

August 20, 2009

# Commodity Spotlight Energy

## The oil bubble II (part 1): Fighting the speculators

Last year we correctly predicted that the oil price would climb to USD 150 and then see a massive fall (e.g. Commodities Spotlight from May 2008). This year we anticipated a rise to USD 70-75, which has now taken place. We attribute our forecasting accuracy – despite huge price fluctuations – to our view that oil prices have become the plaything of financial investors and do not always reflect fundamental factors. This is about to change. The US regulatory authorities are now going to impose curbs on “speculators” in energy futures markets. Since financial market players are primarily exposed on the long side, this is likely to put heavy pressure on prices. We therefore expect oil prices to fall to around USD 50 per barrel by the end of the year.

### Why change a successful forecast?

In the commodities market it is well worth going against the flow in order to recognise the important turning points. We were virtually alone in our opinion that last year's oil price rise was mainly due to actions of financial investors. The market, on the other hand, attributed the price rise to structural changes both on the demand side, with the increasing role of emerging countries, and on the supply side with the “peak oil” theory. Our view that a speculative bubble had formed in the oil market proved correct when it burst with spectacular effect after the price had risen to around USD 150 (chart 1). When the price subsequently nose-dived to around USD 30 per barrel in Q4 2008, we interpreted this as an exaggerated reaction, after many investors simply fled the oil market. This year we anticipated stabilisation of physical demand and normalisation and recovery of equilibrium in the oil futures markets, and were one of the few banks to predict – right at the beginning of the year – that crude oil prices would rise to USD 70-75 per barrel by year-end. This has already come to pass. So why are we now revising our forecasts downwards when the price curve is following our scenario, the economy appears to be recovering and demand from China apparently rises unabated? It is because we have been right for the wrong reasons and prices rose on different factors other than those assumed in our scenario!

Fundamental changes were not so much the cause, rather the rise was due mainly to the greater risk appetite among financial investors, optimistic expectations and increased liquidity. This is also supported by the higher correlation between the oil price and the equity and currency markets (chart 2).

### Commerzbank Forecasts

	Q3 09	Q4 09	Q1 10
Brent Blend	68	56	51
WTI	67	55	50
Diesel	570	550	550
Gasoline (95)	610	500	520
Jet fuel	600	550	570
Natural gas	3.5	5.0	5.5
Coal (API #2)	69	70	75
Uranium	50	55	60

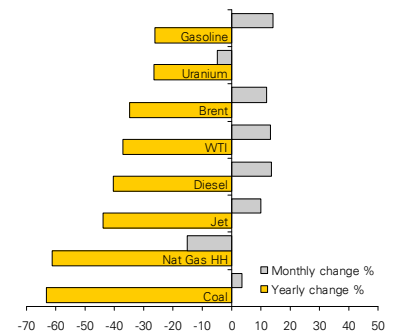
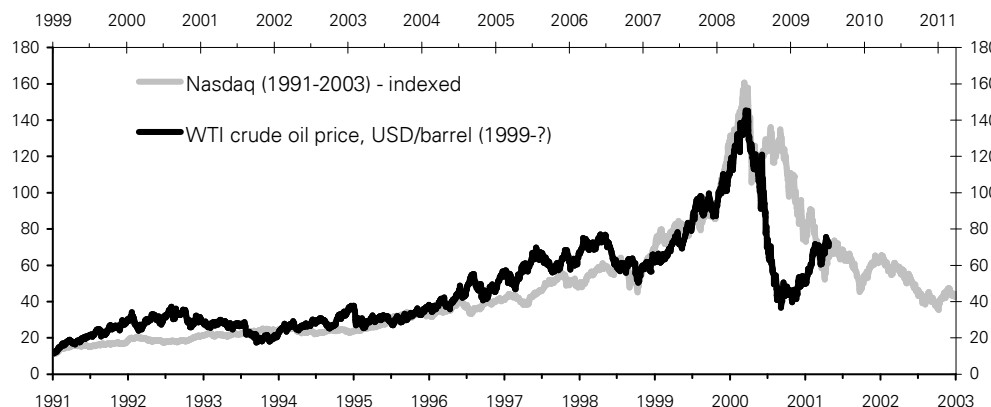


CHART 1: The bubble on the oil market shows parallels with the Nasdaq bubble before



Source: Commerzbank Corporates & Markets, Bloomberg

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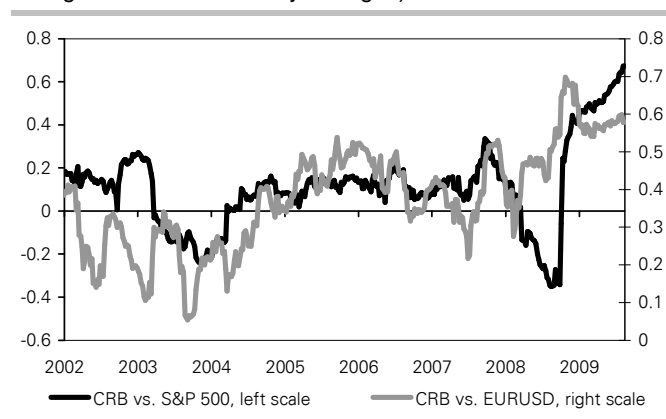
**Speculators in the pipeline**

Oil prices have not always depended on the futures markets. In the 1970s and 1980s, before the advent of active crude oil futures trading in the New York and London markets, most of the oil produced was traded via long-term contracts. Much as today, crude oil exports came mainly from the OPEC countries and the spot market played only a limited role. After the collapse of the OPEC price system in 1985, when Saudi Arabia gave up its role as a “swing producer”, a more transparent, comprehensible, flexible and representative pricing system was sought. After experiments with netback pricing proved unsuccessful, it was decided to adopt a market-linked price system in which in particular the exchange-traded oil varieties Brent Blend and WTI were chosen as benchmarks. In other words, from that time onwards the producers set their prices according to the reference prices and price negotiations revolved exclusively around premiums and discounts relative to the corresponding benchmark variety. On the one hand, this was designed to establish uniform pricing for more than 150 different crudes around the world. On the other hand, the new system was sufficiently transparent and flexible to react swiftly to short and medium-term changes in the supply and demand situation.

