

# Commodities Daily

## Market news

- **Overview:** IMF estimates on European banks' losses from troubled sovereign debt have sparked a dispute with eurozone authorities. US equities edge higher despite the US Department of Justice challenging the AT&T/T-Mobile merger. Data released overnight shows a slight improvement in Chinese PMI data, while the Brazilian central bank delivered a surprise rate cut. Today the string of PMI releases continues. The Spanish and French bond auctions will also attract attention.
- **Oil I:** Brent oil continues to advance to now trade close to USD115/bbl. However, WTI is lagging behind somewhat and the premium between the two front contracts is now close to the all-time high reached in late August of USD26.3/bbl. Falling inventories at Cushing Oklahoma have done little to alleviate the downward pressure on WTI. The recent move higher in Brent appears to have been fuelled partly by uncertainty relating to the hurricane season leading to shutdowns at drillers and refiners and by today's decent PMI data out of China.
- **Oil II:** Option markets have adjusted expectations significantly over the past month when looking at the skew for Brent: the market is now pricing a much larger probability of a significant price drop by December this year than was the case in early August prior to the latest financial turmoil. The forward curve has also shifted lower – not least for longer-dated contracts – but remains in backwardation for Brent (the WTI curve is still in a near-term contango however).
- **China:** Data released overnight showed a slight improvement in Chinese manufacturing sentiment of 0.2 points to 50.9. The country's official PMI had fallen to a 28-month low in July, due to Beijing's tightening measures and concerns over the global slowdown. Despite the sharp fall in export demand, the reading suggests that the Chinese economy is heading for a soft landing.

## Today's key points

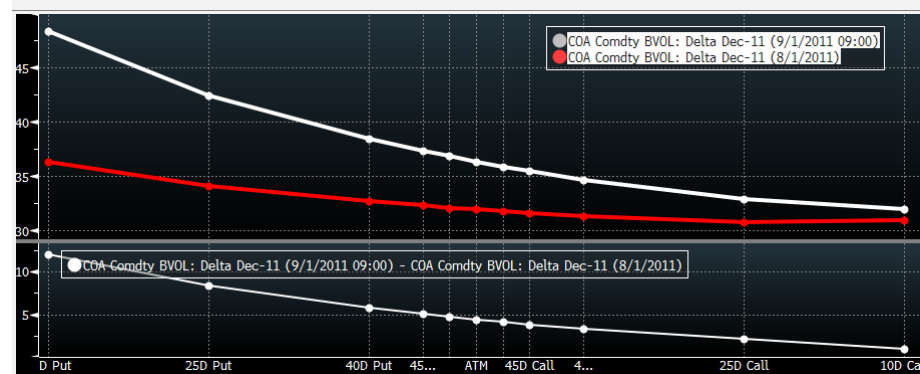
- USD: ISM manufacturing

## Commodities overview

Contract	Last price	%, d/d
WTI, NYMEX 1. pos	89.0	0.1
Brent, ICE 1. pos	115.0	0.8
Heating Oil, NYMEX 1. pos	308.6	0.5
Gasoline, NYMEX 1. pos	287.8	-3.9
Aluminium, LME 3M	2467	1.7
Copper, LME 3M	9205	0.5
Lead, LME 3M	2559	0.0
Nickel, LME 3M	22132	1.0
Zinc, LME 3M	2262	-1.0
Steel, LME 3M	585	0.0
Hot Rol Coil, NYMEX 1. pos	695	4.5
Gold, spot	1819	-0.4
Silver, spot	41	0.5
Wheat, CBOT 1. pos	740.8	-1.3
Corn, CBOT 1. pos	754.3	-1.2
Soybeans, CBOT 1. pos	1449.0	0.8

Source: Bloomberg, Danske Markets.

Brent oil option pricing [1-Sep-11: white, 1-Aug-11: red]



Source: Bloomberg.

