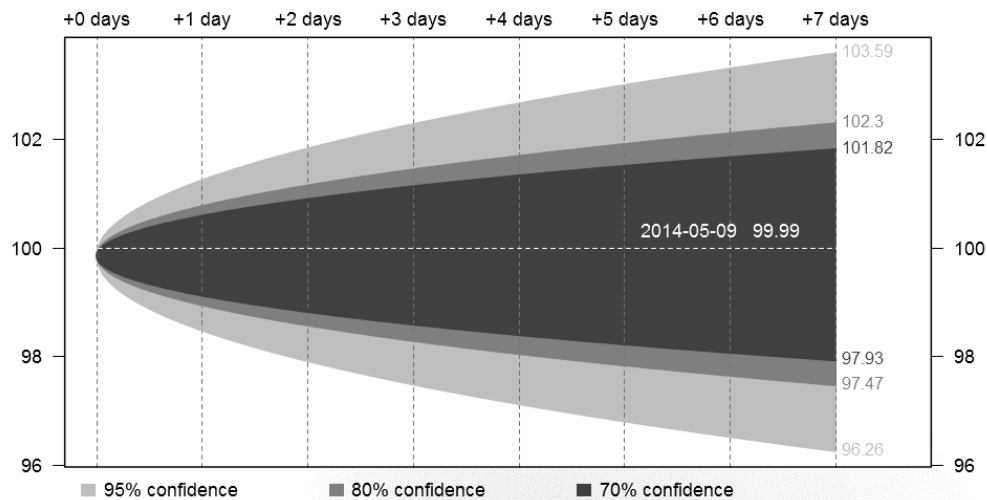


Zinc Potential Rates

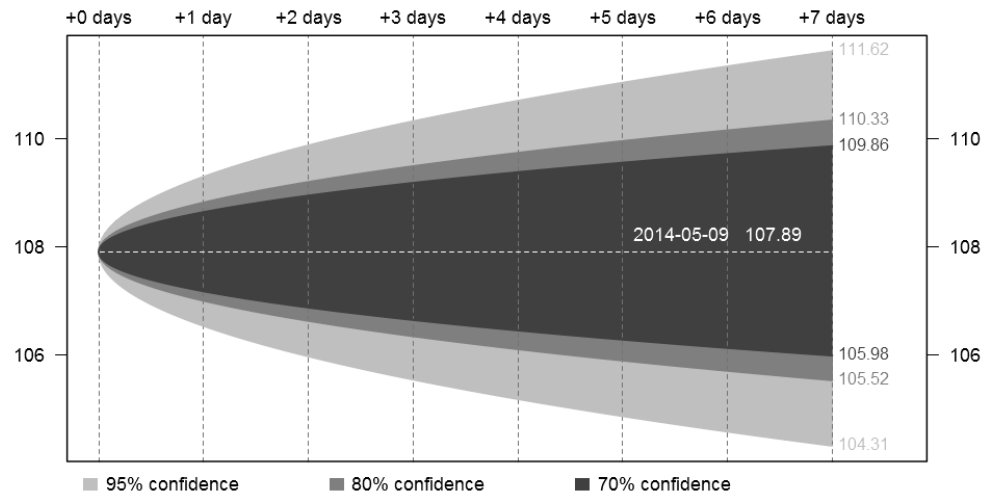


Energy Confidence Intervals for the Next 7 Days

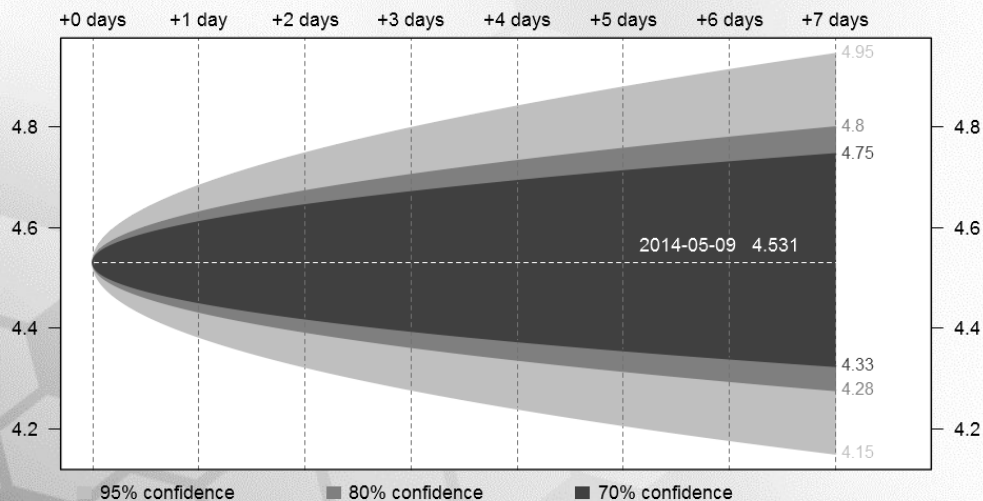
Crude.oil Potential Rates



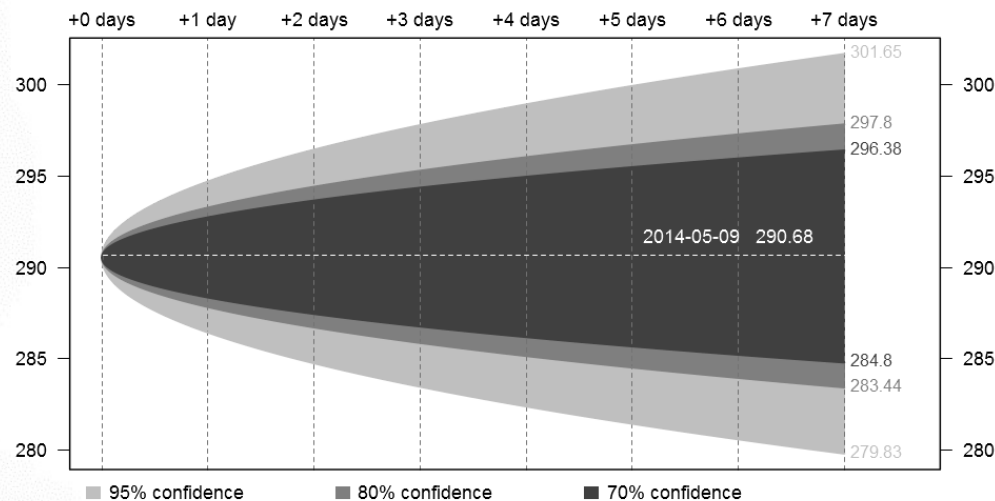
Brent.oil Potential Rates



