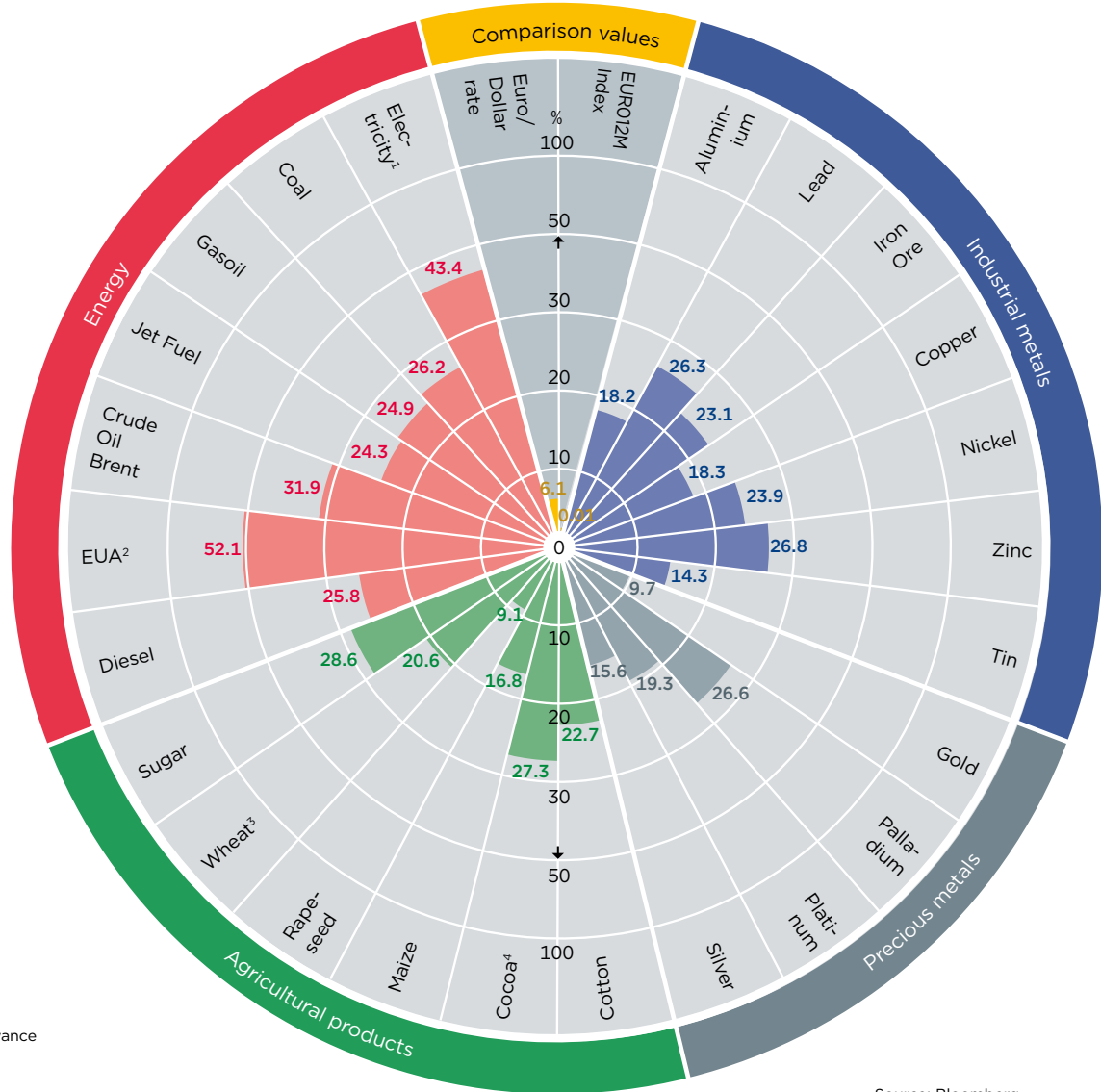




Volatilities from 22/06/2018 to 21/06/2019



¹ Phelix Baseload
² European Emission Allowance
³ Euronext Milling Wheat
⁴ Liffe Cocoa Euronext

