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08/07/2014



Weekly Commodity Overview

Market Highlights



ASIA-PACIFIC REGION

China's PMI rises to 51; Japan's industrial output misses estimates

Manufacturing activity in China expanded at the fastest pace so far this year, boosting optimism over the world's second largest economy. The official PMI came at 51.0 in June, in line with expectations and compared to May's reading of 50.8. Meanwhile, industrial activity in the neighboring country, Japan, missed estimates in May, with preliminary reading of industrial output climbing 0.5% versus a forecast of a 0.9% rise but comparing well with the preceding month's figure of minus 2.8%.



EUROPE

ECB leaves policy on hold; data mostly negative

The ECB left its monetary policy unchanged this month after it cut its benchmark interest rate to 0.15% and set the deposit facility rate at minus 0.1%. Meanwhile, deflationary concerns remained in place as consumer prices are reluctant to grow. According to flash estimate, CPI was steady in June at 0.5%, slightly less than a forecast of 0.6%. Retail sales also disappointed investors, being unchanged in May, while experts called for a 0.3% climb after a drop of 0.2% in April. At the same time, labour market data turned positive, with unemployment rate in the single currency region being flat at 11.6% in May compared to estimates of 11.7%.

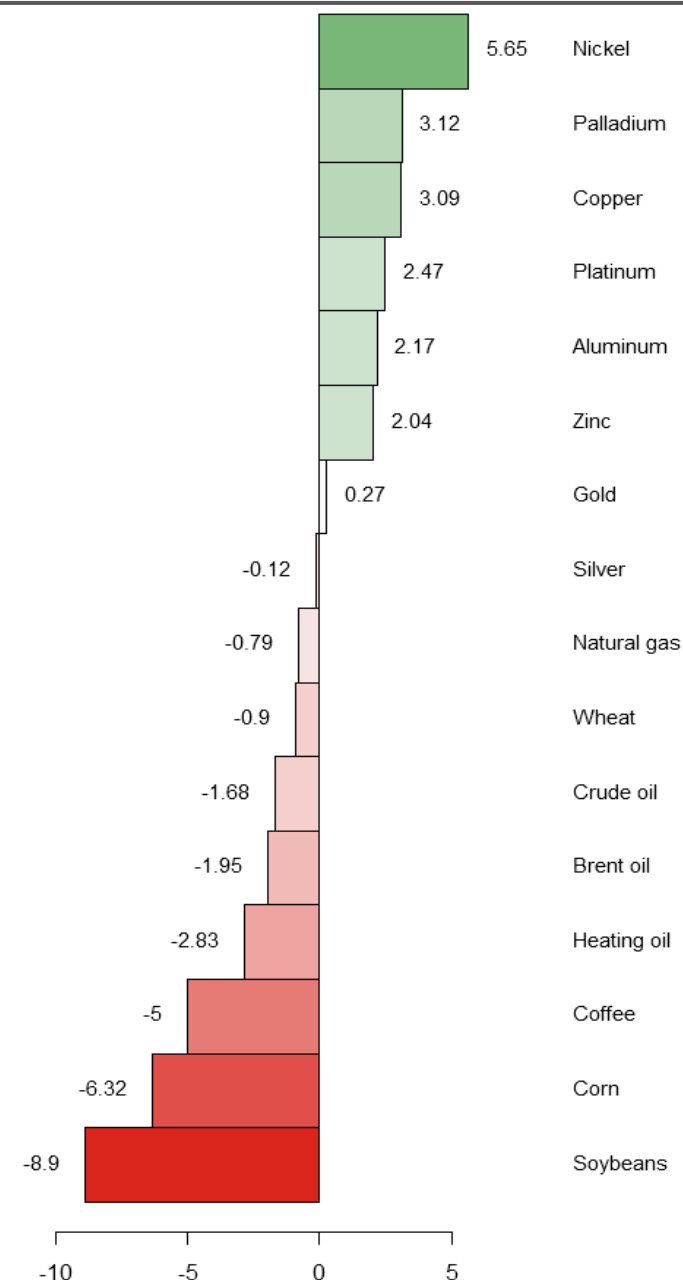


NORTH AMERICA

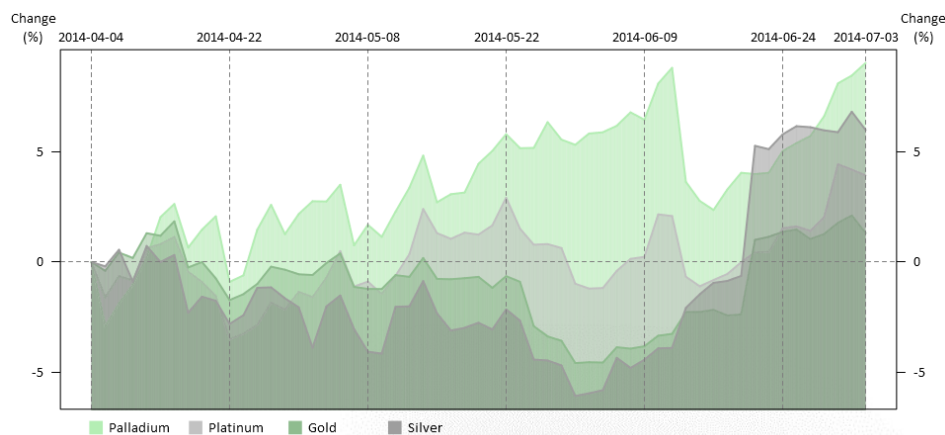
U.S. numbers spur ideas that Fed tightening nears

Last week was remarkable for a flow of positive data from the U.S. Pending home sales and trade balance beat forecasts thus raising concerns that the Fed may tighten its policy faster than expected. Even Fed Chair's Janet Yellen comments that the central bank will keep the rates low for a prolonged period failed to calm investors. Jobs market data released before the Independence Day added to traders' worries. Payrolls climbed 288K in June versus a forecast of a gain of 214K thus pushing the unemployment rate to 6.1% from 6.3%.

