# BARCLAYS

Commodities Research

20 April 2015

## Commodities Weekly

# Breaking the trends

- Crude oil rallied to a three-month high due to slowing stock builds, forecasts for a decline in US production, and technical buying as WTI broke above a key resistance level. Stock levels will require close monitoring over the summer months to determine whether the strength in Gulf Coast differentials can persist. In addition, near-term fundamentals point to a widening of light-heavy spreads, particularly WTI-WCS.

- Growing risk of a Greek default, China registering its slowest growth in five years as well as weaker-than-expected data from the US have not sparked a significant revival in gold. Barring this week's pick up in physical demand, we think the risks are tilting back towards the downside as key correlations are starting to strengthen once again.

- While the copper market was focused on news out of CESCO, news in Zambia and China should not be ignored. Zambia appears to have resolved its dispute with producers over a new taxation regime, while China's disappointing data signal that, although the slowdown is real, it is within our economists' forecasts. Copper prices rose last week, which we believe is reflective of an increased appreciation for a tight market.




Kevin Norrish
+44 (0)20 7773 0369
kevin.norrish@barclays.com

Michael Cohen
+1 212 526 3606
michael.d.cohen@barclays.com

Suki Cooper
+1 212 526 7896
suki.cooper@barclays.com

Dane Davis
+1 212 526 6721
dane.a.davis@barclays.com

Feifei Li
+44 (0)20 3134 6987
feifei.li@barclays.com

Miswin Mahesh
+44 (0)20 7773 4291
miswin.mahesh@barclays.com

Warren Russell
+1 212 526 8707
warren.v.russell@barclays.com

www.barclays.com

# WEEK IN REVIEW

Commodities publications released this week:

## Cross Commodities

***The Commodity Investor - Flows Analysis: Falling out of favour again***

For a brief moment it looked like commodity investing had regained its momentum as the first two months of the year attracted substantial new investor buying of oil and gold. The buying was so strong that Q1 2015, with net inflows of $6.6bn, ranks as the strongest for commodity investments since 2012, despite the fact inflows turned to outflows again in March. That swift change of direction in March when $1.5bn of commodity investments was liquidated is ominous, in our view, and suggests that the early-year pick-up in inflows was related to one-off factors, notably bargain hunting in oil, rather than any sea change in investor views toward commodities as a long-term asset class.

## Metals

***Gold Delta: Could it be June?***

Gold's potential for upside momentum looks limited in the near term. The market quickly came under pressure after the Fed minutes noted a June hike was possible. On the other hand, physical demand has weakened. In the absence of a macro catalyst, gold is likely to struggle to make sustained gains. However, the floor is likely to firm as demand in India picks up in the run up to festival-related buying, though poorer harvests have capped spending.

# Energy

OIL MARKET OUTLOOK

# Signs of change

Warren Russell
+1 212 526 8707
warren.v.russell@barclays.com

Michael Cohen
+1 212 526 3606
michael.d.cohen@barclays.com

Miswin Mahesh
+44 (0)20 7773 4291
miswin.mahesh@barclays.com

**Crude oil rallied to a three-month high on the back of slowing stock builds, forecasts for a decline in US production, and technical buying as WTI broke above a key resistance level. Stock levels will require close monitoring over the summer months to determine whether the strength in Gulf Coast differentials can persist. In addition, near-term fundamentals point to a widening of light-heavy spreads, particularly WTI-WCS.**

## Slowing builds, strong differentials

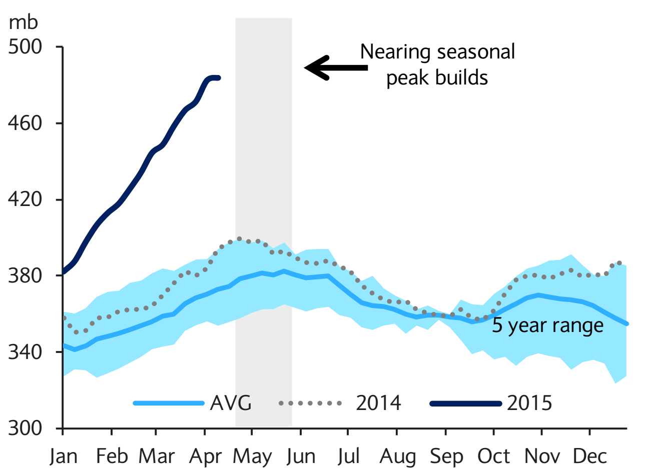
Crude oil rallied this week on the back of slowing stock builds, an apparent decline in production, and technical buying as WTI broke above a key resistance level. The EIA's Weekly Petroleum Supply report showed a modest 1.3 mb build in crude, which is a drop in the bucket compared to the 10+ mb builds seen in recent weeks. Despite new record high absolute stock levels, the slowing pace of crude builds signalled that the market might rebalance sooner now that US turnarounds are over. Gasoline stock declines were offset by diesel builds, but overall product stocks grew by 5.9 mb, lifting total crude oil and petroleum product stocks by 7.2 mb.

**If stocks do not decline significantly in the coming months, Gulf Coast grades may need to discount from current levels.** Although production is likely to decline in the coming months, it should remain elevated compared to 2014 levels for most of 2015. With higher y/y production and strong Gulf Coast differentials signalling imports, it will be important to monitor stock levels during peak refinery runs this summer. If US refineries cannot significantly draw down stocks during this period, USGC differentials will likely need to weaken to prevent even higher stock builds in the fall.

New North American takeaway capacity, higher refining throughputs, and storage demand have narrowed the WTI-WCS[1] light-heavy crude spread, but several factors lead us to believe this could reverse course. Changes in market dynamics support stronger differentials; however, the current spread appears exceptionally narrow, especially given near-term production expectations, upgrader maintenance, and increases in light oil processing capacity.

