



**DUKASCOPY**  
RESEARCH PRODUCTS

09/06/2014



# Weekly Commodity Overview

## Market Highlights



### ASIA-PACIFIC REGION

#### RBA keeps policy on hold; GDP grows in Q1; other data negative

The Reserve Bank of Australia left its monetary policy unchanged, keeping the benchmark cash rate at record low of 2.5% for the 10th month in a row. Meanwhile, separate reports indicated a further deteriorated of the general economic picture of the country. Building approvals and retail sales missed forecasts in April, while trade balance unexpectedly swung to a deficit. However, the key economic indicator showed that economy was still growing. Australian GDP expanded 1.1% quarter-on-quarter in Q1 after adding 0.8% in the preceding period and outshining expectations of a 0.9% growth.



### EUROPE

#### ECB cuts rates; deflationary risks remain on spotlight

The ECB reduced its deposit rate below zero to minus 0.1%, becoming the first central bank that uses a negative rate. The institution also cut its benchmark rate to 0.15% from 0.25%; economists expected the rate to be lowered to 0.10%. Meanwhile, deflationary concerns remained in the forefront of experts' view – flash CPI estimate dropped to 0.5% in May versus a forecast of being steady at 0.7%. The labor market of the single currency bloc showed a slight improvement this time – the jobless rate fell to 11.7% in April from 11.8% in March.

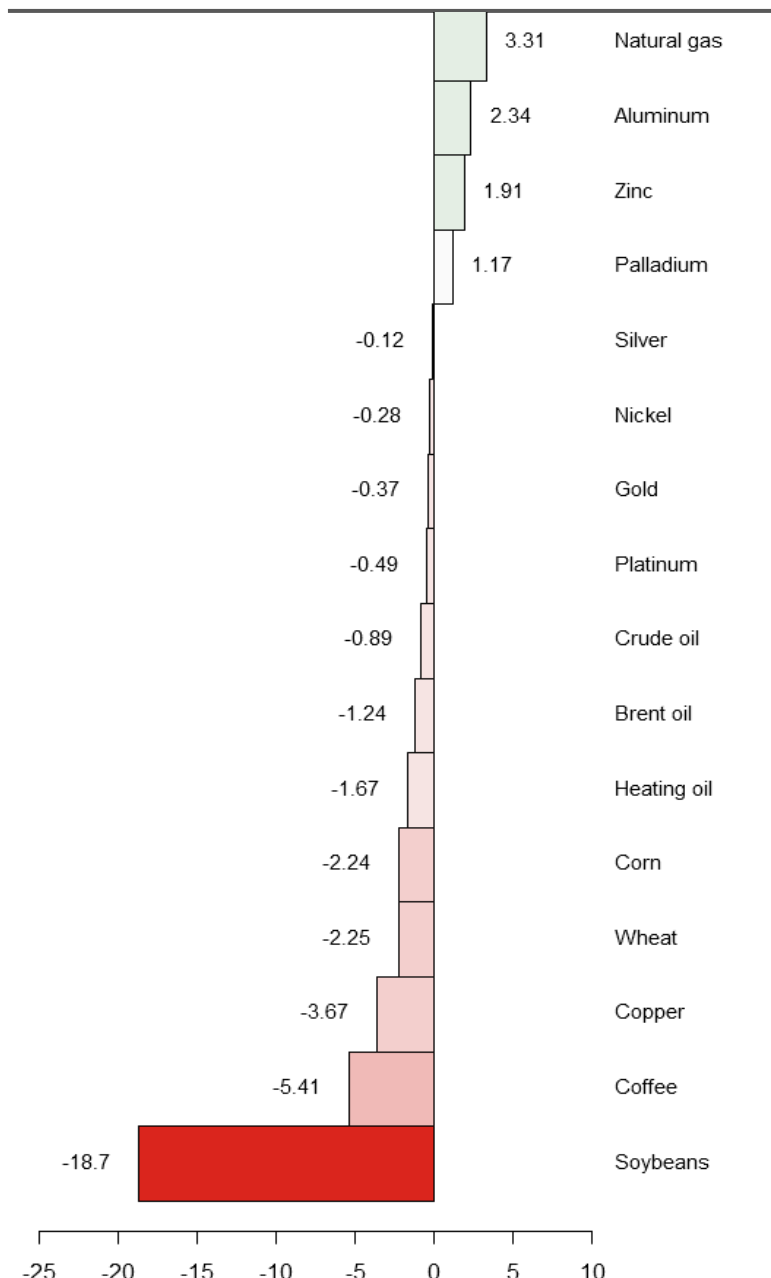


### NORTH AMERICA

#### U.S. jobs market recovers; trade data deficit widens in April

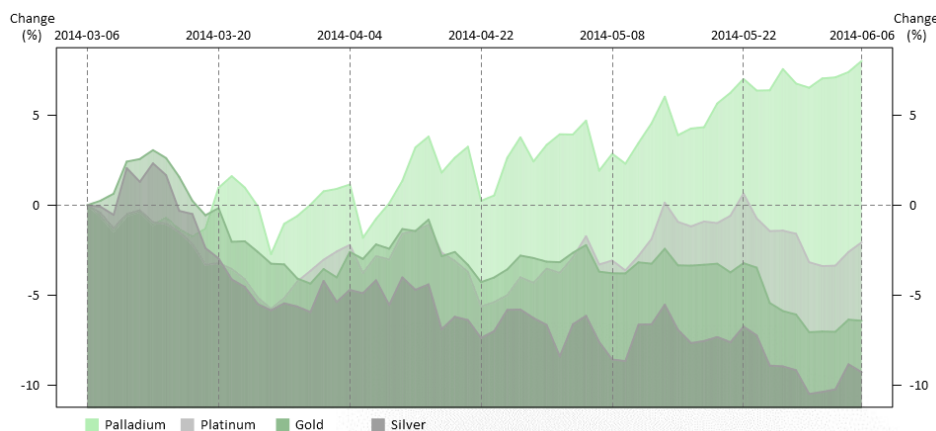
Labour market data boosted optimism about the world's largest economy. In May, U.S. employers added 217,000 jobs that is more than the forecast of 215,000. However, the pace of increase slowed down from as in April business added 285,000 jobs. The unemployment rate held at the lowest level since 2008 of 6.3%, while experts predicted the rate to climb to 6.4% last month. At the same time, trade data was negative—trade deficit expanded to \$47.2 billion in April from \$44.2 billion in March and compared to expectations of \$40.8 billion.