Natural.gas Potential Rates



Heating.oil Potential Rates

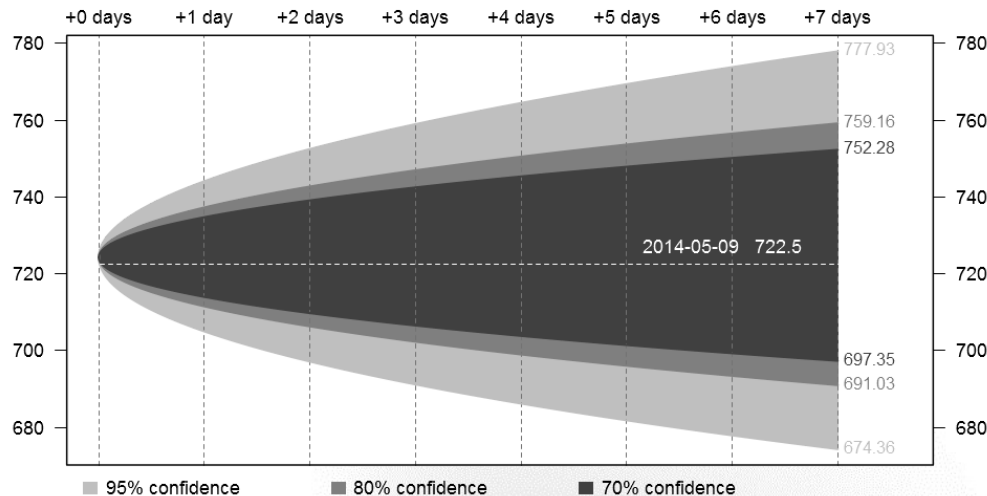


Agriculture Confidence Intervals for the Next 7 Days

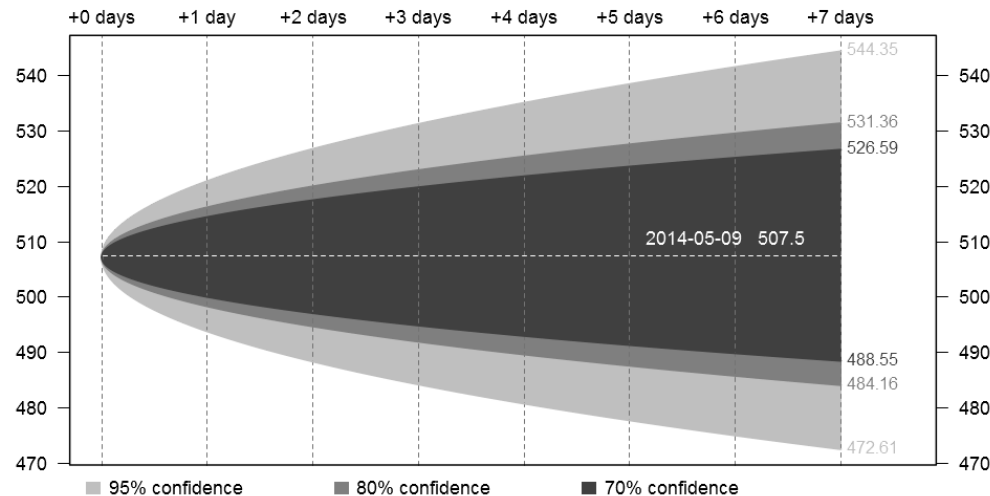
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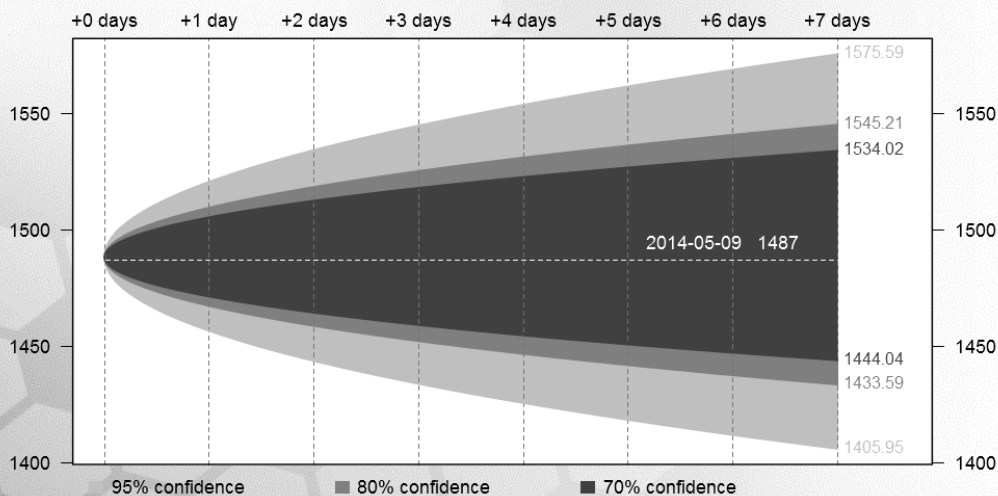