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Bloomberg: DRFX <GO>

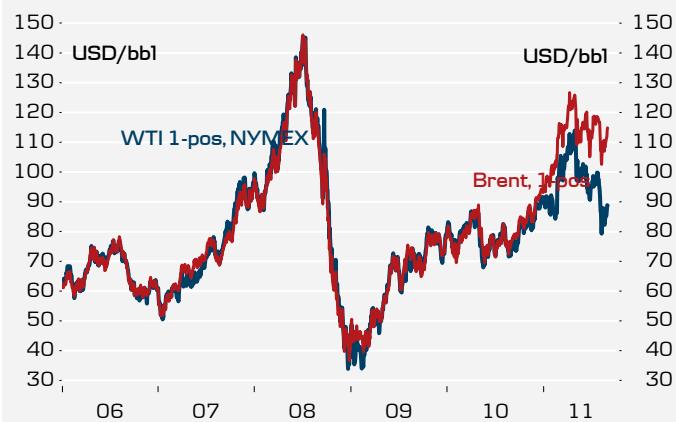
## Commodity-price movements

	01.09.2011		Yesterday		Month ago		Year ago		This year
	Last price	%, today	Close	%, d/d	Price	%, m/m	Price	%, y/y	%, YTD
<b>Energy (1. pos):</b>									
NYMEX WTI (\$/bbl)	89.0	0.2	88.8	-0.1	94.9	-6.2	73.9	20.4	-2.6
ICE Brent (\$/bbl)	115.0	0.1	114.9	0.7	116.8	-1.6	76.3	50.6	21.4
NYMEX Heating Oil (\$/gallon)	308.6	0.1	308.4	0.5	309.7	-0.4	204.1	51.2	21.3
NYMEX RBOB Gasoline (\$/gallon)	287.8	0.1	287.6	-4.0	305.4	-5.8	188.9	52.4	17.3
ICE Gasoil (\$/ton)	972.8	-0.1	973.5	0.0	970.8	0.2	645.5	50.7	27.6
ICE NWE Jet Fuel, CIF (\$/ton)	1041.9	0.0	1042.0	0.0	1057.8	-1.5	702.3	48.4	25.1
TTF NL Natural Gas (€/mwh)	24.5	-0.5	24.6	3.2	21.0	16.5	18.0	35.8	1.3
Henry Hub Natural Gas (\$/MMBtu)	4.1	0.0	4.1	3.7	4.2	-3.2	3.8	7.8	-7.9
Nordpool electricity (€/mwh)	50.3	0.4	50.1	1.1	49.4	1.7	-	-	-
Fuel oil, 1%, FOB NWE (\$/ton)	665.2	0.8	659.7	2.3	676.8	-1.9	445.0	49.3	35.8
Fuel oil, 3.5%, FOB ARA (\$/ton)	647.2	1.1	640.2	0.9	648.6	-0.4	422.5	53.0	33.2
API2 steam coal, CIF ARA (\$/ton)	126.8	1.8	124.6	0.6	125.6	0.9	91.2	39.0	-2.1
ICE ECX Carbon Emission (€/tn)	12.9	-0.5	13.0	-4.1	12.0	7.3	15.7	-18.0	-9.6
<b>Base metals:</b>									
Aluminium, LME 3M, \$/ton	2467	-0.1	2469	1.8	2585	-4.6	2108	17.0	-0.1
Copper, LME 3M, \$/ton	9205	-0.8	9275	1.3	9650	-4.6	7606	21.0	-4.1
Lead, LME 3M, \$/ton	2559	-0.8	2580	0.9	2565	-0.2	2115	21.0	0.4
Nickel, LME 3M, \$/ton	22132	-0.3	22200	1.3	24550	-9.8	21050	5.1	-10.6
Zinc, LME 3M, \$/ton	2262	-1.3	2292	0.3	2461	-8.1	2133	6.0	-7.8
Steel, LME 3M, \$/ton	585	-1.2	592	1.2	595	-1.7	501	16.8	2.6
Hot Rolled Coil, NYMEX, 1. pos, \$/ton	695	0.0	695	4.5	680	-	595	-	-
<b>Precious Metals (spot, \$/t oz.):</b>									
Gold	1819	-0.9	1835	0.5	1626.7	11.8	1246.3	46.0	28.2
Silver	41	-0.8	42	1.3	39.6	4.8	19.3	114.9	34.2
<b>Agriculturals (1. pos):</b>									
CBOT Wheat (\$/bu.)	740.8	-0.6	745.3	-0.7	676.5	9.5	675.5	9.7	-6.7
Matif Mill Wheat (€/ton)	211.3	0.2	210.8	-1.5	198.8	6.3	227.8	-7.2	-16.3
CBOT Corn (\$/bu.)	754.3	-0.4	757.5	-0.8	681.3	10.7	432.3	74.5	19.9
CBOT Soybeans (\$/bu.)	1449.0	0.0	1448.8	0.7	1354.3	7.0	1008.0	43.8	4.0
NYBOT Sugar (\$/lb.)	29.7	0.2	29.6	-	29.8	-0.4	19.8	50.3	-7.6
<b>Commodity indices (total return):</b>									
DJ-UBS	331	0.6	329	1.3	327	1.2	266	24.3	1.3
S&P GSCI	5105	0.3	5089	0.0	5186	-1.6	4098	24.6	3.3
Reuters CRB	343	0.5	341	1.1	342	0.3	268	27.7	3.0
Rogers commodity index	4024	0.5	4006	1.2	4034	-0.2	3096	30.0	3.3
DJ-AIG	164	0.6	163	1.3	162	1.2	132	24.1	1.3
S&P GSCI Energy	1072	0.4	1068	1.9	1120	-4.3	852	25.9	3.5
S&P GSCI Industrial Metals	1904	1.3	1879	1.5	2034	-6.4	1609	18.3	-4.4
S&P GSCI Precious Metals	2476	0.2	2471	2.1	2233	10.9	1616	53.3	29.3
S&P GSCI Agriculture	854	-0.2	855	0.1	780	9.4	606	40.8	3.3

Source: Bloomberg, Danske Markets.