## Weekly Ranked Price Moves (%)





# Precious Metals Mostly Lower as Investors Switch to Riskier Assets



## Price Changes (%)

	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Gold	-0.37	-2.82	-6.4	-2.63	-10.44	-11.53
Silver	-0.12	-1.81	-9.26	-8.35	-15.67	-16.55
Platinum	-0.49	1.27	-2.06	0.62	-4.07	-5.24
Palladium	1.17	5.97	7.99	14.12	11.61	10.75

## Changes in Total Known ETF Holdings (%)

	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Gold	0.46	-0.43	-1.24	-8.36	-19.6	-19.87
Silver	-0.01	0.48	1.14	-1.12	4.4	4.4
Platinum	0.54	3.55	11.61	16.38	42.73	44.45
Palladium	2.68	11.16	37.27	32.41	27.09	26.54

## 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	1 297	1 070	1 760	1 283.21	1 011	1 743	1 273.03	970	1 500	1 223.7
Silver	16.75	34	21.2	17	35	21.25	17	34	21.37	17	25	20.74
Platinum	1 300	1 845	1 520.67	1 320	1 835	1 560.58	1 369	1 820	1 589.33	1 450	1 900	1 618.67
Palladium	625	850	781.19	630	850	792.74	675	900	813.19	705	1 000	833.73

**Gold** was swinging between small gains and losses throughout last week. From the positive side, the yellow metal drew some strength from solid demand from central banks – according to the latest IMF report, central banks of Kazakhstan, Turkey and Belarus have increased their holdings so far this year. Furthermore, India, the second biggest buyer, may increase gold imports as the government is likely to ease import restrictions. From the negative side, gold seems to have irrevocably lost investors' favor as they switched to riskier assets as illustrated by equities' rally across the globe.

**Silver** as usual was more volatile than gold but still mostly mirrored the trend of its more expensive peer. In fact, the grey metal's weakness is mainly caused by its close association with gold as from the fundamental point of view the metal remained well-supported. India's purchases of silver totaled 6,016 tonnes in 2013, a record-high, and considering the buying interest on the country's market, imports are likely to stay strong in 2014.

**Platinum** edged lower, ending the week with a 0.5% loss amid signs of progress in talks between mining companies and miners in South Africa. Last week, producers suffering from a four-month strike showed willingness to consider the pay proposal from the labour union.

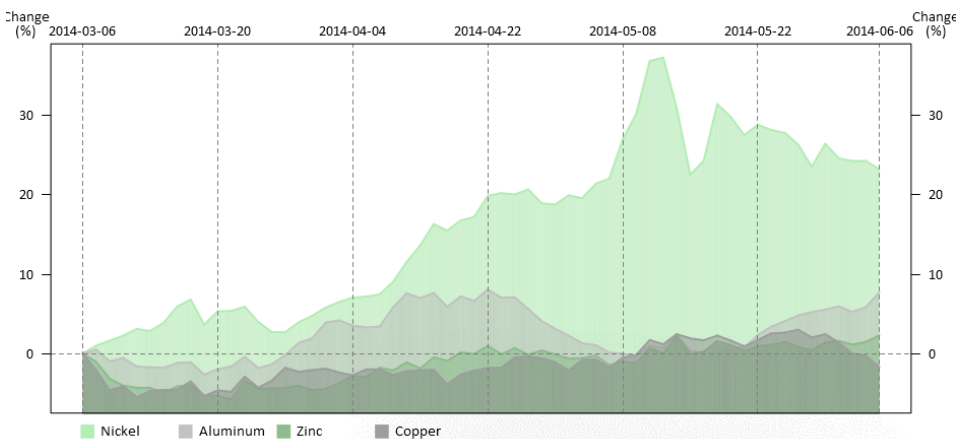
**Palladium** was the only gainer in the commodity group due to supportive combination of demand and supply factors. The data released last week indicated that total vehicle sales in the U.S. soared to 16.8 million units in May, the highest level since January, 2007. Palladium is used for auto-catalyst production. Meanwhile, Russia may be a subject to the new round of sanctions that may worsen tough supply situation in the world.

S&P GSCI Precious Metals Index	%
Weekly	-0.34
Monthly	-2.72
3 Months	-6.8
6 Months	-3.54
12 Months	-9.8

Monday, June 09, 2014

7:30 GMT

# Industrial Metals Mixed; Aluminum Leads Gain on Deficit Concern



## Price Changes (%)

	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Aluminum	2.34	7.56	7.7	6.54	-4.55	-4.11
Copper	-3.67	0.04	-1.72	-4.17	-10.07	-8.57
Nickel	-0.28	0.96	23.22	38.53	24.01	25.08
Zinc	1.91	3.81	2.3	13.27	7.92	9.75

## Changes in LME inventories(%)

	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Aluminum	-0.65	-3.21	-2.51	-5.33	-0.73	-0.68
Copper	-2.09	-22.67	-37.63	-58.89	-72.46	-72.51
Nickel	-0.16	2	4.94	12.22	55.34	57.94
Zinc	-1.42	-8.11	-9.56	-25.48	-36.22	-35.14

## 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	6 972.77	5 750	8 762	6 961.6	5 750	8 487	6 987.93	6 275	8 500	6 937.2
Zinc	1 720	2 359	2 027.44	1 608	2 403	2 058.93	1 532	2 447	2 118.96	1 643	2 381	2 128.28
Aluminum	1 608	2 304	1 844.25	1 536	2 271	1 856.86	1 463	2 215	1 904.39	1 536	2 049	1 912
Nickel	13 007	20 391	16 394.81	12 771	20 170	16 614.81	12 098	21 000	16 835.48	12 838	21 494	17 452.67

**Aluminum** extended its two-week rally amid the ECB move and easing tensions in Ukraine. Moreover, expectations of a deficit on the market pushed the lightweight metal higher. Recently, United Co. Rusal, the world's biggest producer, reported that global market was likely to swing to a deficit of 1.3 million tonnes this year. Also supporting prices, demand from Japan, the biggest importer of the metal in Asia, continued to strengthen. Last week, Japanese importers agreed to pay a record fee for the base metal, citing solid demand and production cuts.

**Copper** started the week on the high note after posting the longest slump in four weeks in the week ended May 30. The red metal gained inspiration from a constantly growing demand from China that increased its imports in the last three consecutive months even despite a slowdown in manufacturing activity. The second biggest economy in the world bought 450,000 tonnes of the metal in April, a 7.2% increase from March's figure of 420,000 tonnes. However, later in the week, copper lost its spree and ended the week with over 3.5% loss.