Wheat Potential Rates



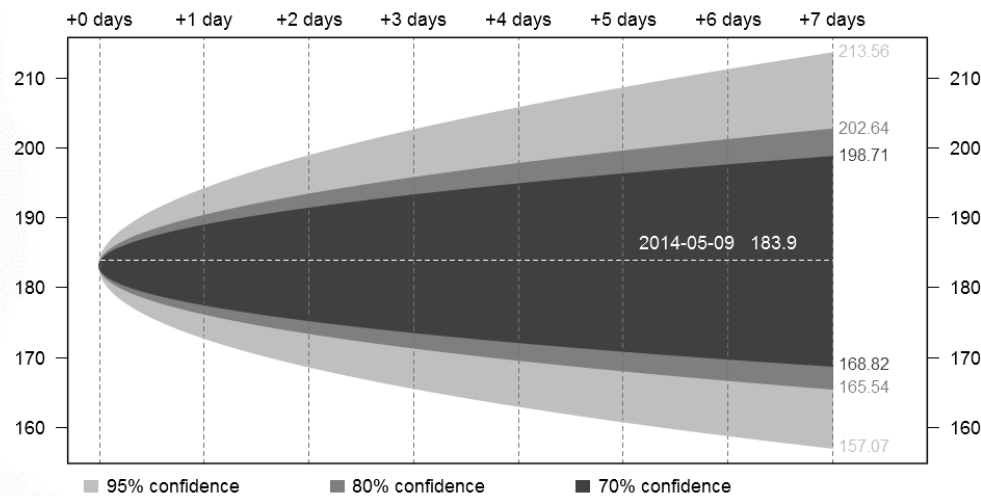
Corn Potential Rates



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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- Trade Pattern Ideas
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