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30/06/2014



Weekly Commodity Overview

Market Highlights



ASIA-PACIFIC REGION

China's manufacturing sector expands; Japan's CPI jumps

China's manufacturing sector unexpectedly expanded in June, according to preliminary data released by HSBC. The HSBC flash manufacturing PMI rose to 50.8 this month from 49.9 in May, exceeding projections of a small increase to 49.7. A reading above 50 indicates growth of the industry. Meanwhile, Japan also witnessed some important data releases last week. The country's core CPI climbed annualized 3.2% in April, the most in 32 years due to a recent increase in sales tax, while household spending plunged 8% in April compared to a forecast of a 1.9% drop. Furthermore, unemployment rate and retail sales beat estimates in April.



EUROPE

Eurozone's numbers fuel concerns over region's economic health

Manufacturing activity in the Eurozone slowed down in June, albeit slightly. The flash manufacturing PMI came at 51.9 in May compared to expectations of 52.7 and April's reading of 52.2. Separate members also reported disappointing PMI data, with German and French flash PMIs being at 52.4 and 47.8 compared to forecasts of 52.7 and 49.6, respectively. German Ifo business confidence indicator confirmed the growing pessimism over the Eurozone's largest economy. The index dropped to 109.7 this month from 110.4 in April.

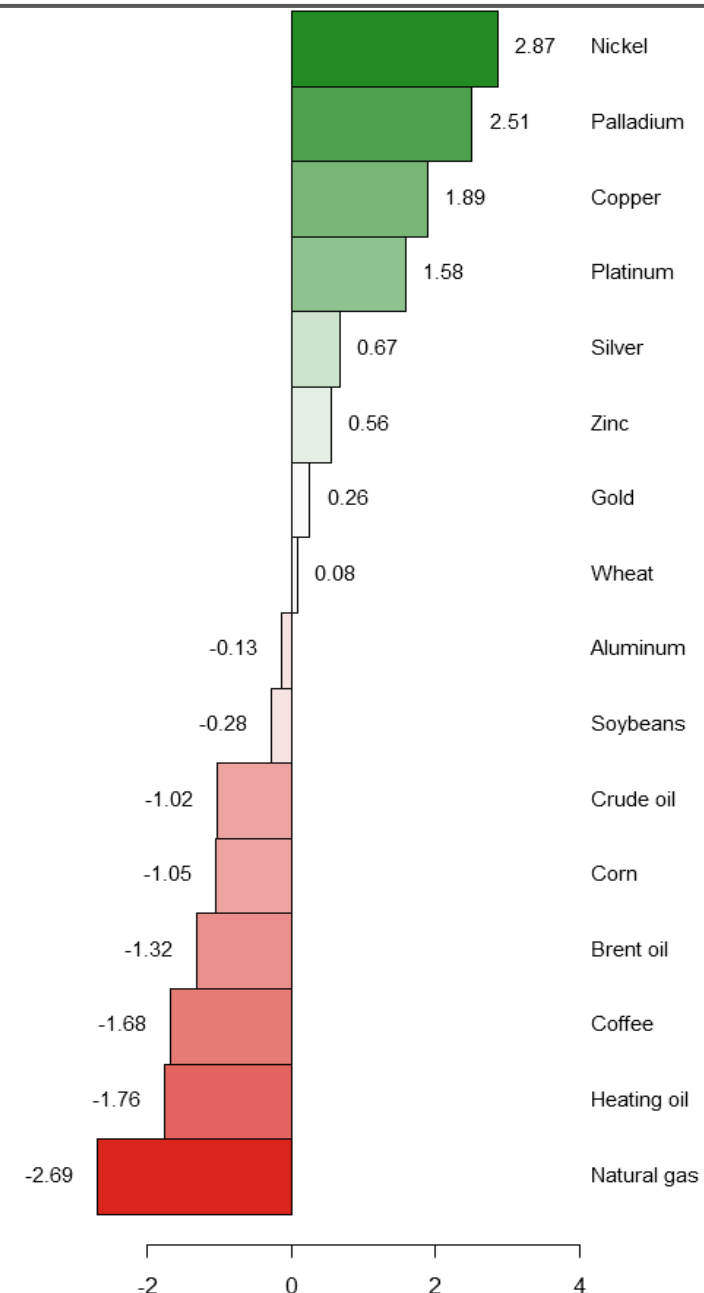


NORTH AMERICA

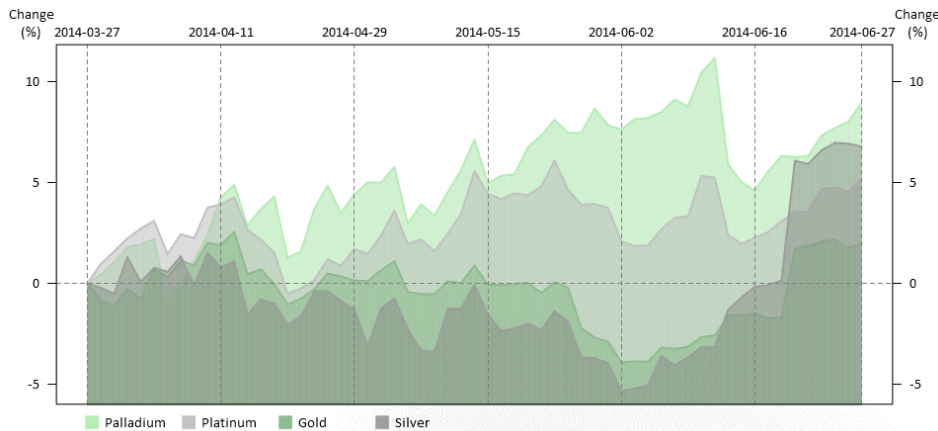
U.S. economy shank 2.9% in Q1; other data spurs optimism over Q2

The U.S. economy contracted the most in five years in Q1, with GDP plunging 2.9% on a yearly basis compared to previous reports of a 1% decline and a forecast of a 1.8% drop. At the same time, other data unveiled last week spurred optimism that economy will grow faster in the current quarter. Existing and new home sales surpassed estimates in May, while the Conference Board consumer confidence indicator grew to 85.2 in June from 82.2 in May. Moreover, manufacturing activity in the world's biggest economy expanded more than expected in June.

Weekly Ranked Price Moves (%)



Precious Metals Extend Gains on Safe-Haven Demand



Gold prolonged its winning streak as depreciation of the U.S. Dollar increased demand for alternative investments such as gold. Moreover, disappointing U.S. GDP reading as well as weak European numbers boosted safe-haven appeal of the bullion. However, the yellow metal started to pare gains rapidly early on Thursday as investors still believed the U.S. economy has a strong potential to expand around 3.3% in the second quarter after shrinking 2.9% in the first quarter, the most since 2009.