However, there was a price to pay in terms of higher volatility and acute vulnerability to short-term exaggerations, and in general this allowed oil to exert a greater influence on the financial markets. Its influence increased steadily over the years, peaking last year. We believe there are several reasons for this:

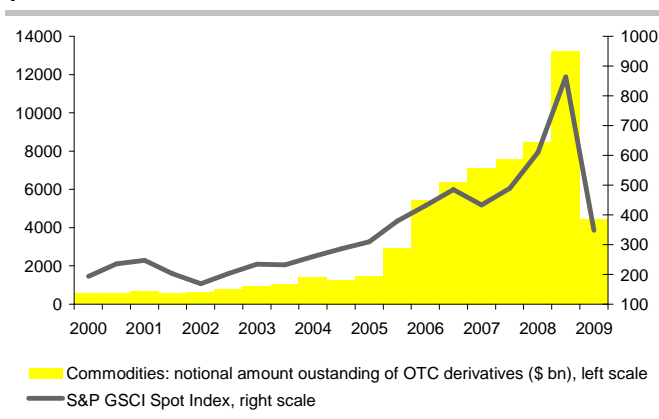
Firstly, the volume of over-the-counter commodity transactions has grown enormously in recent years. This development was made possible largely by the Commodity Futures Modernization Act of December 2000. The act, often called the “Enron Loophole”, speeded up over-the-counter and electronic commodity derivative trades by financial institutions and traders and at the same time put them out of sight of the regulatory authorities. We believe the volume of OTC trades exceeds the already worrying volume of trades on the commodity futures markets many times over. These OTC transactions are largely unregulated and non-transparent. According to information from the Bank for International Settlements (BIS) in Basel, the nominal value of these OTC transactions in commodities (excluding gold) between the years 2000 and 2008 rose from USD 500bn to over USD 13bn, i.e. by a factor of nearly 30 (chart 3).

**CHART 2: Commodities vs. equities, currencies (52-week-rolling correlation of weekly changes)**



Source: Bloomberg, Commerzbank Corporates & Markets

**CHART 3: Do OTC derivatives decide the direction of oil prices?**



Source: BIS, Commerzbank Corporates & Markets

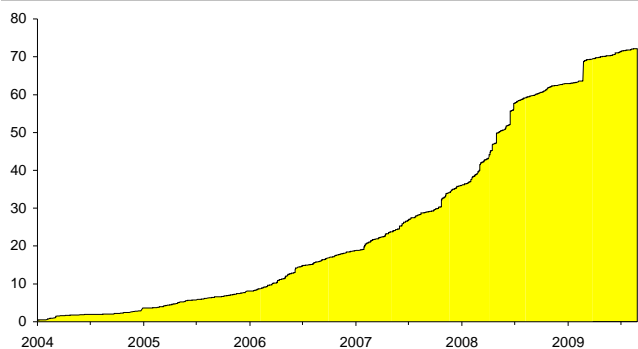
Secondly, in the years 2000-2004 several studies were published by leading economists and universities establishing the principles of investment in commodities and commodity derivatives. These put forward a plausible explanation and description of the new asset class of commodities: According to accepted theory, commodity prices and physical trades are not to be equated with commodity investments. Unlike physical commodities, commodity investments generate a yield at least equal to that of short-dated government securities because, when commodity derivatives are purchased, only a small initial margin is usually required, which itself bears interest. Furthermore, the forward curves for commodities often exhibit a unique profile known as backwardation. That is to say, the longer-dated forward prices are often lower than the prices for short-term delivery. It is generally accepted that backwardation allows necessary “outperformance” by this asset class, because commodity investments promise a positive return even when spot prices remain unchanged.

In our opinion, the total-return concept for commodity investments and the introduction of commodities as a separate asset class similar to equities and bonds gave the commodities market a massive boost. This boost coincided with the accelerating industrialisation of China (which we regard as a structural change in the commodities markets) and appeared to many market participants as a structural breach. The legend of a commodities megacycle lasting several decades was born.

As a result it was not so much minor speculators as large institutional investors who sought exposure to the commodities market. From then on they regarded commodities as an alternative investment category in their portfolio allocations and invested a significant proportion of their assets accordingly. For lack of know-how and resources, they mostly employed passive index-based strategies. The volume of investment in index-based products alone grew from around USD 5bn in 2000 to an estimated USD 300bn in 2008. It is also thought that the volume of actively managed CTA funds and other hedge funds quadrupled to USD 200bn. To these can be added medium-term notes and other commodity-based derivatives, whose cumulative volume according to data provider mtn-i has risen to over USD 72bn in recent years. The volume increased in 2007 and 2008 alone by over USD 44bn (chart 4)

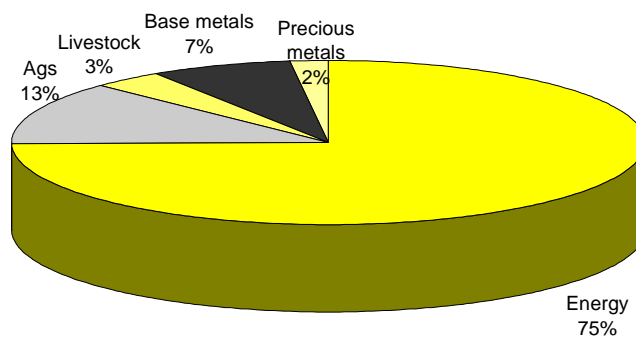
Most of these massive investments have been to the benefit of the energy sector. After all, it is the largest and most liquid sector among the commodity market segments and accounts for up to three quarters of the index weightings (chart 5).

