



KBC Commodities Report

Written by CSOB Prague and KBC Brussels - More research on www.kbc.be/dealingroom

Headlines

- Storm near Gulf of Mexico sends crude price higher
- Gold on the verge of its price maximum
- Base metals without any clear tendency

		25/6/10	24/6/10	Daily	18/6/10	Weekly	28/5/10	Monthly
		Close	Close	Change	Close	Change	Close	Change
Crude								
Brent spot	USD/b	76.66	75.62	1.38%	77.40	-0.96%	73.32	4.56%
Brent - 1M	USD/b	78.62	76.80	2.37%	78.55	0.09%	74.32	5.79%
Brent - 2M	USD/b	79.05	77.14	2.48%	79.06	-0.01%	75.10	5.26%
Brent - 3M	USD/b	79.51	77.56	2.51%	79.59	-0.10%	75.80	4.89%
WTI spot	USD/b	78.45	75.96	3.28%	77.18	1.65%	74.00	6.01%
1,0% Fuel Oil FOB Barges Rdam	USD/t	449.50	446.25	0.73%	449.50	0.00%	428.25	4.96%
3,5% Fuel Oil FOB Barges Rdam	USD/t	419.00	416.00	0.72%	420.25	-0.30%	409.75	2.26%
Jet FOB Barges Rdam	USD/t	708.50	702.25	0.89%	728.25	-2.71%	686.25	3.24%
Gasoil 0.1 FOB Barges ARA	USD/t	661.50	653.25	1.26%	677.00	-2.29%	632.25	4.63%
Diesel 10 PPM FOB Barges Rdam	USD/t	672.75	664.75	1.20%	689.50	-2.43%	651.75	3.22%
Base Metals - LME 3 M								
Cu	USD/t	6770	6694	1.14%	6435	5.21%	6939	-2.44%
Sn	USD/t	18125	18150	-0.14%	17450	3.87%	17905	1.23%
Pb	USD/t	1815	1820	-0.27%	1745	4.01%	1850	-1.89%
Zn	USD/t	1873	1875	-0.11%	1730	8.27%	1936	-3.25%
Al	USD/t	1997	1965	1.63%	1944	2.73%	2043	-2.25%
Aa	USD/t	1890	1855	1.89%	1870	1.07%	1880	0.53%
Ni	USD/t	19750	19400	1.80%	19590	0.82%	21350	-7.49%
Precious Metals - spot								
Au	USD/oz	1255.5	1244.55	0.88%	1257.35	-0.15%	1214.81	3.35%
Ag	USD/oz	19.08	18.68	2.14%	19.17	-0.47%	18.4	3.70%
Pt	USD/oz	1570.5	1560	0.67%	1590.5	-1.26%	1546	1.58%
Pd	USD/oz	478.5	473.5	1.06%	490	-2.35%	458.75	4.31%

Crude and base metals summary

Crude

Basics

Changes between optimistic and pessimistic view about global economy keep crude prices in a range. IEA expects that higher oil price promoted new drilling projects that may deliver enough crude until 2015 at least.

Supplies

In May total oil supply fell by an estimated 575 kb/d to 86.3 mln.b/d with lower non-OPEC output due to seasonal maintenance. However, 2010 non-OPEC output is revised up by 0.1 mln.b/d to 52.3 mln.b/d amid slower expected North Sea decline.

Inventory

April OECD industry stocks rose by 47.9 mln.b to 2726 mln.b as both crude and refinery supply came in stronger. Forward demand cover is assessed at 60.5 days, up by more than a day from March. Last week U.S. market saw unexpected gains in crude and gasoline inventories.

Price

Optimistic and pessimistic global views keep price still in 70- 80\$/b range. WTI price remains slightly lower as storage facilities in Oklahoma are still above average. However, possible storms in Gulf of Mexico diminish difference and may push crude prices higher.

Copper

Basics

Industry revival should increase demand for base metals including copper, nevertheless global turmoil brakes it.

Inventory

Inventories in London slowly decline below 500 kt even if some investors increase their stocks.

Supplies

Global copper market recorded 113 kt. decline in March and is roughly balanced for the first quarter. Later on copper production may be influenced by lower ore grades.

Price

Worries about global revival keep price below 7000\$/t. If the mood will not improve the price could gain mildly only.

Lead

Basics

Lead prices stay around 1800\$/t. International Lead and Zinc Study Group (ILZSG) sees that during the first four months 2010 the world supply exceeded demand by 46 kt .

Inventory

Stocks in London stay around 190 kt after consumption gained slightly only and stocks continue increasing due to higher supplies.

Supplies

Research from ILZSG expects a surplus in lead production this year, even if poisoning problems should diminish production in unlicensed smelters.

Price

The price remains around 1800\$/t level. With revival economic expectation lead price may increase near to 2000\$/t.



Tin Basics

Price stays in a range as demand especially from South Asia increases and that from OECD countries slightly slows.

Inventory

LME inventories decreased towards 19 kt in London last week.

Supplies

Indonesian export increased in April, nevertheless export for the first four months 2010 is lower than in 2009. In a short time horizon the demand may lag behind supplies.

Price

Tin price stays around 18000\$/t, as global worries slow demand. With global revival we could see a recovery demand returning tin price above 18000\$/t.

Aluminium

Basics

Demand for aluminium and alu products seem to revive. In U.S. and Canada the demand was by 17.6% higher in the first quarter 2010 than in 2009. Some of Wall Street's biggest banks entered the physical aluminum market, a first step toward creation of an ETF.

Inventory

LME stocks slowly decrease below 4500 kt in London as destocking continues. Nevertheless, experts expect that robust restocking will not occur until next year.

Supplies

Supplies are limited by energy. Global aluminium production decreased in April but remains above average since beginning 2009. Also Chinese May output fell to 45.7 kt from 46,4 kt in April. China also plans to idle 700 kt of its aluminium capacity.

Price

Price stays around 2000\$/t level influenced by previous global sentiment worsening. Signs of revived purchase may send price up.

Zinc Basics

Price remains relatively stable as global economic has not improved and global output of refined zinc exceeded the demand by 180kt in the first four months 2010.

Inventory

LME inventories stay above 600 kt level. Other unreported inventories may exist on the market.

Supplies

Refined zinc global production was by 2.3% higher during the first four months 2010 than in the same period in 2009 and supplies seem to be sufficient. Supplies may gain later this year again.

Price

Current price remains below 2000\$/t level. Later on with global market stabilization zinc price could return above 2000\$/t.

Nickel

Basics

Demand for nickel has diminished as recent gains made the metal vulnerable for a correction on worries that sovereign debt crises in euro zone and a slowdown in China could decelerate global recovery and, with it, demand for steel.

Inventory

LME stocks dropped below 130 kt and slowly decreases after Russia put export duty on nickel.

Supplies

Today's deliveries are still enough to cover current steel production. Vale facility closure in Canada still continues. Nickel production might face lower ore grades.

Price

Nickel price remains below 20000\$/t. as China shows slowing industrial output increase and global sentiment suffers from financial problems.

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