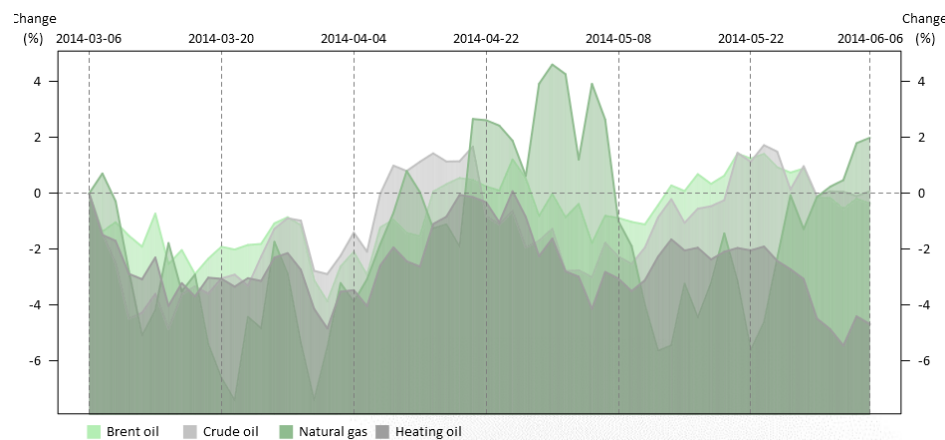
**Nickel** declined further as the support pertaining to a mine showdown in New Caledonia, holder of the second-biggest nickel reserves, waned. Nickel production at Vale SA plant is planned to be resumed by June 15 as the firm got government permission. The metal touched a two-year high in May after an acid spill exacerbated supply worries predominating the markets due to Indonesia's ban on ore exports.

**Zinc** closed almost 2% up last week as demand is on the rise. LME inventories dropped more than 35% year-to-date, while global markets recorded a 17,000 deficit in 2013, according to the ILSZG report.

S&P GSCI Industry Metals Index	%
Weekly	-0.73
Monthly	2.61
3 Months	2.95
6 Months	1.91
12 Months	-2.49



## Energy Futures Trade in Red on EIA Data; Natural Gains Over 3%



### Price Changes (%)

	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Crude oil	-0.89	1.88	0.08	9.49	9.26	8.09
Brent oil	-1.24	0.44	-0.36	0.3	5.72	5.11
Natural gas	3.31	-0.63	1.99	30.65	17.31	22.56
Heating oil	-1.67	-1.92	-4.68	-2.03	0.44	-0.08

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

	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Crude oil	-0.87	-2.46	7.06	0.96	-0.45	-2.02
Gasoline	0.1	0.1	-7.52	-0.3	-3.2	-3.37
Natural Gas	8.62	52.8	25.33	-58.52	-33.44	-29.99
Distillate Fuel	1.73	3.18	3.16	4.02	-4.2	-2.13

### 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	96.91	80	109	97.57	70	110	95.24	78	110	96.46
Natural gas	56	63.9	59.41	56	65.1	59.69	64	70.1	67.26	65	71	68
Heating oil	261	902.66	407.13	283	910.12	413.02	283	910.12	443.28	280	295	288.33
Brent oil	95	117.5	104.75	90	119	104.98	85	122	102.95	85	115	102.6

**WTI** was mostly headed downwards last week. However, the downswing was limited due to positive China's factory data as well as the EIA supply report. The EIA reported on Wednesday that U.S. crude oil supplies fell 3.4 million barrels in the week ended May 30 compared to a forecast of a 200,000-barrel rise. Despite a dip in inventories, total storage still poses surplus risks – total inventories stood at 389.5 million barrels that is the highest level since at least 1982.

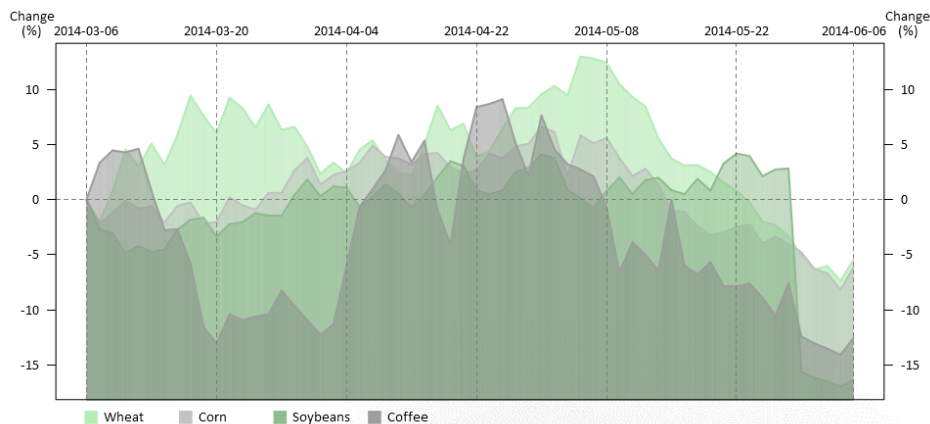
**Brent oil** was trading in the negative area for the most of the week on concerns that the Eurozone may enter deflation. Moreover, Russia and Western powers started a dialogue regarding Ukrainian turmoil that de-escalated supply-side worries and as a result added pressure on energy futures. However, positive U.S. data and the ECB action somehow limited losses. Brent oil ended the week with more than 1% loss.

**Natural gas** was moving higher in the first three days of the week as updated weather forecasts pointed to above-normal temperatures in the most U.S. territory through the week. However, weekly EIA data released on Thursday stopped a climb of natural gas prices. Natural gas supplies advanced 119 billion cubic feet, surpassing a forecast of a 116-billion-cubic-feet rise. Nevertheless, total inventory numbers remained bullish – total U.S. supplies were at 1.499 trillion cubic feet, by 737 billion cubic feet down year-on-year and 896 billion cubic feet less than the five-year average.

**Heating oil** dived 1.6% last week, being pressurized by weakness in WTI and Brent oil futures. The EIA report also was at a play, revealing that U.S. distillate fuel supplies, which include heating oil and diesel, rose two million barrels in the week ended May 30, while experts predicted a one-million-barrel decline.