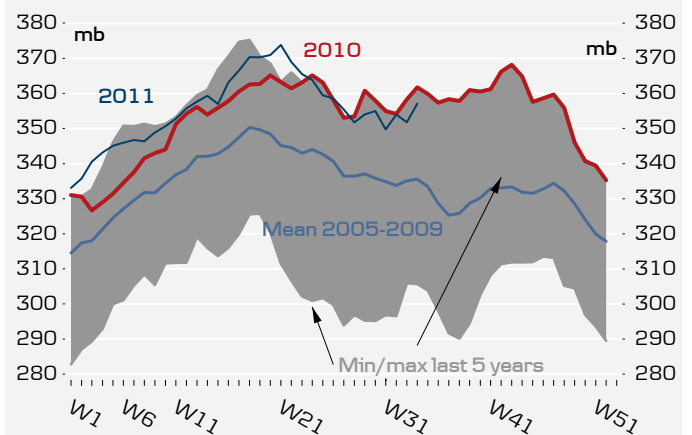
# Energy

Oil prices



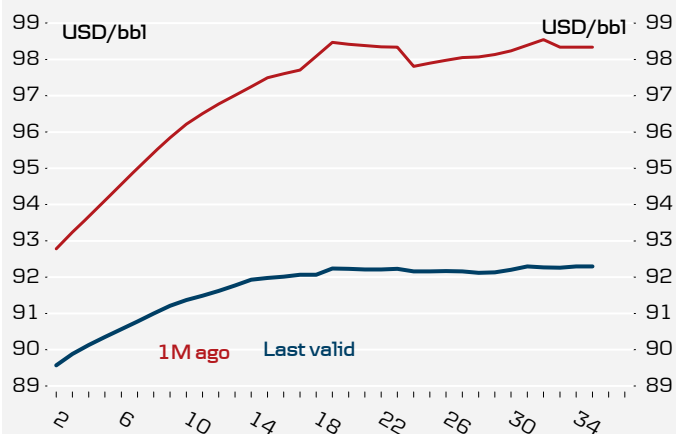
Source: EcoWin, Danske Markets.

US crude oil stocks, EIA



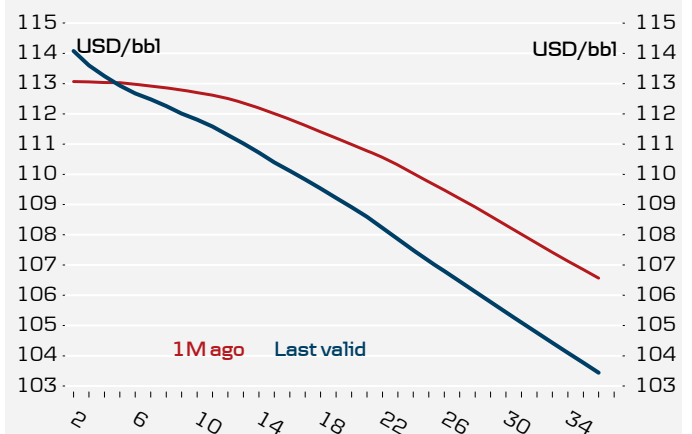
Source: EcoWin, Danske Markets.

WTI (NYMEX) forward curve



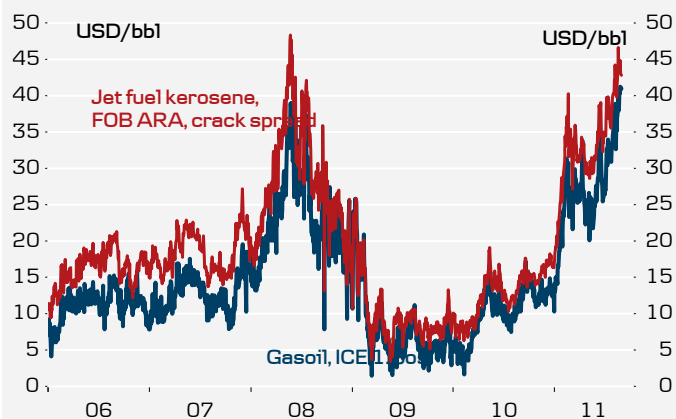
Source: EcoWin, Danske Markets.