Silver climbed 0.67% last week, adding to a strong monthly gain of 10.89%. The bullion almost entirely tracked gold's gains, moving higher in the first three trading days and retreating slightly from a three-month peak later in the week. However, close tie with its more expensive counterpart was not the only factor that pushed silver futures higher. Silver enjoyed a support pertaining to stronger investment demand compared to gold. Inventories in total known silver-backed ETFs climbed around 4.5% on a yearly basis compared to a 16% fall in gold holdings.

Platinum managed to end the week on a high note despite the fact that concerns over tight supply situation across the globe eased. The main labour union in South Africa and three largest platinum producers eventually agreed on terms to end almost a five-month long strike that has pushed global markets into a deficit this year.

Palladium rallied 2.5% despite a mine re-opening in South Africa, ending the metal continued to draw strength from persistent tensions between Russia and the West that may lead to restrictions of exports from the world's biggest palladium producer. Palladium markets are likely to record a deficit of 1.61 million ounces in 2014 after posting a shortage of 371,000 ounces in 2013, reported Johnson Matthey Plc.

Price Changes (%)						
	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Gold	0.26	4.79	1.99	9.7	7.33	8.95
Silver	0.67	10.89	6.79	8.47	13.54	13.91
Platinum	1.58	1.2	5.19	10.75	13.22	11.38
Palladium	2.51	0.25	8.94	21.19	33.1	29.53

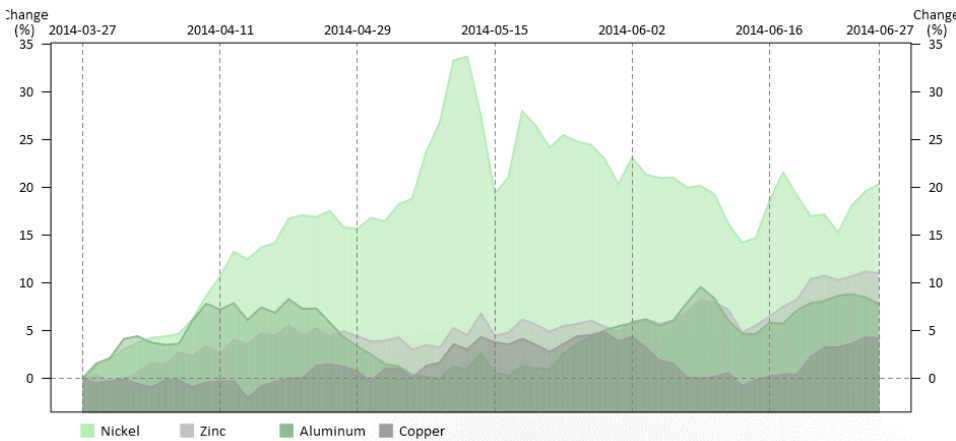
Changes in Total Known ETF Holdings (%)						
	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Gold	0.15	-0.56	-2.85	-2.92	-16.01	-16.26
Silver	-0.21	-0.72	-0.65	1.01	4.58	4.67
Platinum	-0.22	1.54	10.33	12.7	37.42	37.96
Palladium	-0.27	5.88	41.03	37.48	35.29	35.27

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

	Q3 14			Q4 14			Q1 15			Q2 15		
	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg
Gold	1 070	1 760	1 284.03	1 025	1 743	1 276.62	970	1 450	1 230.22	915	1 488	1 218.17
Silver	17	35	21.06	17	34	21.28	17.45	27	20.75	18	28.42	20.82
Platinum	1 320	1 835	1 551.54	1 369	1 820	1 577.79	1 450	1 900	1 601.93	1 450	1 900	1 606.07
Palladium	630	850	795.92	675	900	815.92	705	1 000	839.44	720	1 000	846.58

S&P GSCI Precious Metals Index	%
Weekly	0.31
Monthly	5.49
3 Months	2.5
6 Months	9.4
12 Months	6.13

Industrial Metals Mostly Higher on China's Imports



Price Changes (%)						
	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Aluminum	-0.13	2.57	7.73	7.79	7.03	7.43
Copper	1.89	-0.67	4.19	-4.5	3.73	3.42
Nickel	2.87	-2.14	20.37	33.75	39.32	36.81
Zinc	0.56	5.32	11.01	5.13	20.41	19.59

Changes in LME inventories(%)						
	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Aluminum	-0.59	-2.97	-6.19	-7.57	-7.18	-7.14
Copper	-2.68	-8.64	-41.93	-58.17	-76.46	-76.75
Nickel	0.16	9.01	7.12	18.29	62.09	62.96
Zinc	-1.08	-7.17	-13.96	-25.2	-36.31	-36.75

Industrial Metals Long-Term Price Forecasts (USD)												
	Q3 14			Q4 14			Q1 15			Q2 15		
	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg
Copper	5 750	8 762	6 939.45	5 750	8 487	6 957.52	6 200	8 500	6 897.05	6 175	8 300	6 950
Zinc	1 750	2 403	2 072.75	1 600	2 447	2 126.11	1 640	2 469	2 134.68	1 760	2 535	2 203.42
Aluminum	1 630	2 271	1 856.93	1 500	2 215	1 902	1 540	2 049	1 907.6	1 610	2 102	1 934.2
Nickel	13 800	21 491	17 318.07	13 330	22 000	17 484.79	13 000	24 000	18 271.21	13 580	25 000	18 721.74

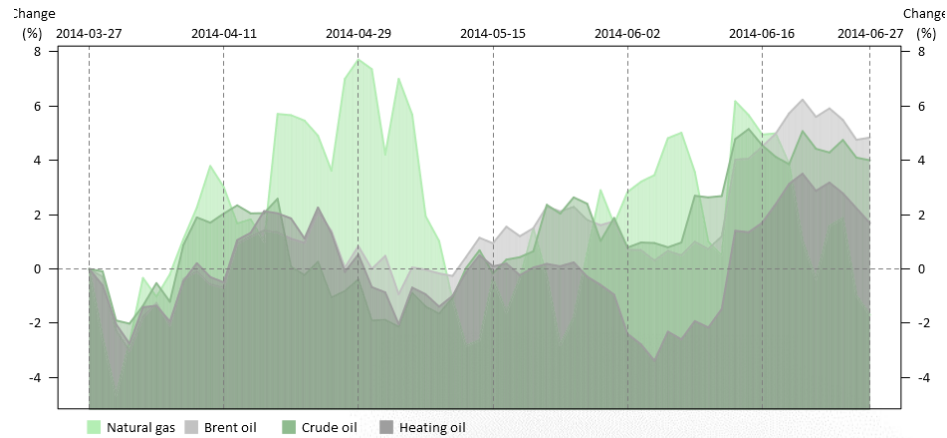
Aluminum halted its two-week winning streak despite amid mixed China's imports data. China's smelters preferred to buy domestic alumina because of lower prices thus pushing May's total imports 90% lower to just 313,000 tonnes. However, yearly numbers still remained encouraging; the country's imports jumped 56.28% year-on-year through May, according to the General Administration of Customs. A decline in supplies outside China also helped aluminum to limit losses. The world's largest producers have been cutting output for the last two years thus pushing global markets into a deficit this year.

