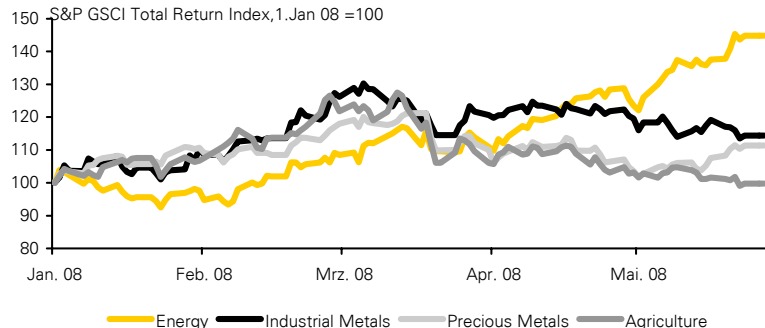



**Economic &  
Commodity Research**

# Commodities Daily

Heterogeneous picture from base metals

**Energy strongly outperforming other commodity classes**


Sources: Bloomberg, S&amp;P GSCI, Commerzbank Corporates and Markets

**Prices**

Energy*	current	1 day	1 week	1 month	1 year
Brent Blend	132.4	0.2%	3.7%	14.0%	87.6%
WTI	132.2	0.8%	4.9%	12.5%	104.5%
Gasoline RBOB	339.6	1.2%	6.1%	12.5%	42.9%
Gasoil	1279.5	0.7%	4.7%	18.7%	112.8%
Diesel	1333.5	0.6%	5.4%	23.3%	111.8%
Jet fuel	1402.5	0.1%	3.5%	18.5%	108.5%
Natural gas	11.9	1.7%	10.0%	9.9%	57.8%

**Industrial metals\*\***

Aluminium	3001	0.2%	0.4%	0.4%	7.7%
Copper	8180	0.1%	-1.5%	-4.5%	13.7%
Lead	2009	0.1%	-9.9%	-27.4%	-9.5%
Nickel	24100	-2.9%	-10.3%	-20.7%	-49.5%
Tin	23750	0.8%	-0.2%	0.3%	72.3%
Zinc	2150	1.4%	-4.7%	-6.1%	-40.1%

**Precious metals\*\*\***

Gold	929.1	-0.5%	0.5%	4.3%	40.9%
Silver	18.3	-0.8%	2.8%	7.6%	40.2%
Platinum	2186.0	-0.4%	1.4%	11.3%	71.0%
Palladium	453.0	-0.6%	1.2%	2.2%	22.5%

**Agriculturals\***

Wheat	752.5	1.1%	-3.8%	-4.9%	51.9%
Corn	599.8	0.5%	2.8%	4.5%	60.4%
Soybeans	1368.0	1.6%	4.2%	4.8%	71.0%
Sugar	10.0	1.1%	-6.8%	-11.0%	7.4%
Coffee	134.0	0.6%	-0.3%	3.3%	19.4%
Cocoa	2577.0	0.6%	-0.7%	-9.1%	34.5%

\* 1-month forward, \*\* 3-month forward, \*\*\* spot

**Inventory data**

Energy*	current	1 day	1 week	1 month	1 year
Crude oil	320442	-	-1.6%	2.2%	-7%
Gasoline	209413	-	-0.4%	-2.9%	6%
Destillates	4344	-	-0.2%	7.8%	4%
Jet fuel	107790	-	0.7%	1.6%	-10%
Natural gas	1614	-	5.6%	28.0%	-17%

**Industrial metals\*\***

Aluminum LME	1071075	-0.2%	3.0%	2.6%	28.8%
Aluminum COMEX	10924	0.0%	0.0%	-4.8%	-43%
Aluminum Shang.	185917	-	-1.0%	0.5%	535%
Copper LME	124400	-0.8%	1.4%	12.3%	-7.3%
Copper COMEX	10819	0.0%	1.5%	-5.6%	-65%
Copper Shanghai	45586	-	-11.5%	-18.9%	-54%
Lead LME	63600	-0.6%	-1.2%	16.0%	35.6%
Nickel LME	48558	-0.3%	-1.9%	-6.5%	551.6%
Tin LME	7425	0.2%	-3.7%	-5.3%	-14.5%
Zinc LME	128650	0.0%	0.1%	-0.1%	66.0%
Zinc Shanghai	69130	-	-0.7%	-2.4%	-