CHART 4: Commodity derivatives – medium-term notes volume accumulated (\$ bn)



Source: mtn-I, Commerzbank Corporates & Markets

CHART 5: Breakdown of S&P GSCI by sectors – the most popular commodity index is heavily dependent on energy



Source: S&P GSCI, Commerzbank Corporates & Markets

**How much speculation is actually in the oil price?**

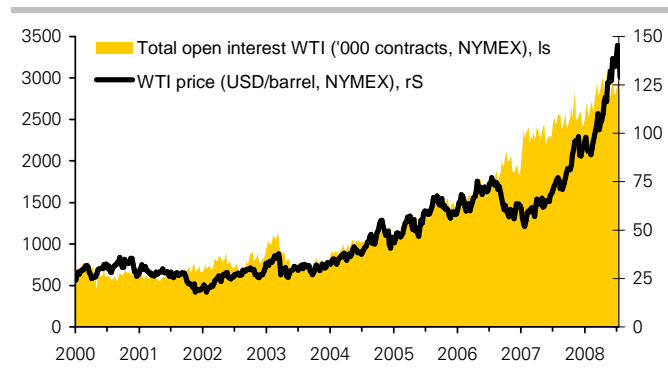
We are often asked this question and there is no clear answer. Even if we only consider the contracts outstanding on the commodity futures exchanges, it is virtually impossible to say how many of these are held by non-commercial traders. This statistic is hard to pin down in view of the numerous exemption permits for dealers and financial institutions who both handle physical trades and speculate in commodity investments. The so-called COT data of the CFTC, which breaks down traders into speculators and physical traders, is therefore misleading. Statistics concerning the positioning of investors in relation to non-regulated OTC commodities transactions are almost entirely non-existent.

Another method of determining the proportion of speculators in the market, based on comparisons according to the principle of “where would the price be if there were no financial investors in the market?”, is also somewhat wide of the mark. Admittedly the comparison is a legitimate one, and relatively easy to determine if, for example, one compares historic changes in the reach of the world crude inventory in days over time or the free production capacity of OPEC with the corresponding oil price. It is clear that one could explain many past price changes on the basis of these factors. However, the price of a commodity does not always necessarily correspond to the current supply and demand situation. The greatest advantage of exposure of financial players and speculators to the commodity markets that we can see, apart from representative and liquid pricing, is their ability to process and act on available information quickly and efficiently. So ideally, speculators should iron out the hugely exaggerated upward or downward price movements. They should buy when physical demand is very low but about to recover, and sell in the opposite situation. However, the financial markets and financial market players have utterly failed in this role.

Instead, it is our opinion that in recent years, because they drew the wrong conclusions and over-invested, they caused a speculative bubble in commodities, particularly in the oil market. Rather than profiting from existing trends, investors greatly accelerated and to some extent caused those trends. It was precisely their clumsy dealing that, in our view, made the exaggerated upward and downward price swings possible in the first place. The problem is that commodity investors exert far more influence on the market than physical traders. On the one hand, investors exert their influence through regular rolling of commodity futures. On the other hand, one needs to consider the leverage made possible by futures market trading. To purchase a WTI contract on the NYMEX usually requires less than 8% of the value of 1000 barrels of the crude oil which it represents.

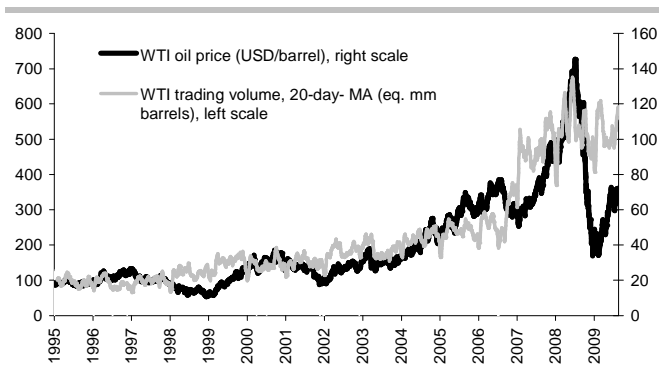
But the key thing to understand is that the commodity futures exchanges were not really in a position to absorb investments of billions of dollars. In our opinion these investments damaged the existing pricing system, upset “normal” trading and allowed it to run out of control. The relationship between the physical market and “virtual” stock market trading has gone off the rails. Between the years 2003 and 2008 both WTI oil price and the number of outstanding WTI contracts (futures and options) on the NYMEX have gone up six-fold. This was at least partially responsible for the massive price increase in the last years (chart 6).

**CHART 6: WTI open interest on the NYMEX (futures & options) - investors determined the oil price increase until 2008 to some extent**



Source: CFTC, NYMEX, Bloomberg, Commerzbank Corporates & Markets

**Chart 7: WTI - trading volumes meanwhile 2000 as high as the productions volumes**



Source: NYMEX, Bloomberg, Commerzbank Corporates & Markets

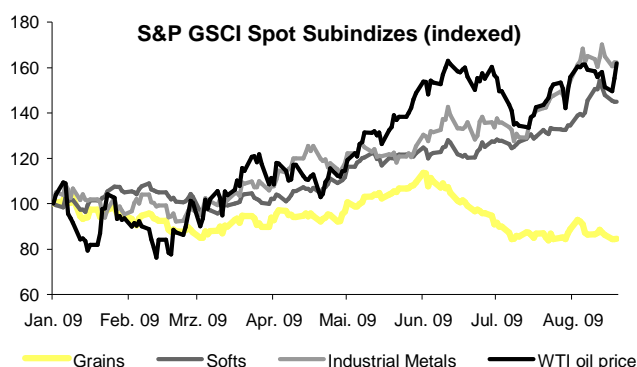
When WTI futures were introduced on the NYMEX in the mid-1980s, production of the US domestic crudes which were chosen as a “good delivery” for the benchmark and were available for delivery in Cushing, Oklahoma stood at around 1.5m barrels of crude oil per day. The total trading volume of WTI on the NYMEX averaged the equivalent of about 10m barrels. The relationship was therefore largely satisfactory because WTI was also accepted as the benchmark for all trading both inside and outside the USA, as it still is today. In the 1980s demand for oil in the USA alone stood at 16-17m barrels per day. However, as investors increased their exposure, the relationship changed utterly. Today, on the NYMEX alone, WTI futures worth the equivalent of 600m barrels of crude oil are traded daily, while US production is less than 5m barrels per day. Even compared with global demand for oil, which currently stands at around 83m barrels per day, there is a huge discrepancy. This becomes clearest when we compare the volume of WTI actually produced with market trading volume: WTI oil production has now fallen to just 300,000 barrels per day. So now, each barrel of WTI crude is traded on the futures market nearly 2000 times over (Chart 7). It is no wonder that calls are increasingly heard, especially in political circles, for an end to the current “madness”, “casino system” and “oil bubble”. The US regulatory authority for commodity futures trading, the CFTC, now intends to do something about this.