S&P GSCI Energy Index	%
Weekly	-2.36
Monthly	-8.68
3 Months	-5.38
6 Months	4.14
12 Months	-8.06

# Agricultural Commodities Dive as Favorable Weather May Boost Crops



Price Changes (%)

	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Wheat	-2.25	-16.2	-5.47	-5.65	-12.8	-12.37
Corn	-2.24	-10.7	-6.13	5.15	-15.35	-16.28
Soybeans	-18.7	-15.73	-16.4	-7.21	-6.25	-6.66
Coffee	-5.41	-14.38	-12.57	62.9	32.9	31.07

USDA Wasde Total Estimated Inventories

	Forecast	Today	Month	3 Months	6 Months	YTD
Soybeans	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	487.09	370	570	486.09	350	550	480.73	350	600	490.22
Coffee	152	199	175.17	150	203.3	174.38	150	216.7	170.45	130	218	168.33
Wheat	550	715	635.73	525	720	630.91	500	735	631.73	500	745	635.3
Soybeans	1 200	1 530	1 384.45	1 100	1 550	1 312	1 000	1 570	1 236.09	1 000	1 590	1 237.78

**Wheat** registered the longest losing streak in 15 years as harvest prospects brightened due to favorable weather conditions in the U.S., Ukraine, Belarus and western Russia. Meanwhile, spring-wheat seeding in the U.S. was 86% complete as of June 1 versus 74% in the preceding week and 80% in the same period last year. On Wednesday, the grain performed an attempt to rebound on ideas that lower prices would lure more buyers; however, the advance was short-lived as on Thursday the European Commission lifted its estimate for usable EU output to 144.98 million metric tonnes compared to 143.6 million tonnes expected in April.

**Corn** dived to a 13-week low in the middle of the week on talks that favorable weather will push U.S. production to a record-high this season. Adding pressure, U.S. plantings were 95% complete as of June 1 and 76% of them were in 'good' or 'excellent' condition that is the highest rate since 2010. Meanwhile, Ukrainian agricultural ministry said the industry has not been affected by the unrest in the country. The sell-off deepened further after the USDA said China's imports in 12 months started June 1 may drop 57%.

**Soybeans** was the top loser last week, ending down 18.7% after the USDA said U.S. plantings were 78% complete as of June 1, close to the five-year average. Soybeans came under additional selling pressure after the USDA reported U.S. imports amounted six million bushels in April compared to a forecast of 10-12 million bushels, suggesting that supply situation was not as tough as expected.

**Coffee** was facing a hard time for a climb and is likely to remain in the bear market for a prolonged period as rains in Brazil, top global producer, were beneficial for the damaged crops. According to Mercon Group, Brazil's output may reach 50.5 million bags this year compared to 49.5 forecast by the USDA.

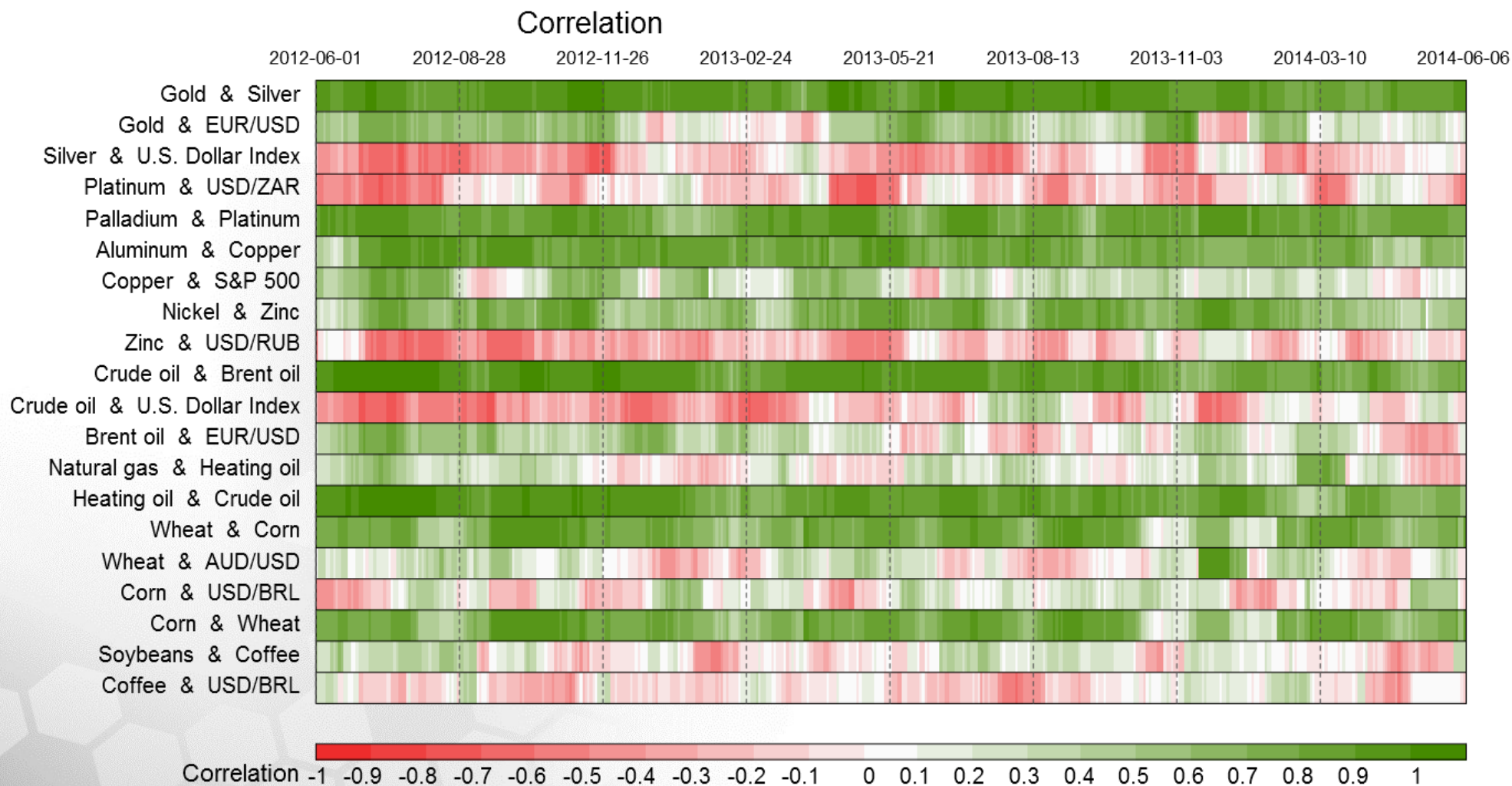
S&P GSCI Agriculture Index	%
Weekly	-1.11
Monthly	0.95
3 Months	0.48
6 Months	6.14
12 Months	9.74