Weekly Ranked Price Moves (%)



Precious Metals Rise; Platinum and Palladium Lead Gains



Price Changes (%)

	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Gold	0.27	6.11	1.31	7.79	6.21	5.49
Silver	-0.12	12.65	5.97	5.01	9.47	7.29
Platinum	2.47	5.18	3.91	7.34	10.23	11.95
Palladium	3.12	3.01	9	18.03	25.11	25.7

Changes in Total Known ETF Holdings (%)

	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Gold	0.52	0.3	-1.48	-1.77	-14.19	-15.33
Silver	-0.5	-1.47	-1.28	0.9	4.37	3.87
Platinum	0.23	2.38	9.29	13.53	34.16	37.67
Palladium	2.37	5.99	43.77	40.52	37.24	37.17

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	1 285.67	1 025	1 743	1 278.33	970	1 450	1 238.91	915	1 488	1 227.52
Silver	17	35	20.93	17	34	21.15	17.45	27	20.59	18	28.42	20.7
Platinum	1 320	1 835	1 542.91	1 369	1 820	1 570.3	1 450	1 900	1 590.6	1 450	1 900	1 596.07
Palladium	630	850	797.39	675	875	814.77	705	900	834.8	720	900	842.3

Gold gradually climbing in the first days of the week, jumping above \$1,330 per ounce early on Wednesday. The bullion found support on weaker U.S. Dollar and comments by Fed Chair Janet Yellen who confirmed that rates would stay low. However, the yellow metal was forced to retreat from a three-month high following a much better-than-expected payrolls data. Persistent flow of positive data from the world's largest economy raised concerns that despite pledging to keep ultra-low-rate environment, the Fed may lift borrowing costs sooner than expected.

At the same time, the yellow metal faced a headwind pertaining to India's demand concerns. Gold purchases by India, world's second biggest importer, probably dived over 77% to 150 metric tonnes in the first half of the year, said Bachhraj Bamalwa, a director at the All India Gems & Jewellery Trade Federation. However, the second part of 2014 may bring some notable changes to India's gold usage as the policymakers are expected to relax gold import restrictions in the federal budget due July 10.

Silver as usual mostly moved along the gold's trajectory but ended the week 0.12% lower. Stronger investor interest as illustrated by ETF holdings as well as hopes for solid demand from India since jewelry buyers use silver as a substitute to more expensive gold.

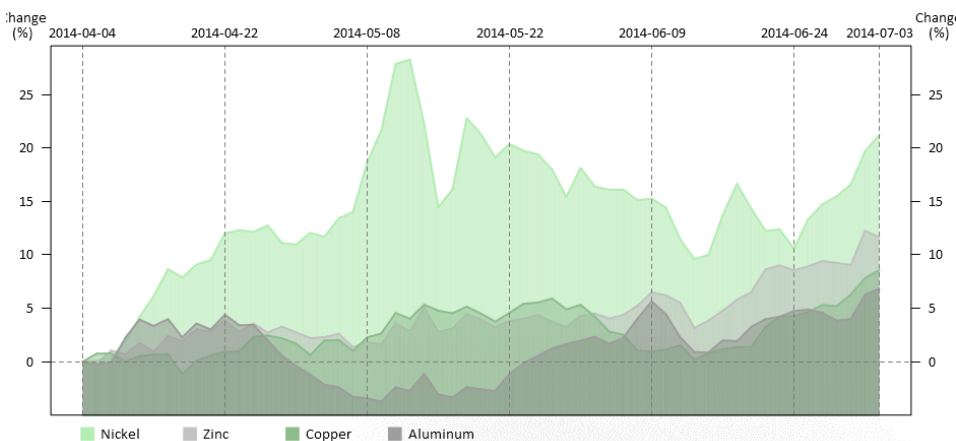
Platinum and Palladium rallied on a bullish combination of demand and supply factors. Platinum soared as despite the fact strikes among platinum mine workers ended, labour disputes sped across other industries, namely base metals sector where the strike over wages led to a disruption of new power plants construction. Meanwhile, palladium shot up to 13-year high as car sales in the U.S. are close to a seven- year high at a time when South Africa's and Russia's supplies remain tight.

S&P GSCI Precious Metals Index	%
Weekly	0.22
Monthly	6.87
3 Months	1.81
6 Months	7.3
12 Months	7

Tuesday, July 08, 2014

7:30 GMT

Industrial Metals Climb on LME Inventories, Improved Risk Sentiment



Price Changes (%)

	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Aluminum	2.17	4.4	6.83	8.39	6.4	7.98
Copper	3.09	4.15	8.56	-2.9	3.83	2.67
Nickel	5.65	4.13	21.21	42	41.71	43.66
Zinc	2.04	6.84	11.65	7.65	19.28	21.42

Changes in LME inventories(%)

	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Aluminum	-0.22	-2.44	-5.71	-7.52	-7.07	-6.99
Copper	0.32	-7.11	-39.29	-56.42	-75.93	-76.4
Nickel	-0.33	7.32	8.01	16.81	57.45	59.85
Zinc	-0.46	-5.51	-20.09	-28.32	-35.16	-36

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	6 907.39	5 750	8 487	6 938.1	6 200	8 500	6 922.09	6 175	8 300	6 977.09
Zinc	1 750	2 403	2 069.14	1 600	2 447	2 121.82	1 640	2 469	2 130.4	1 760	2 535	2 196.65
Aluminum	1 630	2 271	1 853.72	1 500	2 215	1 899.55	1 540	2 049	1 903.81	1 610	2 102	1 927.43
Nickel	13 800	21 491	17 271.75	13 330	22 000	17 443.5	13 000	24 000	18 322.9	13 580	25 000	18 778.45

Aluminum was bolstered by the recent China's imports numbers; the country with insatiate appetite for industrial metals bought 313,000 tonnes of alumina in May that is a 56.28% yearly increase. However, on a monthly basis, the data looks less inspiring – China's shipments plunged almost 90% in May as smelters switched to domestic alumina. Meanwhile, global supply situation raises some concerns as output reductions by world's biggest producers are expected to push markets into a deficit of 275,000 tonnes this year for the first time since 2007, according to Barclays Capital.

