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**From:** Daniel Sabba <[REDACTED]>  
**Sent:** Friday, January 9, 2015 1:53 AM  
**To:** Jeffrey Epstein  
**Subject:** Fw: EOD Commodities Note - 8 Jan [C]

Classification: Confidential

Vol in crude continues to collapse

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From: Pateek Jain  
Sent: 01/08/2015 09:15 PM GMT  
Subject: EOD Commodities Note - 8 Jan

Oil

A relatively quiet day in Crude today. We hovered around unchanged for most of the day before selling off in the afternoon and resting 50\$ BRE again. However, we failed to break it and rallied towards unchanged for the close, perhaps off the back of some index buying. Newswise, Feb Azeri BTC loadings will be up a whopping 11% m/o/m to 821kbd. Interestingly, there is apparently some floating storage interest happening as well, as some major phys trading firms have booked long term tankers for this as long term charter rates are cheaper and thus make the economics of storage look good. The window was again weak with ekofisk and brent offered down a bit. In other news, RTRS cites GCC "sources" saying that there is no chance of OPEC cut even though oil has dipped to 50\$... Stateside, we learned yesterday that the Seaway Twin is moving 100% heavy crude. Furthermore, USGC diffs weakened again, with LLS now trading 1\$ above WTI. In the morning WTI spreads were quite bid, but that abated towards the end of the day. The arb did however stay bid throughout the day, as the fact that LLS/WTI is tight at 1\$ means that there is more room BRE to discount vs LL= so as to place those Jan and Feb overhang cargoes in the US. In politics and, the Senate committee voted 13-9 to have Keystone "bypass" presidential approval. So if the Senate passes this bill (which it should as it has 60 co sponsors), Obama may have to veto it. It is not clear that the Senate has 67 votes needed to overturn the veto, so this should be interesting to follow... In products land, distillate bounced back a bit after yesterday's post stats ugly showing, perhaps off the realization that the stats didn't add up along with the extremely cold weather giving NG = (rare) bid as well...

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Oil Vols

Another day of carnage in oil vols today. Early morning NY vols were down 0.4-0.5 through the curve, but a one way selling streak started just before the open and all the bids out there started getting hit. As an example Dec5 atm straddles started the day 1465/1505, were 1405/1450 at 9am, and were 1350/1390 later in the day. Within 2 hours of open, vols were down about 3 vols across the curve.. and stayed there for most of the day till about 1:30pm when futures took a quick leg lower.. prompt vols traded 1.5% higher than close at that time and Jun5 was up 2% from the lows. However, with a quick rally back vols started fading again and ended 1.5-2.5 lower.

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G15      50.40% -1.60%      44.00% -2.60%

M15    41.40% -2.10%    38.20% -2.60%

Z16      28.60% -2.00%      28.50% -1.80%

No rhyme or reason to flat price action today.<=o:p>

Estimated rebalance numbers are next to today's performance grid. Only 4 more days to go.....Sean Kemery

3m lvls      &n=sp;      dod change &nb=p;      support      &nb=p;      resistance

$$A \$1832 \quad + \$42 \quad = \$1800 \quad = \$1900$$

Cu \$6101      - \$11      \$6000      \$6200

$$\text{Zn } \$2160 \quad + \$27 = \quad \$2125 \quad - \$200$$

Ni \$15,550 = +\$0 &nbsp;=p; &nbsp;=bsp; \$15,000 &nbsp;=bsp; \$15,650

Pb \$1851      +\$1      =      \$1830      \$1900

The base complex was up in the morning, with most metals rallying around 12:30, retracing in the afternoon then rallying to the close. Gains in stock markets, Fed confidence in the US economy and the increasing likelihood of aggressive stimulus in Europe are holding up the complex, but the re-weighting of commodity indexes is likely to result in a sell off in Nickel, Aluminum and Zinc between 8-14 Jan. Aluminium prices recovered as shorts were covered. Commerzbank expects to see a further rebound in coming days. Copper prices are suffering due to the sell off in the energy market. Nitaxis sees the Chinese State Reserve Bureau cutting its purchases from 600-700 kMT in 2014 to ~300 kMT in 2015 as domestic supply catches up with demand. Zinc open interest is looking very high leading Macquarie to suggest that prices may be going down this quarter.

Shanghai Aluminium on warrant stocks are down 3.52% to 46.9 kMT. LME Aluminium on warrant stocks are flat at 1852.2 kMT. Shanghai Copper on warrant stocks are up 0.97% to 31.1 kMT. LME Copper stocks are up 0.67% to 155.1 kMT. LME Nickel stocks are down 1.21% to 324.4 kMT.

Copper Vols are up 0.28% in the front, Aluminum Vols unchanged Nickel Vols are unchanged in the front, up 0.27% in the back, Lead and Zinc Vols unchanged

#### Upcoming Data

8/1- EC Consumer Confidence-Surv -10.9, Actual -10.9, Prior -10.9

8/1- US Initial Jobless Claims-Surv 290k, Actual 294k, Prior 298k

Regards,

Prateek

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