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News Headlines

China sustains red-hot commodities imports at near-record pace

- Commodities buying continued at a near record pace last month, defying the seasonal holiday slowdown
- Utilities, steel mills and oil refiners sought foreign coal, iron ore and crude to replenish lower domestic supplies
- China imported 7.66 million tonnes of soybeans in January (Reuters)

OPEC figures show over 90 pct compliance with supply cut -sources

- Members deliver 92 pct of cuts - OPEC secondary sources
- OPEC sources say compliance data is highest ever
- Non-OPEC delivers 40 pct of pledged cuts - OPEC calculation
- Official OPEC figures due on Monday (Reuters)

Speculators cut U.S. crude oil net long from record high -CFTC

- Money managers cut net long U.S. crude futures and options positions
- CFTC data shows position falling by 23,397 contracts to 388,983 contracts
- U.S. crude futures rose slightly during the week. (Reuters)

Gold steadies as dollar, U.S. Treasury yields pare gains

- Gold heads for second week of gains, but margin narrows
- Silver at 3-mth high, palladium at 2-week top
- USD and Treasury yields came off their highs after initial jump on U.S. President Donald Trump's promise of a major tax announcement. (Reuters)

Dollar gains versus yen with US-Japan summit seen to have ended smoothly

- Dollar/yen hits 9-day high, euro/dollar near 3-1/2-wk low
- Relief as currencies not high on U.S.-Japan summit agenda
- Dollar resumes rise on tax reform hopes (Reuters)

Precious Metals	High	Low	Close*	Chg.	% Chg.
Gold Spot (\$/oz)	1236.96	1221.02	1234.01	3.50	0.28%
COMEX Gold Apr17 (\$/oz)	1238.90	1222.60	1234.70	5.30	0.43%
Silver Spot (\$/oz)	17.9990	17.4800	17.9460	0.3060	1.73%
COMEX Silver Mar17 (\$/oz)	18.0200	17.5450	17.9550	0.3150	1.79%
Platinum Spot (\$/oz)	1015.20	985.75	1011.10	-4.89	-0.48%
NYMEX Platinum Apr17 (\$/oz)	1017.50	993.10	1014.20	-3.00	-0.29%
Palladium Spot (\$/oz)	786.40	762.22	784.55	13.85	1.80%
NYMEX Palladium Mar17 (\$/oz)	786.70	764.25	784.95	15.45	2.01%

London Fixes	Gold	Silver	Platinum	Palladium
AM (\$/oz)	1225.75	17.6200	1003.00	774.00
PM (\$/oz)	1228.30		993.00	781.00

Energy Products	High	Low	Close*	Chg.	% Chg.
NYMEX WTI Mar17 (\$/bl)	54.13	52.90	53.85	0.71	1.34%
ICE Brent Mar17 (\$/bl)	56.88	55.59	56.61	0.87	1.56%
NYMEX RBOB Gasoline Mar17 (\$/gal)	1.6134	1.5690	1.5912	0.0190	1.21%
NYMEX NY Harbor ULSD Mar17 (\$/gal)	1.6758	1.6380	1.6662	0.0241	1.47%
ICE Gasoil Feb17 (\$/mt)	495.75	490.25	494.75	3.00	0.61%
NYMEX Natural Gas Mar17 (\$/mmBtu)	3.121	3.005	3.035	-0.082	-2.63%

Currencies	High	Low	Close*	Chg.	% Chg.
EUR USD	1.0667	1.0606	1.0638	-0.0016	-0.15%
USD JPY	113.85	112.84	113.19	-0.03	-0.03%
AUD USD	0.7688	0.7613	0.7669	0.0047	0.62%
USD CHF	1.0062	0.9998	1.0020	0.0005	0.05%
USD CNH	6.8720	6.8581	6.8640	0.0013	0.02%
GBP USD	1.2521	1.2436	1.2489	-0.0005	-0.04%
DOLLAR INDEX SPOT (DXY)	101.0100	100.5800	100.8000	0.1500	0.15%

*The close price of a future contract represents the last trade price before the electronic session close yesterday
In the case of spot, the close price is as of 5pm NY Time

Market Highlights

Overseas markets

- Oil prices surged, help lifting the DJIA, S&P500, and NASDAQ to new record highs. The USD also stronger on renewed bullishness about President Trump's policies. Hong Kong ADRs higher.