FIGURE 1

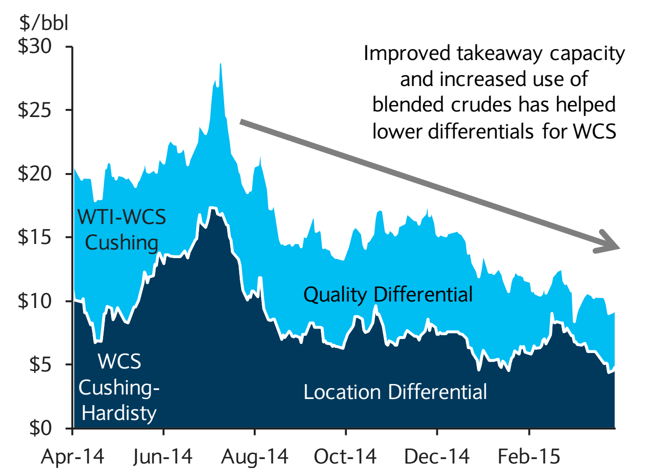
**A potential light at the end of the tunnel for US crude oil stock builds**




Source: EIA, Barclays Research

FIGURE 2

**The WTI-WCS Hardisty differential has narrowed markedly in the past year**




Source: Platts, Bloomberg, Barclays Research

[1] Western Canadian Select (WCS) is Canada's benchmark for blended Canadian heavy crude which prices at Hardisty.

**Less light supplies and more demand for lights; more heavy supplies and no apparent increase in heavy demand**

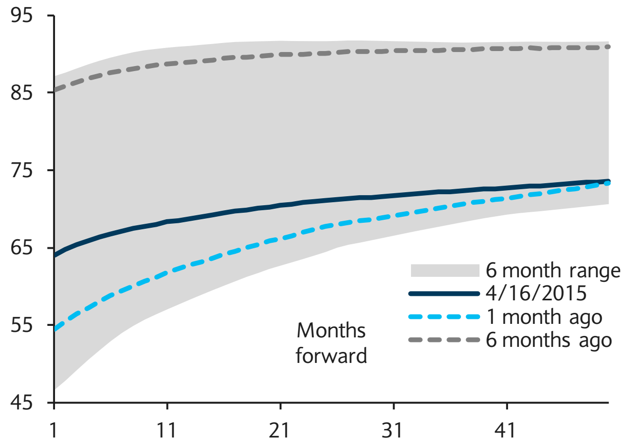
The decline in oil prices is expected to affect North American light and heavy crude production differently. In the US and the light oil plays in Canada, it is already apparent that drilling activity has declined precipitously and we expect outright production declines in several tight oil basins over the coming months. Conversely, in Canada, heavy crude oil production is expected to continue growing in 2015, by up to 200 kb/d, as new projects, including Kearl, Christina Lake, Nabiye, and Surmont, ramp up. So the supply of Canadian heavy crude relative to US light supply is expected to increase.

In addition to this shift, several Canadian upgraders will undergo turnarounds this spring/summer, including Shell and Suncor facilities. Although some bitumen mining operations that feed those upgraders may close temporarily as turnarounds occur, upgrader maintenance also means less marketed syncrude (synthetic light oil), which will reduce the supply of light oil in the North American market. Admittedly, some syncrude is used in the production of WCS, but we do not think lower availability will affect heavy Canadian volumes.

In the US, light processing capacity is expected to increase as new splitters and refinery expansions come online over the coming months. Expanded processing capacity will help increase demand for light oil as supplies start to taper off. Enbridge's Line 9 pipeline reversal should further tighten the balances for North American light oil, providing Bakken and Western Canada light oil with pipeline access to Eastern Canadian refiners and potentially backing out further waterborne imports (ex shipments from the USGC). These factors lead us to believe that WTI-WCS Hardisty should widen from current levels, but unforeseeable issues such as refinery outages present a risk to this view.

