



# KBC Commodities Report

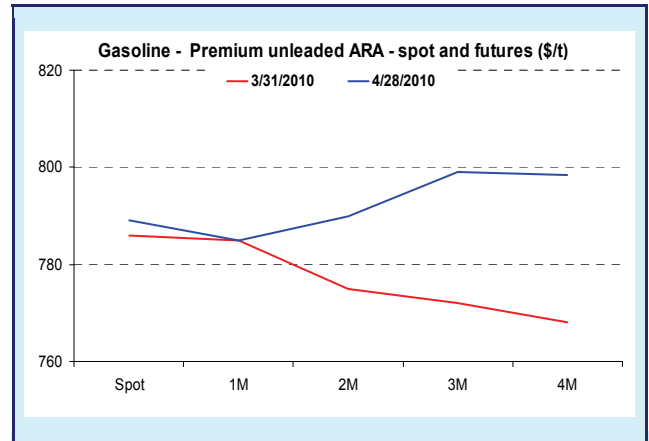
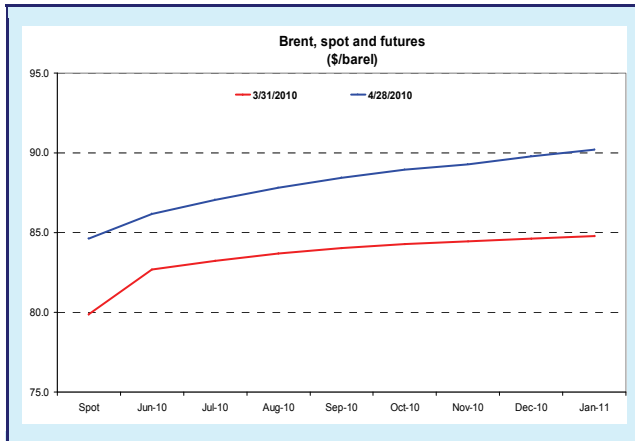
Written by CSOB Prague and KBC Brussels - More research on [www.kbc.be/dealingroom](http://www.kbc.be/dealingroom)

## Headlines

- Crude oil price follows equity higher
- Gold eases after FOMC comments
- Base metals mostly lower

		28/4/10	27/4/10		21/4/10		31/3/10	
		Close	Close	Daily Change	Close	Weekly Change	Close	Monthly Change
<b>Crude</b>								
Brent spot	USD/b	84.64	85.64	-1.17%	84.60	0.05%	79.88	5.96%
Brent - 1M	USD/b	86.33	85.79	0.63%	85.42	1.07%	82.29	4.91%
Brent - 2M	USD/b	87.21	86.65	0.65%	86.15	1.23%	82.80	5.33%
Brent - 3M	USD/b	87.96	87.41	0.63%	86.77	1.37%	83.26	5.64%
WTI spot	USD/b	83.20	82.43	0.93%	82.78	0.51%	83.45	-0.30%
1,0% Fuel Oil FOB Barges Rdam	USD/t	488.50	495.50	-1.41%	492.25	-0.76%	477.00	2.41%
3,5% Fuel Oil FOB Barges Rdam	USD/t	459.75	467.00	-1.55%	463.75	-0.86%	441.25	4.19%
Jet FOB Barges Rdam	USD/t	758.50	768.75	-1.33%	741.50	2.29%	723.25	4.87%
Gasoil 0.1 FOB Barges ARA	USD/t	708.75	718.00	-1.29%	697.50	1.61%	678.75	4.42%
Diesel 10 PPM FOB Barges Rdam	USD/t	723.75	733.50	-1.33%	717.25	0.91%	694.00	4.29%
<b>Base Metals - LME 3 M</b>								
		28/4/10	27/4/10		21/4/10		31/3/10	
		Close	Close	Daily Change	Close	Weekly Change	Close	Monthly Change
Cu	USD/t	7400	7490	-1.20%	7759	-4.63%	7790	-5.01%
Sn	USD/t	18100	18550	-2.43%	19025	-4.86%	18450	-1.90%
Pb	USD/t	2237	2300	-2.74%	2320	-3.58%	2147	4.19%
Zn	USD/t	2330	2361	-1.31%	2425	-3.92%	2375	-1.89%
Al	USD/t	2190	2150	1.86%	2351	-6.85%	2323	-5.73%
Aa	USD/t	2050	1990	3.02%	2150	-4.65%	2155	-4.87%
Ni	USD/t	25650	25925	-1.06%	27000	-5.00%	24995	2.62%
<b>Precious Metals - spot</b>								
		28/4/10	27/4/10		21/4/10		31/3/10	
		Close	Close	Daily Change	Close	Weekly Change	Close	Monthly Change
Au	USD/oz	1165.45	1172.93	-0.64%	1146.3	1.67%	1113.8	4.64%
Ag	USD/oz	18.1	18.18	-0.44%	18.08	0.11%	17.5	3.43%
Pt	USD/oz	1709.5	1718	-0.49%	1733.5	-1.38%	1644	3.98%
Pd	USD/oz	541	548	-1.28%	565.5	-4.33%	480	12.71%

## Brent and Distillates



**Crude oil followed equities higher, in a late rally on Wednesday** after the Federal Reserve reiterated its commitment to extremely low interest rates. The generally upbeat statement sent equities higher, giving oil market participants an opportunity to set aside concerns about rising U.S. crude inventories.