Copper posted the longest rally in almost a decade as global supplies continued to dwindle. Copper inventories in the LME monitored were around 76% down year-to-date. Additional support came from the demand side as China's imports of refined copper surged 21.89% in May on an annual basis and jumped 48.84% in the first five months of the years compared to same period in 2013. The demand for the metal from the world's biggest importer is likely to stay strong in the months to come given that policy makers may continue relaxing monetary policy to boost slowing economy.

Nickel and Zinc were mixed. Nickel plunged to a one-month low on Tuesday despite as the LME nickel inventories rose 62% during the last 12 months. However, the metal managed to rebound and finished the week 2.87% higher. Meanwhile, China's nickel ore imports dropped 36% last month due to Indonesian export ban. However, the country was gradually switching to supplies from Philippines, imports from where rose 117% month-on-month in May. At the same time, zinc was on the rise despite a 12% decline in monthly China's imports in May. Tightening LME inventories remained the key support for the base metal. LME stockpiles plunged 36.75% year-to-date.

S&P GSCI Industry Metals Index	%
Weekly	1.2
Monthly	0.81
3 Months	6.52
6 Months	1.28
12 Months	1.83

Energy Futures Plunge on EIA Data, Absence of Iraqi Supply Disruptions



Price Changes (%)						
	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Crude oil	-1.02	2.94	4	6.57	10.72	8.95
Brent oil	-1.32	3.18	4.84	1.25	11.45	10.19
Natural gas	-2.69	-4.46	-1.69	-1.34	17.98	23.09
Heating oil	-1.76	2.29	1.69	-2.62	4.99	3.8

Changes in U.S. inventories (%)						
	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Crude oil	0.45	-0.82	1.47	5.58	-1.53	-1.53
Gasoline	0.33	0.75	-1.02	-2.23	-4.62	-3.04
Natural Gas	6.4	44.47	104.13	-40.44	-27.79	-24.98
Distillate Fuel	0.99	3.69	7.26	5.66	-2.13	-0.87

WTI tracked Brent oil's losses on Monday but managed to shop up on Tuesday after the U.S. government granted the right to Pioneer Natural Resources Co. and Enterprise Products Partners LP to export processed condensates. However, the next day proved the rally was unwarranted as the oil export rule is likely to have a very limited effect in the context of global energy markets. The second part of the week was marked as a period of weakness, with the EIA inventory report increasing selling pressure. U.S. crude oil inventories in the week ended June 20 unexpectedly rose 1.7 million barrels, while experts called for a 1.2-million-barrel decline.

Brent oil was tilted downwards, retreating from almost a nine-month high hit in the preceding week. On Monday, the commodity slid from recent peak as persistent turmoil in Iraq has not caused any oil supply disruptions. Later in the week, Iraqi Oil Minister Abdul Kareem al-Luaibi added pressure on Brent oil, announcing that the government plans to increase output this month even despite widening conflict in the country.

Natural gas was in the up-trend early last week as updated weather forecasts pointed to a warmer weather in the central and eastern parts of the U.S. However, the advance was short-lived; natural gas futures sank to a four-week low on Thursday after the EIA reported that U.S. storage rose 110 billion cubic feet in the week ended June 20, more than a forecast of a 101-billion-cubic-foot increase.

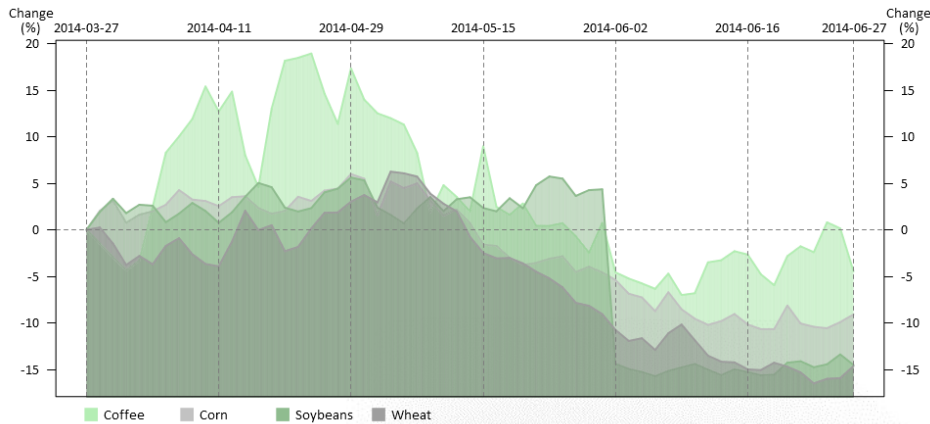
Heating oil halted its two-week winning streak after the EIA said that U.S. distillate fuel supplies, which include heating oil and diesel, jumped more than expected in the week ended June 20. Distillate fuel stockpiles added 1.2 million barrels, whereas analysts expected only a one-million-barrel climb.

Energy Futures Long-Term Price Forecasts (USD)

	Q3 14			Q4 14			Q1 15			Q2 15		
	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg
Crude oil	80	115	99.98	70	120	97.61	85	118	99.82	85	108	98
Natural gas	47.4	65.1	56.3	62.32	70.1	65.36	65	71	68	58	59	58.5
Heating oil	286	300	293.75	293	305	297.67	288	300	295.33	267	295	280.33
Brent oil	90	124	106.92	85	128	104.88	85	124	105.9	85	114	103.97

S&P GSCI Energy Index	%
Weekly	-0.92
Monthly	-4.22
3 Months	-8.44
6 Months	4.05
12 Months	-4.14

Agricultural Commodities Dive as U.S. Harvest Quality Remains High



Price Changes (%)						
	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Wheat	0.08	-7.05	-14.63	-2.06	-12.3	-11.87
Corn	-1.05	-5.34	-9.1	2.93	-17.78	-16.95
Soybeans	-0.28	-18.01	-14.51	-7.16	-3.76	-3.71
Coffee	-1.68	-2.04	-4.46	50.37	45.67	41.55