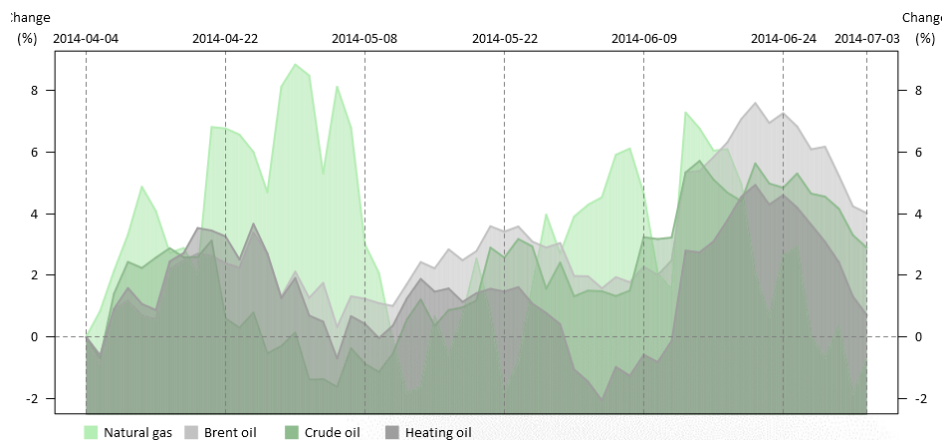
Copper jumped to a 16-week high in the first part of the week as improving economic sentiment across the globe may positively reflect in demand for the most traded base metal. Copper prices also gained inspiration from bullish China's import reports—refined copper's shipments jumped 21.89% month-on-month in May and 48.84% year-on-year in the first five months of 2014. LME inventory data also remained in the forefront of investor's view. Total copper inventories in the LME-monitored warehouses slumped over 76% year-to-date, the most among all metals included in the sector.

Nickel bounced off a one-month low on hopes that global economic recovery will increase demand for the metal. Earlier this year, the industrial metal hit multiple-year high as Indonesia banned metal ore exports and Russia was under the risk of additional sanctions from the Western economies. However, supply-side support started to fade early in the summer amid rising LME inventories. LME inventories now stand almost 60% higher than in the same period last year.

Zinc finished the week with a 2% gain as LME inventories continued to dwindle. Supplies are 36% under the level registered in the same period last year.

S&P GSCI Industry Metals Index	%
Weekly	2.83
Monthly	4.33
3 Months	8.63
6 Months	3.2
12 Months	6.74

Energy Futures Drop as Supply Concerns Fail to Materialize



Price Changes (%)

	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Crude oil	-1.68	1.36	2.89	9.03	4.48	2.79
Brent oil	-1.95	2	4.01	2.99	6.73	4.95
Natural gas	-0.79	-4.82	-0.74	1.97	20.58	19.4
Heating oil	-2.83	2.18	0.7	-1.95	0.93	-0.77

Changes in U.S. inventories (%)

	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Crude oil	-0.37	-2.04	1.27	6.76	0.3	-2.34
Gasoline	-0.25	1.02	-0.87	-3.16	-4.44	-5.16
Natural Gas	12.22	39.78	134.67	-35.14	-25.95	-23.85
Distillate Fuel	1.8	4.7	7.6	2.01	0.64	-1.34

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	100.4	70	120	98.09	85	118	100.56	85	108	98.82
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	107.23	85	128	105.46	85	124	106.66	85	115	104.8

WTI and Brent oil were moving in the southern direction on ideas that persistent turmoil in Iraq would not cause any disruptions to oil supplies from the second largest OPEC member. Also from the supply side, Libya's rebels agreed to reopen two largest ports in the country that would help to increase substantially oil supplies from the biggest holder of oil reserves in Africa. Meanwhile, the downswing in prices was somehow restricted by positive data linked to demand for energy, namely upbeat U.S. payrolls data and expansion of China's manufacturing sector.

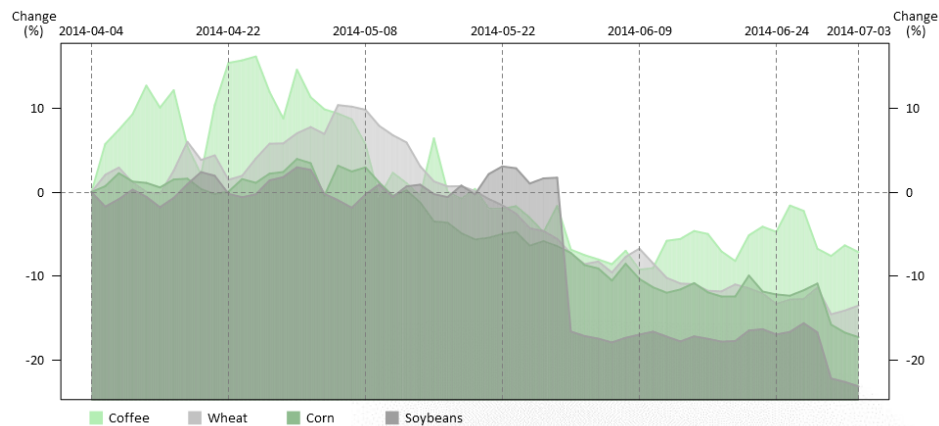
Last week EIA report popped up energy futures. The EIA said U.S. inventories slid 3.2 million barrels in the week ended June 27 compared to estimates of a 2-million-barrels decline. In the preceding week, U.S. inventories climbed 1.7 million barrels, slightly less than an expected rise of 1.2 million barrels.

Natural gas gained on Thursday as the EIA report showed a 100-billion-cubic-foot increase in the U.S. storage in the week ended June 27, in line with forecasts. Meanwhile total natural gas inventories stood at 1.929 trillion cubic feet that is over 660 billion cubic feet less than in the same period last year and 790 billion cubic feet under the five-year average. However, forecasts of cooler weather in the Midwest of the U.S. pushed the prices lower in the end of the week.

Heating oil was vacillating in the red zone, being dragged down by losses in WTI and Brent oil. EIA weekly report also turned negative for the commodity. U.S. distillate fuel inventories, which include heating oil and diesel, gained one million barrels in the week ended June 27, more than a 250,000-barrel increase predicted by experts. In the preceding week, distillate stocks also rose more than expected, by 1.2 million barrels, while analysts called for a one-million-barrel climb.

S&P GSCI Energy Index	%
Weekly	-4.99
Monthly	-7.06
3 Months	-12.57
6 Months	1.27
12 Months	-8.99

Agricultural Commodities Mixed on USDA Reports



Price Changes (%)

	Weekly	Monthly	3 Months	6 Months	12 Months	YTD
Wheat	-0.54	-10.69	-14.42	-3.3	-16.94	-16.18
Corn	1.01	-4.74	-5.64	4.33	-20.77	-19.36
Soybeans	0.84	-18.19	-12.58	-7.48	-6.05	-4.16
Coffee	-0.54	-3.25	2.54	52.21	41.13	48.29

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	616.27	500	720	620.82	500	730	619.9	525	740	630.6
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 was bearish after the USDA said U.S. farmers sowed about 56.5 million acres of wheat that is 700,000 acres above projections, meaning that output this year may be even higher than the USDA forecast. According to the latest Wasde report, global inventories will rise to a 15-year high by the end of 2014/15 season. Furthermore, U.S. exports were on the negative side – U.S. exports dropped 628 tonnes in the week ended June 29 and were down 450,000 tonnes year-on-year. Forecasts of drier weather in the U.S. as well as limited impact of heavy rains last month also put pressure on the grain.