**What will actually change and why?**

The new head of the CFTC, Gary Gensler, is clearly determined to tackle excessive speculation in the energy markets. He believes that the influence of speculators is significant and that last year’s rise in the oil price to just under USD 150 per barrel was a speculative bubble. As such he is something of a lone voice among the official regulators. Neither his predecessors nor his European colleagues believe that investors exert a major influence on the commodities markets and they are not keen on tighter regulation. Be that as it may, the CFTC has now declared war on the speculators. So what measures can the CFTC sensibly adopt?

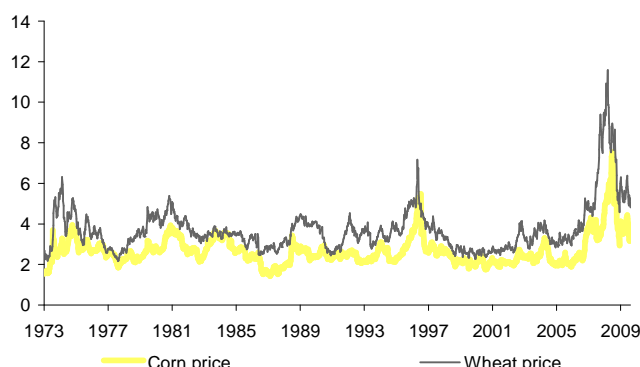
On the one hand it can restrain speculation by limiting the number of traded and held positions by introducing position limits. It could restrict the maximum number of front month futures, single month futures and the total aggregated amount of contracts held by a contracting party. We believe this is already happening in the case of agricultural commodities traded on the CBOT in Chicago. Last year it was feared that trading by “speculators” in the commodity futures markets would drive up world prices for grains too far, making food unaffordable for poor nations and so increasing world hunger. After all, between autumn 2007 and summer 2008 the prices of rice, corn, soybeans and wheat more than doubled. A large part of this increase was due to increased investor interest. For that reason the CFTC was given more power under the commodity exchange law, forming part of the Food, Conservation, and Energy Act passed in June 2008 (Farm Bill), to take action against the supposed disruption of agricultural commodities pricing. The introduction and tightening of regulation concerning the grains and oil seeds traded on the CBOT presented an unusual picture. In contrast to the other commodities market segments like energy, metals or even softs, grains massively underperformed recently. As measured by the S&P GSCI Grains index this year the prices of grains and soybeans traded on the CBOT have fallen this year by an average of 16% compared with a rise of 65% for the S&P GSCI Industrial Metals Index, 48% for the S&P GSCI Softs or 47% for the WTI oil price. We see this as confirmation that lower speculative interest has also led to generally lower price levels (Chart 8). Another phenomenon is that, in the absence of excessive speculation, grain prices move more like cyclical goods (Chart 9).

**Chart 8: Not “all boats rise with the tide”. Does lower speculation activity lead to lower price levels?**



Source: S&P GSCI, CBOT, NYMEX, Commerzbank Corporates & Markets

**CHART 9: Megatrend or just a normal cycle? Development of the grain prices (CBOT, USD/bushel)**



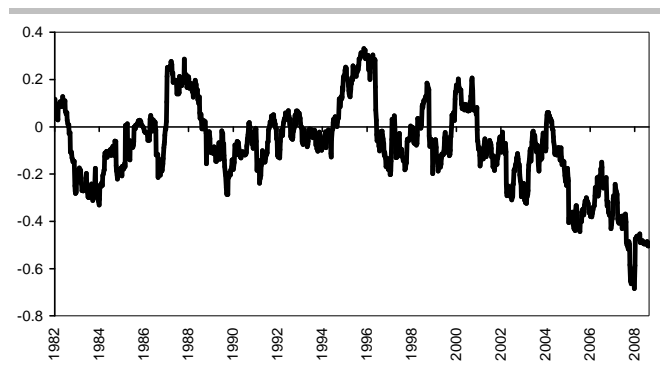
Source: CBOT, Commerzbank Corporates & Markets

On the other hand, the CFTC could review the exemptions granted to certain traders over the last decades, who seek exposure to the oil market both for speculative purposes and in order to provide physical hedging and who are classified as commercial traders. This classification is important in many respects, because for one thing it distorts regular positioning. For another, traders who engage in “bona fide” hedging trades are generally excluded from many restrictions, such as position limitation. Also the initial margins for hedgers and speculators are different. In general it is desirable to increase the transparency of the CFTC’s regular commitment of traders (COT) reports. As well as better classification of the different dealers, clearing of OTC trades through exchange clearing houses would be a big help in this respect, especially bearing in mind that the majority of trading in commodity derivatives takes place over the counter and the regulatory authorities have had little insight into this up to now.

We believe that the measures taken by the CFTC will have a powerful, sustained negative impact on the oil price. Above all this is because the majority of investors, whether they like it or not, bet on rising prices. On the one hand the large institutional investors mostly employ passive index-based trading strategies and products which they regard as part of a diversified portfolio. Those are in general long-only buy-and-hold products. On the other hand speculative investors bet on rising prices, based on strong demand from emerging countries, limited increases in production and higher production costs. Reducing the influence of financial market players overall will lead to a sharper decline in long positions, because most investors are positioned on that side. The exodus of oil bulls will basically lead to lower price levels going forward.