China/Hong Kong markets

- Profit taking remerged after the HSI/HSCEI hit day highs of 23,718/10,190points despite index heavy-weights, like HSBC (5.HK) reaching new yearly highs. The HSI/HSCEI fell back to closed up just 49points/50points (+0.21%/+0.50%) at 23,574points/10,125points with turnover still elevated at HK\$85.6bn.
- A-shares continued on its winning streak with the SSE rising by 13points (+0.42%) to 3,196points, a two-month high. Positive trade data, which showed exports surging by 7.9%YoY (vs expectations of 3.3%YoY) boosted buying of material stocks. Over 239million shares were traded during the day, one of the highest of the year.
- HSI Feb AT futures finished near session-highs, closing up 43points (+0.18%) at 23,570points, as US markets opened higher. Trading remained tepid, however, with only 5,971contracts traded. The 4point discount to the HSI, suggests that the investors are still cautious of a pullback given the HSI's +1,500point surge since the beginning of the 2017 and will continue to follow US markets for direction.
- Despite the HSI falling from its highs last Friday, the index continues to make a firm pattern of higher-highs. The index should be well supported by its 10-day MA (c.23,393points) while we continue to see a run-up until it reaches at least the 24,000point level. Our target remains at the 9th Sept high of 24,364points.

Trading Idea – “Copper rises ahead of China PPI, CPI data”

- Following the strong China trade data out last week are this week's PPI and CPI numbers, which are expected to show a 6.3%YoY and 2.4%YoY increase.
- Such an increase would be supportive of material prices, such as copper, as it would reaffirm a strong rebound in the Chinese manufacturing.
- We continue to be bullish on Copper prices expecting the metal to reach c.US\$6,500/ton during the year. Long LME/CME copper futures.

	Hang Seng Index (HSI)	Hang Seng China Enterprise Index (HSCEI)	Shanghai Comp (SSEC)
Open	23645.90	10125.87	3183.01
High	23718.47	10190.39	3205.05
Low	23573.85	10125.06	3182.80
Close	23574.98	10125.21	3196.70
Change	49.84	50.04	13.52

(Reuters)



LME Copper 3m price daily chart [Source: Reuters]

Precious Metals

The precious metals sector saw sharper declines early Friday last week, pressured by strength in the USD and U.S. equities, which dulled investor's appetite in the metal. However, few minutes ahead of gold's settlement, the yellow metal managed to stage a strong rally which sent it all the way up to \$1239 Apr. before giving some of that gains away and wrapped up the week at \$1236. The highlight of last Friday was the talks between Japan's Prime Minister Shinzo Abe and U.S. President Donald Trump with Mr. Trump reassuring Abe about U.S. commitment to Japan's security and its close tie.

March silver rose 19 cents to \$17.93, and up on a weekly basis of 2.6%. On the PGM front, platinum shed \$10, or 1%, to \$1,011.70, cutting its weekly rise to 0.5% while palladium rose \$11, or 1.4%, to \$783, up about 4.6% for the week. In the week ahead, the U.S., the UK and China are to release what will be closely watched data on inflation. Meanwhile, Federal Reserve Chair Janet Yellen is due to testify to Congress for the first time since Donald Trump entered the White House.

Technically speaking, we expect this gold to continue its grind higher toward first resistance at \$1245, then \$1258 while support should first come in at \$1225, then \$1218. Silver looks well supported from \$17.75-17.80 Mar. area and if able to sit comfortably above \$18 on closing basis, the next upside target will be \$18.50 will be on sight.



Gold spot daily chart [Source: Reuters]

Energy Products

Crude

NYMEX WTI and ICE Brent crude oil futures jumped 1.34% and 1.56%, respectively, after IEA recorded 90% OPEC compliance for its production cuts. However, non-OPEC parties have made less progress at only 40% of the promised cuts. Non-OPEC cuts from countries like Russia have lagged due to their implementation of cuts on a staggered basis. January saw Russian supplies down 117,000barrels-per-day (bpd) or only about one-third of total planned production cuts. However, the news has caused speculative money to actually leave the crowded crude oil markets with CFTC data showing that net long positions fell by 23,397contracts to 388,983contracts. Sentiment could further be drawn down by continual high inventories that have remained above the 5yr average for this time of the year. Hence, we see downside pressure for crude oil prices actually increasing despite positive news.

Distillates

Spot demand from Vietnam lent support to gasoil differentials despite ample supply of the fuel. Vietnam's top fuel importer Petrolimex bought three cargoes of 35,000 tonnes each of 500ppm sulphur gasoil for loading from Singapore, Malaysia or Thailand at a premium of about 55 to 60 cents a barrel to Singapore quotes. Vietnam's PV Oil followed with a tender requirement for March and April seeking a total of 80,000 cubic metres of gasoil. Sri Lanka's Ceylon Petroleum Corp is seeking 200,000 barrels of jet fuel for delivery in February. Refinery maintenance in Asia, which is expected to be heavier than in previous years, will likely further boost gasoil and jet fuel differentials. Japanese oil refiner Cosmo Oil Co said on Friday it planned to shut two crude distillation units (CDU) this year for scheduled maintenance. The two CDUs at Chiba and Sakai refineries are likely to be shut for about 1-1/2-months each. Arbitrage economics to ship diesel to Europe also remain unviable with oil product inventory in Europe remaining high.