Corn plunged to a five-month low after the USDA reported an increase in the U.S. stockpiles. U.S. inventories surged more than 35% to 3.85 billion bushels as of June 1, a four-year high. Moreover, recent rains in the U.S. proved to be more positive than negative for corn crops as illustrated by the USDA crop ratings. The proportion of corn rated as 'good' or 'excellent' added one point to 75%. However, corn returned to gains due to demand-side support – U.S. daily ethanol production added 15,000 barrels per day last week. Informa also gave a bullish impetus, lowering U.S. harvest estimate by 35 million bushels to 13.731 billion bushels, 200 million bushels below the USDA prediction.

Soybeans traded slightly above a three-year low after positive USDA crop rankings. About 72% of U.S. oilseed harvest was rated as 'good' and 'excellent' as of June 29 compared to 67% in the same period last year. Meanwhile, the USDA expects 84.8 acres to be sown this year, 11% higher than in the preceding season, whereas U.S. supplies as of June 1 were almost 390 million bushels higher than analysts had predicted.

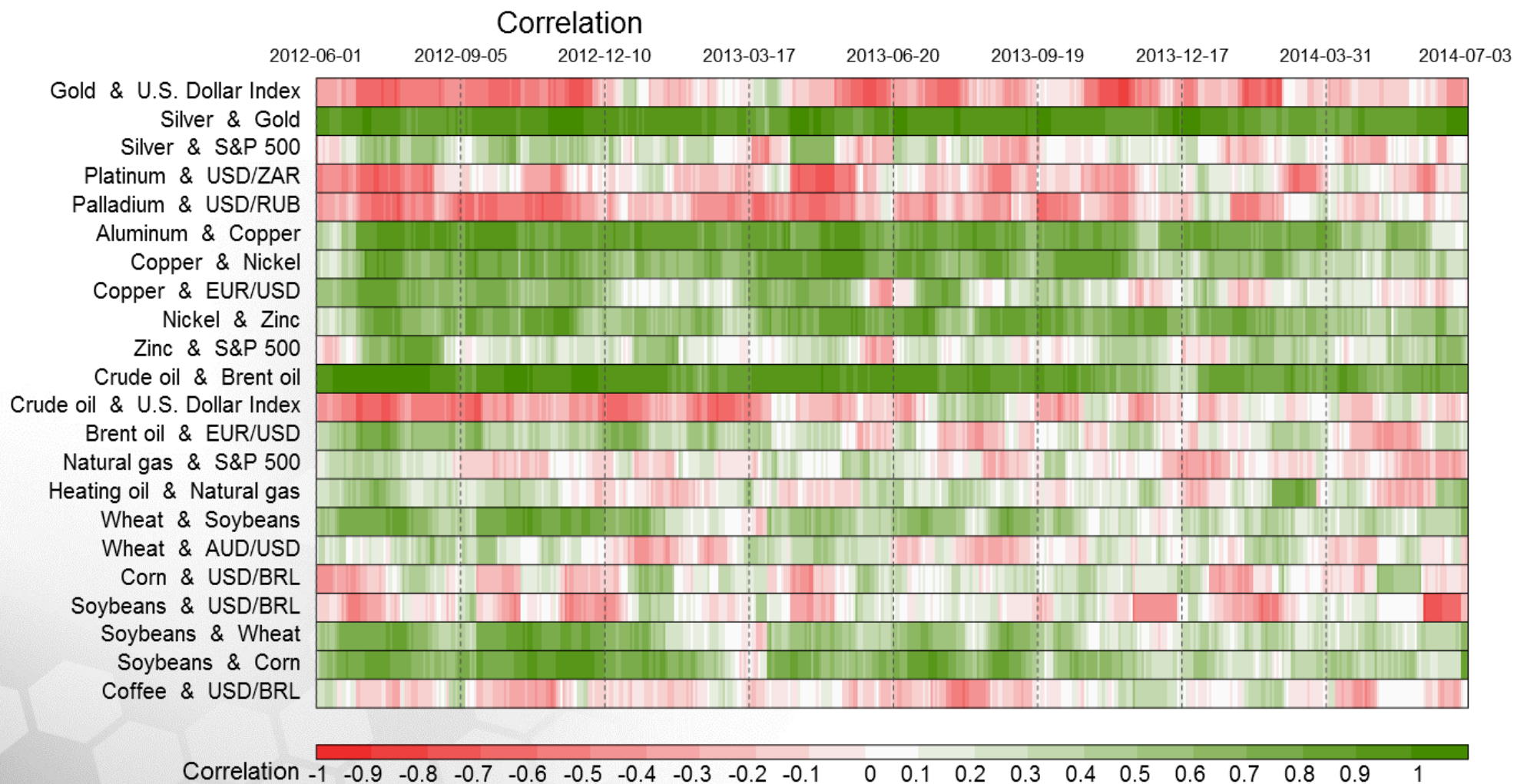
Coffee failed to end the week in the green territory despite the fact crop updates from Brazil where farmers are harvesting this season's crops provide a negative picture of a smaller harvest and poor quality beans after a severe drought earlier this year.

S&P GSCI Agriculture Index	%
Weekly	-1.82
Monthly	2.23
3 Months	4.27
6 Months	7.08
12 Months	6.49

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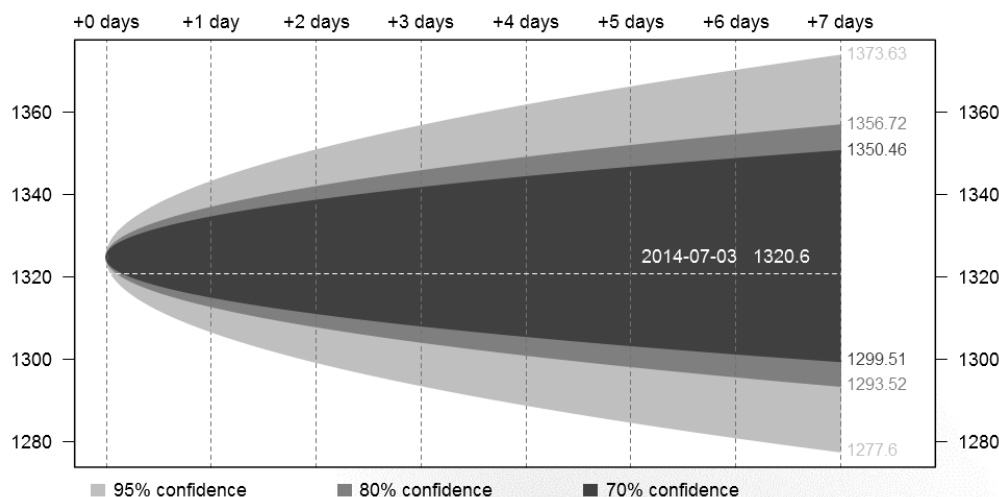
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Correlation Matrix

