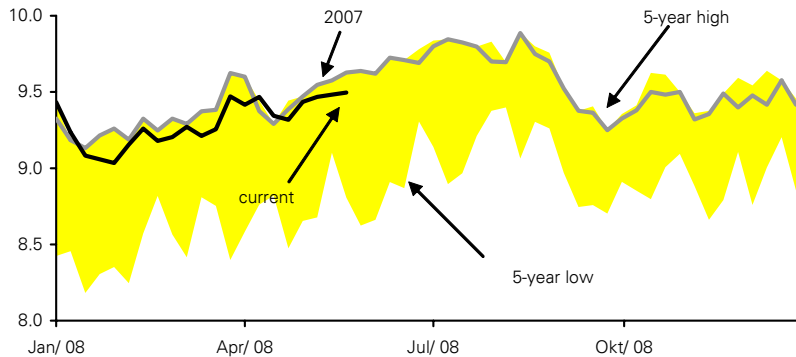



**Economic &  
Commodity Research**

# Commodities Daily

## Black Thursday for commodities

**US: (Implied) gasoline demand down year on year**


Sources: DoE, Bloomberg, Commerzbank Corporates and Markets

The negative correlation between commodities and the dollar is being amply illustrated at present: The latter gained 1.5 cents against the euro in yesterday's trading, but the commodity markets covered by the S&P GSCI lost almost 3%. If the dollar remains stronger, this could put pressure on the commodity sector, but our currency strategists feel it is too early for the dollar to achieve a real turnaround.

**Energy:** The US inventory data announced yesterday were the cause of the bumpy ride across the board. Oil reacted promptly with a \$4 jump, because crude and gasoline stocks had dropped unexpectedly by 8.9 million and 3.3 million barrels respectively in the week to 23 May. The last time stocks were depleted on this scale was in September 2004, in response to Hurricane Katrina. The second reaction went the other way, though: First it was explained that delays in unloading oil tankers on the Gulf coast were responsible for the sharp dip in inventory levels, suggesting a counter-movement the next week. On top of this, there is concern about US demand easing off, above all for gasoline. This last was up week on week for seasonal reasons, but is down almost 1.5% on a year ago, suggesting that the ailing economy and higher prices are starting to make their mark. In addition, news broke of price increases in Indonesia, Taiwan, Sri Lanka and Pakistan, meaning that here too consumers will be feeling some at least of the sharp rise in oil prices on the global markets. India's energy secretary has also announced that it will be inevitable to raise prices now.

The CFTC yesterday announced a number of initiatives to improve market transparency. Energy traders are to provide more information, and of a better quality, to make the futures market more readily comprehensible. There is also to be closer co-operation with the FSA and the ICE. On top of this, a probe is to be carried out into whether prices might have been manipulated last year by influence being exerted on inventory levels, for example by tankers being loaded and unloaded early or late. We expect the various measures to achieve results and make the market considerably more transparent.

The gas inventory data were likewise announced yesterday, and at 87bn cubic feet proved to have increased slightly more than expected. Gas followed oil's lead, dropping back to \$11.5 per MMBtu.

**Precious metals:** It was a bad day for precious metals too, as falling oil prices and the firmer dollar meant pressure from two fronts: Gold retreated to \$875 an ounce, silver to \$16.5. Moreover, the first-quarter US GDP figure has been revised upward a little, leading to an increase in capital markets rates. Gold has also benefitted in recent months from low real interest rates. Buenaventura announced yesterday that its hedge book is to be cleared. There has been a marked increase latterly in gold miners' de-hedging. According to the GFMS, forward sales were closed down on a scale of 128 tons during the first quarter, or over 55 tons more than in the fourth quarter of last year.

**Base metals:** Here as well, there were losses across the board, with the LME metal index dipping by a further 3%. The three-month copper contract fell to below \$8,000 a ton. The news emerging was mixed: The modest increase in stocks over the past two weeks or so has reinforced the correction, but the Chilean statistics office announced that owing to strikes copper output in April, at 435 thousand tons, was down more than 5% on a year ago. The strikes will also affect the May result, although work has meanwhile been resumed. In addition, BHP Billiton admitted that energy shortages were having a slight impact on production at its northern copper mines, though no concrete figures were quoted.

The strike at Namibia's Skorpion zinc mine has ended too, and work is to be resumed on 2 June.

**Prices**

Energy*	current	1 day	1 week	1 month	1 yr
Brent Blend	126.9	-0.3%	-3.8%	13.6%	87%
WTI	126.6	-0.9%	-4.1%	10.6%	98%
Gasoline RBOB	1132.0	0.0%	2.4%	17.8%	53%
Gasoil	1228.5	-4.2%	-8.2%	9.7%	101%
Diesel	1283.5	-4.0%	-7.8%	10.9%	99%
Jet fuel	1343.5	-3.8%	-8.1%	8.6%	97%
Natural gas	11.5	0.1%	-1.9%	5.9%	45%

**Industrial metals\*\***

Aluminium	2880	0.9%	-3.0%	0.0%	5%
Copper	7890	0.7%	-2.2%	-7.0%	10%
Lead	1952	-1.1%	-4.0%	-28.9%	-16%
Nickel	22200	0.5%	-5.1%	-21.9%	-52%
Tin	21050	-1.7%	-12.8%	-10.7%	48%
Zinc	1985	0.5%	-5.5%	-10.5%	-44%

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

Gold	877.9	0.2%	-4.9%	0.3%	35%
Silver	16.6	0.3%	-8.2%	-1.0%	27%
Platinum	1996.5	-0.7%	-8.5%	2.8%	57%
Palladium	424.3	0.2%	-5.9%	0.9%	16%

**Agriculturals\***

Wheat	743.5	-0.1%	-0.3%	-5.6%	45%
Corn	582.3	-0.5%	-2.8%	-3.5%	52%
Soybeans	1322.8	-0.6%	-0.7%	1.0%	63%
Sugar	10.0	-1.3%	-5.7%	-7.6%	5%
Coffee	132.5	0.8%	-0.5%	-0.7%	20%
Cocoa	2730.0	-0.3%	5.7%	-5.6%	45%

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

**Inventory data**

Energy*	current	1 day	1 week	1 month	1 year
Crude oil	311559	-	-2.8%	-1.4%	-9%
Gasoline	206155	-	-1.6%	-3.0%	4%
Destillates	4315	-	-0.7%	4.8%	0%
Jet fuel	109431	-	1.5%	4.5%	-9%
Natural gas	1701	-	5.4%	32.4%	-17%

**Industrial metals\*\***

Aluminum LME	1076075	-0.1%	0.0%	3.4%	30%
Aluminum COMEX	10924	0.0%	0.0%	0.0%	-43%
Aluminum Shang.	189781	-	2.1%	2.6%	674%
Copper LME	124950	-1.1%	-0.2%	13.1%	-4%
Copper COMEX	11027	0.0%	3.8%	1.9%	-62%
Copper Shanghai	44554	-	-2.3%	-9.8%	-53%
Lead LME	66225	1.7%	3.6%	17.5%	42%
Nickel LME	48108	-0.9%	-1.6%	-6.5%	525%
Tin LME	7550	1.5%	1.7%	-3.3%	-16%
Zinc LME	143625	0.1%	11.7%	13.6%	91%
Zinc Shanghai	68658	-	-0.7%	-2.6%	-

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

Gold	7591139	0.0%	0.1%	-2.2%	-1%
Silver	135074	0.0%	0.9%	1.2%	2%
Platinum	1068	0.0%	0.0%	0.0%	63%
Palladium	4600	-0.2%	-0.5%	-2.3%	-29%

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

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