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**From:** Daniel Sabba [REDACTED]  
**Sent:** Friday, March 20, 2015 7:59 PM  
**To:** jeffrey E.  
**Subject:** RE: FW: EOD Commodities Note - 20 Mar [C]  
**Attachments:** 182298\_20150319\_20150320\_1.pdf

Classification: Confidential

It was marked at -341k as of yesterday's close. Attached.

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jeffrey E. [mailto:jeevacation@gmail.com]  
Sent: Friday, March 20, 2015 3:56 PM  
To: Daniel Sabba  
Subject: Re: FW: EOD Commodities Note - 20 Mar

Net p\$ I on vol trade ??

On Friday, March 20, 2015, Daniel Sabba [REDACTED] > wrote:

From: Prateek Jain  
Sent: Friday, March 20, 2015 3:35 PM  
Subject: EOD Commodities Note - 20 Mar

OIL

Both crudes rallied strongly today with multiple bullish news along with dollar weakness. Iran delegation left nuclear talks after meeting with John Kerry and said the talks will resume on 25th. Kerry stated that talks need high-level consultations. These headlines reduced the optimism about talks ending positively and crude rallied quickly from there. April WTI expired today, very strong compared to May contract. Guess what.. Cushing isn't full yet! Cost of storage at Cushing is much below the current spread level and all the CSO open in interest in apr/may expired yesterday leaving the spread back to fundamentals. April/May spread moved from -1.57 yesterday to -0.75 intraday ending at -0.85. Very short market positioning also escalated the rally in the spread with stops triggering on way higher. US oil rig count fell by 41 to 825..we are now close to 50% below the peak rig count (production though is still above the peak rig count level), and should see production finally flattening out soon.

Obama admin also issued federal regulations for fracking mandating drillers on federal lands to reveal the chemicals used, safely dispose contaminated water and meet well construction standards. Although only about 5% of US oil production is done on federal lands, the intention is for states to follow suit. These regulations are expected to increase cost of fracking, further reducing margins for oil producers. In other news, Russia's small refineries may start scaling back as their discount for exporting fuel decreases with lower oil prices. This is expected to free up 250kbd for export this year from Russia. Libyan exports are coming back at a fast pace with average exports of 500kbd now, up from 208kbd in Feb as the violence and militia tensions ease. Higher expected supply in front months is still weighing down on spreads with may/jun spread trading at -1.13 now.

Vols were weaker in both crudes in line with the rally..

		W=I (/change)		BRE (/change)
K15		48.30% -0.80%		45.50% -2.00%
M15		48.60% -2.10%		45.30% -1.60%
Z15		36.55% -1.00%		35.60% -0.60%
Z16		27.40% -0.90%		26.90% -0.40%

(I am off Monday and Tuesday, will resume EOD Note on Wednesday.)

#### Metals

3m lvls		dod change		support		resistance
Al \$1794		+\$14		\$1750		\$1800
Cu \$6050		+\$197		\$6000		\$6100
Zn \$2054		+\$33.5		\$2000		\$2100
Ni \$14,145		+\$375		\$14,000		\$14,500
Pb \$1773.5		+\$62.5		\$1700		\$1800

Copper prices have brought the base complex up on speculation that Chinese demand is returning due to stocks coming off at Shanghai and continued issues at the Grasberg mine. In the afternoon a big drop off in the dollar fuelled a rise across the board but there are rumours circulating that China will lower its rates over the weekend and that China will

widen the trading band of CNY. The blockade at Grasberg continues into the 5th day but as there are still stocks waiting to be loaded at the port it is unlikely to result in and short term supply issues. Malaysian Finance Ministry officials are meeting to discuss the 6% tax on metals placed in warehouses from April that is expected to cause copper and nickel stocks to leave the region. Rusal has seen gain on an improving outlook on Aluminum as demand rises and stocks fall in it= key European markets

Shanghai Aluminum on warrant stocks are flat at 112.5 kMT. LME Aluminum on warrant stocks are up 1.57% to 1927 kMT  
Shanghai Copper on warrant stocks are down 0.93% to 83.3 kMT. LME Copper stocks are up 0.41% to 247 kMT. LME Nickel stocks are flat at 3=4 kMT.

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

Regards,

Prateek

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