Fuel Oil

Expectations that fuel oil prices in Singapore are set to continue their recovery from the week's lows hit on Wednesday dampened market activity on Friday. The ex-wharf price for 380-cst high sulphur fuel oil was about \$316 per tonne in Singapore on Friday, down from \$323 per tonne a week earlier but off Wednesday's low of \$312. While there were three trades in the Platt's window there were only about six bids and offers. Prices have climbed despite Singapore's onshore fuel oil stocks rising by about 8 percent to reach 25.8 million barrels in the week to Feb. 8, a six-month high. Prompt spreads in Asia's fuel oil market rose on Friday as traders expected further flows from the West in March, even though they were expected to dip from February's expected total of 5.3 million tonnes.

Inventories of Crude and Products
In the week ending 03rd Feb, 2017
 (million barrels)

	Stocks	Weekly Change
Crude	508.6	+13.8
Gasoline	256.2	-0.9
Distillates	170.7	--
Aggregated	2,044.0	+1.5

(EIA: Data released on 08 Feb, 2017)

(Next Release Date: 15 Feb, 2017)

Base Metals

Base Metals	High	Low	Close	Chg.	% Chg.
LME Aluminum (\$/tonne)	1,877.00	1,857.50	1,874.00	24.00	1.30%
LME Copper (\$/tonne)	6,090.00	5,872.00	6,090.00	268.00	4.60%
LME Lead (\$/tonne)	2,400.00	2,387.00	2,400.00	64.50	2.76%
LME Nickel (\$/tonne)	10,660.00	10,380.00	10,660.00	380.00	3.70%
LME Tin (\$/tonne)	19,490.00	19,250.00	19,475.00	400.00	2.10%
LME Zinc (\$/tonne)	2,924.00	2,893.00	2,924.00	94.00	3.32%

At last it has happened, the move we have been waiting for. After yesterday's weaker day and slightly softer closes, metals were steady overnight and the Far East gave the market a bid. Talks are ongoing in Chile, but the unions are taking a hard line and the Philippines isn't backing down from mine closures. Chinese trade data overnight was constructive, exports were higher and imports rose 16.7% nudging the trade surplus over \$50bn.

Despite a brief sell off on copper when news was announced that some Indonesian export licences had been granted, the price quickly recovered and rallied above 5950 taking out stops up to 6070 as fresh Chinese and CTA buying was seen. Volumes are very good, and although we are wary of an overshoot, this could be the beginning of another move higher. Aluminium and Zinc are both steady and have broken previous resistance levels and taken out previous highs at this level, and look set to move higher in due course. There is forward selling evident in Zinc. Nickel has broken the 100DMA and now looks set to challenge the downtrend from November 2016. It is our view that this will break. Spreads across the whole complex were well bid today.

LME daily stock (in tonnes):

Base Metals	Total stock	Net change	Stock on warrant
LME Aluminum	2,231,300	-6,200	1,649,375
LME Copper	248,200	-3,325	137,850
LME Lead	188,625	-200	118,100
LME Nickel	381,864	-720	270,750
LME Tin	5,910	50	5,550
LME Zinc	383,425	-750	272,600



LME Copper 3M chart [Source: Bloomberg]

What to Watch

Economic Data – Week of Feb 13 – Feb 19

Country/Region	Date	Time	Event	Period	Prior	Forecast	Source
Japan	13-Feb-2017	7:50	GDP QQ	Q4 2016	0.50%	0.30%	Reuters Poll
China	13-Feb-2017	10:00	FDI (YTD)	Jan. 2017	-0.20%	--	--
China	14-Feb-2017	9:30	PPI YY	Jan. 2017	5.50%	6.30%	Reuters Poll
China	14-Feb-2017	9:30	CPI YY	Jan. 2017	2.10%	2.40%	Reuters Poll
Germany	14-Feb-2017	15:00	GDP Flash QQ SA	Q4 2016	0.20%	0.50%	Reuters Poll
Germany	14-Feb-2017	15:00	CPI Final MM	Jan. 2017	0.70%	-0.60%	Reuters Poll
GB	14-Feb-2017	17:30	Core CPI MM	Jan. 2017	0.50%	--	--
Euro zone	14-Feb-2017	18:00	GDP Flash Estimate QQ	Q4 2016	0.30%	0.50%	Reuters Poll
US	14-Feb-2017	21:30	PPI Final Demand MM	Jan. 2017	0.30%	0.20%	Reuters Poll
US	15-Feb-2017	5:30	API weekly crude stocks	w/o Feb. 6, 2017	14,227.00M	--	--
US	15-Feb-2017	21:30	CPI MM, SA	Jan. 2017	0.3%	0.3%	Reuters Poll
US	15-Feb-2017	21:30	NY Fed Manufacturing	Feb. 2017	6.5	6.75	Reuters Poll
US	15-Feb-2017	23:30	EIA Weekly Crude Stocks	w/o Feb. 6, 2017	13.83M	--	--
US	16-Feb-2017	21:30	Initial Jobless Claims	w/o Feb. 6, 2017	234K	--	--
US	16-Feb-2017	21:30	Philly Fed Business Indx	Feb. 2017	23.6	19	Reuters Poll

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