

Commodities

Commodities: Daily



13 January 2011

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- The fall in PGM prices has been curbed by continued buying interest in dips, as investors look to catch the next rally and heavy rains threatening South African platinum production.
- In the energy space the Trans-Alaska pipeline has resumed operation at a rate of 400,000 barrels per day, about two-thirds of its normal levels. It is planned to shut the pipeline down again at end of this week for 36 hours to install a bypass to complete the repair for the leak.

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Commodity price data (12 January 2011)

Base metals LME 3-month

	Open	Close	High	Low	Daily change	Change (%)	Cash Settle	Change in cash settle	Cash - 3m
Aluminium	2,495	2,506	2,508	2,496	8	0.44%	2,484.50	-5	-16.75
Copper	9,610	9,695	9,685	9,636	175	0.88%	9,625.00	141	5.25
Lead	2,639	2,661	2,679	2,652	66	0.83%	2,662.00	32	21.00
Nickel	25,105	25,805	25,950	25,680	1,200	2.79%	25,065.00	470	-30.00
Tin	27,000	27,050	27,095	26,960	450	0.19%	26,795.00	145	38.00
Zinc	2,444	2,479	2,462	2,446	73	1.43%	2,435.00	35	-11.50

Energy

	Open	Close	High	Low	day/day	Change (%)	ATM 1m vol	ATM 6m vol	ATM 1y vol
ICE Brent	98.22	98.36	98.51	98.22	0.24	0.24%	-	-	-
NYMEX WTI	92.00	91.92	92.16	91.81	0.06	0.07%	-	-	-
ICE Gasoil	810.25	809.50	811.00	808.75	-2.00	-0.25%	-	-	-
API2 Q1'11	127.50	125.70	-	-	-1.80	-1.43%	-	-	-
ICE EUA Spot	14.00	13.90	-	-	-0.10	-0.71%	-	-	-

Precious metals

	AM Fix	PM Fix	High bid	Low offer	Closing bid	Change (d/d)	EFP's
Gold	1,383.50	1,378.75	1,386.85	1,377.50	1,386.00	1.60	-0.4/0.0
Silver	-	29.60	29.80	29.40	29.52	0.02	1.0/3.0
Platinum	1,789.00	1,793.00	1,805.00	1,764.00	1,798.00	33.00	0.0/2.0
Palladium	805.00	803.00	813.00	784.00	805.00	25.00	-1.0/1.0

Sources: Standard Bank; LME; BBG

Base metals

The bond auctions for Spain and Italy this morning were both fairly painless, with the Euro continuing to strengthen against the dollar. Unlike yesterday however, where a solid Portuguese auction saw the dollar weaken and the base metals rally, the metals have been unable to sustain their gains, coming back under pressure in spite of the weaker dollar and an easing in risk aversion.

After trading back above \$9,700 late on Wednesday, copper has fallen back below \$9,600 as momentum stalled and as profit taking kicked in. With China, for all intents and purposes out of the game for the moment, as evidenced by poor overnight volumes and weak physical premiums, copper is increasingly reliant on the investment community. Fading upwards momentum, essentially reflecting an unwillingness to chase prices higher, has resulted in choppy sideways trading with technical trading patterns emerging as the main driver of short term prices for the moment.

Nickel was the strongest performer yesterday, bursting into life late-on to finish the day on its highs and within touching distance of \$26,000. Nickel has since traded to within a whisker of the \$26,000 level this morning, but in the face of fading momentum elsewhere, and a sizeable - 1,464 mt - increase in on warrant stocks in Rotterdam, prices have drifted back towards \$25,500 heading into the afternoon.

Aluminium was one of the few metals not to rally on Wednesday, with the metal ignoring the weaker dollar, and unfolding disaster in Queensland, Australia, to trade sideways, albeit with a significant degree of intraday volatility. Rio Tinto has this morning declared force majeure for aluminium supplies from its Boyne Smelting unit in Queensland, owing to the floods cutting road and rail access between Gladstone and Brisbane, and due to the closure of the port facilities at Brisbane. Aluminium prices have nevertheless continued to come under pressure however, with the metal tracking the movements in the copper price on the approach to US trade.

