



SEB Commodities

SEB Commodities – June 2013

Worldwide supply and demand of metals

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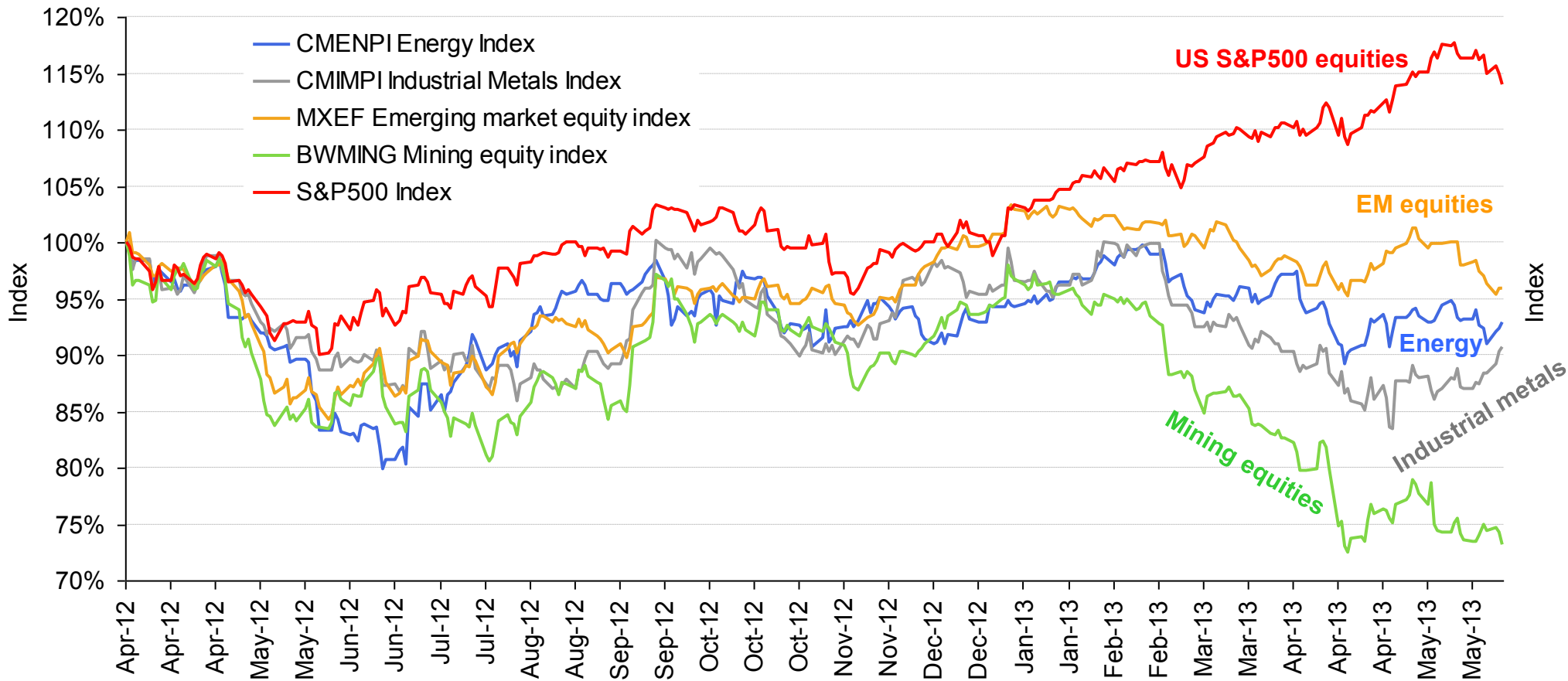
- Service to the Northern European Market with global product reach
- Central Trading & Production – Local Sales



- ✓ Local commodity sales in 9 countries
- ✓ Cross selling FX/Commodities rest of the world

