

Subject: Re: crude oil commentary
From: Daniel Sabba <[REDACTED]>
Date: Mon, 15 Dec 2014 21:38:59 -0500
To: Paul Morris <[REDACTED]>

Classification: Public

So many... We need more clients like JE.

----- Original Message -----
From: Paul Morris
Sent: 12/15/2014 09:35 PM EST
To: Daniel Sabba
Subject: Re: crude oil commentary
Classification: Public

Hey there, I'm back on thursday do we have other trade ideas for clients?

----- Original Message -----
From: Daniel Sabba
Sent: 12/15/2014 04:52 PM EST
To: jeevacation@gmail.com
Cc: Vahe Stepanian; Paul Morris; [REDACTED]; Stewart
Oldfield
Subject: crude oil commentary
Classification: Public

Jeffrey, see below - short term crude ivols up to 48% with UAE oil minister's comments... We have been working on some short vol trades in oil we could discuss if you are interested.

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From: Stavros Valavanis/[REDACTED]
[REDACTED]

To:

Date: 12/15/2014 03:45
PM

Subject: DB EOD Commodities Note - 15
Dec

Classification: Public
OIL

Another down day in crude today, with WTI off 4% and BRE off 2%. The market was spooked today by the UAE oil minister's comments who affirmed OPEC's decision to maintain production at 30M, and does not see a reason for an emergency OPEC meeting. He also seemed to imply that even if oil were to fall 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 call5. 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 lvls 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

acid spill and concerns that typhoon season in the Phillipines will lead to shortages in ore after being hit by typhoon Hagupit last week but followed the pattern of the base complex in the afternoon. Aluminium, Zinc and Lead prices followed the base complex, starting off higher before losing ground at 16:00.

Shanghai Aluminium on warrant stocks are up 16.27% to 78.7 kMT. LME Aluminium on warrant stocks are flat at 2016kMT. Shanghai Copper on warrant stocks are up 18.57% to 18 kMT. LME Copper stocks are down 5% 144.2 kMT. LME Nickel stocks are up 0.27% to 307.5 kMT.

ATM Copper Vols are down ~0.83% in JAN, up ~0.34% in the back, Ali Vols down ~0.3% , Nickel vols are down 0.2, Lead and Zinc Vols unch

Upcoming Data

15/12- US Empire Manufacturing- Survey 12, Actual -3.58, Prior 10.16

15/12- US Industrial Production MoM- Survey 0.7%, Actual 1.3%, Prior -0.1%

16/12-HSBC China Manufacturing PMI- Survey 49.8, Prior 50

16/12- Markit Eurozone Composite PMI- Survey 51.5, Prior 51.1

16/12- Markit Eurozone Manufacturing PMI- Survey 50.5, Prior 50.1

16/12- Markit US Manufacturing PMI- Survey 55.5, Prior 54.8