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)												
	Q3 14			Q4 14			Q1 15			Q2 15		
	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg
Corn	370	570	477	350	550	474.55	350	600	483.56	350	600	489.67
Coffee	150	200	177.5	150	216.7	174.28	130	225	176.33	120	225	172.15
Wheat	525	690	619.45	500	720	624	500	730	622.9	525	740	633.6
Soybeans	1 100	1 400	1 305.73	1 000	1 400	1 226.45	1 000	1 400	1 227.67	1 000	1 411	1 231.89

Wheat commenced the week at a four-month low despite several positive factors such as excessive rains in the central and southern Plains in the U.S. that may reduce crops' quality and delay harvesting. Moreover, demand for the grain remained strong, with U.S. exports coming at 581,453 tonnes in the week ended June 22, above the previous week's reading of 500,000 tonnes. From the negative side, the recent Egyptian tender showed that U.S. wheat still was uncompetitive compared to supplies from the Black Sea region, especially after new harvest prices in Russia declined last week.

Corn dropped the most in five weeks as around 76% of the U.S. crops were rated as 'good' or 'excellent' as of June 15, according to the USDA. Also pressurizing prices, demand from biofuel industry slowed down last week. U.S. ethanol production sagged 34,000 barrels per day in the week ended June 20, retreating from a record high of 938,000 barrels per day in the preceding week. Despite a drop in output, U.S. ethanol inventories advanced 333,000 barrels to 18.18 million barrels last week.

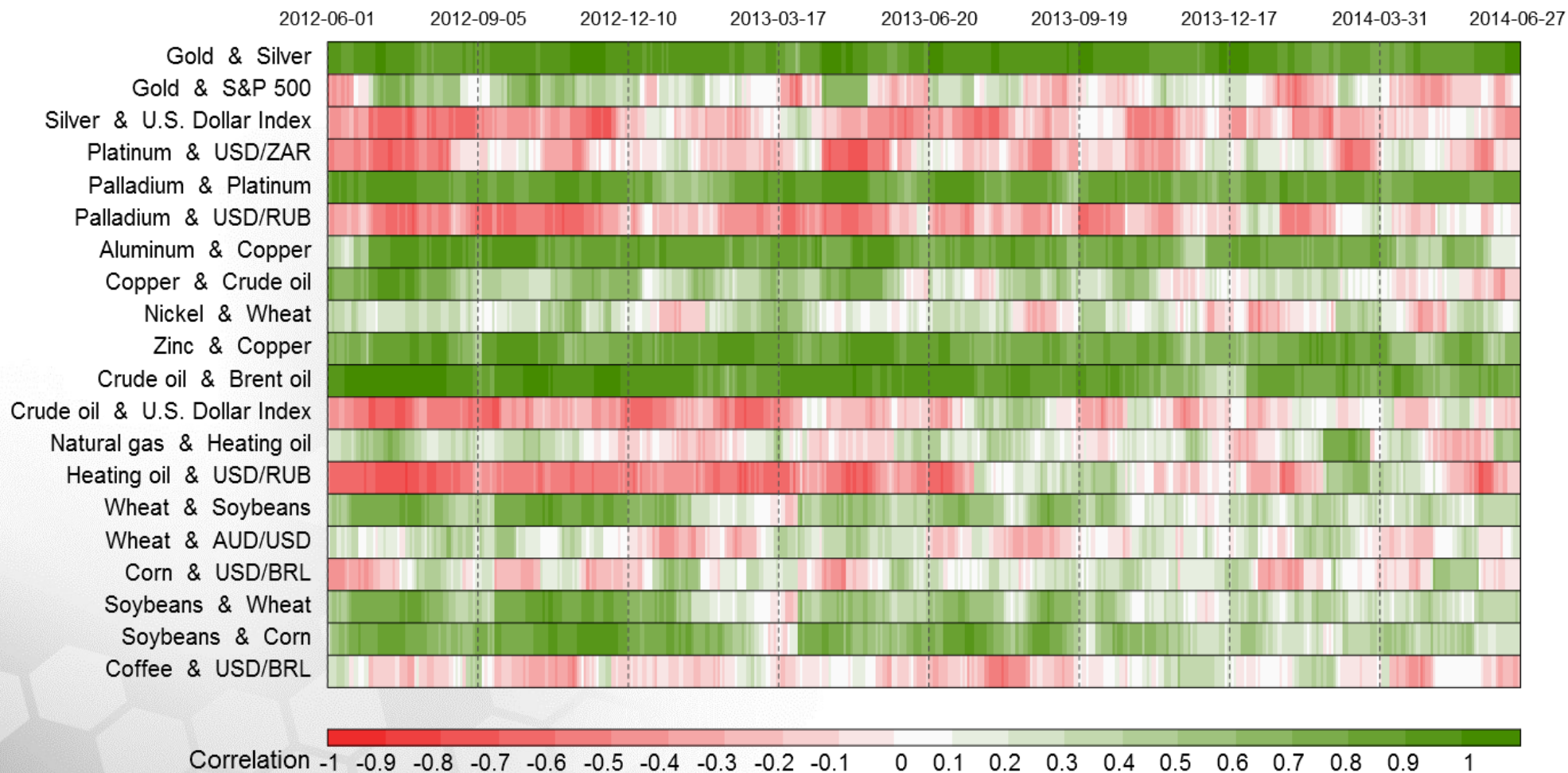
Soybeans dipped after the USDA reported that circa 72% of soybean harvest in the top U.S. growing regions was rated as 'good' or 'excellent' that is the best record since 1986. However, later in the week, soybeans restricted losses as rains in the most parts of the U.S. started to cause crop damage at a time when U.S. stockpiles are tight and demand is strong. Meanwhile, total U.S. exports as of June 22 stood above 45 million tonnes that is more than the USDA forecast for the whole marketing year.

Coffee was volatile last week as updated crop reports from Brazil failed to confirm rumours that harvest was not severely impacted by unfavorable weather earlier this year. The reports were showing that crops are likely to be smaller than expected not only in the current marketing year but also in the following one.