FIGURE 3

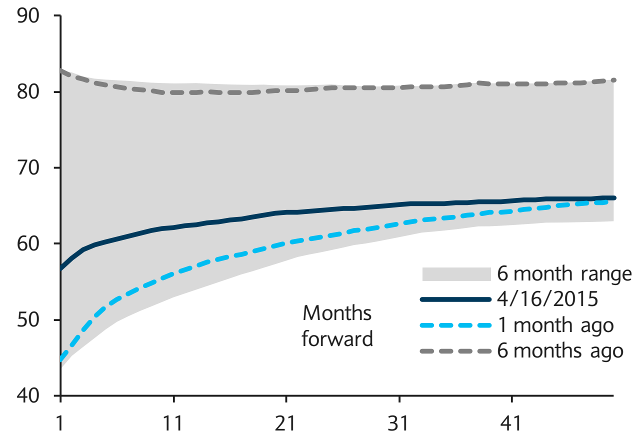
**Brent forward curve ($/bbl)**




Source: Bloomberg, Barclays Research

FIGURE 4

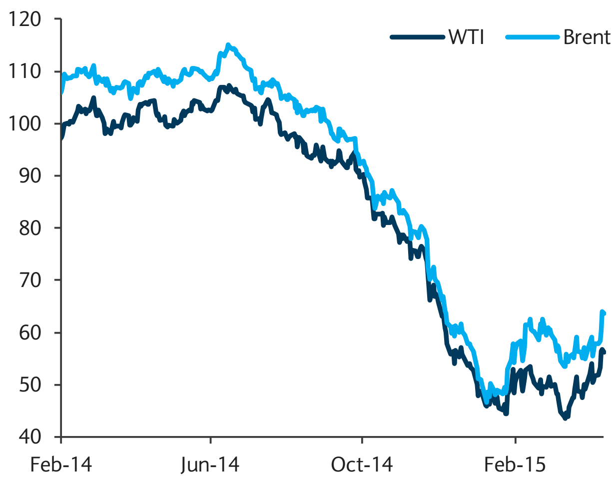
**WTI forward curve ($/bbl)**




Source: Bloomberg, Barclays Research

FIGURE 5

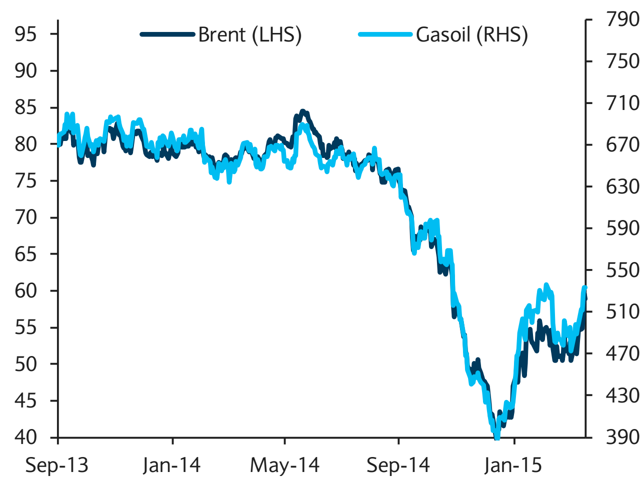
**Front-month WTI and Brent ($/bbl)**




Source: Bloomberg, Barclays Research

FIGURE 6

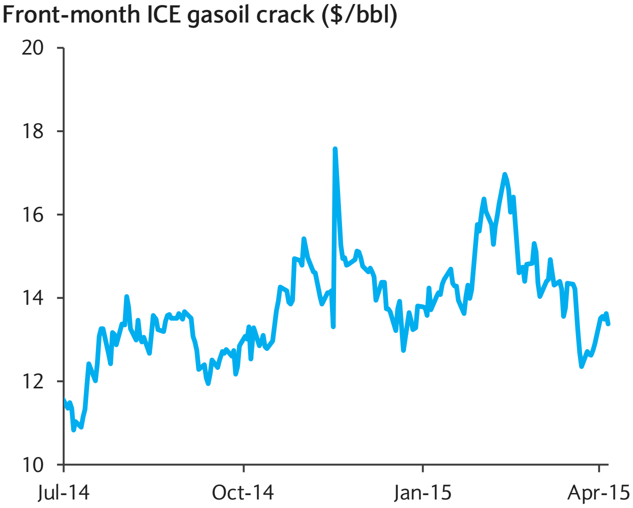
**Front-month Brent (€/bbl) and ICE Gasoil (€/ton)**




Source: Bloomberg, Barclays Research

FIGURE 7

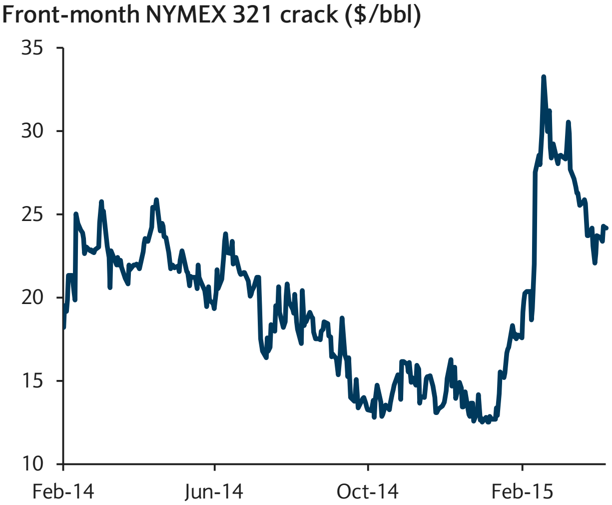
**Front-month ICE gasoil crack ($/bbl)**




Source: Bloomberg, Barclays Research

FIGURE 8

**Front-month NYMEX 321 crack ($/bbl)**




Source: Bloomberg, Barclays Research

# Metals

METALS MARKET OUTLOOK

# Chile and changes

Suki Cooper
+1 212 526 7896
suki.cooper@barclays.com

Dane Davis
+1 212 526 6721
dane.a.davis@barclays.com

**Growing risk of a Greek default, China registering its slowest growth in five years as well as weaker than expected data from the US have not sparked a significant revival in gold. Barring this week's pick up in physical demand, we think the risks are tilting back towards the downside as key correlations are starting to strengthen once again.**

**While the copper market was focused on news out of CESCO, news in Zambia and China should not be ignored. Zambia appears to have resolved its dispute with producers over a new taxation regime, while China's disappointing data signal that, although the slowdown is real, it is within our economists' forecasts. Copper prices rose last week, which we believe is reflective of an increased appreciation for a tight market.**

## Correlation fixation

Gold prices are starting to look increasingly vulnerable to the downside as the month draws to a close, in our view. Demand from India, ahead of the gold buying festival of Akshaya Tritiya which falls on 21 April, has been modest thus far. Instead, gold has been taking its cue from macro data. Key correlations are starting to strengthen, which bodes ill for gold.

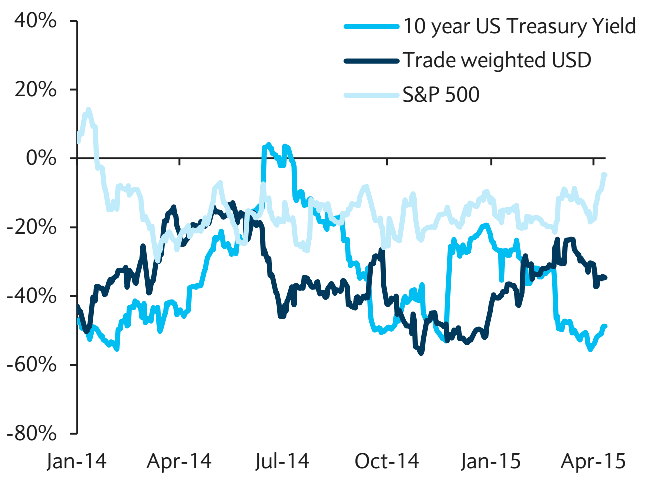
Gold prices are oscillating around the $1200/oz mark, in search of direction. Growing risk of a Greek default, China registering its slowest growth in five years as well as weaker than expected data from the US, has not sparked a significant revival in gold.

Market positioning at the start of the year suggested the gold market had not fully priced in a US rate hike. By the end of Q1 15, speculative positioning was more closely aligned to past trends prior to rate hikes. Net fund length has turned more positive over the past three weeks, but upward price momentum has been limited. In our view, this reflects a deflated cushion for gold. Barring this week's anticipated pick up in festival related physical demand, we think risks are once again tilting to the downside.