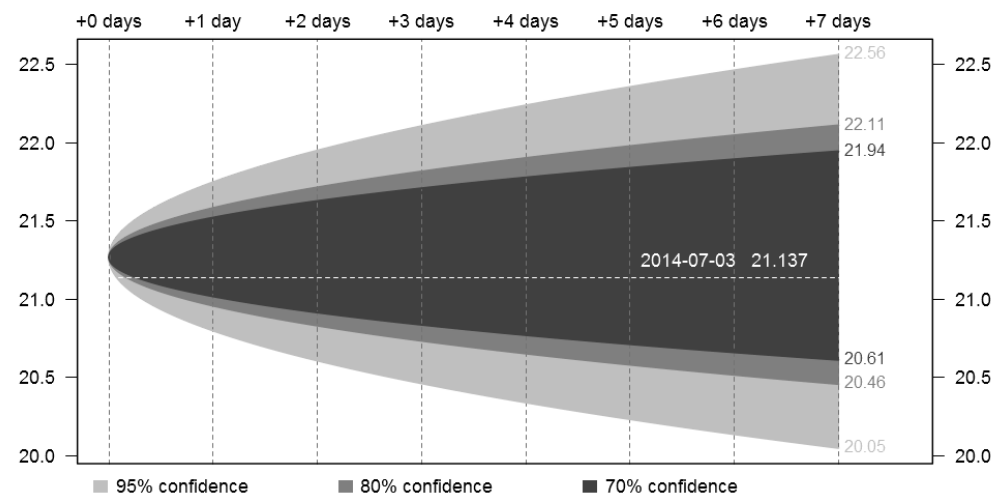


Precious Metals Confidence Intervals for the Next 7 Days

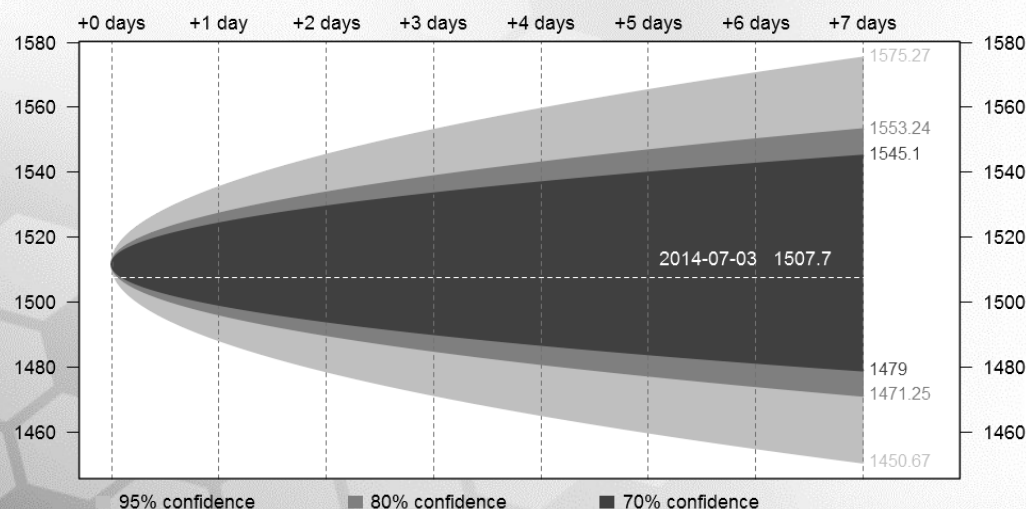
Gold Potential Rates



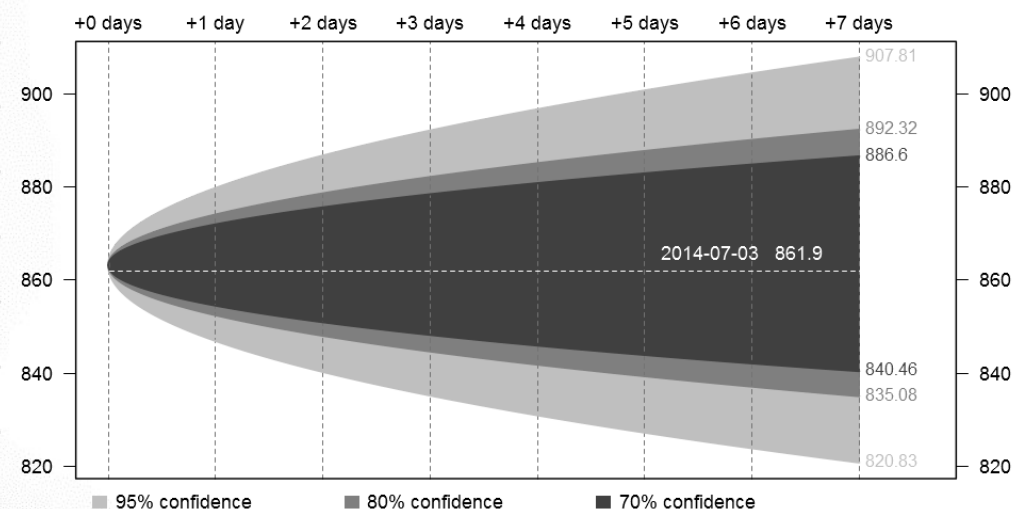
Silver Potential Rates



Platinum Potential Rates



Palladium Potential Rates