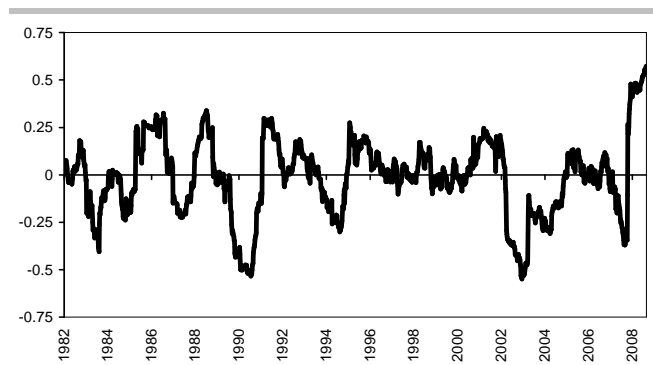
Furthermore, speculation on the possible negative impact of regulatory changes by the CFTC on the oil prices may lead to increased activity among short sellers and also provoke a shift out of WTI into other crude futures. We believe the positive price differential between Brent crude and WTI suggests in part that this is already happening. This phenomenon is usually blamed on the shortage of storage capacity in Cushing, the place of delivery and storage for WTI crude oil. However, that argument has become less credible, particularly this year, now that the oil companies have greatly expanded their storage capacity and are now able to store around 50m barrels in the area around Cushing. According to the US Department of Energy, crude oil stocks in Cushing now stand at “only” 33.3m barrels. But we believe there is also another explanation for this difference. For one thing it is partly due to speculative short selling in view of the forthcoming regulatory changes concerning WTI crude oil. For another, investors may be switching out of WTI which is quoted on the NYMEX and into Brent crude which is traded mainly on the ICE in London. The markets believe that the European authorities will not tighten up the regulatory provisions as strongly as the US authorities. This is evident from numerous statements and reactions from past years. It is even alleged that supposed manipulation of the gas market by the hedge fund Amaranth would not have been possible without lax regulation in London.

CHART 10: **Negative correlation between oil price and USD** (Arabian Light vs. USD trade-weighted index)



Source: Bloomberg, Commerzbank Corporates & Markets

CHART 11: **Oil prices in tandem with equities** (52-week-correlation of weekly changes, Arabian Light vs. S&P 500)



Source: Bloomberg, Commerzbank Corporates & Markets

**(Intriguing) correlations and the influence of external factors**

The reason for the correlation between the oil price and the US dollar is something we would like to examine in the next issue of the Commodities Spotlight. For now let us just say this: The opinion of our FX experts that the US dollar will tend somewhat stronger in the coming months is consistent with our currently negative view on the oil price.

While the negative correlation between the US dollar and the oil market has held for years (chart 10), the significant correlation between the equity market and the oil prices is rather new. After all, one of the main reasons for investing in commodities and treating them as an asset class was their negative or non-existent correlation with the equity and bond markets. During the crisis, when this characteristic was most needed, the correlation, however, rose sharply. In recent months this correlation has risen further and has now reached record levels (chart 11). The common explanation for this phenomenon is that equity prices have a signalling effect similar to that of commodities, and both point to the coming economic turnaround at the same time. We believe, however, that both are benefiting from generous liquidity and lower risk aversion. Soon this could change. On the one hand, the world economy will not recover as quickly as many market participants believe. On the other hand, the (central) banks will stem the flood of liquidity to reduce the inflation risks. In the second half of the year, China’s second largest bank CBCC plans to reduce the volume of new lending by 70% having issued loans to the value of around RMB 708bn or USD 104bn in the first half. Chinese banks provided new loans of totally RMB 7.4 trillion or USD 1.08 trillion in the first half of the year, over three times more than a year ago, which fuelled the markets significantly. In July, however, the volume of new lending in China dropped 77% already from the June’s levels to around RMB 356bn or USD 52bn. Surprisingly the Shanghai A Share equity index dropped almost 20% in August despite increasing economic data and confidence worldwide.

**How will the oil price develop between now and the end of the year?**

The significant rise in the oil price seen in the first half of the year is due in large part to a recovery in investment by financial investors. If their influence is reduced by the CFTC's actions and sanity prevails, the oil price will fall. We expect some of these measures to be decided very soon, particularly bearing in mind that the political pressure and the desire to combat excessive speculation in the commodities markets, particularly energy markets, is growing strongly not just in the USA but also in government circles in Europe. As most investors bet on rising prices, their departure would undoubtedly tend to depress prices. Therefore we now expect the WTI oil price to fall to USD 50 per barrel in Q4 2009, rather than USD 70 as we previously thought. December WTI futures are currently quoted at around USD 75 per barrel. We have also lowered our forecast of the average WTI oil price in 2010 from USD 75 to just USD 55 per barrel. Besides the reduced contribution from financial market players, the fundamental data also indicate a slower increase in the oil price due to enormous inventories worldwide and plenty of production capacity. In the absence of geopolitical tensions, there is little danger of an oil shortage in the foreseeable future. Incidentally, we do not believe that all energy will be adversely affected by the new CFTC rules, and US natural gas prices could even benefit from reduced influence by "speculators". This question, along with our fundamental assessment of the oil market situation on which our price forecast is based, will be the subject of our next edition of Commodities Spotlight Energy.

## At a glance

**GRAPH 12: Our Forecasts**

	Current 20-Aug	Forecasts								Yearly Average		
		1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	2008	2009	2010
Brent Blend (\$/bbl)	74.2	46	60	68	56	51	54	57	60	99	58	56
WTI (\$/bbl)	72.3	44	60	67	55	50	53	56	59	100	57	55
Diesel (\$/t)	616	424	505	568	550	550	580	580	620	950	520	580
Gasoline (95 Spot cif) (\$/t)	690	438	597	611	500	520	600	620	600	847	550	590
Jet Fuel (\$/t)	640	438	536	600	550	570	600	620	630	1008	540	610
Natural Gas HH (\$/mmBtu)	3.14	4.20	3.80	3.50	5.00	5.50	6.00	6.50	7.00	8.90	4.10	6.30
Coal (API #2) (\$/t)	71.1	67.1	64.6	68.9	70.0	75.0	75.0	80.0	85.0	147	68	79
Uranium (\$/lb)	47.5	45.3	47.3	50.0	55.0	60.0	65.0	67.0	70.0	64	50	66

