



KBC Commodities Report

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

Crude

The weaker U.S. dollar supported commodities prices across the board on Tuesday and in intraday trading hit yet another multi-month high. In late afternoon, Brent price was seen as high as at 117.50 USD per barrel. Moreover, the spread between 1M and 2M contract slightly widened (see the chart).

Meanwhile, the spread between Brent and WTI slightly tightened and returned back below 18 USD per barrel. Several pieces of news played in favor of the U.S. benchmark. First, Alberta's Horizon oil sands have been closed for an unplanned repair. Second, the API reported unexpected fell in U.S. crude stockpiles.

Regarding the latter, the official EIA figures on U.S. inventories will be released today. Besides figures on stocks itself, total product supplied (i.e., implied demand) reading might grab market's attention. Let us remind that the figure for January showed lower-than-usual U.S. demand for oil products (18.2 million barrels per day, i.e. 7.7 percent below 5 year average). However, in its new Short-Term Energy Outlook, the EIA expects the demand to rise back to nearly 18.9 million barrels per day.

As far as sanctions against Iran are concerned, China, the largest individual buyer of Iranian crude, seeks alternative sources of oil, Reuters said citing an industry source. However, it's been unclear whether the move is rather temporary (and is related to improvement of bargaining position with Iran) or more permanent. Meanwhile, both Japan and South Korea have been trying to swap for other sources of oil as well.

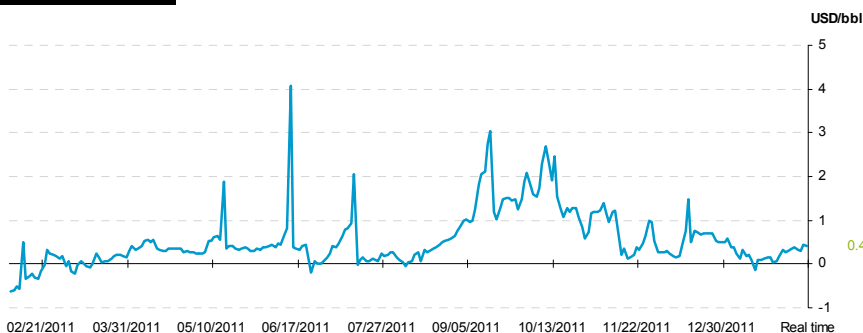
Precious Metals

Gold price returned back above 1740 USD per troy ounce level on Tuesday and posted the largest daily gains in about two weeks.

Once again, comments made by Fed's Chairman Bernanke bolstered the price of the metal as he repeated yesterday his pledge to keep borrowing costs close to zero at least through late 2014 even after unemployment fell to a three-year low.

Chart of the day:

1M - 2M timespread



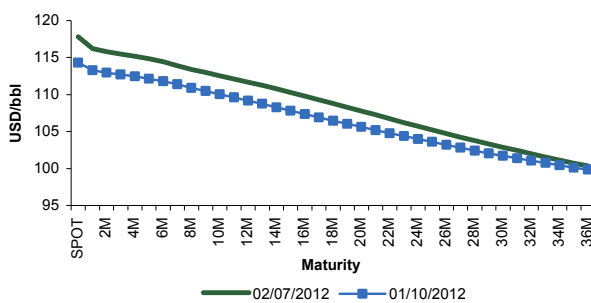
The spread between 1M and 2M contract slightly widened and indicates market worries about tightening markets.