Over the course of Q1 15, gold's correlations to oil prices, EURUSD and the S&P 500 had weakened to become uncorrelated against these drivers. The one relationship that remains intact is that to US 10y Treasuries, and this remains the key correlation to watch for gold.

FIGURE 1

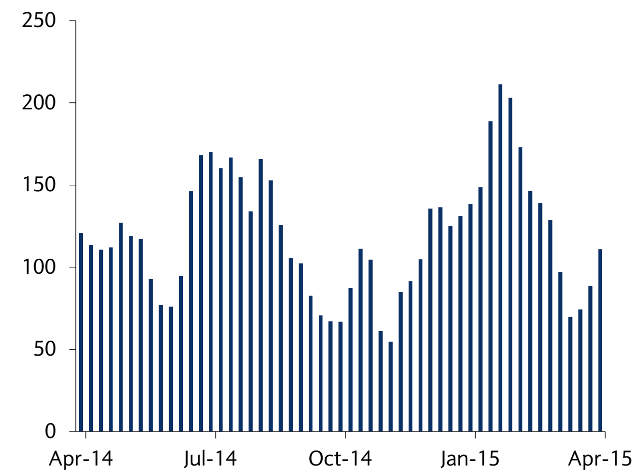
**Gold's correlation against 10 year US Treasuries weaker but is still the strongest relationship**




Source: EcoWin, Bloomberg, Barclays Research

FIGURE 2

**Tactical investors increase their exposure to Comex gold ('000 lots)**




Source: CFTC, Barclays Research

The three-month rolling gold-10y US Treasuries correlation has weakened over the past month but it remains the most prominent relationship, hovering around 50%. Our economists continue to expect the Fed to hike for the first time since 2006 in September and for Fed fund rate to reach 0.50-0.75% by the end of the year. Our Rates Strategists expect 10yr US Treasuries to average 1.85% in Q2 15 and to rise to 2.25% by Q4 15.

Gold's correlation to the S&P 500 remains neutral, but it has started to strengthen against the trade weighted dollar. In part, this is a reflection of gold losing its safe haven appeal, which was apparent in January following the SNB's exchange rate policy announcement and heightened uncertainty in Europe. Our FX Strategists expect EURUSD to trade at parity in Q3 15 and for the USD to strengthen to 0.98 in Q4 15. With gold's correlation to the USD strengthening again, and our expectation that the metal's price will become increasingly influenced by US monetary policy, the risks look to be stacking up against gold beyond the seasonally strong period for consumption in April.

## An end to a trend?

Last week, the copper industry's leaders and watchers converged on Santiago, Chile for the annual CESCO conference, the largest annual forum for the metal. While the announcements and interviews from CESCO dominated that week's headlines, we want to highlight some important stories and their implication for copper that the market may have missed.

First, on 14 April China, the world's largest copper consumer, reported Q1 15 growth of 7% y/y, the slowest rate since 2009. Despite this disappointing macroeconomic news, the copper market's reaction was surprising. At the close of business on Thursday 16 April, copper was priced at 6067.5$/tonne,  a rise of 1.1% from the beginning of the week. Prior to Thursday, prices fell by 1.5% from the prior week close on 10 April, but then rallied on Thursday by 1.8%, the strongest one-day gain since 20 March.

A copper price rally coinciding with poor macroeconomic news from China may initially seem contradictory, as a slowdown in China, which consumes an estimated 46% of the global production of the metal, adversely affects the outlook for copper on the demand side. However, this apparent contradiction can be explained by appreciating several points that we believe investors are increasingly coming to acknowledge. First, while China's economy is slowing, growth is still expected to be robust with an official forecast of 7% for 2015. (Our China economists take a slightly more bearish perspective forecasting a below consensus estimate for the annual GDP growth rate at 6.8%, see *China: Sharp slowdown in March activity highlights need for more policy easing in Q2*.) Our relaunch of copper market coverage in March, *Diagnosing Dr. Copper*, incorporates this 6.8% GDP growth rate for China into our forecast of 4% growth in Chinese refined copper consumption. In other words, recent data, while poor, is in line with our analysis of the state of the copper market and does not fundamentally alter our bullish outlook for the copper price.

Second, the slowdown in China raises the prospect of additional stimulus measures to help manage the economic deceleration. Our view is that any additional stimulus policies will only have a muted effect on Chinese copper consumption, as fundamentals are inevitably altering the nature of China's copper consumption away from fixed asset led growth to consumer driven demand. But any further stimulative measures are unlikely to harm Chinese copper consumption, and we acknowledge the potential for a short term induced boost to copper consumption directly attributable to any stimulative measures, such as real estate purchasing reform or lower interest rates.

When taken together, these two arguments, that China's demand is slowing but still robust and that the likelihood of further monetary and fiscal stimulus has potentially positive implications for Chinese copper demand, paint a more benign outlook for copper demand than the headlines may suggest.

On the supply side, we seem to have reached the end of a story that we have been following for some time. Zambia, Africa's second largest copper producer after the Democratic Republic of the Congo, announced that they are reverting back to a previous, and more favourable, taxation regime for miners. To recap, the Zambian government announced in January a new taxation system of 20% royalties for open-pit mines and 8% for underground operations. This change occurred during a period of tense relations between copper producing companies and the Zambian government, as producers claimed that Zambia was withholding VAT refunds. In response to the tax rule changes announced in January, Zambian producers declared that they would be shuttering mines, postponing expansion plans, and cutting jobs because of the uncompetitive nature of the new tax code.