The oil market played down weekly U.S. **EIA data showing 2 mln.b increase in oil inventories** in the week ended April 26, to their highest level since June. Analysts had given an average forecast for a gain of 800kb. Also distillate stocks had risen 2.9 mln.b, more than double the 1.2-mln.b forecast increase. Gasoline stockpiles fell 1.2 mln.b, defying expectations for a 600kb gain

**Oil prices at 85 \$/b are at a reasonable level and are not expected to pose a risk to economic recovery**, OPEC's head of research told Reuters on Monday.

**Crude oil storage capacity at state-owned Sinopec Group** totalled 195 mln.b. at the end of 2009, a company newspaper reported. The storage tanks, if fully filled, would be enough for the largest crude oil refiner in Asia to process, at the 2009 rate of about 3.68 mln.b/d, for about 53 days.

**Vietnam's crude oil production fell 18.8 % in April** from the same month last year to an estimated 281 kb/d the government said. March crude oil output was revised down from 1.49 mln.t pumped in March 2009, the General Statistics Office said in its monthly report.

**Saudi Arabia has close to 4 mln.b/d of spare crude oil production capacity on hand**, the chief executive of the state-owned oil firm said in a speech on April 19. The recently completed upstream expansion programme had put production capacity at 12 mln.b/d.

**Saudi Arabia and Kuwait have boosted output capacity from their shared Neutral Zone** to 610 kt/d from around 550 kt/d. But the two OPEC producers have drawn back from long-term plans to further boost capacity up to 900 kt/d by 2030.

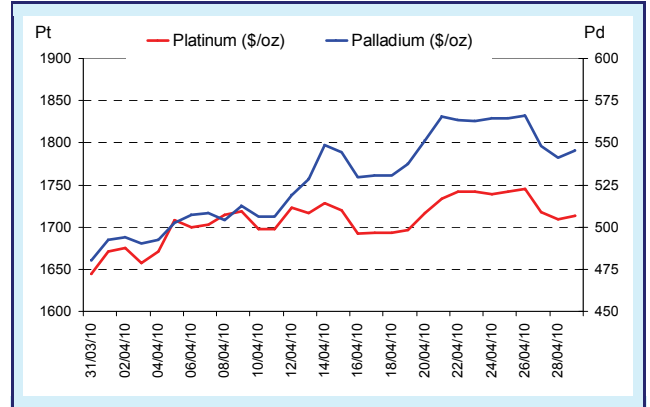
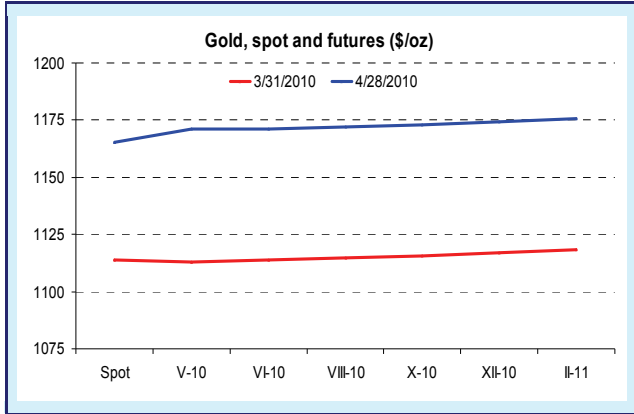
**Iran hopes to sign a deal with Baghdad to build an oil export pipeline** from Iraq's city of Basra within a month, an Iranian diplomat said. Iraq, which has the world's third-largest oil reserves, signed a series of deals with global oil firms that could quadruple its crude output capacity to around 12 mln.b/d. Iraq has plans to expand its oil exporting facilities in anticipation of the rise in output.

**Iran is looking to store increasing amounts of crude on tankers at sea**, as its stocks build up because of weak demand, shipping and trade sources said. Oil exports are the Islamic Republic's key revenue earner and trade sources have said Iran is already storing millions of barrels of crude on tankers.

**China's May gasoline exports are expected to fall** to around 400 kt, or 20% from April, as the World Expo in Shanghai soaks up some supplies, but this may not lift sentiment as the market is awash with auto fuel for now. Diesel exports are estimated at between 450 and 500 kt for April and May, as high refinery runs are offset by firm demand from the Shanghai Expo, spring agricultural season and the scorching pace of domestic economic growth.

The **U.S. Coast Guard** on Wednesday said it has found a new leak beneath the site of last week's deadly offshore drilling rig explosion, and said five times as much oil was leaking as previously estimated.