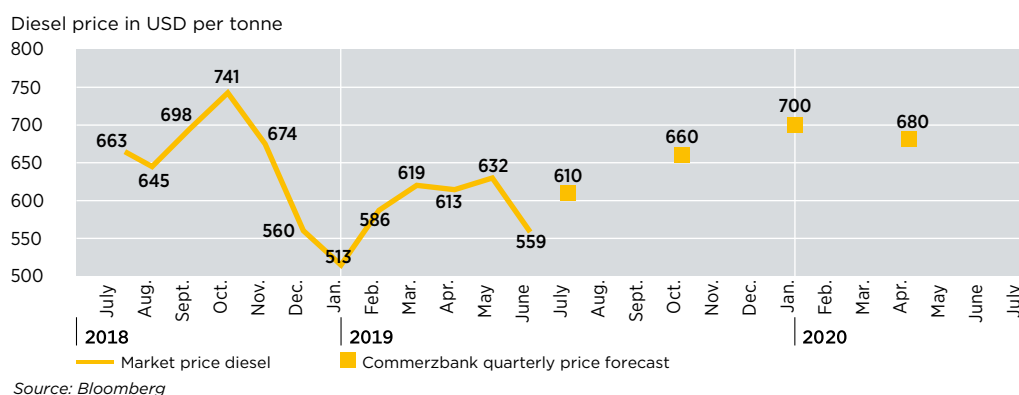
Source: Bloomberg

Commerzbank Commodities Radar 2nd Quarter 2019



Following the diesel market's summer blues, a winter boom is looming on the horizon

While fears of a supply shortage dominated the oil market until the beginning of May, concerns about weakening demand in late May and early June saw oil and diesel prices come under sharp pressure. The escalating tension between the US and Iran has recently caused oil prices to rise again.



The price of diesel dropped from its 6-month high in mid-May to the beginning of June 2019 by almost 20%. This drop cannot be explained by oil market-specific factors, as OPEC's supply is actually tight at present due to voluntary production cuts and the loss of Iranian oil as a result of sanctions. The escalation in the Iran-US conflict did send the price of Brent oil back up in the second half of June but, at around USD 65, it remains well below the year-high mark. The same applies for the price of diesel, which is linked to the price of crude oil.

The fact that the price is still only marginally recovering is mainly due to external factors, primarily the intensifying trade conflict between the US and China. This raises concerns that the demand for crude oil might suffer as well as a result. After all, China and the US together account for about one third of the global oil demand and approximately half of the expected increase in demand this year.

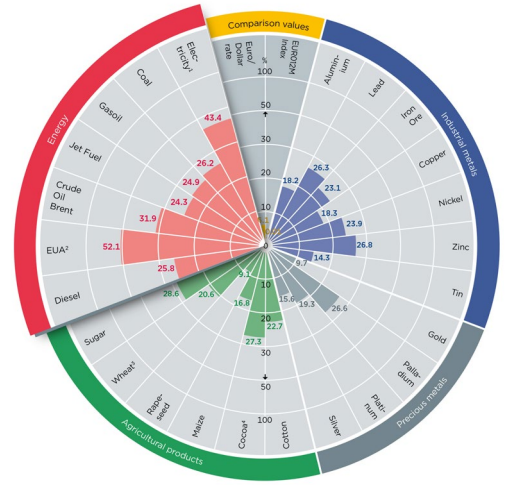
The market is therefore very sensitive to the recently weaker economic data from the three major economic regions, the US, China and Europe. Should global demand for oil grow less strongly than previously expected, a new over supply situation could loom for the end of the year. Demand for OPEC oil will fall noticeably at the end of the year due to rising US oil production. OPEC and its non-OPEC allies ("OPEC+") decided to extend their production cuts by nine months, until the end of March 2020. If the economic

environment stabilises, this might support a recovery in the price of Brent oil to USD 70 by the end of the year.