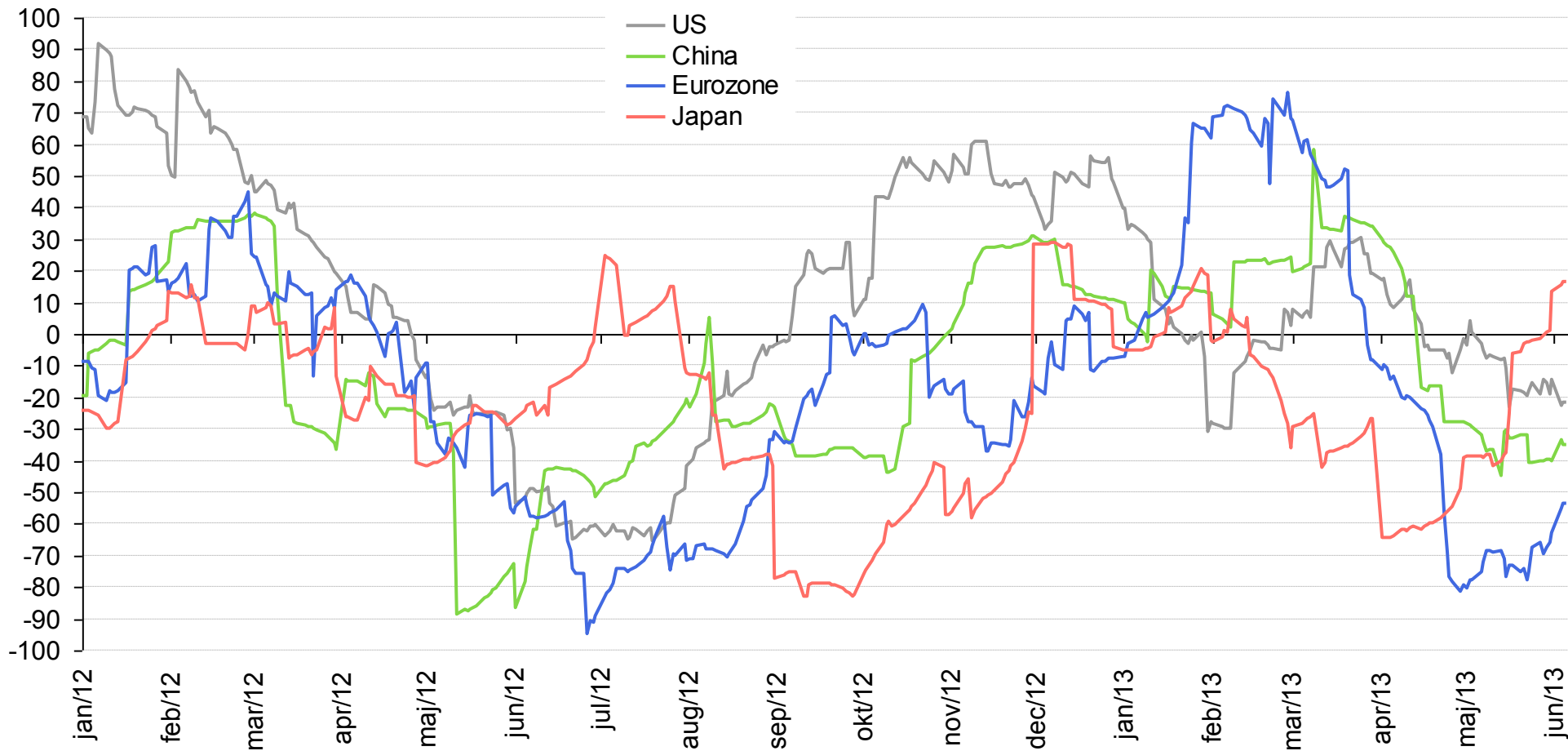
QE or Growth, you can't have both

Timing of the end of US QE is at the center of market discussion at the moment. It is a sign that things are improving. When will easy money end and growth begin?