# Precious Metals



On Wednesday gold eased during the day, consolidating after rising to its highest level in 2010 the previous day, as physical buying was spurred by worries that the euro zone's debt problems would spread. Later on after the Federal Reserve offered a more upbeat view of the U.S. economy, **signs of strength in the economy countered threats of debt defaults in Europe** and dulled gold's safe-haven appeal among investors again. Nevertheless, **today gold has risen** in London on speculation debts in Europe will lead to more demand

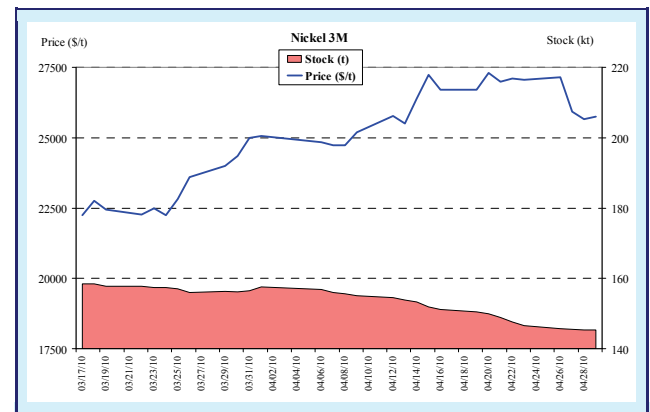
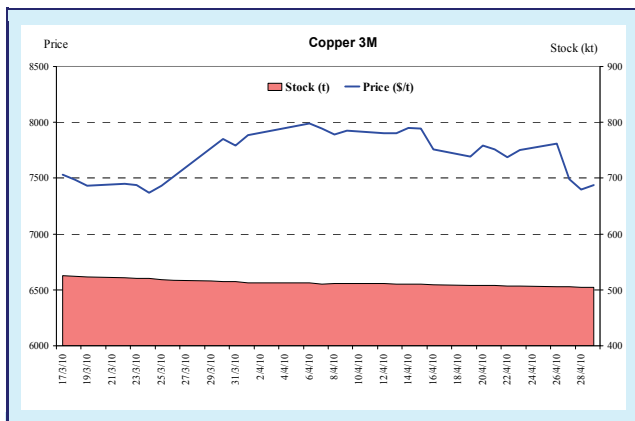
for the metal as a haven from possible losses in other assets.

**Holdings in the SPDR Gold Trust**, the biggest exchange-traded fund backed by bullion, expanded 0.5 % yesterday to a record 1,152.91 t, according to figures on the company's Web site. Also **gold assets of ETF Securities** in London and Zurich jumped 0.4 % to 7.7 mln.oz.

## Base Metals

Base metal - Stock (t)

	26/04/10	23/04/10	19/04/10	29/03/10
<b>Cu</b>	505350	506125	507525	514900
<b>Sn</b>	21100	21615	23675	24225
<b>Pb</b>	179775	179575	179600	175725
<b>Zn</b>	541300	541950	546025	542250
<b>Al</b>	4551825	4558000	4570375	4604850
<b>Aa</b>	73860	74060	74660	77060
<b>Ni</b>	145458	145722	149946	156090



Base metals were mostly lower yesterday as market sentiment was fragile after ratings agency S&P added Spain to its list of euro zone sovereign debt downgrades. Only aluminium corrected previous loss.

Chile said on Wednesday its output of the metal rose 5.0 % in March from the same month a year earlier to 451,127 t, unscathed by a massive Feb. 27 earthquake. Production rose 2.1 % y/y in the first to 1.269 mln.t, the National Statistics Institute (INE) said.

Japan's refined copper exports fell 17% in March from a year earlier to 59,869 t, with China the destination for more than half of the volume, Ministry of Finance data showed on Wednesday.

Japanese oil and mining giant JX Holdings Inc plans to invest about 5.37 bld.\$ over the next three fiscal years on the exploration and development of copper mines and oil fields, the Nikkei business daily reported. The holding company was created earlier this month as part of the merger between Nippon Oil and Nippon Mining.

## Technical Analysis

**GOLD - CURRENTLY BACK IN CHANNEL OFF 2008 LOW (SEE GRAPH: GREEN LINE)**



### GOLD (1167.00: DAILY CHARTS).

Above Triangle off high (see graph: pattern at apex): currently back in channel off 680.80 (bottom at 1149.75 to-day: green line) and trying to extend above 1161.50 (inverted Head&Shoulders bottom).

1<sup>st</sup> Resistance area at 1174.18/ .37 (current recovery high off 1043.75/ daily Bollinger top), with next levels at 1176.65 (daily envelope top), ahead of 1180.64 (weekly envelope top + weekly projection band top), where pause favored.

If wrong, next levels at 1183.06 (76.4% 1226.10 to 1043.75), ahead of 1187.78 (daily Starc top) and 1194.02/ 1199.85 (reinstalled monthly channel top off Nov 2005/ 1<sup>st</sup> target off 1161.50): tough on 1<sup>st</sup> attempts.

1<sup>st</sup> Support at 1162.96 (daily Short Term Moving Average↑), with next levels at 1158.75 (daily envelope bottom) and 1151.85/ 1148.33 (daily Short Term Moving Average↑/ daily Bollinger midline), where pause favored.

Failure to hold would see next levels at 1146.56 (weekly envelope bottom), ahead of 1132.13/ 1131.65 (daily Long Term Moving Average↑/ April 22 low): ideal area to stay above to keep current mood on Gold.

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