Brent (ICE) curve



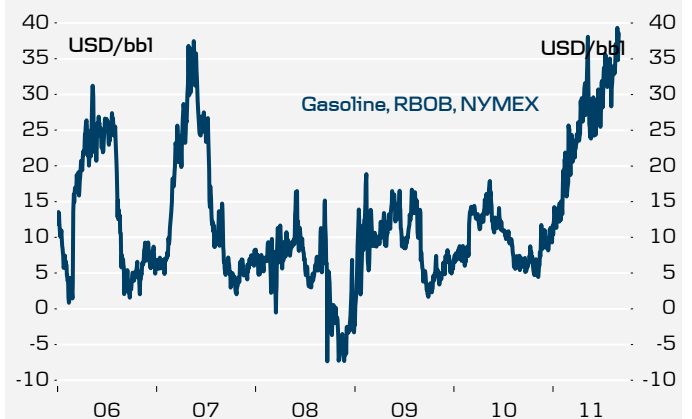
Source: EcoWin, Danske Markets.

Jet fuel and gasoil crack spreads



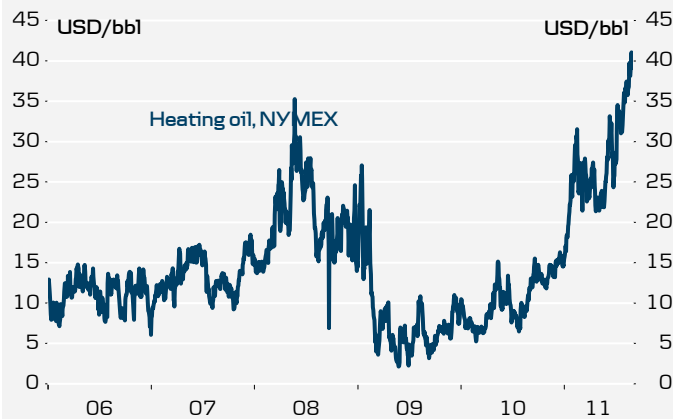
Source: EcoWin, Danske Markets.

Gasoline crack spread, RBOB, NYMEX 1. pos



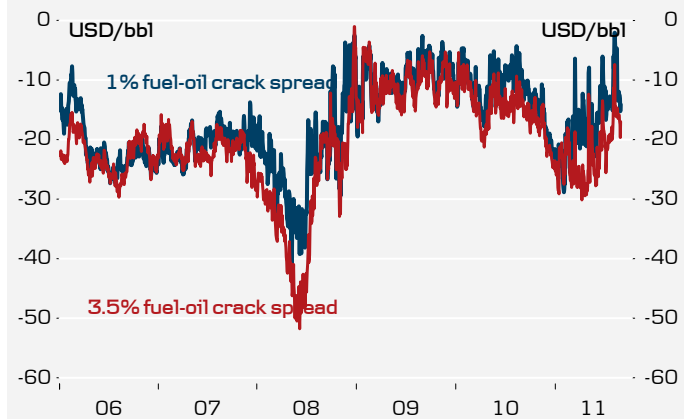
Source: EcoWin, Danske Markets.

Heating oil crack spread, NYMEX 1. pos



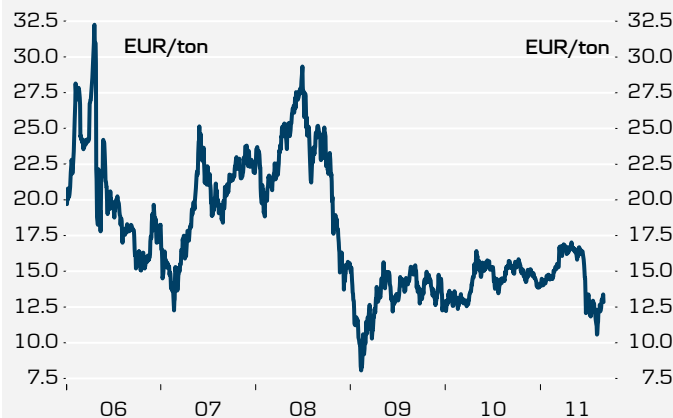
Source: EcoWin, Danske Markets.

Fuel oil, NWE, crack spreads



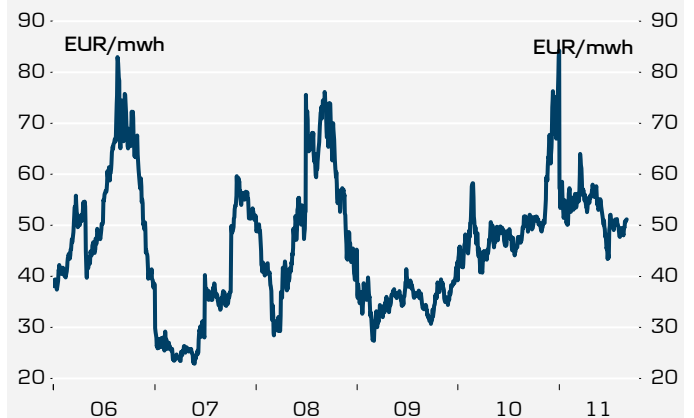
Source: EcoWin, Danske Markets.