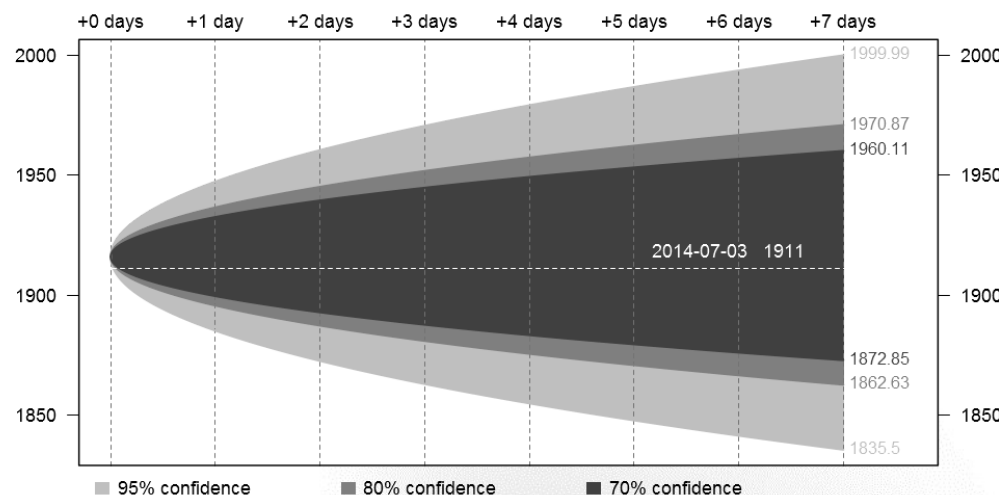


Industrial Metals Confidence Intervals for the Next 7 Days

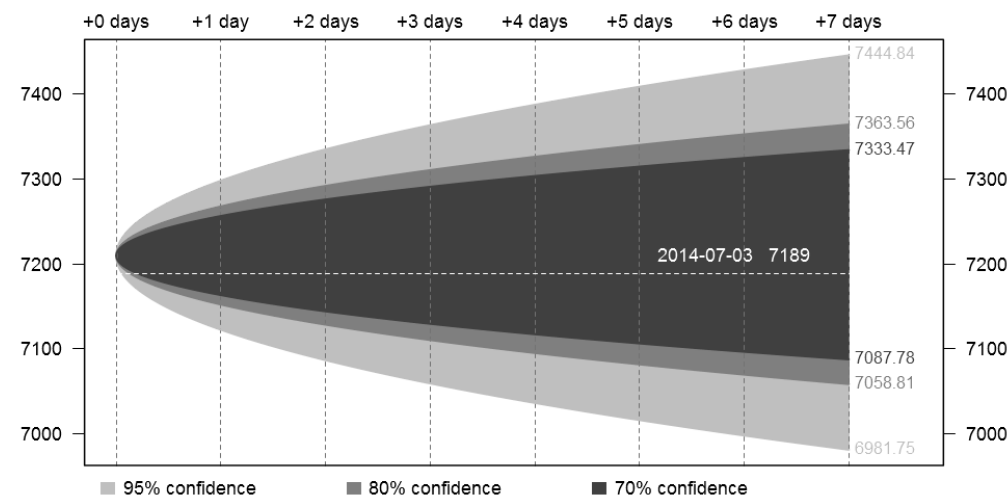
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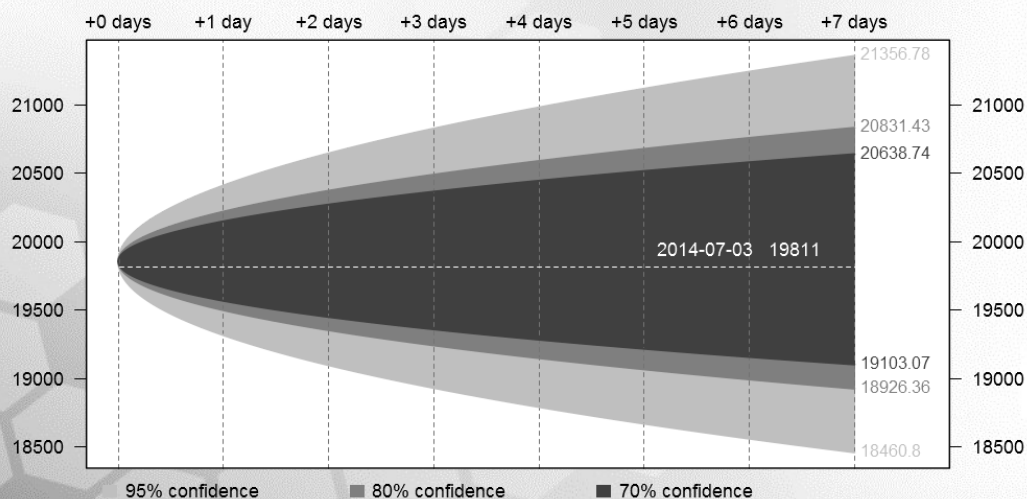
Aluminum Potential Rates