Monday, June 09, 2014

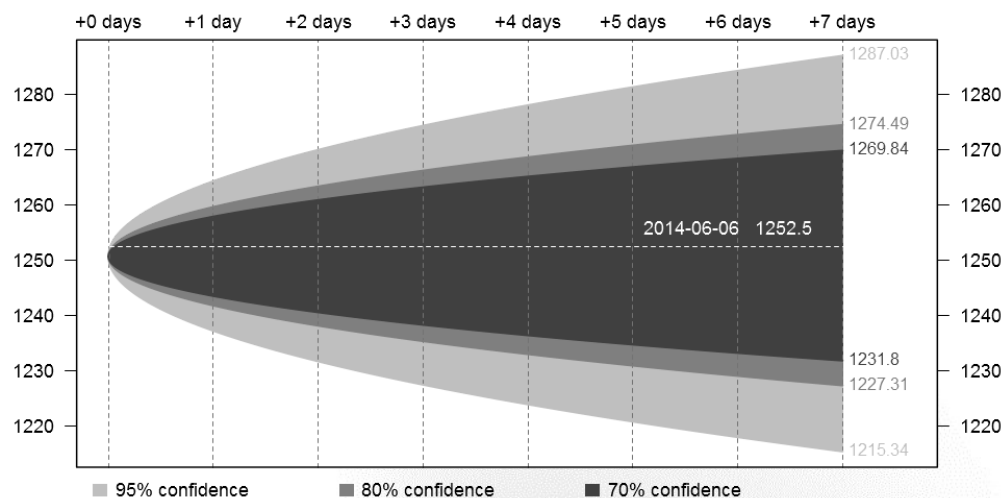
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## Correlation Matrix