CO<sub>2</sub> emission rights, ICE 1. pos



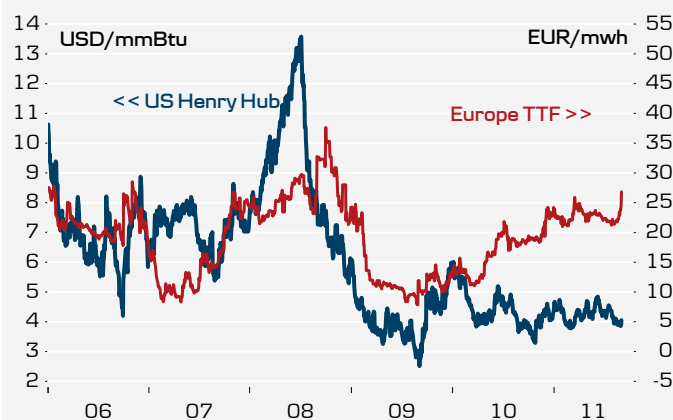
Source: EcoWin, Danske Markets.

Electricity, Nordpool quarterly, 1. pos



Source: EcoWin, Danske Markets.

Natural gas, 1. pos



Source: EcoWin, Danske Markets.

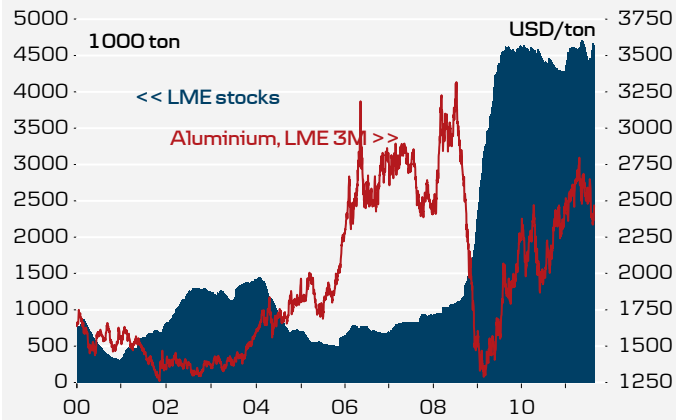
API2 coal, 1. pos



Source: EcoWin, Danske Markets.

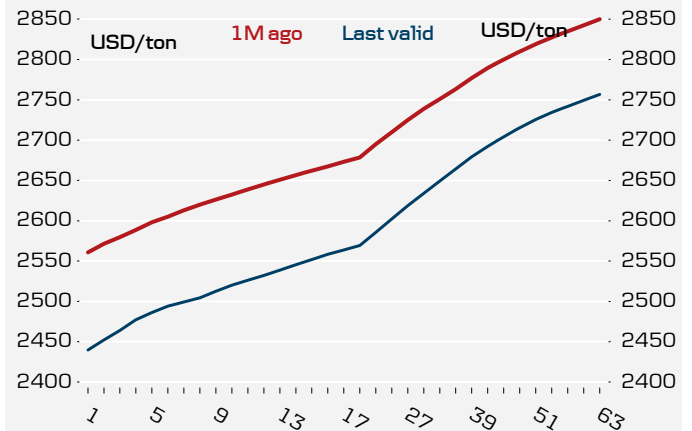
# Metals

## Aluminium



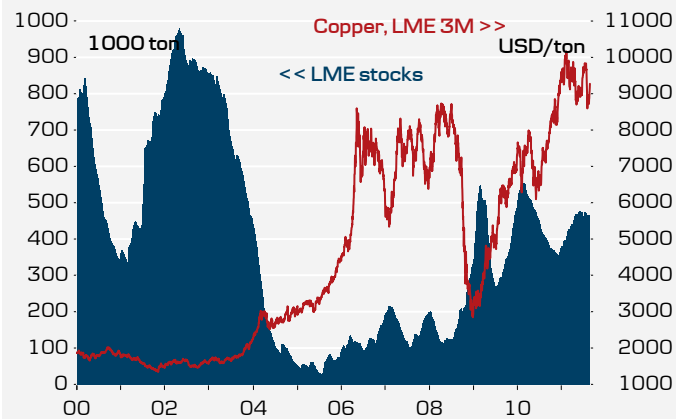
Source: EcoWin, Danske Markets.

## Aluminium forward curve



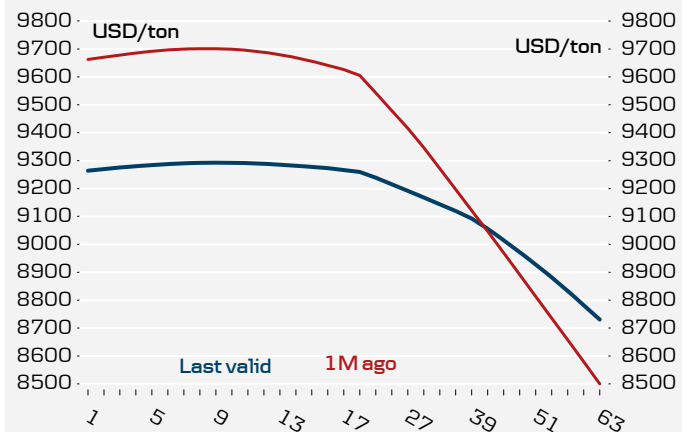
Source: EcoWin, Danske Markets.

