

to 40\$/bbl, he would not see a need for OPEC to cut production. In other news, the forties stream is having some technical issues, with Buzzard production halted. Furthermore, Libyan fighting over the weekend has shut the ES Sider terminal and possibly the Ras Lanuf terminal, which is causing the production of the 160kbd wafa field and some other smaller fields; this puts Libyan production below 400kbd. There was also a 3 day Nigerian oil worker strike that started today. There are no apparent loading delays yet but there are rumors that the NNPC did not approve any new loadings today. Also, the NSEA window was bid today with Jan 7-10 forties being bid up to +35 cents. BRE spreads took notice and rallied sharply, with the prompt BRE spread trading up to -13cents. quite close to backwardation! In products land, European distillate was weak again, with the prompt gasoil crack trading below 13\$. US distillate on the other hand was extremely bid, with cash trading strong.

OIL VOLS

Oil vols rallied aggressively today as we made new lows in both crudes. WTI vols rallied more than BRE vols. 20d puts vs 20d calls rallied another 3 vols in H1 2015, although we did see some faint interest in selling prompt puts in BRE towards the end of the day. The back end of the curve was quieter, although we did see some interest in selling z16 100\$WTI calls. Overall, the market is panicked about further downside and everyone is short. So until we stop dropping for a while, it's hard to see vols going down much in call. For those not seeing much of a chance of oil going below 45\$, but don't see much of a rally ahead either, something like a clz5 45/75 DNT at 31% would make sense.

G15	48.20%	+6.10%	45.20%	+4.85%
H15	45.20%	+4.30 %	42.80%	+3.90%
M15	38.90%	+2.40%	36.55%	+1.85%
Z15	31.80%	+1.30%	30.55%	+0.65%

Base Metals

3m lvs resistance	dod change	support
Al \$1927.75 \$1945	-\$7.5	\$1925
Cu \$6396 \$6530	-\$94	\$6300
Zn \$2178 \$2200	-\$13	\$2150
Ni \$16,450 \$17,100	-\$225	\$16,300
Pb \$1966.25 \$2010	+\$28.75	\$1975

The base complex was looking relatively strong in the morning on expected Chinese stimulus but traded down in the afternoon, reversing gains from the morning on a weaker dollar and lower oil. Copper prices saw modest gains in the morning reversing the gains at around 13:00 before coming off heavily in the afternoon, crashing through \$6300. Australia's Bureau of Resource and Energy Economics is forecasting a 300 kMT copper surplus in 2015. China's Gansu province, the 4th largest copper producing region in the country increased it's output by 20% to around 93 kMT in October, however Shandong, the 3rd biggest copper producing region saw a drop in output from ~101kMT to 96kMT. Rio Tinto sees the copper market entering deficit in 2018 on increased demand in electricity networks as they build and incorporate more renewable energy sources. BHP Billiton and Rio Tinto are amassing copper holdings in order to repeat it's iron ore strategy of squeezing out high cost producers. Their jointly owned Resolution project in Arizona could meet 25% of US copper demand on it's own, Escondida in Chile could produce 1mnMT/year ~5% of world output. Nickel prices reached highs of \$16860 this morning on news that First Quantum shut it's 38 kMT Ravensthorpe plant in Australia after a sulphuric