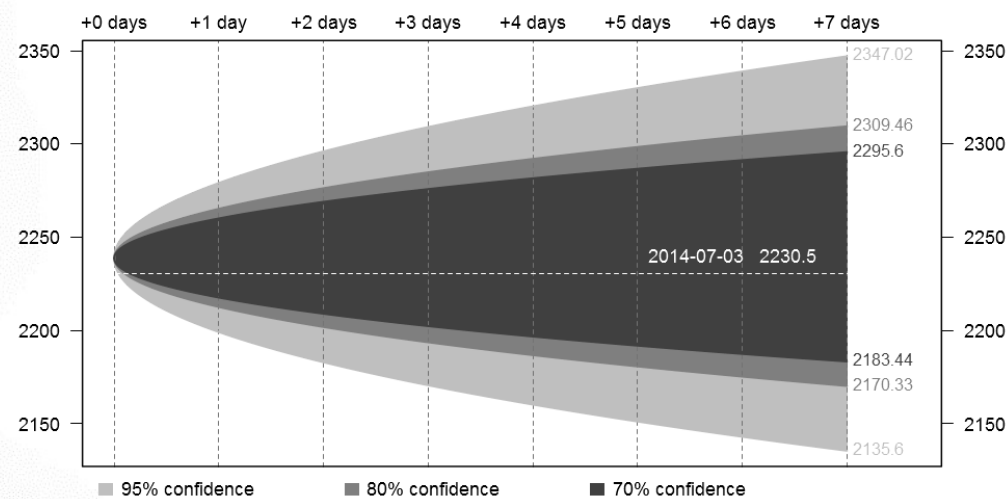
Copper Potential Rates



Nickel Potential Rates

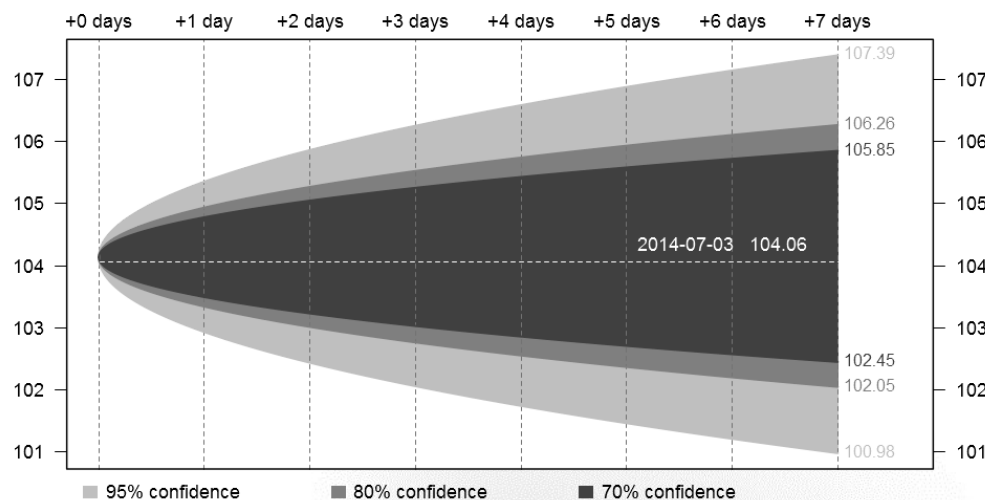


Zinc Potential Rates

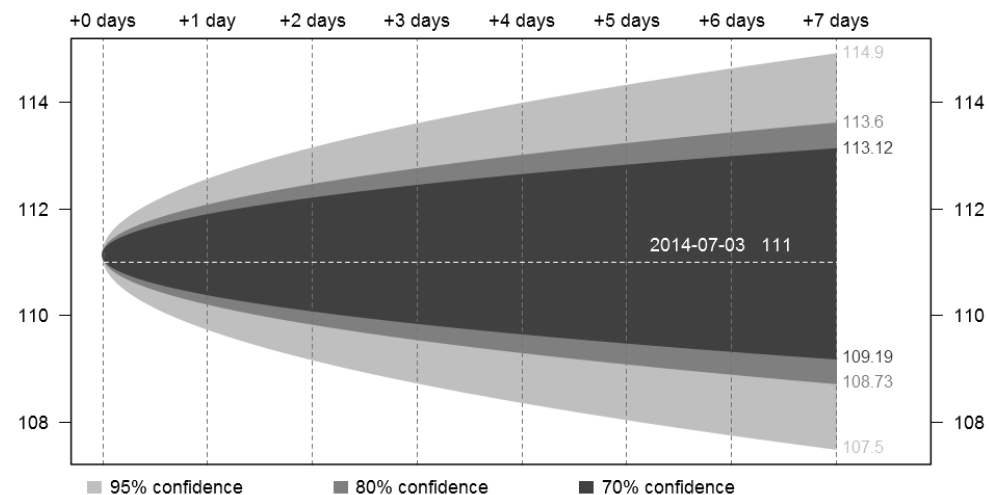


Energy Confidence Intervals for the Next 7 Days

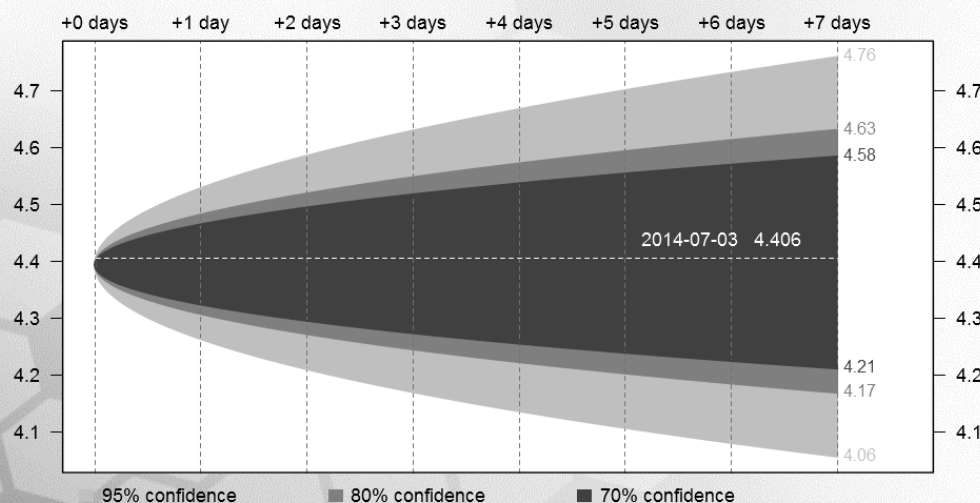
Crude.oil Potential Rates



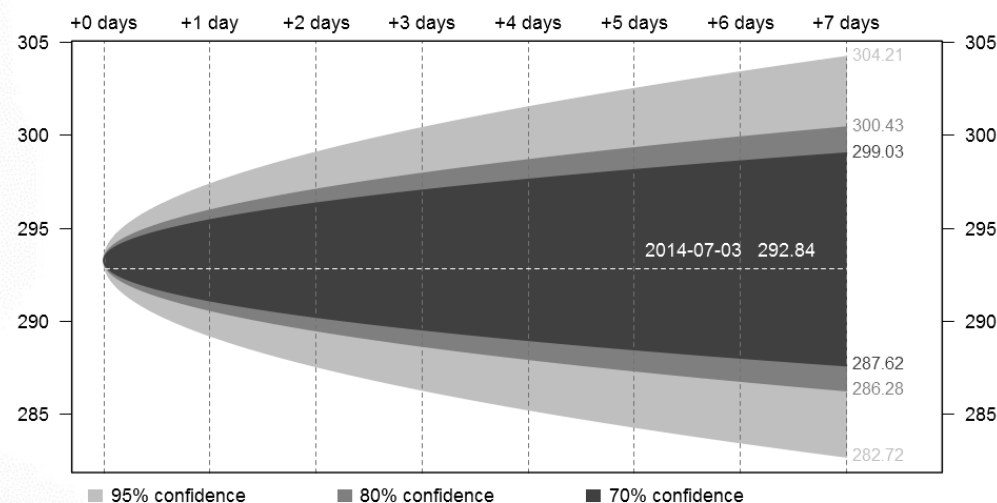
Brent.oil Potential Rates



Natural.gas Potential Rates