## Copper



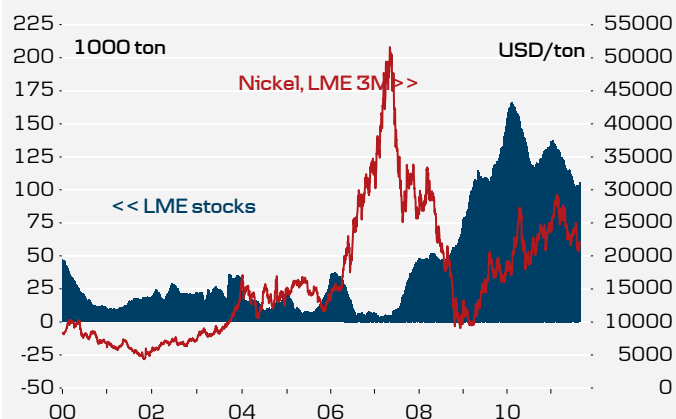
Source: EcoWin, Danske Markets.

## Copper forward curve



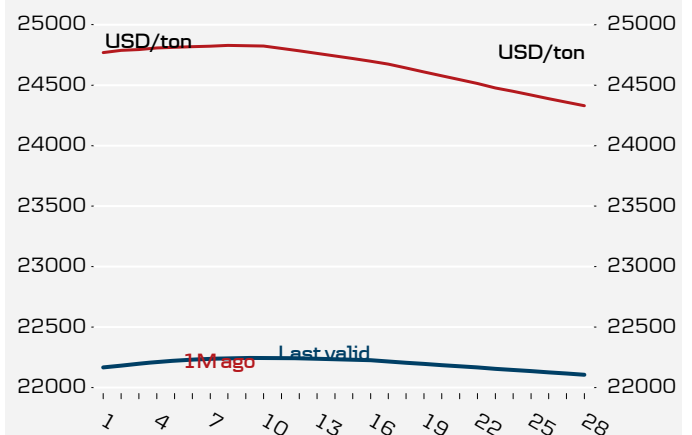
Source: EcoWin, Danske Markets.

## Nickel



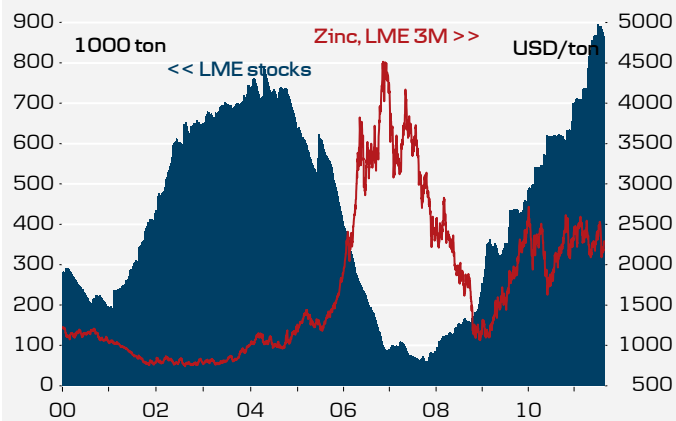
Source: EcoWin, Danske Markets.

## Nickel forward curve



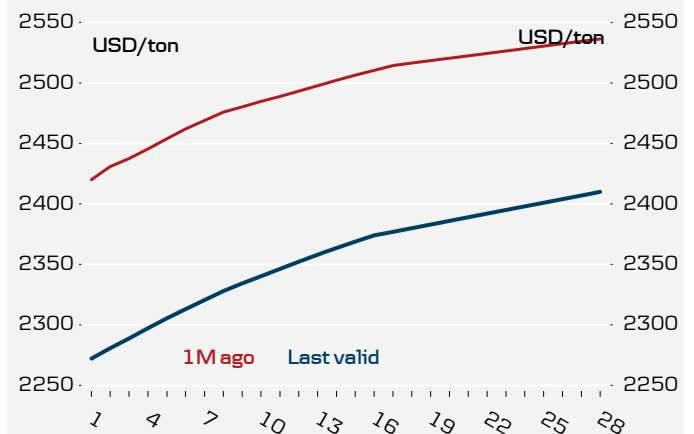
Source: EcoWin, Danske Markets.