Source: Commerzbank Corporates & Markets, Bloomberg

**GRAPH 13: US inventories and imports**

	current	Net change			% change		Comment	
		1 week	1 month	1 year	year	vs. 5 -year-Ø		
<b>Inventories (m.bbls)</b>								
Crude oil	343.6	-8.4	-0.9	37.7	12.3	8.2	US crude oil inventories remain at an extremely high level. This ought to lower concerns surrounding supply shortfalls and should weigh on crude oil prices. Enormous US natural gas inventories are the main reason for the relative undervaluation and in autumn, storage capacity could potentially be exhausted.	
of which: Cushing	33.3	-0.3	2.5	15.3	84.7	77.7		
Gasoline	209.8	-2.2	-4.8	13.1	6.7	5.0		
Jet Fuel	46.5	0.1	3.2	5.6	13.7	13.8		
Distillates	161.6	-0.7	2.3	29.5	22.4	23.5		
Fuel oil	0.4	0.0	-0.3	-0.2	-36.0	-46.1		
Strategic Pet.Reserve (SPR)	724.1	0.0	0.0	16.9	2.4	4.9		
Natural gas (bn cubic feet )	3152	63	356	585	22.8	15.7		
<b>Imports (mb/d)</b>								
Crude oil	8.1	-1.4	-1.4	-2.9	-26.2	-23.6		Lower imports are the major reason for the most recent inventory decline.
Oil products	2.2	-0.1	-0.3	-0.7	-24.3	-34.3		
<b>Capacity utilisation (%)</b>								
Refineries	84.0	0.5	-1.8	-1.7			Lower utilisation levels are expected	

Source: Commerzbank Corporates & Markets, Bloomberg, US Energy Information Administration

**GRAPH 14: Historic prices of energy commodities**

Energy	Latest	% change				Q107	Q207	Q307	Q407	Q108	Q208	Q308	Q408
		1 Week	1 Month	ytd	year ago								
Brent Blend (\$/bbl)	74.2	1.0	11.7	62.7	-35.1	59	69	75	89	96	123	117	57
WTI (\$/bbl)	72.3	2.6	13.1	62.2	-37.1	58	65	75	91	98	124	118	59
Diesel (\$/t)	616	-0.1	12.8	39.1	-40.7	544	630	680	831	898	1190	1086	618
Gasoline (95 Spot cif) (\$/t)	690	-4.0	14.1	134.3	-26.1	572	761	712	801	839	1059	998	483
Jet Fuel (\$/t)	640	-1.8	9.4	39.8	-44.1	589	669	716	865	947	1254	1184	643
Natural Gas HH (\$/mmBtu)	3.14	-5.8	-14.9	-44.1	-61.1	7.18	7.66	6.24	7.39	8.74	11.47	8.99	6.40
Coal (API #2) (\$/t)	71.1	0.7	n/a	-13.6	n/a	69	74	85	121	137	156	191	102
Uranium (\$/lb)	47.5	1.1	-5.0	-12.0	-26.4	79	123	109	86	80	64	63	51

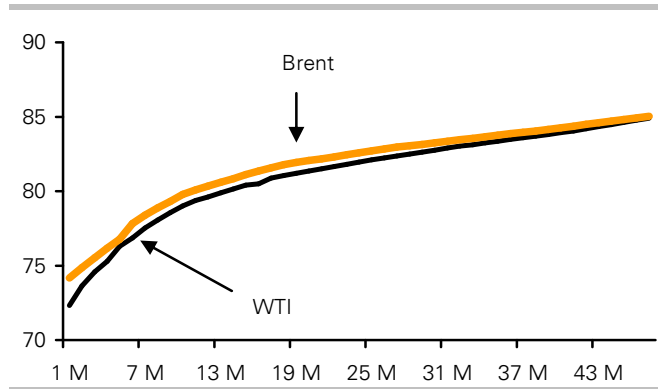
Source: Commerzbank Corporates & Markets, Bloomberg

**GRAPH 15: Upcoming events**

26 August	USA	US EIA oil inventory data
27 August	USA	US EIA gas inventory data
9 September	USA	US EIA short term energy outlook
9 September	INT	OPEC meeting in Vienna
10 September	INT	IEA oil market report
15 September	INT	OPEC oil market report

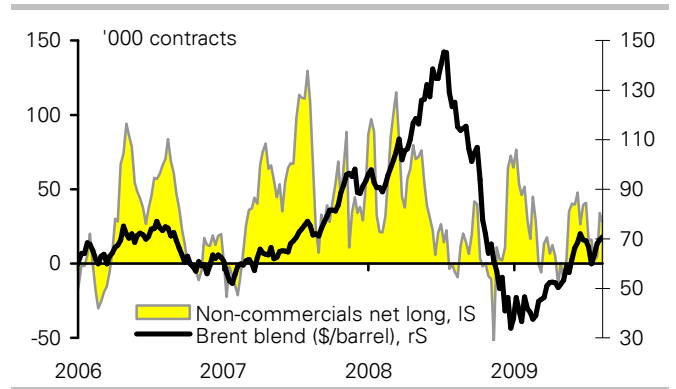
Source: IEA, EIA, OPEC, Bloomberg, Commerzbank Corporates & Markets

CHART 12: Crude Oil - Future Curves (WTI, Brent Blend)



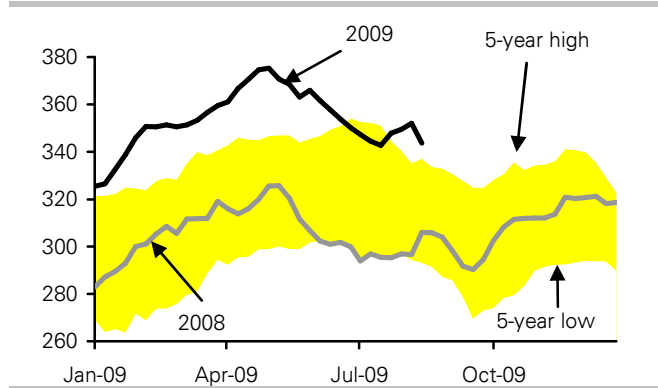
Source: Commerzbank Corporates & Markets