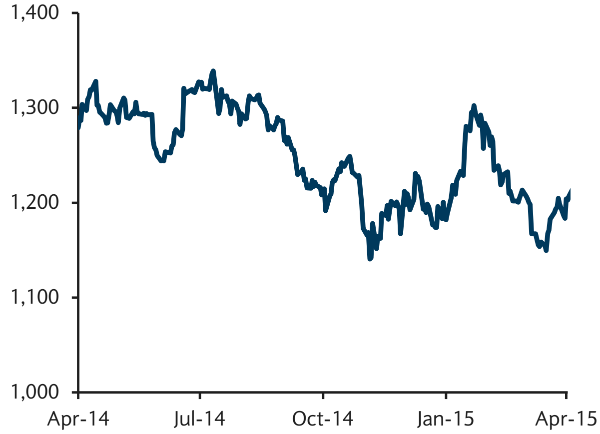
We make no judgment on either side's claims, but noted in March that if threatened production disruptions from producers were to go through, up to 290ktpa of production would have been eliminated from this year's supply forecast. We made the decision not to factor this possible disruption into our tracking of disruptions for the year, as the story was still ongoing and reports indicated production had yet to be affected. Bloomberg reports news out of Zambia last week that the government and producers have perhaps reached an understanding, with the cabinet agreeing to instead implement a flat royalty rate of 9%, while returning to a 30% corporate income tax.

Cochilco, Chile's state copper commission, has assessed the net effect of March's devastating flooding in the northern copper production region of the country. Cochilco estimates that Chile will mine 5.94 mn tonnes of copper this year, down from its earlier estimate of 6.0 mn tonnes. Temporary disruption is estimated to total 6,000 tonnes for Barrick Gold Corp.'s Zaldivar mine and 6,500 tonnes from Codelco's Salvador division. Overall, miners were able to adapt production to the rains, and output was not heavily affected. A few operations had to temporarily halt production, but are expected to make up output losses from increased production later in the year. For Codelco, operations at Chuquicamata, Ministro Hales, Radomiro Tormic, Gabriela Mistral, and Salbador halted for three days during the rains, but have since reported no problem in resuming activity. Antofagasta's Michilla and Centinela halted production as well, but with no expected production losses. However, Antofagasta lowered its copper outlook for Los Pelambres by 5ktpa for reasons unrelated to the rain. Most other major operations, including BHP Billiton's Escondida and Anglo and Glencore's Collahuasi, were not affected.

# Precious metals prices and ETP holdings

FIGURE 3

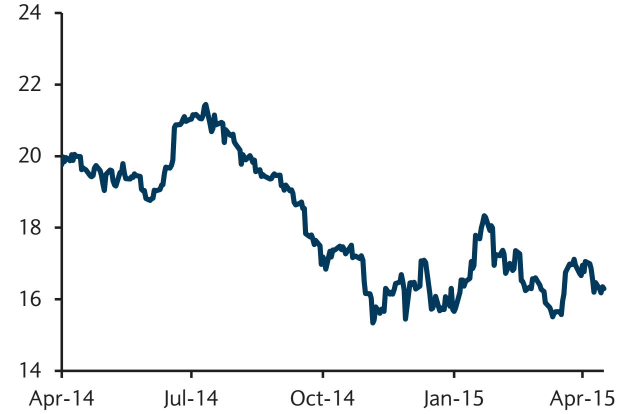
**Gold ($/oz)**




Source: Bloomberg, Barclays Research

FIGURE 4

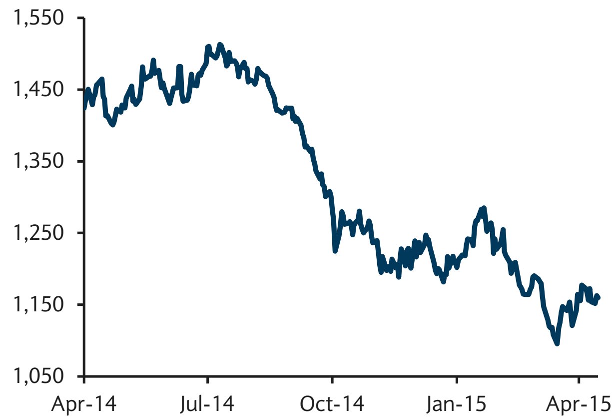
**Silver ($/oz)**




Source: Bloomberg, Barclays Research

FIGURE 5

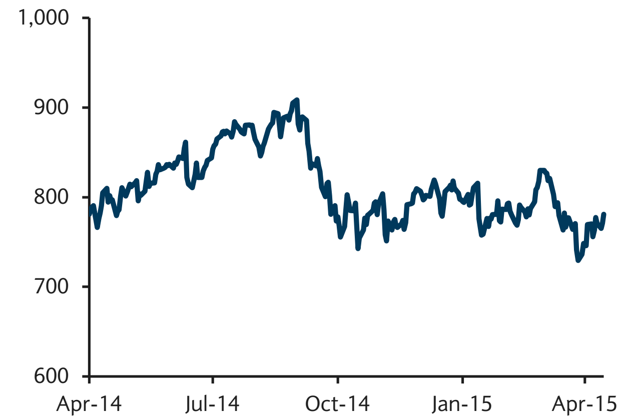
**Platinum ($/oz)**




Source: Bloomberg, Barclays Research

FIGURE 6

**Palladium ($/oz)**




Source: Bloomberg, Barclays Research

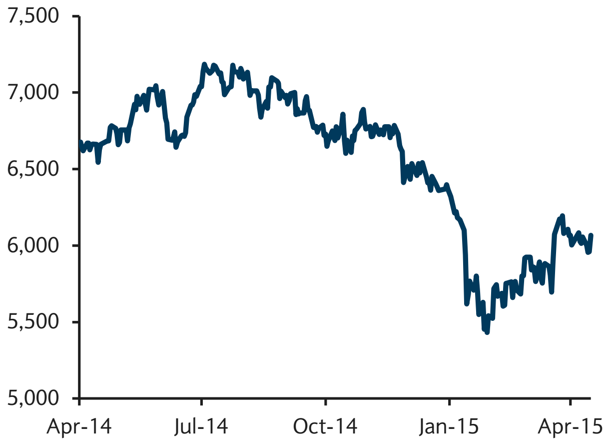
FIGURE 7

**ETP holdings (as of 15 April 2015)**

| Physical ETPs | Weekly change | Month-to-date change | Year-to-date change | Total holdings |
|---|---|---|---|---|
| Gold (tonnes) | 1.9 | -3.9 | 34.1 | 1,745 |
| Open end funds | 1.9 | -3.9 | 29.8 | 1,576 |
| SPDR (GLD) | 3.0 | -1.2 | 27.1 | 736 |
| Silver (tonnes) | 78.7 | 30.2 | 86.8 | 19,936 |
| Open end funds | 78.7 | 30.2 | 94.0 | 15,920 |
| iShares US | 95.2 | 31.5 | -145.1 | 10,105 |
| Platinum (ounces) | -5,223 | -115,671 | -67,534 | 2,823,506 |
| Open end funds | -5,223 | -114,399 | -58,989 | 2,762,673 |
| ABSA NewPlat | -82 | -110,480 | -33,021 | 1,071,495 |
| Palladium (ounces) | -1,286 | 35,608 | -173,754 | 2,950,380 |
| Open end funds | -1,286 | 38,519 | -154,226 | 2,811,471 |
| US ETF Securities | 0 | -212 | -54,281 | 460,223 |

