From: Daniel Sabba <[redacted]
Sent: Monday, January 5, 2015 9:43 PM
To: jeevacation@gmail.com
Subject: Fw: EOD Commodties Note - 5 Jan [C]

Classification: Confidential

Jeffrey - see below. Short term vol in crude at ~59% after today's sell off.

----- Forwarded by D=niel Sabba/db/dbcom on 01/05/2015 04:40 PM -----

From: Prateek Jain/db/dbcom@DBCOEX
To:
Date: 01/05/2015 04:14 PM
Subject: EOD Commodties Note - 5 Jan</=able>

Oil
Happy new year! Seems like every bear is back from vacation as WTI dropped over 5% and BRE dropped over 6%. I am still playing catch up after 2 weeks away, but its interesting that the contango has deepened massively since I left. BRE spreads tanked and are trading below 1$/bbl. There are still more than 15 unsold Jan Nigerian cargoes even though we are trading Feb barrels. In other news, Syncrude production was down 40kbd mom in December (around 14% drop), albeit from a pretty high number (see graph below). Also, Saudi raised OSPs to Asia but cut them to the US and Europe, in line with their "portfolio reba=ancing" strategy. In the N Sea, the window was weak with BP and Phillips offering down forties down to -60cents, where Shell bought. Loadings wise, Oseberg February loadings will be flat mom and CPC loadings will be the highest since April 2012. So the Atlantic Basin overhang is continuing it seemsR=0;From a technicals picture, WTI now is looking to the 46$ region as support, which is the trendline from 1999 lows!!!

Oil Vols
Vols took another leg higher as flatpri=e dropped 5%. With weekend and holidays out of the calendar, prompt vols jumped 8-9 vols and traded over 60 vol earlier in the day. Backend vols were softer when we walked in, but were strongly bid in later half of the day, with Dec16 vols in WTI closing about 2 vols higher. We haven't h=ard of any producer hedging, but see a lot of financial players going for the bearish positioning for Q1 2015, and buying low delta puts.

&nbs=;	WTI (/change)	BRE (/change)
G15	59.90% +8.70%	55.70% +8.00%

H15	52.60%	+3.60%	50.40%	+4.65%
M15	47.75%	+2.60%	44.25%	+2.10%
Z15	40.80%	+1.75%	39.25%	+1.85%
Z16	34.15%	+1.90%	33.80%	+1.90%

Index
This Thursday, January 8th the annual S=amp;P-Goldman Sachs and Bloomberg Commodity Index rebalance will commence.
It will last 5 days and end Wednesday, January 14th.
I would like to bring to your attention the table below. (Thanks to my colleague Jerry Chan for helping to put this together.) The buying and selling below is a net n=mber of both indexes. &nb=p;I am assuming about 65 billion in BCOM and 85 billion in SPGS.
Substantial buying and selling in so=e commodities will occur like Brent Crude where there will be almost 50k lots of buying. It will be interesting to see how this rebalance buying will do against the current onslaught in energy.

More than happy to discuss further if y=u have any questions......Sean Kemery

Screen shot below explains today'= moves quite simply. Energy down hard, everything else up to slightly mixed. The positive performance in ags, softs and meats helped the BCOM index outperform the energy heavy SPGS index. BCOM settled flat on the day while SPGS finished down 2.61%.

Regards,
Prateek