## Zinc



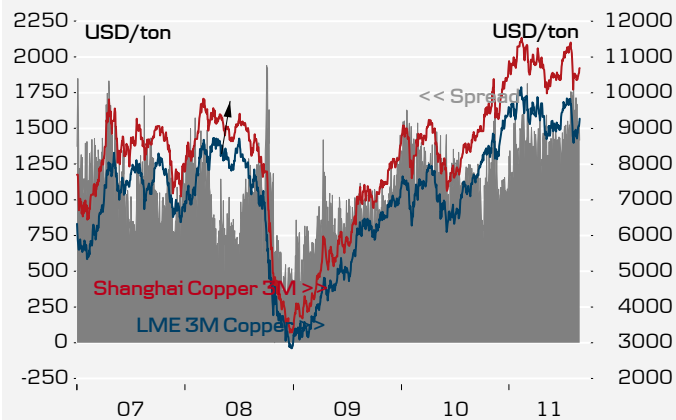
Source: EcoWin, Danske Markets.

## Zinc forward curve



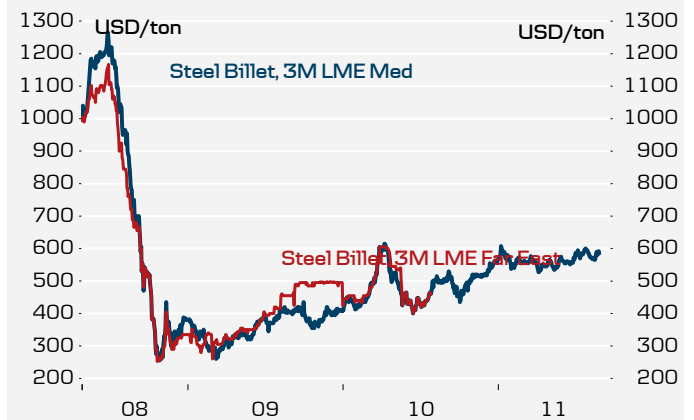
Source: EcoWin, Danske Markets.

## Copper SHFE-LME spread



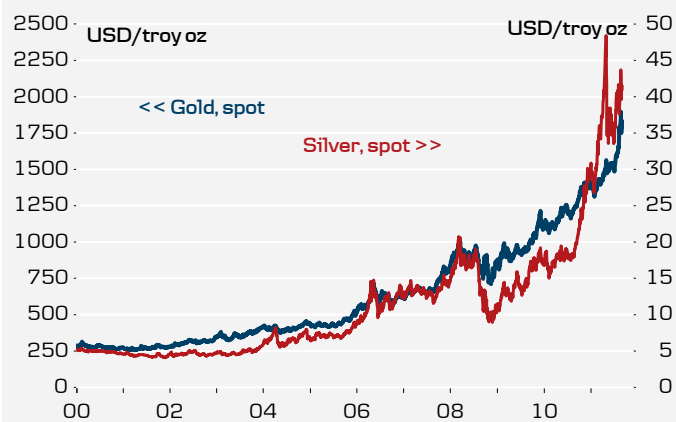
Source: EcoWin, Danske Markets.

## Steel



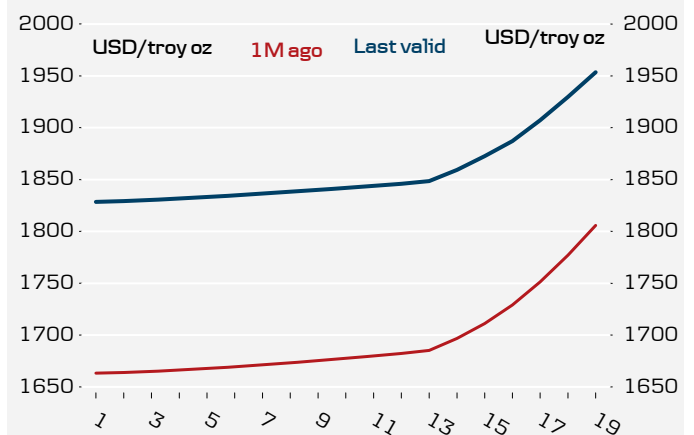
Source: EcoWin, Danske Markets.

## Gold and silver



Source: EcoWin, Danske Markets.

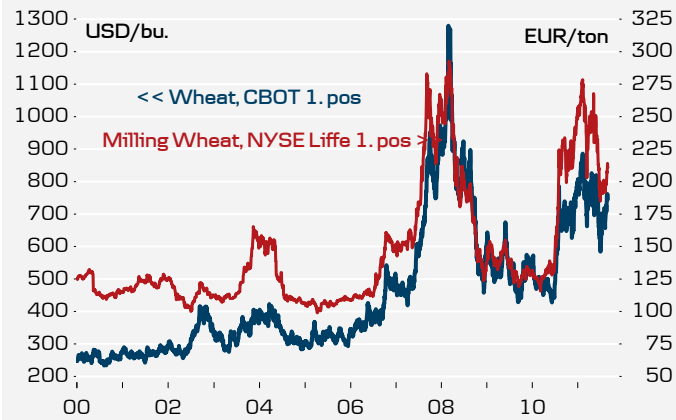
## Gold forward curve



Source: EcoWin, Danske Markets.

