
From: Daniel Sabba [REDACTED]
Sent: Thursday, January 8, 2015 2:50 AM
To: Jeffrey Epstein
Subject: Fw: EOD Commodities Note - 7 Jan

Classification: Public

See below trading commentary in crude. Implied vol collapsing... Short term down 4 points to 52%. I don't want you to catch a falling knife, but at some point with continued retracement, won't we know it doesn't go to 75%?

From: Prateek Jain
Sent: 01/07/2015 09:32 PM GMT
Subject: EOD Commodities Note - 7 Jan

Oil

A relatively quiet day today. Both crudes managed to hold their ground and WTI even rallied a bit; this is quite interesting given that the DOE stats were bearish due primarily to the record product builds. The arb and WTI spreads were especially strong. Part of the arb move may be due to the White House statement regarding exports, which gave an approving light to the BIS approach. This may incentivize more producers to self determine whether their method fits the crude stabilization process appropriately. WTI spreads also rallied today, perhaps as profit taking took place amidst a fantastically short market. There didn't seem to be producer business as vols tanked today, so I think this rally was driven by fund profit taking. Part of this may have been set off by strengthening USGC diffs off the back of the drop in imports to quite low levels in the DOE stats. In BRE, the Window was weak today however, some buyers did emerge towards the end. Angolan cargoes are clearing ok (a single digit amount left for Feb), but around 45 Feb Nigerian cargoes remain unsold in addition to the 15 or so January distressed ones. In products land, they tanked off the back of the huge builds in the stats. Tomorrow, the index rebalancing begins, so be weary!

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Oil Vols

No buyer of vols again today..there was a massive panic selling in the market. Bids kept getting hit and eventually market makers started making things too wide and in small sizes. Wings sold off again and put skew got hit hard. At one point unhedged puts were getting sold even as flat price was coming off.. in the end the whole vol curve ended down by 3-4 vols in both crudes.

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 WTI (/change) &nb=p; BRE (/change)=span>
G15 52.00% -4.30% 46=40% -3.30%

H15 &nbs=; =nbsp; 47.90% -3.20% = 30.65% -3.35% &nbs=; &=bsp; 30.30% -3.00%

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Base Metals</=p>

3m lvs	&n=sp;	=nbsp; dod change	supp=rt	resistance
Al \$1790	&=bsp;	= +\$3	&nb=p;	\$1725 &=bsp; \$1800
Cu \$6115	&=bsp;	= -\$30	=nbsp;	\$6000 &nb=p; \$6200
Zn \$2133	&=bsp;	= -\$42	&=bsp;	\$2125 = \$2200
Ni \$15,550	=	+=\$290	&n=sp;	\$15,000 &n=sp; \$15,650
Pb \$1850	&=bsp;	= +\$3	&nbs=;	\$1830 &nbs=; \$1900

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The base complex was gen=rally down today with a rally across the complex at 13:00 which subsided f=r all the metals bar Nickel. Macquarie consider base metals "the best=of a bad bunch when considering the different subsectors" as they expect demand growth to persist despite recent sp=utters. Nickel prices were moving up most of the day on heavy demand from =he alloy industry, while supply concerns persist due to the Indonesian exp=rt ban. Despite the mid day rally copper has been trading down. Yantai Penghui Copper, a 100kMT/yr copper smelter in Shendong province has halted production due to inability to obtain =redit following the Qingdao scandal. It is in talks with local gover=ment and banks to secure the financial aid it requires to resume production. CIBC see the copper and zinc markets bei=g tight in 2015. Zinc prices followed the base complex. Asia P=cific Mining Ltd have announced significant discoveries of silver, lead an= zinc around the Baldwin mine in Myanmar. Lead prices traded down in the morning but picked up at 13:00 and a=ain before close. Aluminium prices came rose in the morning only to come o=f after the 13:00 rally and picked up again for the close. Bauxite i=ventories have fallen in China as supplies have been hit by stricter financing rules.

Shanghai Aluminium on wa=rant stocks are down 3.71% to 48.6 kMT. LME Aluminium on warrant stocks ar= flat at 1852.2 kMT. Shanghai Copper on warrant stocks are flat at 30.8 kM=. LME Copper stocks are up 0.21% to 154.1 kMT. LME Nickel stocks are down 0.09% to 328.4 kMT.

Copper Vols are up 0.6% =n the front 0.2% in the back, Ali Vols unch, Nickel Vols are up 0.87% in J=n, up 0.32% in Feb, Lead Vols are up 0.15% in the front and Zinc Vols up 0=12%

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Upcoming Data

7/1-EC CPI Estimate Y=Y- Surv -0.1%, Actual -0.2%, Prior 0.3%

7/1- US MBA Mortgage =pplications-Actual 11.1%, Prior 18.2%

7/1- US ADP Employment Change-Survey 225k Actual 241k, Prior 208k, Revised =27k

7/1- US Trade Balance-Survey -42bn Actual -39bn Prior -43.4bn, Revised-42.2=n

Regards,

Prateek

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