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**Subject:** Fw: EOD Commodities Note - 9 Feb  
**Date:** Tue, 10 Feb 2015 09:19:08 +0000

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Classification: Public

See below, another day of lower vols. Index is up 3.06% to 235.63 from 228.63. You entered at 255.8709.

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**From:** Prateek Jain  
**Sent:** Monday, February 09, 2015 09:57 PM  
**Subject:** EOD Commodities Note - 9 Feb

### OIL

An interesting day in the crude market, as the rally continued. OPEC's report came out more bullish than the previous one, as they decreased non-opec production by 420kbd to around 850kbd growth, and raised the call on their crude to 29.2M bbls (which would be above 2014 level). Clearly, their strategy seems to be working, at least in the short term. In other news today, Libya's El Hariga terminal was shutdown due to fighting, bringing Libyan exports to below 100kbd. The situation remains dire there. In the north sea, forties weakened as a late February cargo was offered with no buyers coming in. In other news, March Azeri loadings from Ceyhan will drop by 73kbd to 748kbd. And in the US, diffs also weakened, perhaps due to the 2 new additions to the refinery strikes (BP Whiting and Toledo) although they still seem to be operating at normal rates for now. Furthermore, Ponca City brought forward their maintenance from October to February 20, and Garyville FCC went offline due to mechanical issues. As one would expect, US product cracks strengthened significantly, and European disty was bid as well...

*As I am in London for IP week, forgive my perhaps incomplete commentaries. But as a bonus, here is most interesting thing I heard today.*

*World Producer revenue losses in Jan15 vs Jun14 are estimated at \$5.4BN per day (yes you read correctly-circa 2 Trillion annualized). World capex cuts so far worldwide amt to \$0.33M/day. In this already cash flow negative industry, can efficiency gains cane make up for the extra 5.15Bn loss/day given that total revenue right now/day is circa 4.5Bn? Obviously this is a very high level picture and a lot of losses taken by governments and NOCs, who are not marginal barrel producers. However, these numbers are staggering! - Stavros*

### Oil Vols

Another sharp selloff in vols today as crude failed to break previous highs. Speaking to a few other market participants, the consensus seems to be that things should get cheaper in the coming days.. there were very few buyers of vega today and vols kept making new lows as bids kept getting hit during the day..

	WTI (/change)	BRE (/change)
H15	52.30% -6.70%	
M15	47.30% -4.00%	43.25% -4.00%
Z15	36.40% -2.40%	34.50% -1.90%
Z16	28.80% -0.50%	28.50% -0.55%

Regards,  
Prateek

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