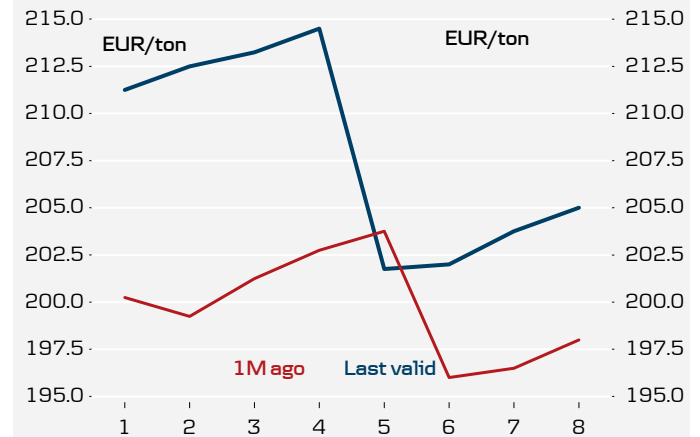
# Grains

## Wheat



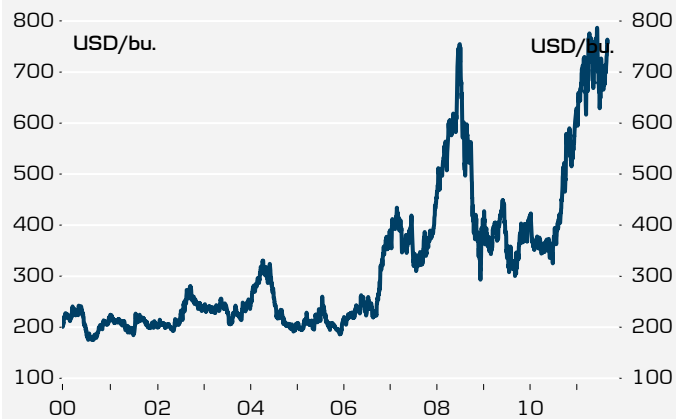
Source: EcoWin, Danske Markets.

## Milling wheat forward curve, NYSE Liffe



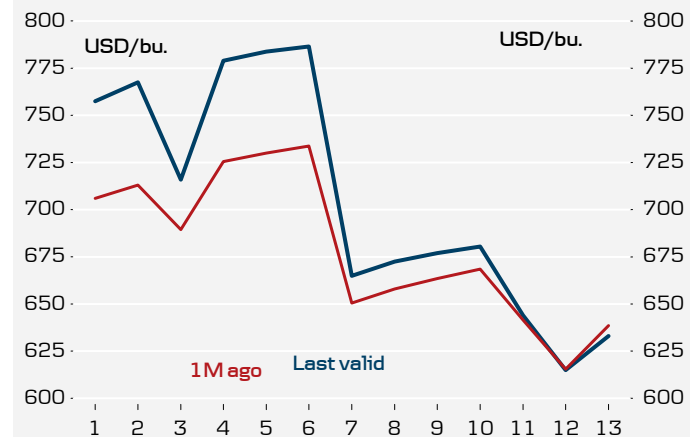
Source: EcoWin, Danske Markets.

## Corn, CBOT 1. pos



Source: EcoWin, Danske Markets.

## Corn forward curve, CBOT



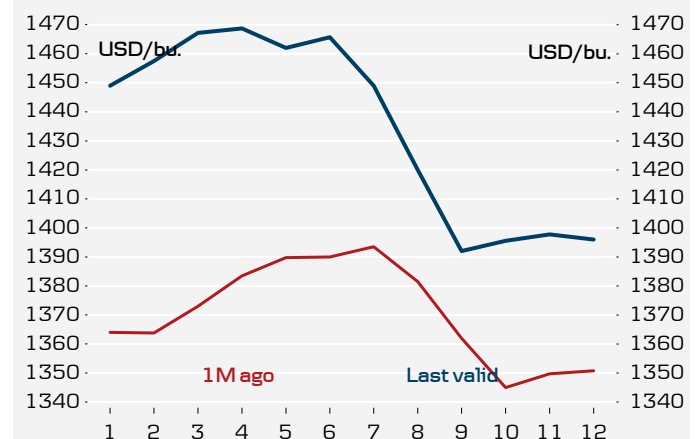
Source: EcoWin, Danske Markets.

## Soybeans, CBOT 1. pos



Source: EcoWin, Danske Markets.

## Soybeans forward curve, CBOT



Source: EcoWin, Danske Markets.

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## Disclosure

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