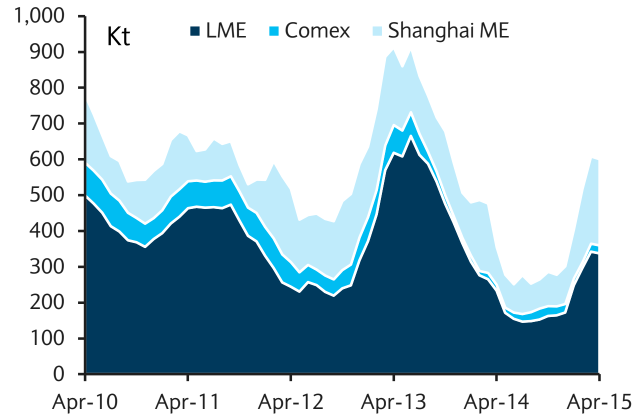
Source: Various issuer websites, Bloomberg, Barclays Research

FIGURE 8
**Copper price ($/tonne), LME cash**




Source: Bloomberg, Barclays Research

FIGURE 9
**Copper stocks**




Source: Bloomberg, CRU, Barclays Research

# Forecasts and Data

# COMMODITY PRICE FORECASTS

## Barclays Research quarterly average commodity price forecasts

| | | Q1 14 | Q2 14 | Q3 14 | Q4 14 | Q1 15 | Q2 15F | Q3 15F | Q4 15F |
|---|---|---|---|---|---|---|---|---|---|
| **Metals** | | | | | | | | | |
| Copper | US$/t | 7,032 | 6,796 | 6,997 | 6,634 | 5,805 | 6,300 | 6,600 | 6,500 |
| Gold | US$/oz | 1292 | 1290 | 1282 | 1200 | 1219 | 1190 | 1150 | 1170 |
| Silver | US$/oz | 20.4 | 19.6 | 19.7 | 16.5 | 16.7 | 16.5 | 15.8 | 16.0 |
| Platinum | US$/oz | 1423 | 1441 | 1427 | 1223 | 1194 | 1215 | 1250 | 1300 |
| Palladium | US$/oz | 741 | 812 | 859 | 783 | 786 | 795 | 815 | 825 |
| **Energy** | | | | | | | | | |
| WTI | US$/bbl | 99 | 103 | 97 | 73 | 49 | 39 | 47 | 52 |
| Brent | US$/bbl | 108 | 110 | 103 | 77 | 55 | 47 | 50 | 55 |
| US Natural Gas | US$/mmbtu | 4.72 | 4.58 | 3.95 | 3.83 | 2.82 | 2.45 | 2.85 | 3.00 |

Note: Precious metals spot prices. WTI: front-month NYMEX close. Brent: front-month IPE close. US natural gas: NYMEX front-month close. Source: Barclays Research

## Barclays Research annual average commodity price forecasts

| | | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015F | 2016F |
|---|---|---|---|---|---|---|---|---|---|
| **Metals** | | | | | | | | | |
| Copper | US$/t | 5,148 | 7,533 | 8,813 | 7,948 | 7,326 | 6,865 | 6,313 | 6,250 |
| Gold | US$/oz | 972 | 1,226 | 1,571 | 1,668 | 1,412 | 1,266 | 1,182 | 1,215 |
| Silver | US$/oz | 14.6 | 20.2 | 35.2 | 31.1 | 23.8 | 19.0 | 16.2 | 15.8 |
| Platinum | US$/oz | 1,205 | 1,610 | 1,716 | 1,547 | 1,483 | 1,379 | 1,240 | 1,325 |
| Palladium | US$/oz | 262 | 526 | 729 | 641 | 723 | 799 | 805 | 850 |
| **Energy** | | | | | | | | | |
| WTI | US$/bbl | 62 | 80 | 95 | 94 | 98 | 93 | 47 | 57 |
| Brent | US$/bbl | 63 | 80 | 111 | 112 | 109 | 100 | 52 | 60 |
| US Natural Gas | US$/mmbtu | 4.16 | 4.39 | 4.03 | 2.82 | 3.73 | 4.27 | 2.75 | 3.60 |

Note: Precious metals spot prices. WTI: front-month NYMEX close. Brent: front-month IPE close. US natural gas: NYMEX front-month close. Source: Barclays Research