Heating.oil Potential Rates

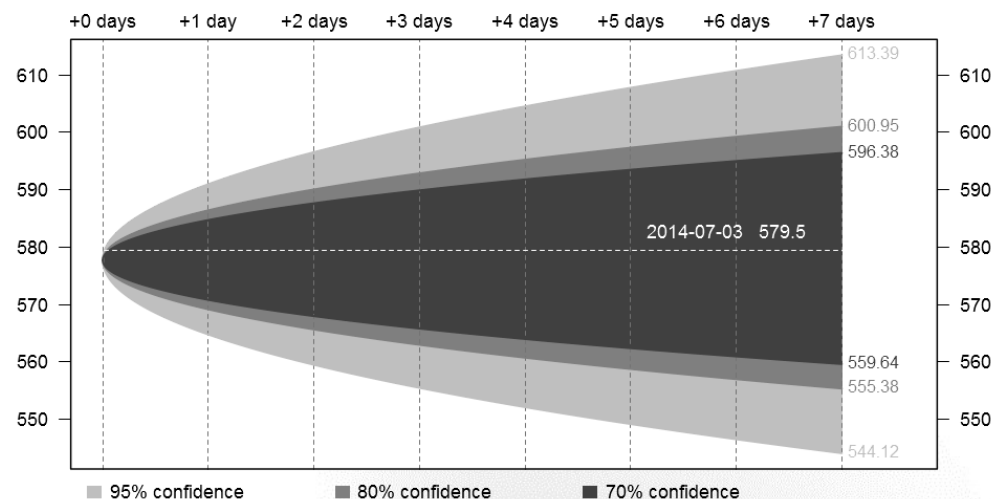


Agriculture Confidence Intervals for the Next 7 Days

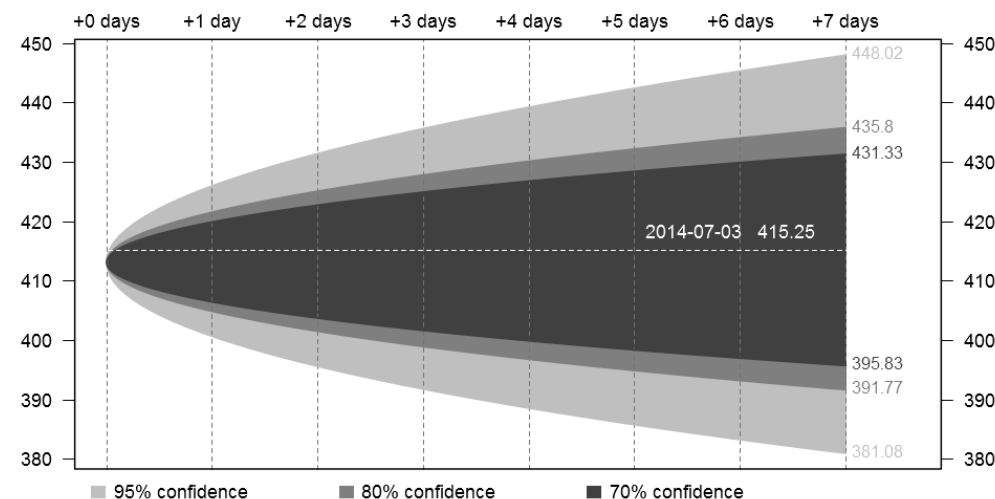
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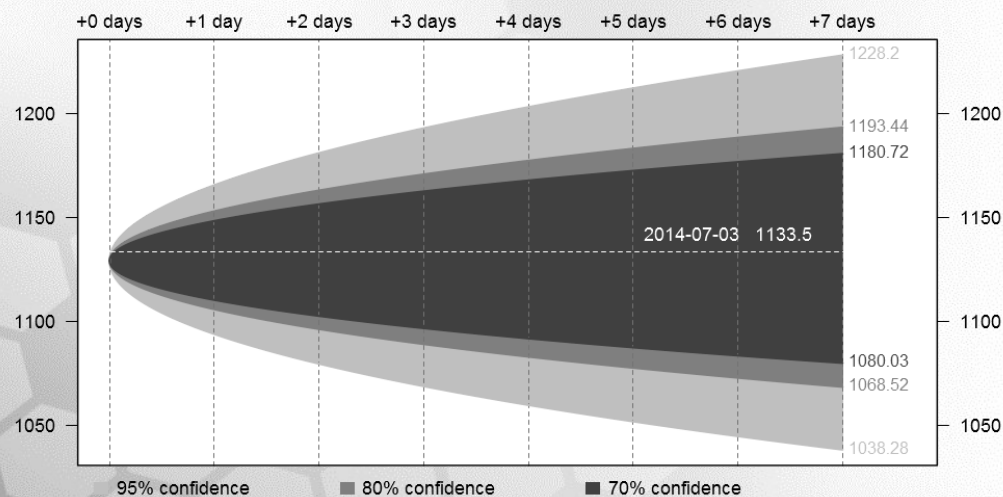
Wheat Potential Rates



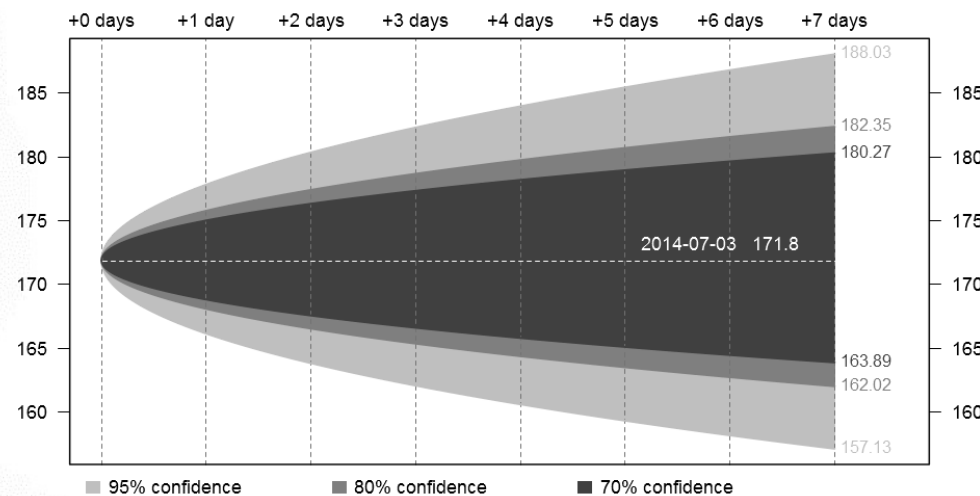
Corn Potential Rates



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