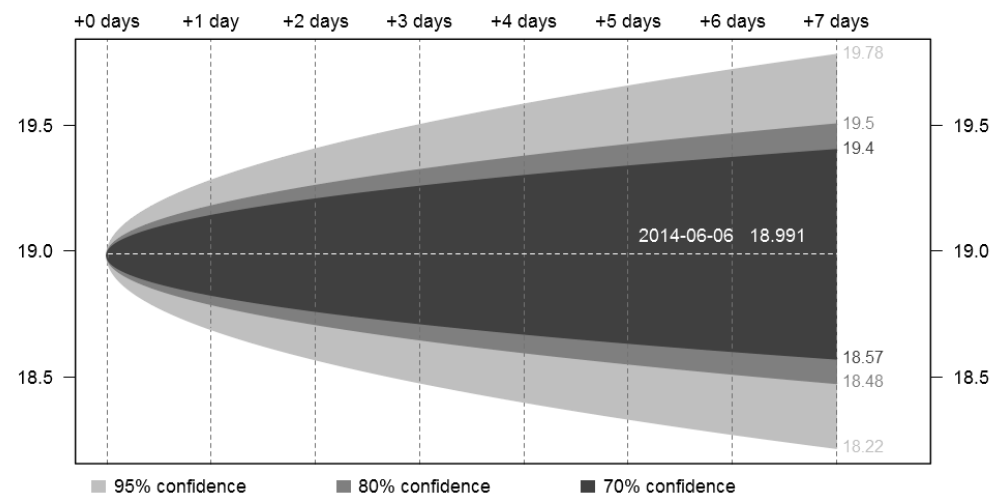


# Precious Metals Confidence Intervals for the Next 7 Days

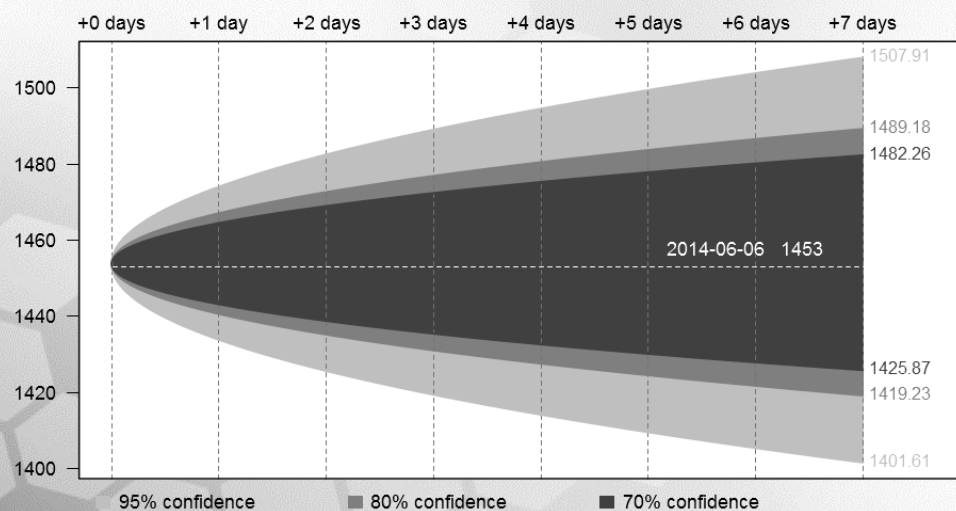
Gold Potential Rates



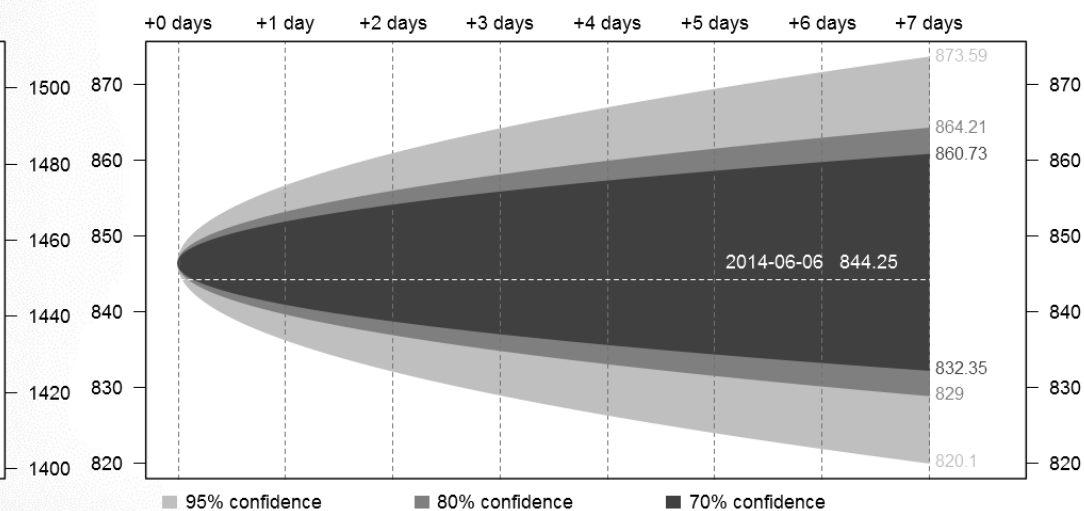
Silver Potential Rates



Platinum Potential Rates



Palladium Potential Rates



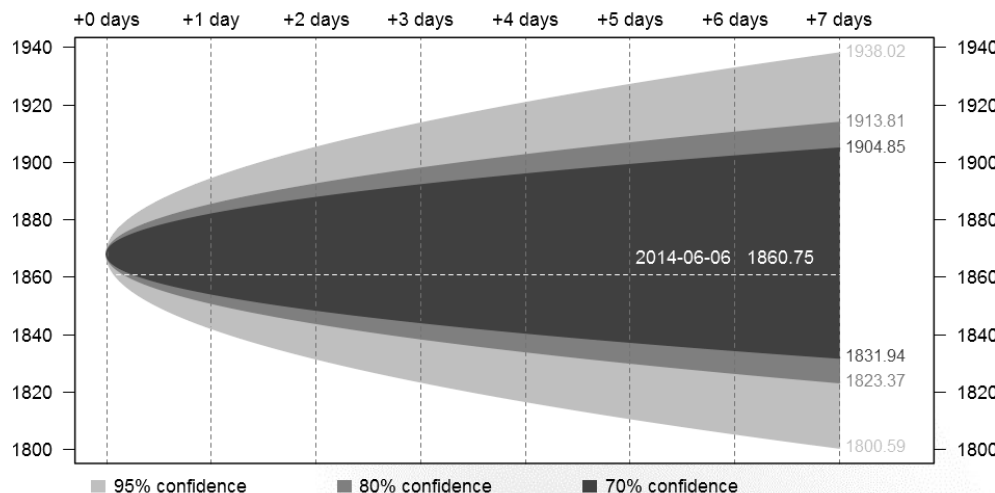


# Industrial Metals Confidence Intervals for the Next 7 Days

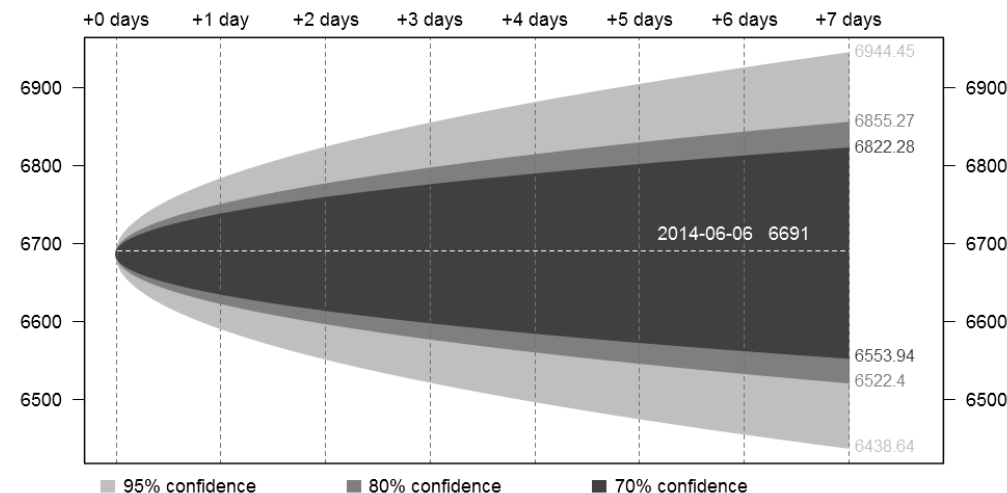
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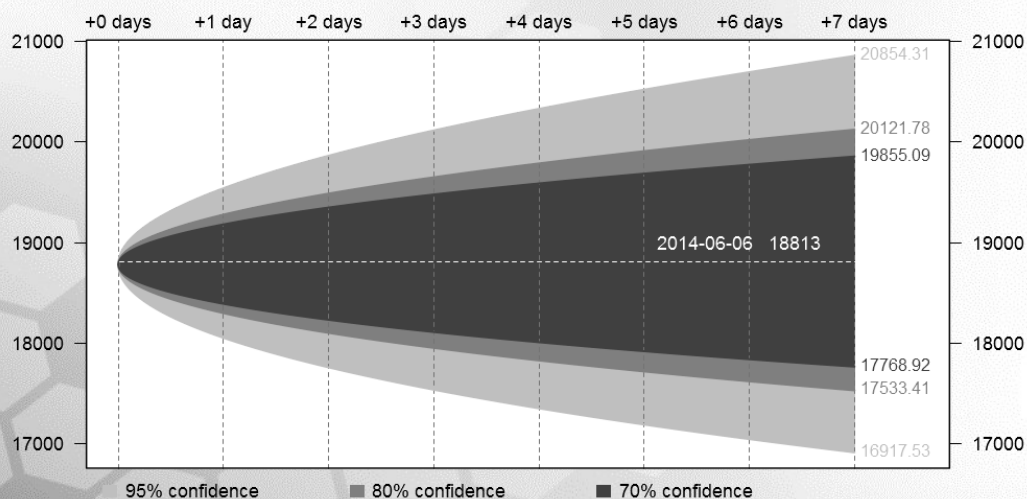
Aluminum Potential Rates