## Price comparisons

| | Exchange | Unit | Price Change (%, w/w) | 16-Apr-15 | Week Ago Price | Price Change (%, m/m) | Month Ago Price | Price Change (%, y/y) | Year Ago Price |
|---|---|---|---|---|---|---|---|---|---|
| Crude Oil | ICE | $/barrel | 13.1% | 64 | 57 | 19.6% | 54 | -41.6% | 110 |
| Crude Oil | NYMEX | $/barrel | 11.7% | 57 | 51 | 30.5% | 43 | -45.3% | 104 |
| Heating Oil | NYMEX | $/gallon | 10.5% | 1.9 | 1.7 | 12.6% | 1.7 | -36.6% | 3.0 |
| Gasoline | NYMEX | $/gallon | 10.0% | 1.9 | 1.8 | 11.9% | 1.7 | -36.3% | 3.0 |
| Gas Oil | ICE | $/tonne | 8.3% | 572 | 528.3 | 12.4% | 509 | -38.2% | 925 |
| US Natural Gas | NYMEX | $/mmbtu | 6.2% | 2.7 | 2.5 | -6.0% | 2.9 | -40.8% | 4.5 |
| Sugar | ICE | $/lb | 4.9% | 13.4 | 12.8 | 4.8% | 12.8 | -20.6% | 16.9 |
| Lead | LME | $/tonne | 4.3% | 2,048 | 1,964 | 17.5% | 1,742 | -2.4% | 2,099 |
| Coal API2 | ICE | $/tonne | 2.9% | 57 | 56 | -0.9% | 58 | -25.5% | 77 |
| Cocoa | ICE | $/tonne | 2.8% | 2,870 | 2,792 | 2.9% | 2,788 | -2.9% | 2,956 |
| Nickel | LME | $/tonne | 2.6% | 12,813 | 12,484 | -7.6% | 13,871 | -27.8% | 17,739 |
| Coal API4 | ICE | $/tonne | 2.6% | 56 | 55 | -5.0% | 59 | -24.5% | 74 |
| Aluminium alloy | LME | $/tonne | 2.5% | 1,830 | 1,785 | 4.3% | 1,755 | -3.2% | 1,890 |
| Aluminium | LME | $/tonne | 2.5% | 1,811 | 1,766 | 2.1% | 1,773 | -1.8% | 1,844 |
| Zinc | LME | $/tonne | 2.5% | 2,226 | 2,172 | 11.8% | 1,991 | 9.0% | 2,042 |
| Palladium | NYMEX | $/oz | 2.3% | 779 | 762 | 2.3% | 762 | -2.9% | 803 |
| Coffee | ICE | $/tonne | 1.6% | 140 | 137 | 4.2% | 134 | -24.9% | 186 |
| Soybeans | CBOT | $/bushel | 1.3% | 966 | 954 | 1.2% | 955 | -36.4% | 1,519 |
| Copper | LME | $/tonne | 0.9% | 6,070 | 6,014 | 3.5% | 5,864 | -8.9% | 6,662 |
| Silver | OTC | $/oz | 0.9% | 16.3 | 16.1 | 4.8% | 15.5 | -17.1% | 19.6 |
| Gold | OTC | $/oz | 0.2% | 1,197 | 1,194 | 4.2% | 1,149 | -8.1% | 1,302 |
| Platinum | NYMEX | $/oz | 0.2% | 1,159 | 1,156 | 5.8% | 1,095 | -19.4% | 1,437 |
| Rubber | TOCOM | ¥/kg | -0.2% | 200 | 200 | -9.4% | 220 | -8.9% | 219 |
| Azuki beans | TGE | JPY/30kg | -0.2% | 8,770 | 8,790 | 0.7% | 8,710 | -20.1% | 10,980 |
| Feeder Cattle | CME | $/lb | -0.3% | 216 | 216 | 2.0% | 212 | 20.4% | 179 |
| Corn | CBOT | $/bushel | -0.5% | 376 | 378 | 1.4% | 371 | -24.4% | 498 |
| Live Cattle | CME | $/lb | -0.6% | 161 | 162 | 4.7% | 154 | 10.3% | 146 |
| German Power | EEX | €/MWh | -0.8% | 31 | 31 | 2.0% | 30 | -5.8% | 33 |
| Carbon EUA | ECX | €/tonne | -2.0% | 6.9 | 7.0 | 2.1% | 6.7 | 26.1% | 5.5 |
| UK Power | ICE | £/MWh | -2.6% | 45 | 46 | -2.0% | 46 | -13.9% | 53 |
| Cotton | ICE | $/lb | -3.3% | 64 | 66 | 6.3% | 60 | -29.7% | 91 |
| UK Natural Gas | ICE | £/therm | -3.6% | 46 | 48 | -0.6% | 47 | -9.6% | 51 |
| Oats | CBOT | $/bushel | -4.1% | 258 | 269 | -4.8% | 271 | -36.3% | 405 |
| Rough Rice | CBOT | $/bushel | -4.2% | 10.0 | 10.4 | -6.2% | 10.6 | -35.2% | 15.4 |
| Wheat | CBOT | $/bushel | -4.7% | 495 | 519 | -1.8% | 504 | -28.1% | 688 |
| Lumber | CME | $/1000ft | -5.4% | 255 | 270 | -6.5% | 273 | -22.4% | 329 |
| Wheat | KBT | $/bushel | -7.8% | 508 | 552 | -6.4% | 543 | -32.6% | 755 |
| Tin | LME | $/tonne | -9.6% | 14,962 | 16,557 | -14.5% | 17,503 | -36.3% | 23,485 |