Meanwhile, the Chinese Yuan continues to appreciate against the US\$, fixing at 6.5977 today and below 6.60 for the first time. Steady currency appreciation against the dollar, while only having a marginal impact in terms of actually offsetting higher dollar-denominated metal prices, nevertheless serves as yet another factor helping to delay the decision making process for Chinese metal consumers, with activity from that part of the world likely to remain subdued for at least the next four weeks or so.

By Leon Westgate

Precious metals

Yesterday's successful Portuguese bond issuance has stalled the recent rally in precious metals, as risk aversion eases and safe-haven demand dissipates. Portugal managed to secure favourable borrowing rates on €1.25bn worth of 10-year bonds. This news bodes well for the Spanish and Italian bond auctions today, posing further downside risk to precious metals, especially gold and silver. However, eased concerns over Europe's debt situation have prompted a weakening of the dollar, which as anticipated has limited losses on precious metals.

Adding to reduced demand for safety, was the generally positive tone of the Fed's Beige Book. Six regions reported "modest to moderate" growth, while four noted "improving" conditions. The Fed also restated its commitment to its current quantitative easing program (QE II), although some market participants are speculating that a strengthening US economy might warrant a cutting back of the planned \$600bn in bond purchases. From a liquidity perspective this would dent precious metals, most notably gold. However, we feel at present the risks of this happening are minimal.

Gold support is at \$1,378 and \$1,371. Resistance is at \$1,392 and \$1,397.

Profit taking exacerbated by reduced risk aversion, prompted a strong sell-off of silver in Asia markets. Lower prices however might entice physical buyers placing a floor on silver's fall. Silver support is at \$29.37 and \$29.14, resistance is at \$29.83 and \$30.06.

The fall in PGM prices has been curbed by continued buying interest in dips, as investors look to catch the next rally and heavy rains threatening South African platinum production. Platinum support is at \$1,768 and \$1,742, resistance is at \$1,814 and \$1,833. Palladium support is at \$789 and resistance at \$821.

By Marc Ground

Energy

Front month WTI gained \$0.75/bbl to close at \$91.86/bbl, while Brent moved up by \$0.51/bbl to settle at \$98.12/bbl. RBOB cracks declined by another \$1.4/bbl as the DOE confirmed a large gasoline inventory build. Heating oil cracks also weakened slightly on the back of a build in US distillate inventory. The term structures for WTI and Brent continued to strengthen yesterday on the back of the supply disruptions from Alaska.

The Trans-Alaska pipeline has resumed operations, at a rate of 400,000 barrels per day, or about two-thirds of its normal level. The pipeline is scheduled for another 36 hour closure at end of this week, in order to install a bypass to complete the repair for the leak. The front month WTI/Brent spread weakened by 24c/bbl yesterday on the news, and following a small draw in Cushing stocks.

Yesterday the DOE reported changes in US oil inventories for crude/gasoline/distillate of -2.2/+5.1/+2.7 mmbbls respectively, for the first week of 2011. The reports showed that US crude imports increased by 0.45mbd w/w (8.9mbd last week vs a 9.1mbd average in 2010). PADD3/Gulf Coast continued to lead the crude draw (-7.3mmbbls), which we believe is a carry-over of the year-end de-stocking. Cushing showed a surprise draw of 0.1mmbbls, but PADD2 had a build of 2.1mmbbls. PADD5/West coast saw inventory builds for crude/gasoline/distillate (+1/+2.1/1.3 mmbbls respectively), which may provide a cushion for any temporary disruption caused by the Alaska pipeline issues. The total US refinery run rate was 1.6% lower w/w.

We started 2011 with crude and distillate inventories setting new highs for this time of year, while gasoline stocks were just 0.1% lower than the record high level reached last year.

With the inventory data out of the way and Alaska pipeline situation settling down, the market is likely to be dominated by the financial market and the macroeconomic data today and tomorrow. The Spanish and Italian debt auctions of are 3 billion and 6 billion of debt were completed today without problems.