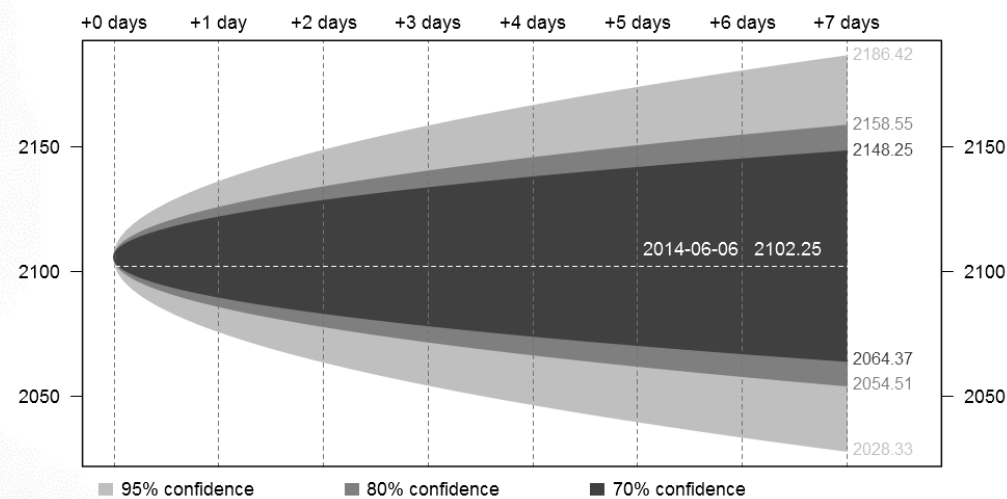
Copper Potential Rates



Nickel Potential Rates

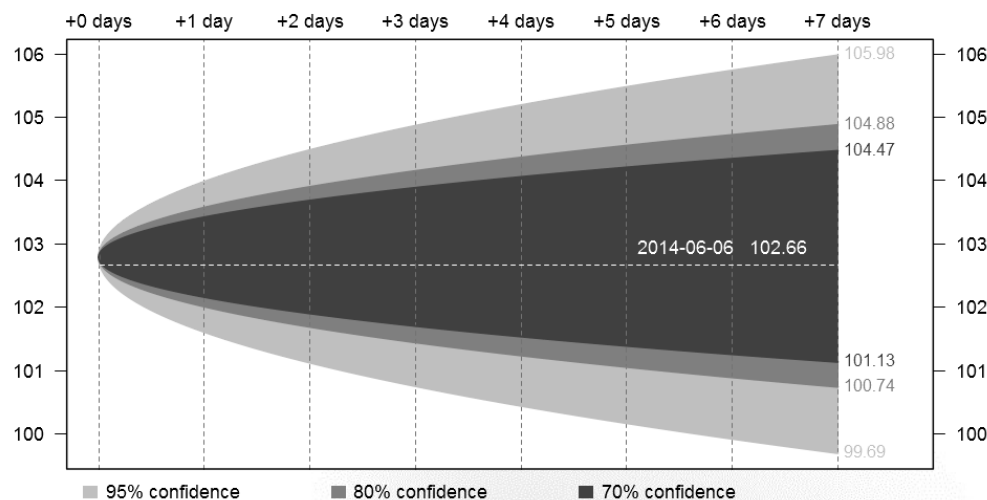


Zinc Potential Rates

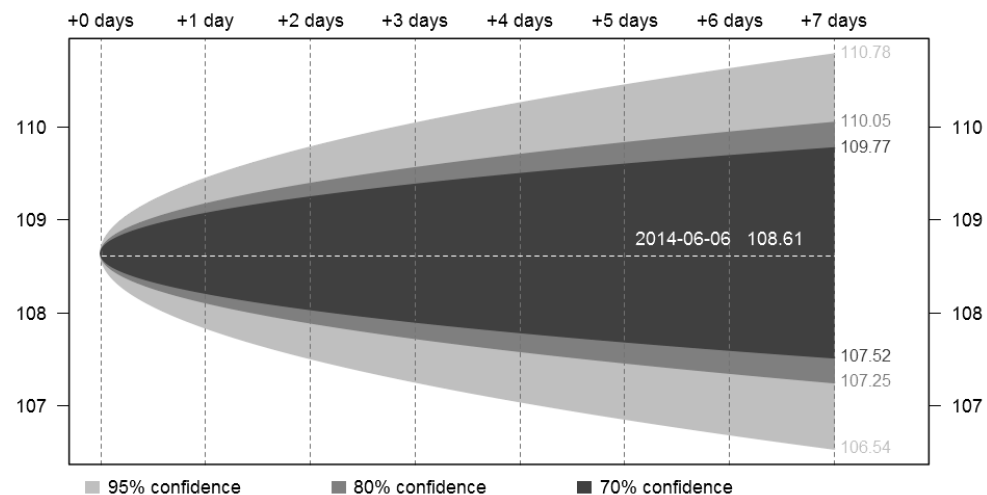


# Energy Confidence Intervals for the Next 7 Days

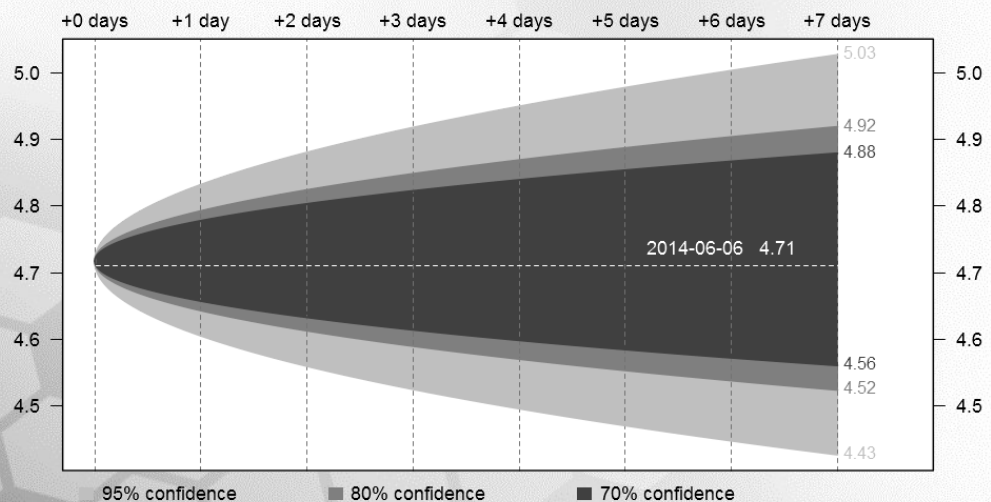
Crude.oil Potential Rates



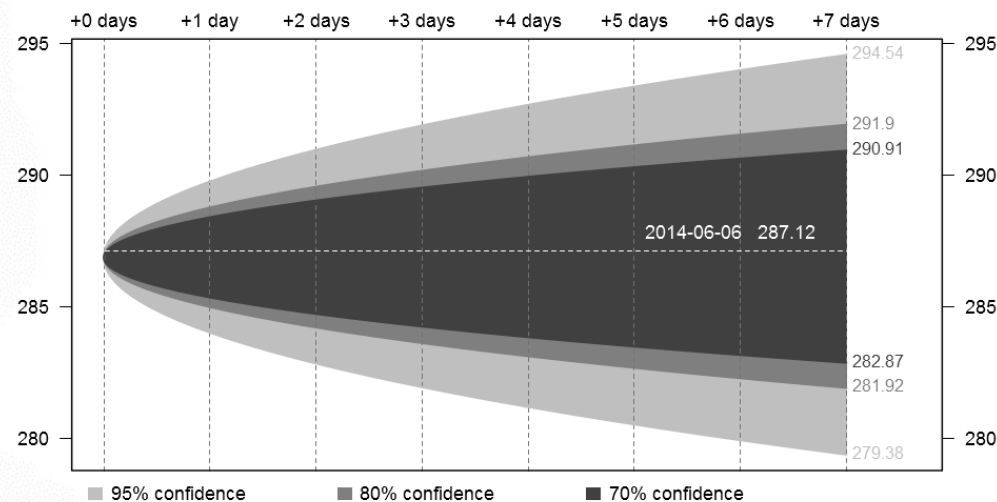
Brent.oil Potential Rates



Natural.gas Potential Rates



Heating.oil Potential Rates



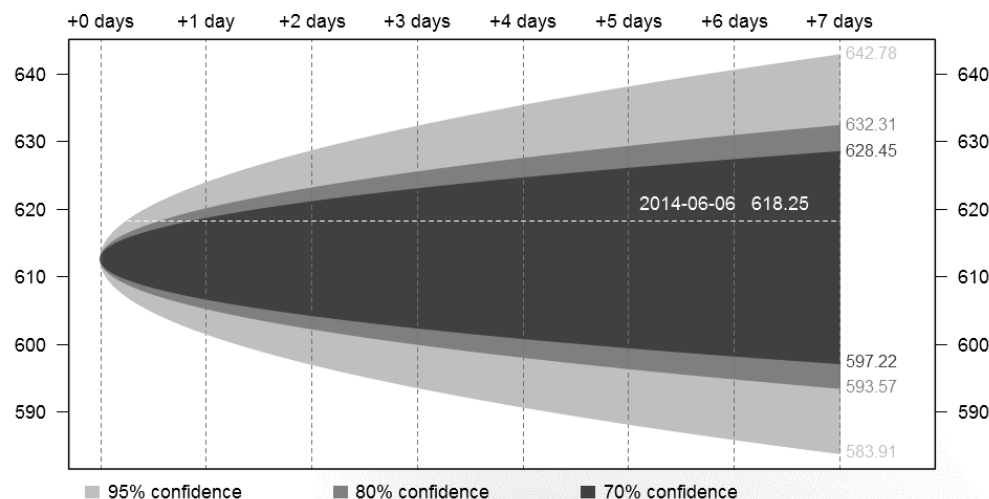