S&P GSCI Agriculture Index	%
Weekly	-1.26
Monthly	3.2
3 Months	5.18
6 Months	5.23
12 Months	11.97

Correlation Matrix

Correlation

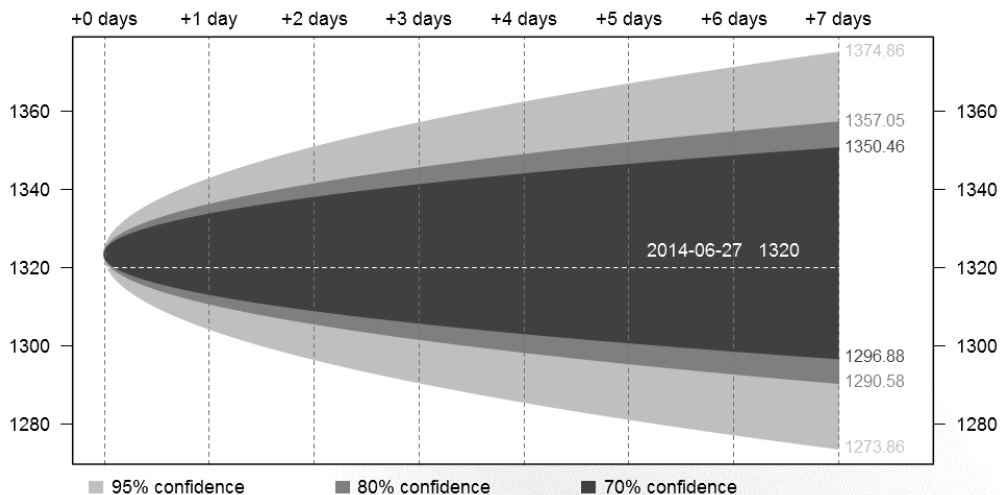


Precious Metals Confidence Intervals for the Next 7 Days

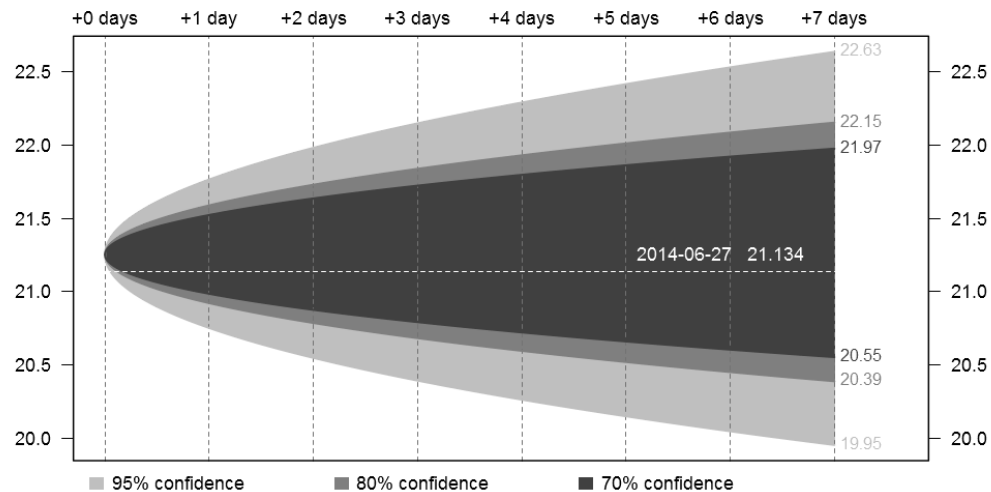
Monday, June 30, 2014

7:30 GMT

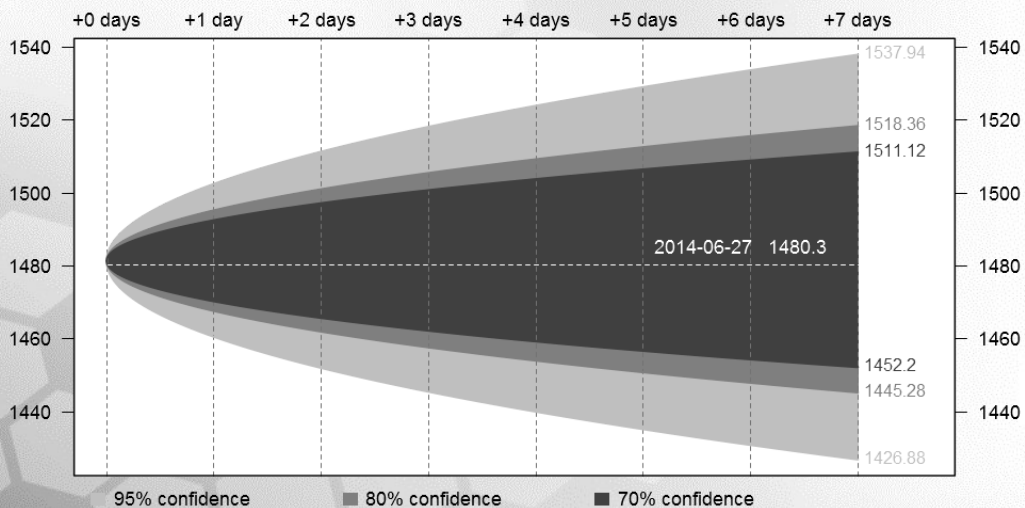
Gold Potential Rates