By James Zhang

Base metals

Daily LME Stock Movement (mt)

Metal	Today	Yesterday	In	Out	One day change	YTD change (mt)	Cancelled warrants (mt)	Cancelled warrants (%)	Contract turnover
Aluminium	4,408,350	4,393,700	19,600	4,950	14,650	131,300	165,700	3.76	203,902
Copper	378,175	379,650	100	1,575	-1,475	625	34,350	9.08	127,202
Lead	211,975	211,675	825	525	300	3,700	6,950	3.28	35,411
Nickel	135,096	135,864	0	768	-768	-576	4,230	3.13	28,922
Tin	17,115	16,890	250	25	225	840	510	2.98	8,343
Zinc	710,025	710,150	0	125	-125	8,600	1,575	0.22	70,880

Shanghai 3-month forward prices

Metal	Open	Last	1d Chnge
Aluminium	16,920	16,890	5
Copper	71,600	71,240	100
Zinc	19,355	19,240	110

COMEX active month future prices

	Open	Close	Change	Change (%)
Ali Mar'11	-	-	-	-
Cu Mar'11	441	440.95	-0.20	-0.05%

ZAR metal prices

	Aluminium	Copper	Lead	Nickel	Tin	Zinc	ZAR/USD fix
Cash	17,019	65,931	18,235	171,695	183,546	16,680	6.8500
3-month	17,393	67,288	18,469	179,100	187,741	17,205	6.9405

Energy

Energy futures pricing	Price	Change	Price	Change	Price	Change	Price	Change	Price	Change
	1 month		2 month		3 month		6 month		1 year	
Sing Gasoil (\$/bbl)	108.15	0.95	109.46	1.28	109.61	1.29	110.58	1.09	112.37	0.94
Gasoil 0.1% Rdam (\$/mt)	809.50	-2.00	813.50	-1.75	817.50	10.75	825.00	9.25	838.25	8.25
NWE CIF jet (\$/mt)	881.02	5.39	891.94	10.50	894.82	9.83	902.05	7.83	915.95	7.32
Singapore Kero (\$/bbl)	109.58	1.09	111.26	1.18	111.36	1.14	112.28	0.94	114.29	0.80
3.5% Rdam barges (\$/mt)	506.64	2.03	509.79	3.16	509.69	3.27	512.82	3.52	519.52	3.04
1% Fuel Oil FOB (\$/mt)	518.08	2.59	523.54	3.41	525.44	4.02	532.07	3.27		
Sing FO180 Cargo (\$/mt)	533.27	2.24	538.54	3.41	537.19	3.52	539.07	3.27		

Thermal coal

	Q1-11	Q2-11	Q3-11	Cal 11	Cal 12
API2 (CIF ARA)	125.70	-1.80	121.70	-1.30	119.50
API4 (FOB RBCT)	128.20	-1.65	124.80	-1.10	120.90

Precious metals

Forwards (%)	1 month	2 months	3 months	6 months	12 months
Gold	0.39200	0.41000	0.44400	0.52800	0.68000
Silver	0.54600	0.55000	0.56000	0.61000	0.68000
USD Libor	0.26125	0.28250	0.30313	0.45681	0.78375

Technical Indicators	30-day RSI	10-day MA	20-day MA	100-day MA	200-day MA	Support	Resistance
Gold	52.91	1,386.69	1,388.31	1,346.09	1,274.44	1,378.00	1,392.00
Silver	58.30	29.63	29.62	25.30	21.79	29.37	29.83
Platinum	61.07	1,759.70	1,745.39	1,678.14	1,633.11	1,768.00	1,814.00
Palladium	63.90	782.23	773.24	653.55	569.21	789.00	821.00

Active Month Future	COMEX GLD	COMEX SLV	NYMEX PAL	NYMEX PLAT	DGCX GLD	TOCOM GLD	CBOT GLD
	Feb'11	Mar'11	Apr'11	Apr'11	Feb'11	Dec'11	Feb'11
Settlement	1,385.50	29,585.00	810.25	1,801.10	1,385.40	3,713.00	1,385.90
Open Interest	588,179	136,331	22,188	38,973	2,420	118,281	2,606
Change in Open Interest	-3,190	-648	175	-421	25	0	-3

Sources: Standard Bank; LME; Bloomberg

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