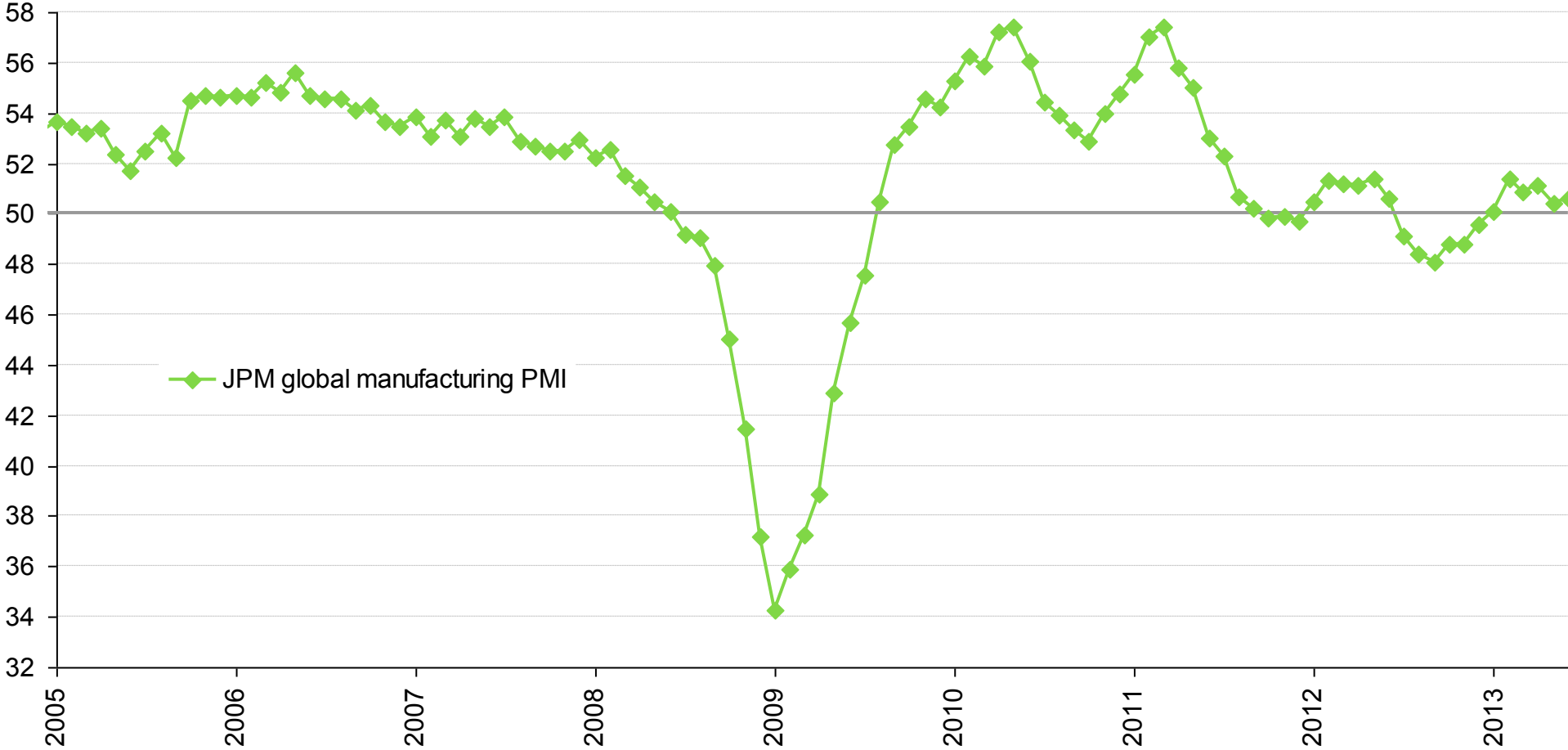


Downtrend in surprise indices may have bottomed

Japan's has rallied along with