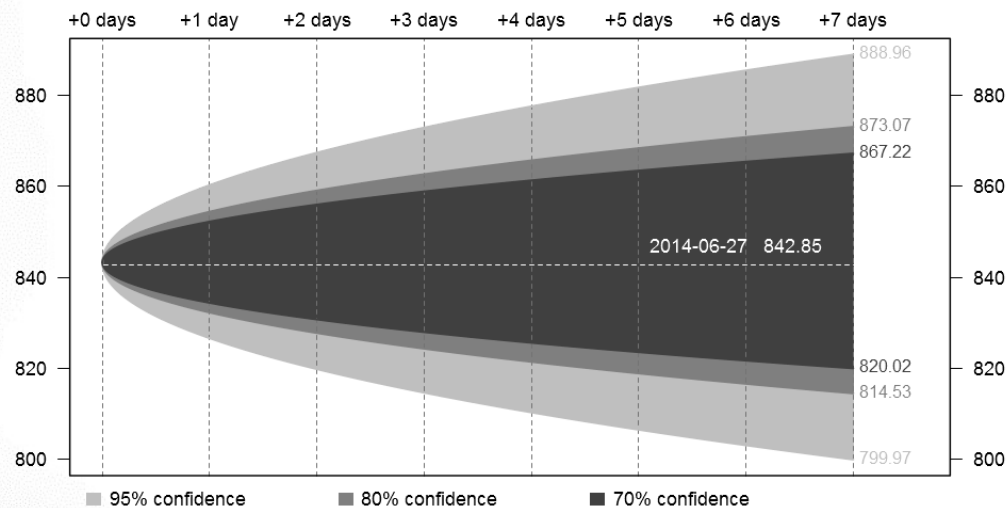
Silver Potential Rates



Platinum Potential Rates



Palladium Potential Rates

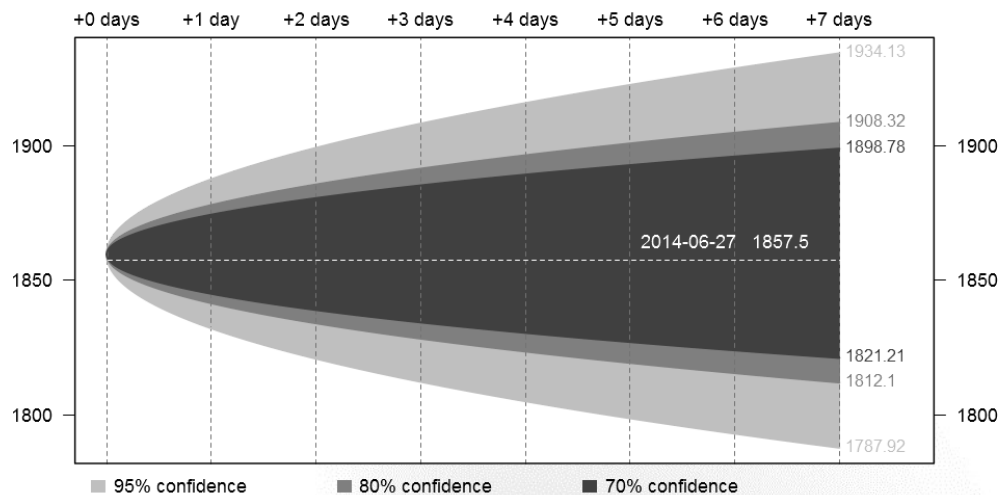


Industrial Metals Confidence Intervals for the Next 7 Days

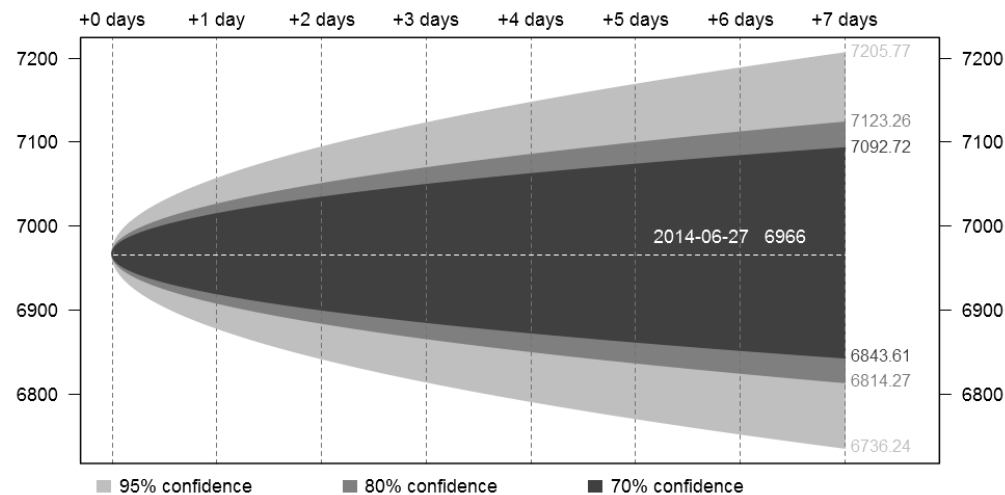
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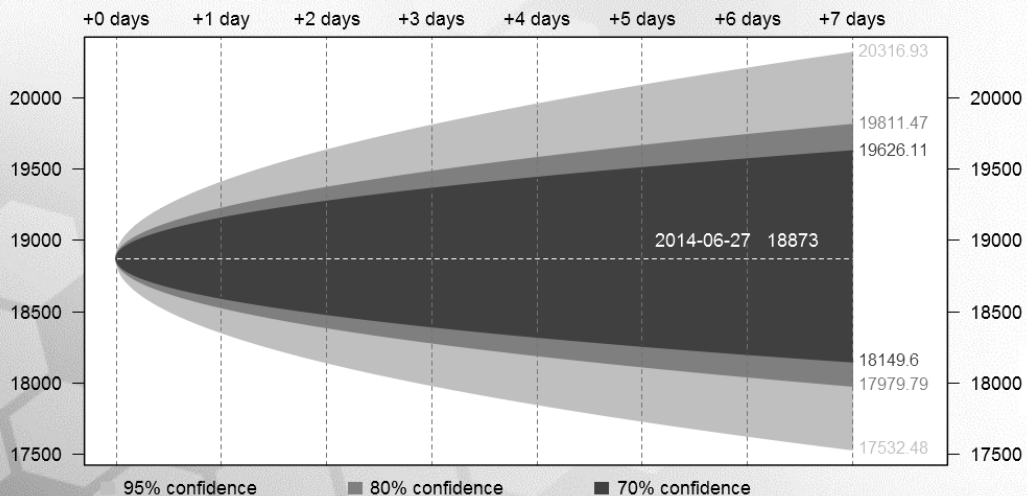
Aluminum Potential Rates



