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**Sent:** Thursday, March 12, 2015 1:39 AM  
**To:** 'jeevacation@gmail.com'  
**Cc:** Vahe Stepanian; Ariane Dwyer  
**Subject:** Fw: EOD Commodities Note - 11 Mar

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Lower oil vols

From: Prateek Jain  
Sent: Wednesday, March 11, 2015 04:27 PM  
Subject: EOD Commodities Note - 11 Mar

OIL

Well the API data was off again for the net US builds. DOE showed an overall build of 4.5m, with cushing building 2.3m. This is on the back of net reduction of 4m imports and higher refinery runs by 1.3m. Even though production grew 300kb last week, that's a net pull of 5m barrels. Given that last week inventories built 10m, build this week is in line overall. However, these numbers were quite bearish compared to genscape and API numbers, and thus WTI moved lower quickly after the data. In products, gasoline drew 0.2m and disty built.. Cushing inventories weighed heavily on WTI spreads and Apr/Dec spread came off almost 50c.

Arb came off sharply after the DOE data and almost reversed the 2 day move. NSea window was strong yesterday indicating physical tightness and brent prompt spreads signal the same. Apr/May has now rallied to -30c, but May/June looks high at -88c. With the impending maintenance season and backed out barrels finding their way back in market, I am bearish this spread. In other news, Iraq is still struggling to clear the weather related backlog of Basrah light. Houston shipping channel is still closed from the vessel crash on Monday with no firm timeline of reopening. This could created another reduction in imports for this week.

Oil Vols

	WTI (/change)	BRE (/change)
J15	46.25% -3.10%	
M15	46.25% -2.10%	42.50% -3.00%
Z15	35.20% -0.55%	34.00% -1.35%
Z16	27.60% +0.20%	26.80% -0.75%

## Index

At first glance, the overall commodity complex looked a bit choppy today. Energy up, base down, precious down, ags up. But what I find most compelling is the ability for some of the commodities to rally in the face of a strengthening dollar today. In addition both the SPGS commodity index and Bloomberg Commodity Index were able to rally despite a poor Industrial production number of 6.8% from China. Perhaps this is signaling that maybe some commodities are ready to pick their heads up after being beaten up so bad last year and the beginning of 2015.

Have a scroll below for a 3 month relative performance...Sean Kemery

## Base Metals

3m lvs	dod change	support	resistance
Al \$1750	-\$12	\$1750	\$1800
Cu \$5720	-\$45	\$5700	\$5800
Zn \$1995	-\$26	\$1900	\$2000
Ni \$13,775	-\$275	\$13,500	\$14,000
Pb \$1800.5	-\$11.5	\$1750	\$1855

Weak Chinese investment, retail and industrial production data along with the continued strength in the dollar weighed on the market despite some short covering in the morning. The Marex Spectron copper sentiment index is up ~10 points to -62.5. MMG sees growing demand in the copper market by mid 2015 which should bring the market back into

balance but slow growth in Chinaa has been cited as a concern. Aluminum held in financing deals is expected to be exported onto global markets as physical premiums continue to fall and the forward curve flattens. Zinc and nickel broke through support but Zinc did not crash off on news that MMG's Century mine will close in the middle of the year. 11 new Indonesian nickel smelters are to be built in by 2017 have received \$1.4bn in investment with 6 due to start by the end of the year.

Shanghai Aluminum on warrant stocks are up 5.56% to 92.9 kMT. LME Aluminum on warrant stocks are up 0.46% to 1774 kMT Shanghai Copper on warrant stocks are up 3.13% to 71.3 kMT. LME Copper stocks are up 0.90% to 281 kMT. LME Nickel stocks are flat at 310 kMT.

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

#### Upcoming Data

11/3- China Retail Sales YoY- Surv 11.6%, Actual 10.7%

11/3- China Industrial Production YoY- Surv 7.7%, Actual 6.8%

Regards,

Prateek

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