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**From:** Daniel Sabba <[REDACTED]>  
**Sent:** Tuesday, January 13, 2015 2:51 AM  
**To:** Jeffrey Epstein  
**Cc:** Vahe Stepanian  
**Subject:** Oil and oil vols

Classification: Public

Trading commentary below.=I think it is noteworthy that with today's 5% sell off in crude, implied vols barely rallied.

For WTI:

WTI (/change)  
H15 - Mar Future / Feb option expiry  
47.30% = +1.20%  
M15 - Jun Future / May option expiry  
42.20% = +0.60%  
Z15 - Dec Future / Nov option expiry =C2  
35.60% +0.70%

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**From:** Stavros Valavanis  
**Sen=:** 01/12/2015 09:23 PM GMT  
**Subject:** EOD Commodities Note - 12 Jan

Classification: Public

OIL</=:p>

Another capitulation in crude today, with both down over 5%. After hours, WTI traded blow 46\$; tomorrow should be interesting to see if we sell off below this technical level, as the next technical level would be 33\$ (although perhaps 40\$ may be a psychological barrier). There is just no end in sight! GS downgraded oil prices which is 1 reason market sold off. Also, a series of refinery outages in the US are pressuring US crude prices. On the news front, the EIA came out and said that the Big 3 shale plays will grow 90kbd in Feb mom versus January, which is a slowdown in the rate but still pretty significant. The window was actually a bit stronger today as Feb 2-6 forties from -65 to -20, and Jan 26-30 got bid from -70 to -45. In the US, Genscape showed a midweek build of 290k and a full week build of 1.17M, in line with expectations. US products had another strong day, as the refinery issues pushed both distillate and gasoline cracks higher.

## OIL VOLS

&nbs=;

Oil vols bid on the day although not as much as you =ould expect given the fact that we were down 5% in flatprice. We saw inter=st in selling j5-m5 BRE vol (the j5 BRE 53 calls were sold more than 3000x=. Again prompt vols rallied more than back end vols as there was minimal interestin cal16 overall. We think=that vols may rally significantly if WTI breaks the 46\$ level decisively a= vols have definitely been lagging the past few days compared to what flat=rice has been doing... the h5/z5 wti spread is almost at 12 vols, and the m5/z5 is at 6.6 vols. Perhaps sel=ing the second one is a good RV trade, as you are somewhat protected from =ny prompt vol explosion, and you get a 1 vol carry per month...</=p>

&bsp;	&nbs=;	=nbsp;	WTI (/change)	&bsp;	&nb=p; BRE (/change)=/span>
H15	&nbs=;	=nbsp;	47.30% +1.20%	&nbs=;	=4.25% +1.05%
M15	&nbs=;	=nbsp;	42.20% +0.60%	&nbs=;	=9.25% +0.65%
Z15	&bsp;	&nbs=;	35.60% +0.70%	&nsp;	33.85% +0.35%</=pan>
Z16	&nbs=;	&bsp;	29.10% +0.60%	=	28.90% +0.50%

## BASE METALS

3m lvs	=	dod=change	support	&nbs=;	resistance
Al \$1810.5	&bsp;	+\$0.5	&nb=p;	\$1800	&nb=p; \$1900
Cu \$6017	&nb=p;	-\$72.5	=nbsp;	\$6000	= \$6200
Zn \$2137.5	&bsp;	-\$18.5	=nbsp;	\$2125	= \$2200
Ni \$15,122	&bsp;	-\$178	&bsp;	\$15,000	= \$15,650
Pb \$1862	&nb=p;	-\$8	=	\$1830	&nbs=; \$1900

The base metals complex took a big hit between 12:30 and 13:0=, testing some key support levels. Falling oil prices have been weig=ing on the base complex along with index re-balancing. India's industrial production numbers provided some positive news around noon but =his was short lived. Stockists have been selling copper and Nickel o= concerns about demand in the US and China, adding to the weakness. =he ECB is considering a hybrid approach to bond purchases, sharing risk across the Euro zone but retaining separate p=rchases by individual central banks. Copper smashed through the \$600= supports at around 12:30, hitting lows of \$5966 before recovering. = big put have been seen on the copper market, one at \$6,000 and one at \$5,500 expiring in June, these amount to almost 2=0 kMT and could accelerate the current down trend as the writer sells to h=dge his/her position. Demand concerns in China are increasing as wea=nness

in the housing market continues to provide serious concerns about demand. Societe Generale put the 2015 supply plus at ~380 kMT while Macquarie put it at ~98kMT. CitiGroup however sees prices rising to \$7000 by the end of 2015 as mines under perform and ore copper is imported by China after the lunar new year. Aluminium similarly tested support at \$1800 hitting lows of around \$1798 before bouncing back. Nickel too saw a big drop around 13:00. Global Ferronickel Holdings Inc, the Phillipine's 3rd largest Nickel producer is set to raise ~\$600m in Manilla in March. It is expected to be positioning itself to invest in further production if the Indonesian style ore export ban does not cut off exports to China. Lead and Zinc followed the base complex, with Lead recovering significantly towards the close.

Shanghai Aluminium on warrant stocks are down 2.7% to 44.2 kMT. LME Aluminium on warrant stocks are down 0.67% to 1839.8 kMT. Shanghai Copper on warrant stocks are up 5% to 33.7 kMT. LME Copper stocks are down 0.26% to 163 kMT. LME Nickel stocks are down 0.63% to 324.2 kMT.

Copper Vols are unchanged, Aluminum Vols are up 0.25%, Nickel Vols are unchanged, Lead and Zinc Vols unchanged

#### Upcoming Data

12/1- India Industrial Production-Surv 2.3%, Actual 3.8%, Prior -4.2%

12/1- China Money supply M2 YoY- Surv 12.5%, Prior 12.3%

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