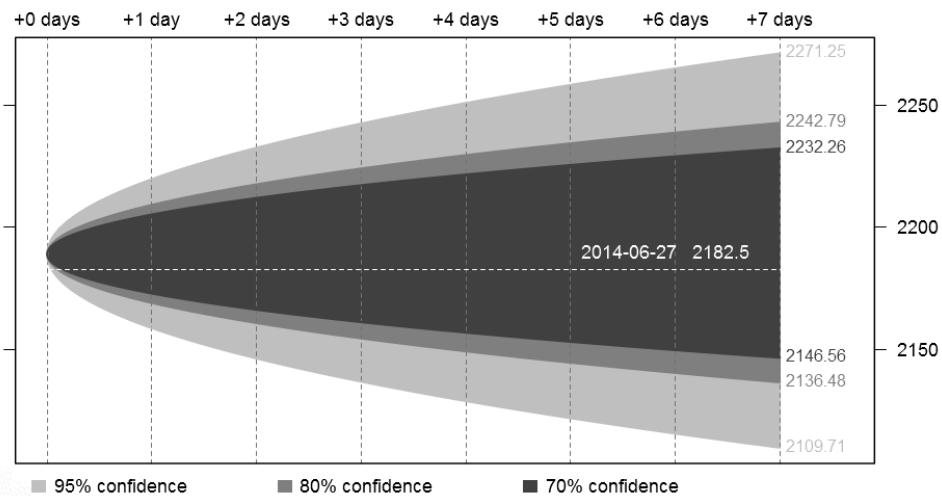
Copper Potential Rates



Nickel Potential Rates

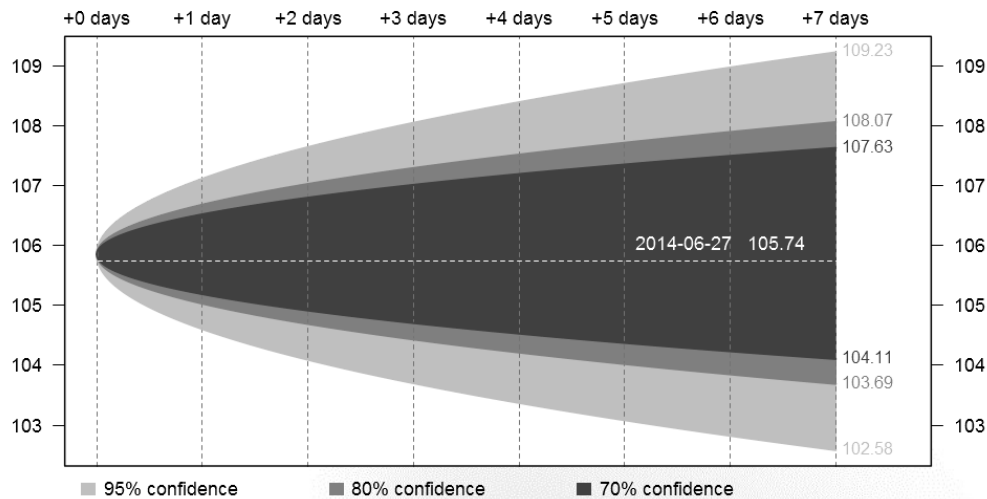


Zinc Potential Rates

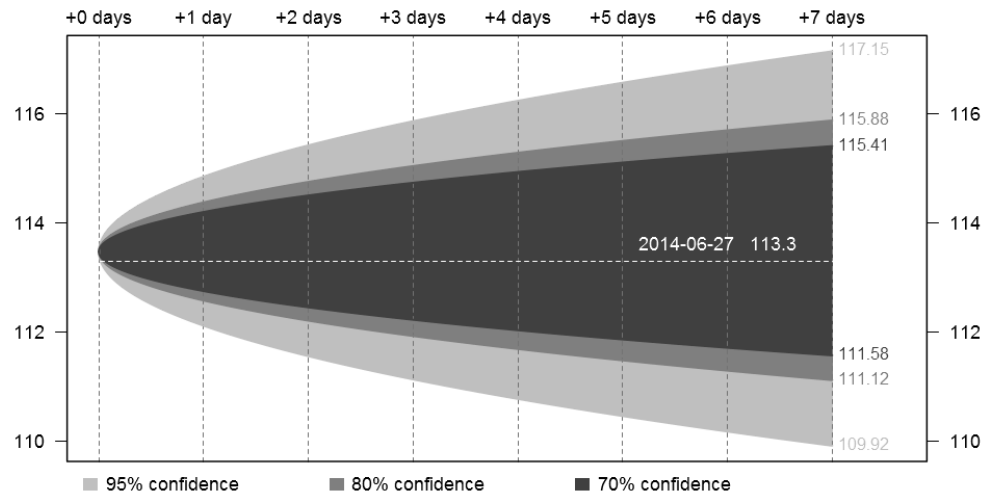


Energy Confidence Intervals for the Next 7 Days

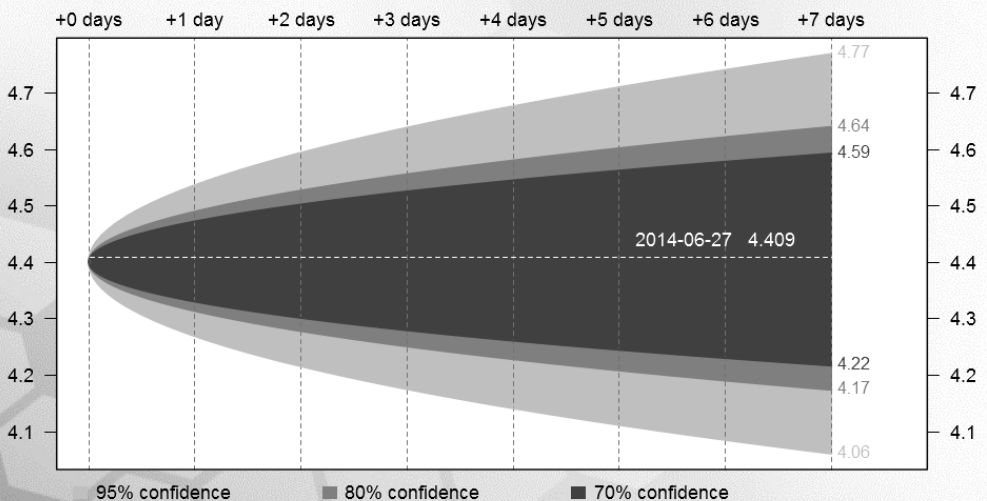
Crude.oil Potential Rates



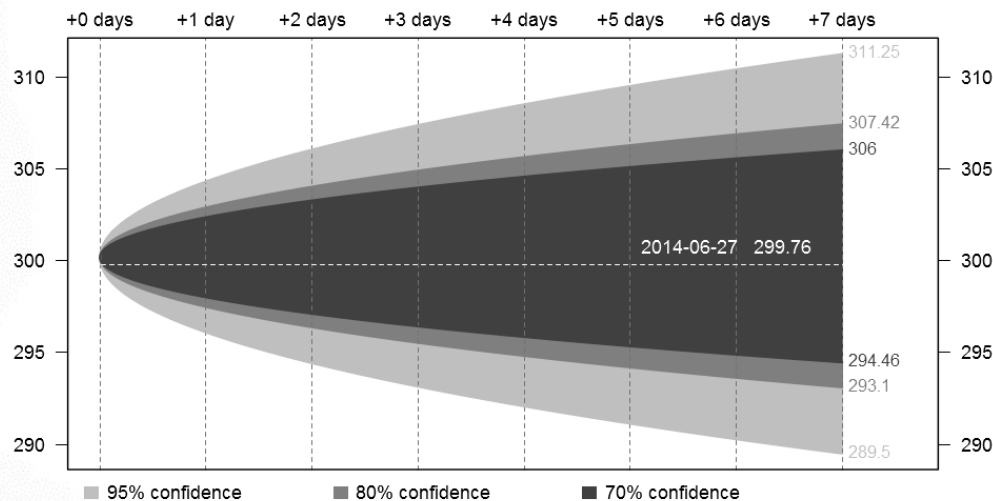
Brent.oil Potential Rates



Natural.gas Potential Rates



