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Sent: 3/31/2015 8:06:56 PM
To: jeffrey E. [jeevacation@gmail.com]
CC: Vahe Stepanian [REDACTED]; Ariane Dwyer [REDACTED]
Subject: FW: EOD Commodities Note - 31 Mar

Importance: High

From: Prateek Jain
Sent: Tuesday, March 31, 2015 4:06 PM
Subject: EOD Commodities Note - 31 Mar

OIL

All eyes on Iran talks today which were extended by a day into Wednesday. Earlier in the day, a US official suggested that negotiation may continue another day past deadline if 'it's useful to do so'. Another Russian official commented that a deal was 'closer and closer'. This optimism about an agreement, at least on some points, weighed heavily on oil today with Brent dropping 2.5%. In my opinion, even if the talks end positively with agreement on key points, the deal has been softened enough compared to what was originally sought by President Obama, and is going to face a tough challenge being approved by a skeptical Congress, which is in fact proposing to impose new sanctions on Iran.

Nigeria's elections ended today easing the political tension, with the ex-military ruler Buhari's winning against the incumbent President. In short term, this eased any immediate violence concerns in the country, but this shift in power can lead to the movement of the Boko Haram violence to southern oil producing region of Nigeria and any developments there need to be carefully watched. In other news, Yemen rebels seized military base at Bab el-Mandeb, overlooking the key shipping route while Saudi-led coalition kept bombing Houthi occupied sites..

Vols were stronger with wings being bought aggressively today as oil can move quickly away from current levels depending on Iran deal outcome.. overall vols gained about 1% across the curve

| | WTI (/change) | BRE (/change) |
|-----|---------------|---------------|
| K15 | 52.50% +1.45% | 51.10% +1.05% |
| M15 | 51.20% +2.10% | 47.90% +0.90% |
| Z15 | 37.10% +1.00% | 35.15% +0.70% |
| Z16 | 26.20% +0.10% | 26.40% +0.55% |

Metals

| 3m lvs | dod change | support | resistance |
|-------------|------------|----------|------------|
| Al \$1785 | -\$12.5 | \$1750 | \$1800 |
| Cu \$6041 | -\$41 | \$6000 | \$6300 |
| Zn \$2081 | -\$28 | \$2000 | \$2100 |
| Ni \$12,395 | -\$485 | \$12,000 | \$13,000 |
| Pb \$1820 | -\$5 | \$1800 | \$1900 |

The base complex traded down in the morning then picked up on improving customer confidence only to crash off again at close. China has reduced the deposits required from home buyers for the second time in 6 months in an attempt to boost sliding house prices, which should have knock on effects in the copper and nickel markets. Nickel continues its slide as CTA funds have sold off heavily on the supply crunch failing to materialize and demand from the stainless steel market evaporating. Nickel ore supplies are also returning from the Philippines as the rainy season ends, adding further supply pressure. Chinese NPI producers are cutting production, selling stocks or attempting to secure loans on the back of stocks in warehouses. Rio Tinto have resolved their tax dispute with the Mongolian government over the Oyu Tolgoi copper mine but financing still needs to be negotiated over phase II of the development there. Zambia's Mining

and finance ministers have indicated that they may consider temporarily reverting to the old tax regime or making deals on a mine by mine basis as the IMF applaud their efforts to compromise and encouraged them to implement a transparent system that applies to all mines. Vietnam is expected to increase its alumina output by 20% to 650kMT/year as its first plant reaches full capacity this month.

Shanghai Aluminum on warrant stocks are flat at 108.1 kMT. LME Aluminum on warrant stocks are flat at 1888 kMT. Shanghai Copper on warrant stocks are flat at 86.7 kMT. LME Copper stocks are up 0.11% to 252 kMT. LME Nickel stocks are up 0.41% to 332 kMT.

Copper Vols are down 0.5%, Ali Vols are down 0.25%, Nickel Vols are up 1%, Lead Vols are unchanged Zinc Vols are unchanged

Upcoming Data

30/3-Chicago PMI-Surv 51.7%, Actual 46.3%, Prior 45.8%

30/3-US Consumer Confidence Index -Surv 96.4, Actual 101.3, Prior 96.4

Regards,
Prateek

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