CHART 13: Crude Oil: net-long positions of non-commercials



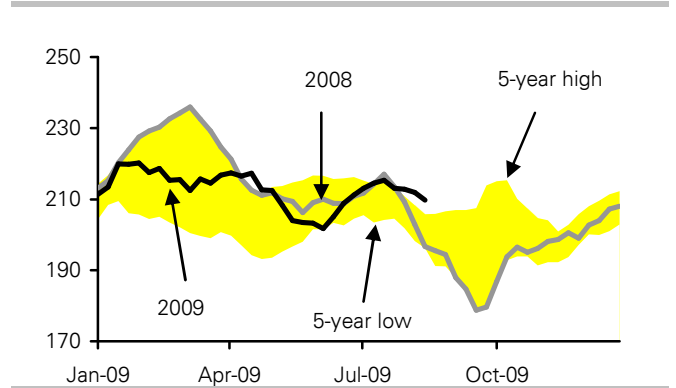
Source: Bloomberg, CFTC, Commerzbank Corporates & Markets

CHART 14: Crude oil: US inventories (mln barrel)



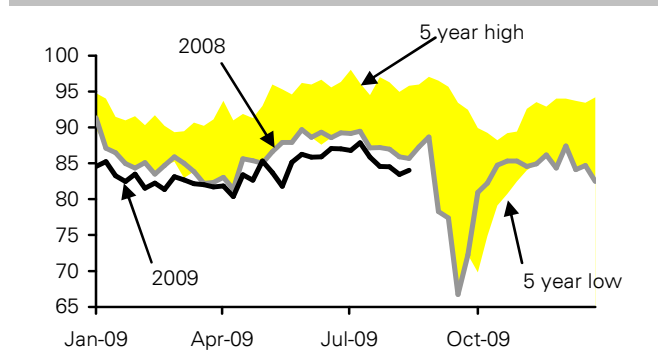
Source: Bloomberg, EIA, Commerzbank Corporates & Markets

CHART 15: Gasoline: US inventories (mln barrel)



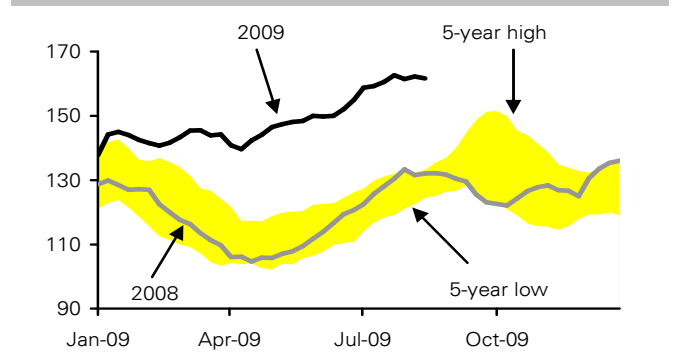
Source: Bloomberg, EIA, Commerzbank Corporates & Markets

CHART 16: US capacity utilisation (refineries) in %



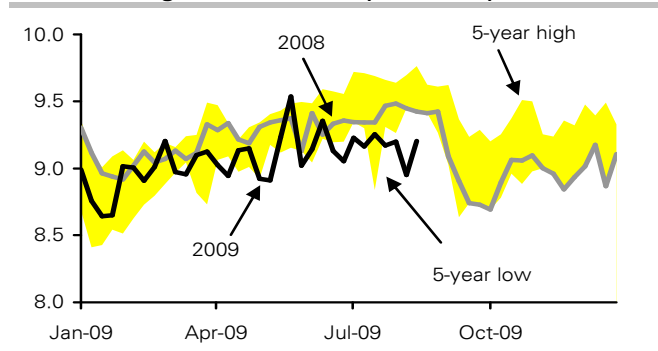
Source: Bloomberg, EIA, Commerzbank Corporates & Markets

CHART 17: Distillates: US inventories (mln barrel)



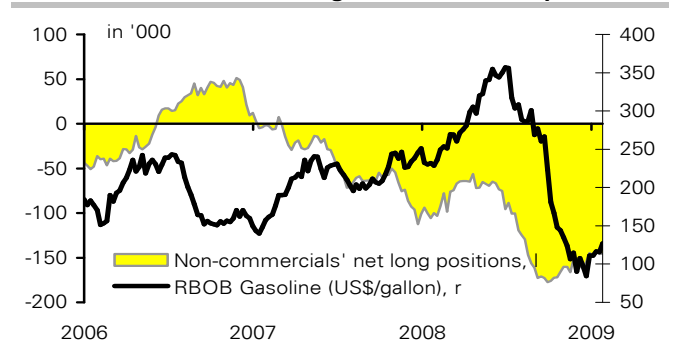
Source: Bloomberg, EIA, Commerzbank Corporates & Markets

CHART 18: US gasoline demand (mln barrel)



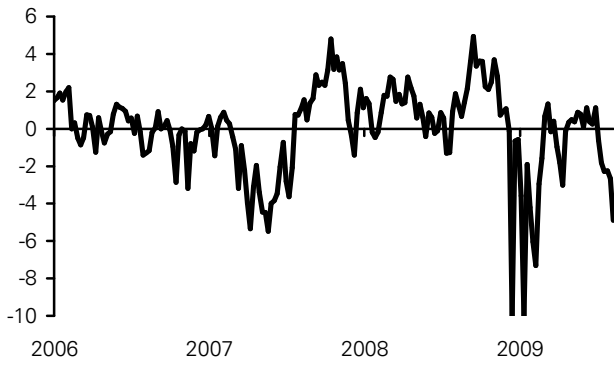
Source: Bloomberg, EIA, Commerzbank Corporates & Markets

CHART 19: Gasoline: net-long non-commercial positions



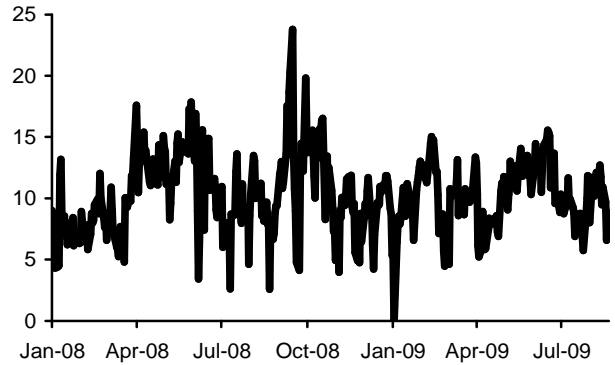
Source: Bloomberg, CFTC, Commerzbank Corporates & Markets