Following the most recent correction, a temporary weakening of the demand for diesel, which is strongly dependent on world trade and associated transport volumes, is also likely to have been factored into the diesel prices on the market. In addition, high Chinese diesel exports have put additional pressure on the crack spread, the pricing difference between diesel and crude oil prices.

Should the concerns about the economy turn out to be exaggerated, we assume that the diesel market will offer a particularly good potential for growth over the next 12 months. One of the reasons: in less than six months' time, the sulphur cap for bunker fuels will fall from 3.5% to 0.5% ("IMO2020"). While ships are currently being retrofitted with filter systems at full speed, just over a seventh of the current demand for bunker fuels will subsequently be able to be covered by the high-sulphur fuel oil without violating the more stringent requirements. A large number of ships will, at least temporarily, switch to the tried-and-tested marine gas oil (MGO) until a new low-sulphur fuel oil is established on the market. Experts therefore expect MGO demand to double to two million barrels per day. Even though marine gas oil is only of subordinate importance in the large middle-distillate market, diesel prices will increase. We therefore expect the price of diesel to rise significantly to USD 700 per tonne at the turn of the year 2019/20.

The year's price highs and lows at a glance



| | in EUR per unit | |
|--------------------------|-----------------|-----------|
| Aluminium per mt | High | 1,908.81 |
| | Low | 1,528.00 |
| Lead per mt | High | 2,051.94 |
| | Low | 1,574.10 |
| Iron Ore per mt | High | 96.75 |
| | Low | 53.58 |
| Copper per mt | High | 5,796.23 |
| | Low | 5,005.18 |
| Nickel per mt | High | 12,469.40 |
| | Low | 9,259.95 |
| Zinc per mt | High | 2,682.54 |
| | Low | 1,966.06 |
| Tin per mt | High | 19,302.96 |
| | Low | 16,057.93 |
| Gold per troy ounce | High | 1,252.71 |
| | Low | 1,013.32 |
| Palladium per troy ounce | High | 1,408.28 |
| | Low | 744.31 |
| Platinum per troy ounce | High | 806.95 |
| | Low | 672.69 |
| Silver per troy ounce | High | 14.13 |
| | Low | 12.08 |

| | in EUR per unit | |
|----------------------------|-----------------|----------|
| Cotton per pound | High | 0.77 |
| | Low | 0.54 |
| Cocoa per mt | High | 2,252.23 |
| | Low | 1,643.15 |
| Maize per mt | High | 200.00 |
| | Low | 157.75 |
| Rapeseed per mt | High | 384.25 |
| | Low | 351.50 |
| Wheat per mt | High | 216.25 |
| | Low | 168.75 |
| Sugar per pound | High | 0.12 |
| | Low | 0.08 |
| Diesel per mt | High | 648.84 |
| | Low | 431.09 |
| EUA per tonne | High | 27.53 |
| | Low | 15.29 |
| Brent Crude Oil per barrel | High | 74.94 |
| | Low | 44.23 |
| Jet Fuel per mt | High | 687.03 |
| | Low | 467.90 |
| Gasoil per mt | High | 647.87 |
| | Low | 431.12 |
| Coal per mt | High | 88.29 |
| | Low | 42.96 |
| Electricity per MWh | High | 60.84 |
| | Low | 30.81 |

Source: Bloomberg data, period: 22/06/2018 to 21/06/2019

From the perspective of German companies, the listed commodities are generally priced in a foreign currency. For this reason, currency risks need to be considered in addition to commodity price risks.

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Banks

Frankfurt:

+49 69 136 87606

cbfe@commerzbank.com

London:

+44 20 7475 7394

cbfe@commerzbank.com

Corporates

Frankfurt:

+49 69 136 48221

FKFICCCommoditiesFFT@commerzbank.com

London:

+44 20 7475 7071

FKFICCCommoditiesLDN@commerzbank.com

Singapore

+65 6311 0313

FKFICCCommoditiesSNG@commerzbank.com

www.corporates.commerzbank.com