**Precious metals\*\*\***

Gold	7586739	0.0%	1.9%	-1.4%	-1%
Silver	133874	0.0%	0.6%	-1.3%	1%
Platinum	1068	0.0%	0.0%	0.0%	63%
Palladium	4618	0.0%	-0.2%	-1.7%	-29%

\*'000 barrels (DOE), \*\* metric tons, \*\*\* gold – oz., silver – '000 oz.

**Energy:** Crude is slowly fighting its way back to the latest record level of \$135 a barrel. With trading thin, because of the public holidays in the USA and the UK, reports of new attacks by the Nigerian militant group MEND on a crude oil production site of Royal Dutch Shell have pushed the price for WTI beyond \$133 a barrel again. Furthermore, OPEC President Chakib Khelil reiterated that expansion of output levels is not planned because of ample market supply. Lastly, the news of lower production levels in Mexico is also having an impact: In April, the strongest decline for 12 years was posted, with production falling by 13% year-on-year to 2.7 million barrels due to lower productivity of the major oil fields. Mexico was still producing 3.2 million barrels a day in 2006, making it the world's sixth largest producer. The row between the West and Iran over the atomic program moved centre stage again after the Head of the International Atomic Energy Agency IAEA presented a critical report. Iran is the world's fourth largest producer with a daily output of a good 4 million barrels. All in all, the climate for further price advances remains intact after a short consolidation phase.

Memorial Day marked the start of the so-called summer driving season in the USA yesterday, which is the main travelling time with the highest gasoline demand, lasting up to Labour Day at the beginning of September. In this period, market players generally show a greater interest in the development of gasoline inventories. On the back of full stocks and falling demand compared with a year ago, there should be hardly any upward pressure on prices from this front. The EIA had pointed out several weeks ago that weaker gasoline demand was likely this season owing to the rising prices on the one hand and the lower growth of disposable income on the other. We still think that much of this effect is already factored in the margins in gasoline production (crack spreads), which are unusually low for this time of the year.

Henry Hub natural gas gained further ground yesterday and now costs over \$12 per MMBtu.

**Precious metals:** Precious metals remain in demand as a hedge against inflation, thanks to the high oil prices, especially as the dollar has fallen to a one-month low. Gold advanced to nearly \$930 an ounce. Barrick Gold, the world's largest gold mining company, has announced that work has been resumed at the Kainantu Mine in Papua New Guinea. The higher prices, which should be longer term on the back of rising demand and falling mining output, also warrant the commissioning of smaller units according to the President of the Australian unit, in the hope of finding larger deposits as well. Platinum has virtually retaken the \$2200 an ounce hurdle.

**Base metals:** The LME was closed yesterday because of a bank holiday. Compared to the other commodities investment classes, base metals fared quite well based on the S&P GSCI Total Return Index, despite the rather weak trend of late: the subindex for industrial metals advanced by a good 14%. While this may sound rather poor compared to the energy sector, increasing by 44%, this performance was thus still slightly better than precious metals and significantly greater than agricultural commodities, which have fallen back to the level at the start of the year in past weeks. This has been supported solely by aluminium and copper, however, with rises of a good 20% since the start of the year. Tin's performance was most impressive, with a rise of a good 40%, but it is not included in the S&P GSCI. Zinc and nickel shed 15%, while lead fell by a good 25%. Contrary trends are priced in the forward curves for aluminium and copper. While aluminium is expected to make further advances, lower prices are factored in on the copper market on a year's perspective. Reports of strikes are currently supporting the copper price. A further day of strikes has been announced in Mexico, for example; according to the Mexican Statistics Office, production losses due to strikes of up to 10% have been recorded so far.

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