Source: EcoWin, Barclays Research

# FX FORECASTS

| | Forecasts | | | | | Forecast vs Outright Forward | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Spot | Q2 15 | Q3 15 | Q4 15 | Q1 16 | Q2 15 | Q3 15 | Q4 15 | Q1 16 |
| **G7 countries** | | | | | | | | | |
| EUR/USD | 1.08 | 1.05 | 1.00 | 0.98 | 0.95 | -1.4% | -6.2% | -8.3% | -11.3% |
| USD/JPY | 119 | 121 | 121 | 121 | 118 | 1.6% | 1.7% | 2.0% | -0.3% |
| GBP/USD | 1.49 | 1.42 | 1.39 | 1.38 | 1.36 | -4.2% | -6.2% | -6.8% | -8.4% |
| USD/CHF | 0.96 | 1.03 | 1.07 | 1.08 | 1.11 | 6.4% | 11.1% | 12.9% | 16.0% |
| USD/CAD | 1.22 | 1.28 | 1.30 | 1.32 | 1.36 | 4.0% | 5.5% | 7.0% | 10.2% |
| AUD/USD | 0.78 | 0.77 | 0.73 | 0.72 | 0.72 | -0.3% | -5.0% | -5.9% | -5.5% |
| NZD/USD | 0.77 | 0.73 | 0.70 | 0.68 | 0.67 | -3.2% | -6.4% | -8.3% | -9.0% |
| **Emerging Asia** | | | | | | | | | |
| USD/CNY | 6.20 | 6.27 | 6.38 | 6.40 | 6.42 | 1.7% | 2.9% | 2.5% | 2.1% |
| USD/HKD | 7.75 | 7.76 | 7.76 | 7.76 | 7.76 | 0.1% | 0.1% | 0.1% | 0.1% |
| USD/INR | 62.30 | 63.20 | 64.50 | 64.50 | 64.50 | 0.1% | 0.5% | -1.0% | -2.4% |
| USD/IDR | 12859 | 13,250 | 13,800 | 14,100 | 14,120 | 1.1% | 2.9% | 3.1% | 1.3% |
| USD/KRW | 1089 | 1,110 | 1,130 | 1,140 | 1,150 | 1.8% | 3.4% | 4.3% | 5.1% |
| USD/MYR | 3.65 | 3.76 | 3.90 | 3.95 | 3.97 | 2.3% | 5.3% | 5.9% | 5.8% |
| USD/PHP | 44.43 | 45.00 | 46.00 | 46.50 | 46.70 | 0.9% | 2.8% | 3.5% | 3.6% |
| USD/SGD | 1.353 | 1.390 | 1.420 | 1.440 | 1.450 | 2.6% | 4.6% | 6.0% | 6.7% |
| USD/THB | 32.41 | 33.00 | 34.00 | 34.50 | 34.70 | 1.3% | 3.6% | 4.4% | 4.3% |
| USD/TWD | 31.17 | 32.00 | 32.70 | 32.80 | 32.90 | 2.8% | 5.2% | 5.5% | 5.9% |
| **Latin America** | | | | | | | | | |
| USD/ARS | 8.87 | 9.34 | 10.11 | 11.56 | 14.74 | 1.6% | 3.5% | 4.1% | 17.5% |
| USD/BRL | 3.02 | 3.17 | 3.35 | 3.45 | 3.45 | 2.3% | 5.0% | 5.5% | 3.0% |
| USD/COP | 2490 | 2,550 | 2,550 | 2,550 | 2,500 | 0.8% | -0.2% | -1.2% | -4.0% |
| USD/CLP | 612 | 630 | 665 | 675 | 675 | 1.6% | 6.3% | 7.0% | 6.1% |
| USD/MXN | 15.20 | 15.50 | 16.13 | 16.50 | 16.50 | 0.8% | 4.2% | 5.8% | 5.1% |
| USD/PEN | 3.12 | 3.10 | 3.16 | 3.20 | 3.23 | -1.9% | -1.4% | -1.5% | -1.9% |
| **EEMENA** | | | | | | | | | |
| EUR/CZK | 27.45 | 27.50 | 27.60 | 27.70 | 27.80 | 0.3% | 0.7% | 1.2% | 1.7% |
| EUR/HUF | 302 | 298 | 300 | 302 | 304 | -1.3% | -1.0% | -0.7% | -0.3% |
| EUR/PLN | 4.02 | 4.12 | 4.14 | 4.16 | 4.18 | 2.1% | 2.2% | 2.3% | 2.4% |
| EUR/RON | 4.41 | 4.42 | 4.44 | 4.46 | 4.48 | 0.2% | 0.3% | 0.3% | 0.3% |
| USD/RUB | 50.04 | 59.00 | 62.00 | 64.00 | 66.00 | 14.7% | 16.9% | 17.4% | 18.0% |
| BSK/RUB | 51.74 | 60.33 | 62.00 | 63.42 | 64.52 | 13.4% | 12.9% | 12.3% | 11.2% |
| USD/TRY | 2.69 | 2.55 | 2.65 | 2.75 | 2.85 | -7.4% | -6.1% | -4.7% | -3.3% |
| USD/ILS | 3.93 | 3.90 | 4.15 | 4.20 | 4.25 | -0.7% | 5.7% | 7.3% | 8.8% |
| USD/EGP | 7.58 | 7.63 | 7.84 | 7.91 | 7.95 | -1.6% | -1.4% | -3.1% | -5.1% |
| **Sub-Saharan Africa** | | | | | | | | | |
| USD/GHS | 3.84 | 3.80 | 3.89 | 3.98 | 4.07 | -4.0% | -6.5% | -8.5% | -10.0% |
| USD/KES | 93.40 | 93.80 | 95.15 | 95.50 | 97.48 | -1.2% | -1.4% | -2.5% | -1.9% |
| USD/NGN | 199 | 205 | 212 | 220 | 220 | 1.0% | 0.0% | 0.5% | -2.2% |
| USD/UGX | 3005 | 3027 | 3235 | 3225 | 3263 | -1.6% | 1.9% | -1.7% | -4.2% |
| USD/ZAR | 11.96 | 12.40 | 12.80 | 13.00 | 13.15 | 2.0% | 3.7% | 3.6% | 2.9% |
| USD/ZMW | 7.40 | 7.40 | 7.73 | 7.80 | 7.93 | -2.9% | -1.2% | -2.4% | -5.6% |

Note: Forecasts published in *Emerging Markets Weekly*, 17 April 2015. Source: Barclays Research

# COMMODITIES RESEARCH ANALYSTS

Barclays
5 The North Colonnade
London E14 4BB

**Michael Cohen**
Commodities Research
+1 212 526 3606
michael.d.cohen@barclays.com

**Suki Cooper**
Commodities Research
+1 212 526 7896
suki.cooper@barclays.com

**Dane Davis**
Commodities Research
+ 1 212 526 6721
dane.davis@barclays.com

**Feifei Li**
Commodities Research
+44 (0)20 3134 6987
feifei.li@barclays.com

**Miswin Mahesh**
Commodities Research
+44 (0)20 7773 4291
miswin.mahesh@barclays.com

**Kevin Norrish**
Commodities Research
+44 (0)20 7773 0369
kevin.norrish@barclays.com

**Warren Russell**
Commodities Research
+1 212 526 8707
warren.russell@barclays.com

**Chi Zhang**
Commodities Research
+ 852 2903 3459
chi.r.zhang@barclays.com

**Analyst Certification**

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