Heating.oil Potential Rates

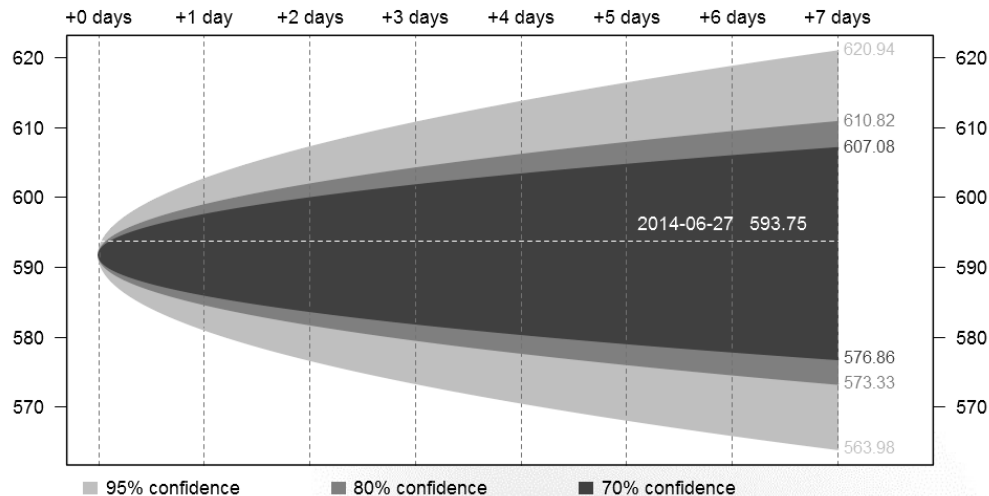


Agriculture Confidence Intervals for the Next 7 Days

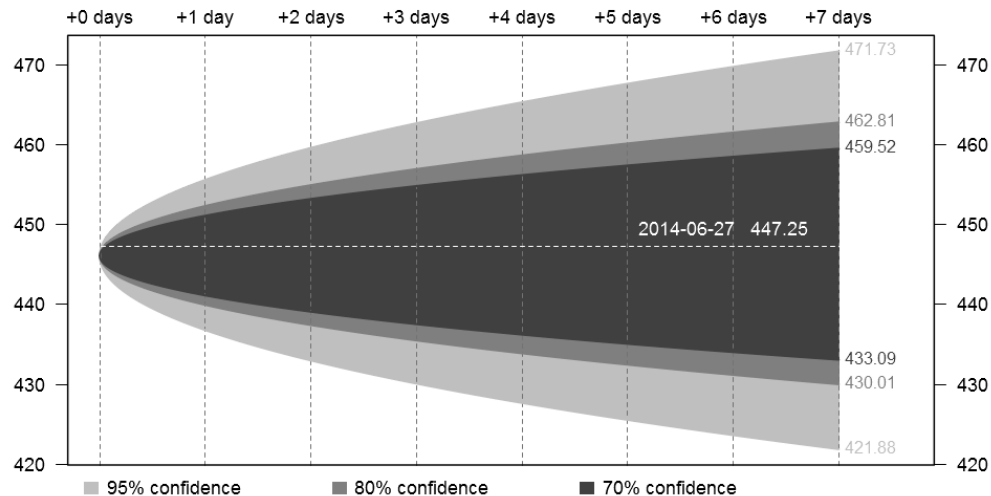
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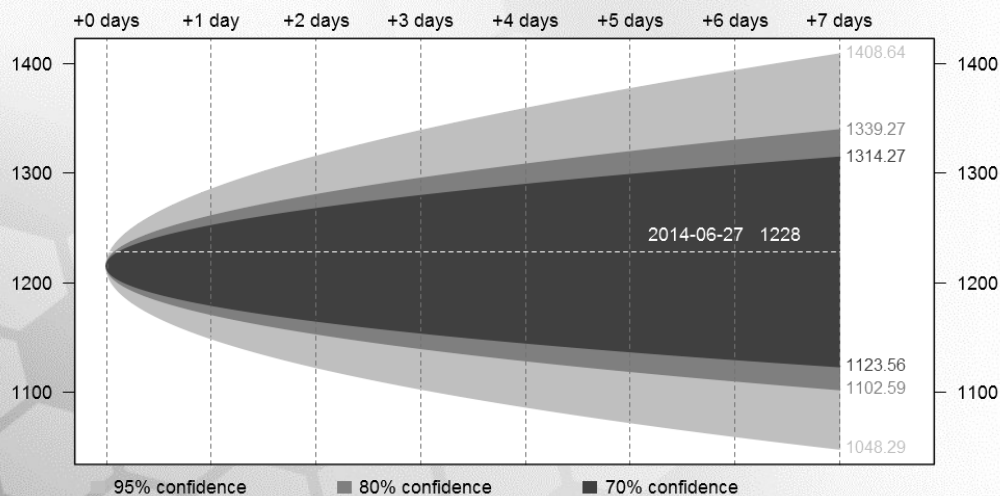
Wheat Potential Rates



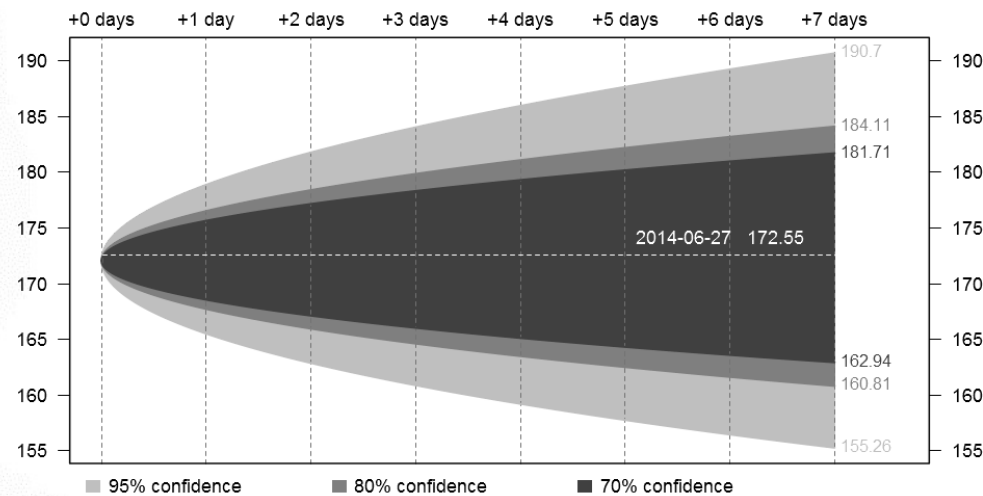
Corn Potential Rates



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