Commodity prices table

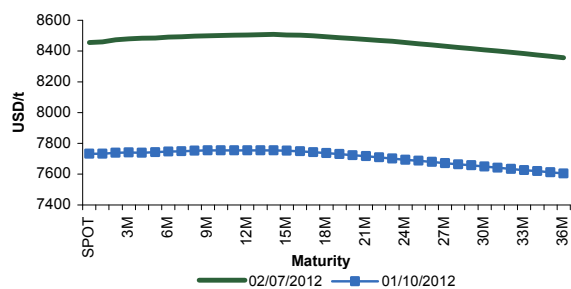
		02/07/2012	02/06/2012		01/31/2012		01/10/2012	
Crude & Products		Close	Close	Change	Close	Change	Close	Change
Brent spot	USD/bbl	117.8	116.4	1.19%	111.1	6.08%	114.3	3.07%
Brent 1M	USD/bbl	116.2	115.9	0.26%	111.0	4.73%	113.3	2.60%
Brent 2M	USD/bbl	115.8	115.6	0.15%	110.7	4.62%	113.0	2.51%
Brent 3M	USD/bbl	115.5	115.4	0.08%	110.5	4.54%	112.7	2.46%
WTI spot	USD/bbl	98.6	96.9	1.71%	98.5	0.09%	102.2	-3.61%
1,0% Fuel Oil FOB Barges Rdam	USD/t	711.3	705.3	0.85%	677.3	5.02%	689.0	3.23%
3,5% Fuel Oil FOB Barges Rdam	USD/t	685.8	684.8	0.15%	662.8	3.47%	681.3	0.66%
Jet FOB Barges Rdam	USD/t	1052.8	1047.5	0.50%	1010.8	4.16%	1034.8	1.74%
Gasoil 0.1 FOB Barges ARA	USD/t	995.0	989.0	0.61%	947.3	5.04%	975.3	2.03%
Diesel 10 PPM FOB Barges Rdam	USD/t	1012.0	1009.5	0.25%	965.3	4.84%	996.3	1.58%
Base Metals (LME 3M)		Close	Close	Change	Close	Change	Close	Change
Cu	USD/t	8480	8498	-0.22%	8319	1.93%	7741	9.55%
Sn	USD/t	25500	24500	4.08%	24345	4.74%	20275	25.77%
Zn	USD/t	2120	2131	-0.49%	2106	0.66%	1930	9.84%
Pb	USD/t	2186	2181	0.23%	2213	-1.22%	1989	9.90%
Al	USD/t	2255	2223	1.44%	2238	0.76%	2164	4.21%
Ni	USD/t	21800	21695	0.48%	20855	4.53%	19505	11.77%
Aa	USD/t	2210	2180	1.38%	2149	2.84%	2085	6.00%
Precious Metals (spot)		Close	Close	Change	Close	Change	Close	Change
Au	USD/toz	1746	1720	1.52%	1739	0.40%	1631	7.06%
Ag	USD/toz	34.2	33.6	1.64%	33.1	3.17%	29.9	14.40%
Pt	USD/toz	1647	1621	1.60%	1585	3.94%	1459	12.87%
Pd	USD/toz	706	704	0.30%	683	3.38%	633	11.46%
USD exchange rate		Close	Close	Change	Close	Change	Close	Change
EUR/USD		1.33	1.31	1.05%	1.31	1.45%	1.28	3.84%
DXY Index		78.6	79.1	-0.62%	79.3	-0.90%	80.8	-2.76%

Source: Reuters

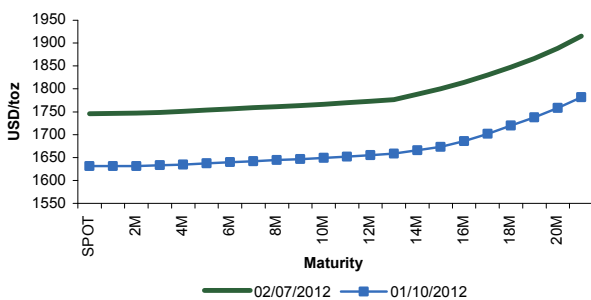
Brent forward curve



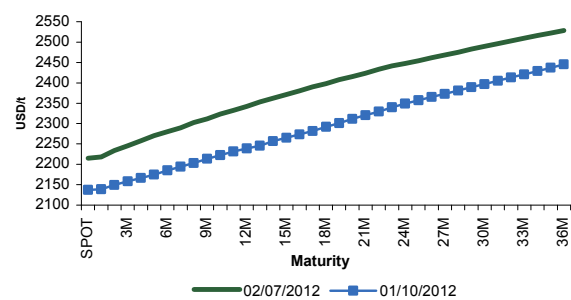
Copper forward curve



Gold forward curve



Aluminium forward curve



Calendar

	Time	Indicator		Period	Actual		Consensus		Previous	
					m/m	y/y	m/m	y/y	m/m	y/y
USA	16:35	EIA weekly gasoline stk *	mbbl	03/02/2012			0.72		3.01	
USA	16:35	EIA weekly crude stocks *	mbbl	03/02/2012			2.41		4.17	

* weekly

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