**CHART 20: Price spread WTI and Brent blend (in US\$/bbl)**



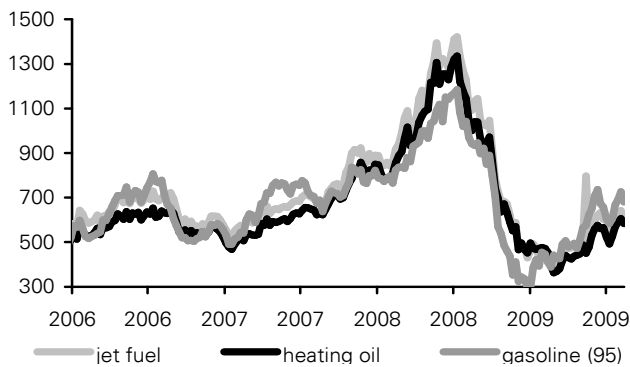
Source: Commerzbank Corporates & Markets

**CHART 21: Crack-Spread Brent 321 (in US\$/bbl)**



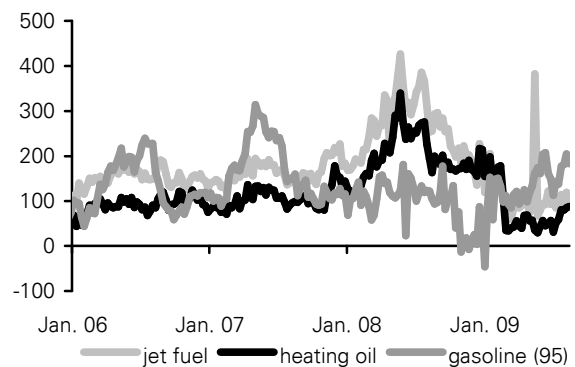
Source: Commerzbank Corporates & Markets

**CHART 22: Prices of distillates (in US\$ per ton)**



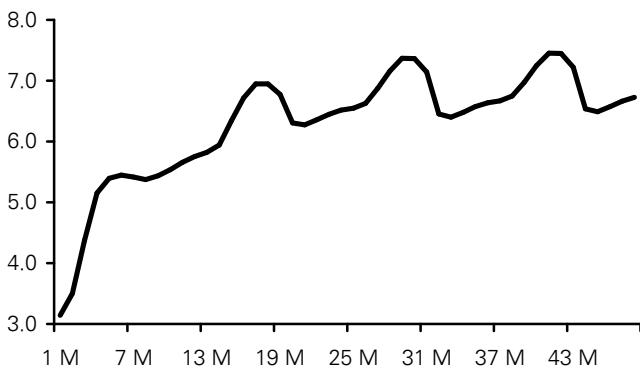
Source: Commerzbank Corporates & Markets

**CHART 23: Price spread distillates to WTI (in US\$ per ton)**



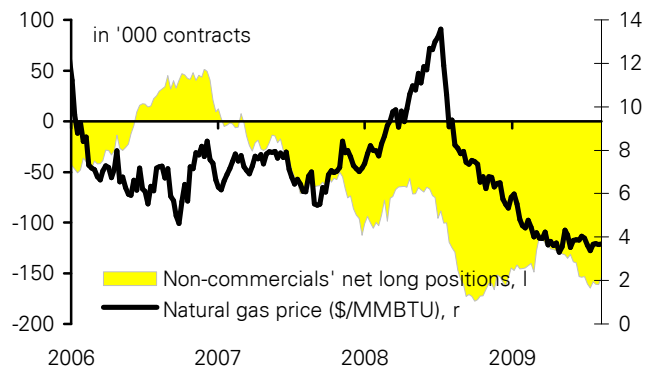
Source: Bloomberg, Commerzbank Corporates & Markets

**CHART 24: Natural gas – forward curve (Henry Hub)**



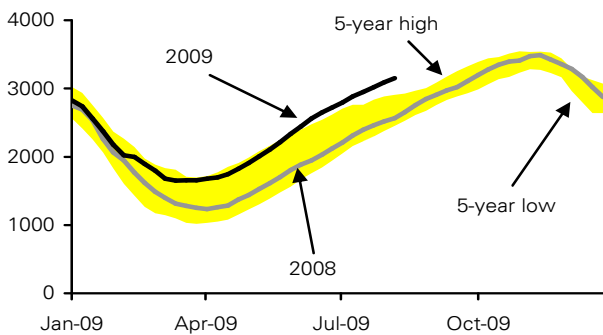
Source: Bloomberg, Commerzbank Corporates & Markets

**CHART 25: Nat.gas: net-long positions of non-commercials**



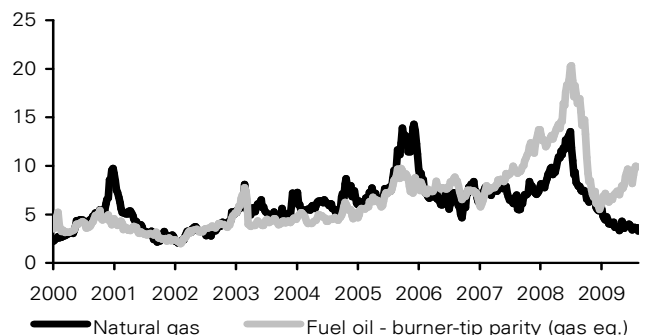
Source: Bloomberg, CFTC, Commerzbank Corporates & Markets

**CHART 26: Natural gas: US storage (bn cubic feet)**



Source: EIA; Bloomberg, Commerzbank Corporates & Markets

**CHART 27: Burner-tip parity (natgas vs. fuel oil no.6)**



Source: Bloomberg, Commerzbank Corporates & Markets

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