# Agriculture Confidence Intervals for the Next 7 Days

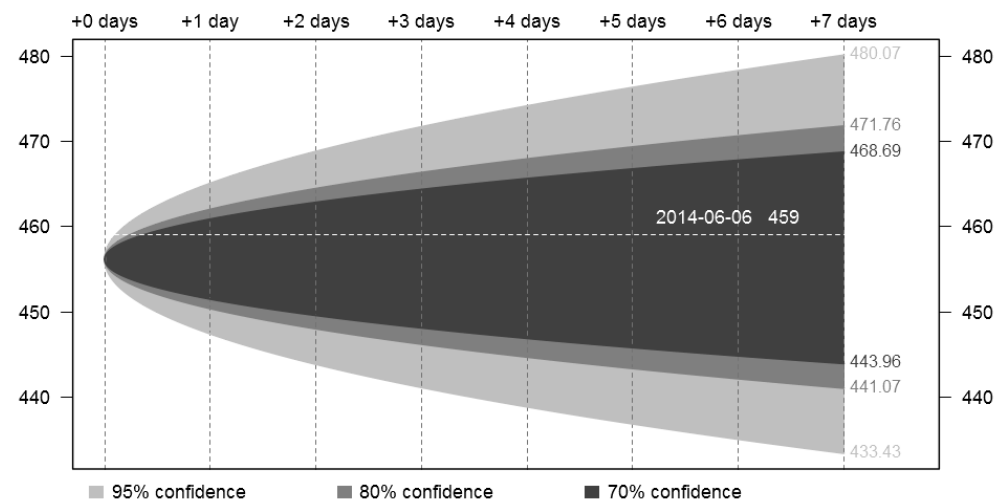
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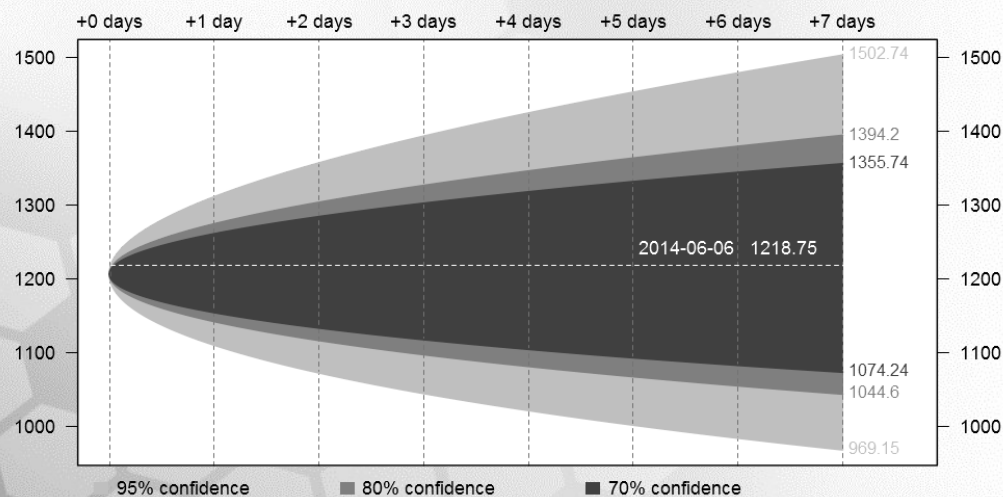
Wheat Potential Rates



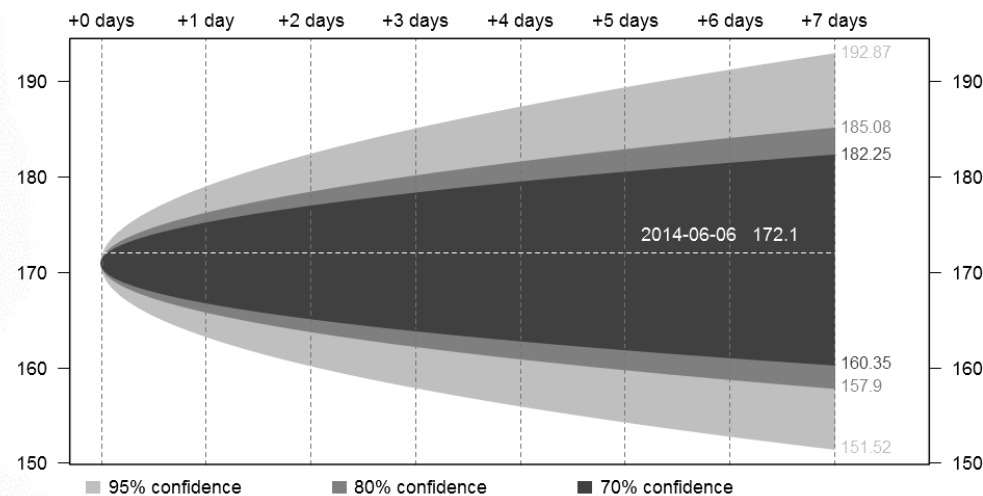
Corn Potential Rates



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 contract of electrolytic copper at the LME (USD/MT)
- Zinc - Active contract of zinc of 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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