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Sent: Wednesday, February 25, 2015 2:17 AM
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Subject: Fw: EOD Commodities Note - 24 Feb

Classification: Public

Oil vols lower and index is up 0.76% to 238.6746. You entered at 255.8709.

From: Stavros Valavanis
Sent: Tuesday, February 24, 2015 05:06 PM
Subject: EOD Commodities Note - 24 Feb

Classification: Public

OIL

A relatively quiet day in the crude market today, with both crudes settling around 20cents below yesterday. Newswise, in the North Sea, we had another strong window with forties settling at the highest level since June 2014. And Libya's noise continued as the Sarir oil field went offline again. Although BRE spreads were bid in the morning, they came off later as products finally weakened off their highs. In other news, Mexico said its Jan production was down 10% yoy, which is around 250kbd; I think mkt expectations for Mexico 2015 production is more like down 100-150kbd. It is not clear if these Mexico numbers factor in the fact that about 10% of Mexican stuff classified as production until recently was actually water! Interestingly, I saw Belize production is also dropping—I had no idea Belize produced 600kbd! Estimates are for it to drop below 500kbd this year. In other news, an OPEC "gulf source" said oil prices have stabilized at 60\$ and that's good enough for now. No idea what to make of this... Now Iraqi cargo tracking showed that 3rd week Feb loadings were 2.093Mbpd, a FAR cry from bbergs random 2.8Mbpd that made the rounds yesterday...Feb average thru the 22nd thus is now 2.8Mbpd, so even if this week increases to 2.5, that still puts Feb totals below 2Mbpd... In the US, USGC diffs were bid, presumably since USGC margins have skyrocketed...WTI Cash roll "strengthened" to -0.75 (wen't out -0.9 on expiry" but that's hardly strength in my book...In product's land, disty gave back some of the gains today on both sides of the atlantic. However, with the USW strike threatening to expand and no meetings planned for this week, selling US products here is difficult...

APIS just came out bearish. 8.9 total US crude build, Cush built 2.36M, P2 up 2.8M, P3 up 3.3M. Products wise, gasoline drew 1.6M and Disty drew 2.4M.

OIL VOLS

Quiet day in the vol markets. Vols sold off as flat prices barely budged. We saw some small interest in Jun15 WTI put spread buying. Not much else went through really...

	WTI (/change)	BRE (/change)
J15	56.65% -1.85%	51.00% -2.55%
M15	48.90% -0.80%	43.85% -0.80%
Z15	35.30% -0.5%	33.20% -0.80%
Z16	27.50% -0.40%	26.70% -0.10%

BASE METALS

3m lvls	dod change	support	resistance
Al \$1808	+\$17	\$1750	\$1800
Cu \$5775	+\$103	\$5600	\$5800
Zn \$2072	+\$26	\$2030	\$2150
Ni \$14,330	+\$205	\$14,000	\$15,000
Pb \$1770	+\$5.5	\$1750	\$1855

The day started quiet as traders waited for Yellen's speech on the FED rate hike and US data at 15:00, when prices exploded. It is assumed that Chinese buyers made up most of the surge in demand taking part in the traditional restocking period after Chinese New Year. There had been significant re stocking before CNY this year on low prices so this demand is likely to be short lived, especially as the Chinese PMI data due out tomorrow is expected to contract for a 3rd month in a row. The workers at the Lumwana copper mine in Zambia have returned to work after the government said that they would not lose their jobs but the president of Barrik Gold, the owner of the mine does not expect aggressive steps by the government to keep the mine open. Aluminum prices broke resistance at \$1800 but came back down towards close and is likely to test that level in the coming days, if not \$1850 is likely to be the new resistance. China is planning a massive land and sea route to Europe via central and western Asia comprising of roads, railways and pipeline known as "One Belt, One Road" and will likely spur demand for steel and aluminum. Meanwhile Aluminum production remains level outside of China according to the International Aluminum Institute as shuttered capacity is

replaced by new plants. Local power price is seen to be the big driver in keeping capacity shuttered rather than aluminum prices.

Shanghai Aluminum on warrant stocks are flat at 80 kMT. LME Aluminum on warrant stocks are up 0.43% to 1686.7 kMT Shanghai Copper on warrant stocks are flat at 53.2 kMT. LME Copper stocks are flat at 263.3 kMT. LME Nickel stocks are down 0.56% to 324 kMT.

Copper Vols are unch, Ali Vols are unch, Nickel Vols are unch, Lead Vols are unch Zinc Vols unch

Upcoming Data

24/2- DE GDP SA QoQ- Surv 0.7%, Actual 0.7%, Prior 0.7%

24/2- EC CPI QoQ- Surv -1.6%, Actual -1.6%, Prior -0.1%

24/2- Markit US Composite CPI- Actual 56.8, Prior 54.4

24/2- Markit US Services CPI-Surv 54.5 Actual 57, Prior 54.2

24/2- US Consumer Confidence Index- Surv 99.5, Actual 96.4, Prior 102.9

24/2- US Richmond Fed Manufacturing Index-Surv 6, Actual 0, Prior 6

25/2- China Manufacturing PMI-Surv 49.5, Prior 49.7

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