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**From:** Daniel Sabba <[REDACTED]>  
**Sent:** Tuesday, March 3, 2015 9:33 PM  
**To:** jeffrey E.  
**Cc:** Vahe Stepanian; Ariane Dwyer; Richard Kahn  
**Subject:** FW: EOD Commodities Note - 3 Mar

Trading update on oil.=Lower vols post Bibi's speech.

Prateek Jain  
Sent: Tuesday, March 03, 2015 4:24 PM  
Subject: EOD Commodities Note - 3 Mar

## OIL

Another full day in the oil market. BRE led the rally, up around 2.5%. WTI followed at up 1.5%. The arb gave back some of yesterday's rally, as products supported BRE a bit. Furthermore, the escalating violence in Libya also provided some support, as Islamists took over the Mabrouk oil field. Also, Saudi raised its OSPs to Asia significantly by 1.4\$, yet also raised to the US by 1\$. The OSPs to Europe and the Med were more or less unchanged. Although an OSP rise was expected, I think the magnitude was higher than most thought...In the NSEA, forties diffs were steady; but rumors of a 3rd VLCC to SK are making rounds. Med diffs were also steady for a second day. In other news, Netanyahu addressed the US Congress, where he said what you might expect. However, I think that he did hint that in the case that Israel doesn't like the deal (which it won't), they may act unilaterally. Of course, this is always a risk, but makes for an interesting couple of weeks, especially as Congress applauded pretty much everything he said.... In products land, the meeting between USW and Shell is not happening tomorrow as initially planned; this might be the Union's response to news that Shell is running its whole deer park refinery with non-union employees. US products strengthened...In Europe, distillate strengthened as FSU exports in March from the Baltic and black sea, even though they are up m/o/m, are mainly in low sulfur. High Sulfur is down 300Kt, which is what Europe is missing at the moment...

## Oil Vols

		WTI (/change)		BRE (/change)
J15	50.40%	-3.00%	49.35%	-2.20%
M15	46.20%	-1.05%	43.40%	-0.20%
Z15	32.90%	-0.20%	31.40%	-0.25%
Z16	24.85%	-0.10%	24.25%	-0.15%

## Base Metals

3m lvls	&nb=p;	=nbsp;	dod change&nbs=;	support &nbs=;	&nbsp;=nbsp;	resistance	
Al \$1793	&n=sp;	=	-\$8 &nbs=;	&nbsp;=nbsp;	\$1750 &nb=p;	=nbsp;	\$1800
Cu \$5814	&n=sp;	=	-\$91.5 &nbsp;=nbsp;	&nbsp;=nbsp;	\$5800 &n=sp;	=nbsp;	\$6000
Zn \$2033	&n=sp;	=	-\$25 &nb=p;	=	\$2030 &n=sp;	=nbsp;	\$215=
Ni \$13,700	=nbsp;	&nb=p;	-\$155 &n=sp;	=nbsp;	&n=sp;	\$13,500 &nb=p;	\$14,000
Pb \$1751	&n=sp;	=	+\$6 &n=sp;	=nbsp;	\$1750 &n=sp;	=nbsp;	\$1855

Prices crashed just before 9am setting the direction for the day as the dollar gained strength and the market speculated that the Chinese interest cut over the weekend may indicate that weaker economic data will be coming out of the top copper consumer as the Chinese central bank would only act before growth targets are announced at the annual leadership meeting this week if the outlook was dire. According to a Reuters poll the copper oversupply is down to 221 kMT from 350 kMT but this is significantly higher than recent estimates after production cuts in Australia, Zambia and Chile. KGHM is looking to spend \$1.5-\$2bn on the phase 2 development of the Sierra Gorda copper mine in Chile which aims to be completed by 2019 to meet a "real supply deficit" between 2016 and 2020. Chinese copper premiums have risen by ~\$2.5 to \$90-\$100, indicating a small pick up in demand but seasonal very weak given the return from Chinese New Year. Aluminum broke support but remains hovering around that level so may test it again in coming days. Zimbabwe's Bindure Nickel Corporation will restart its 160 kMT/year smelter by December after raising \$20m

Shanghai Aluminum on warrant stocks are up 1.22% to 2.8 kMT. LME Aluminum on warrant stocks are flat at 1747 kMT. Shanghai Copper on warrant stocks are up 5.65% to 60 kMT. LME Copper stocks are flat at 268 kMT. LME Nickel stocks are down 0.58% to 322 kMT.

Copper Vols are down 1% in the mid, Al Vols are unch, Nickel Vols are unch, Lead Vols are unch Zinc Vols unch

## Upcoming Data

3/3- Wards US Total Vehicle Sales- Surv 16.7m, Prior 16.56

3/3- Wards US Domestic Vehicle Sales- Surv 13.4m, Prior 13.31

Regards,

Prateek

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