softer yen and monetary stimulus

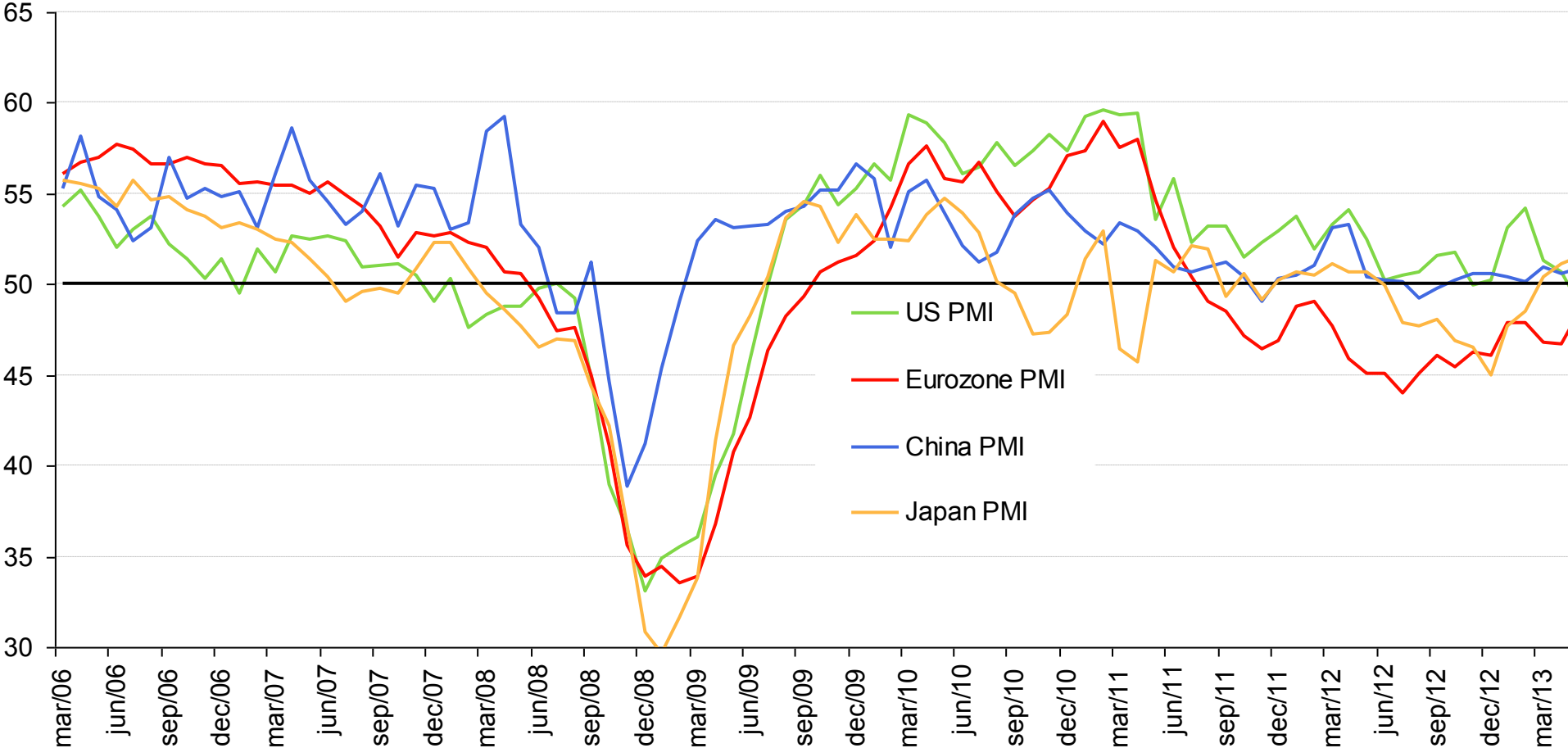


Global PMI (JPM) continued to expand in May



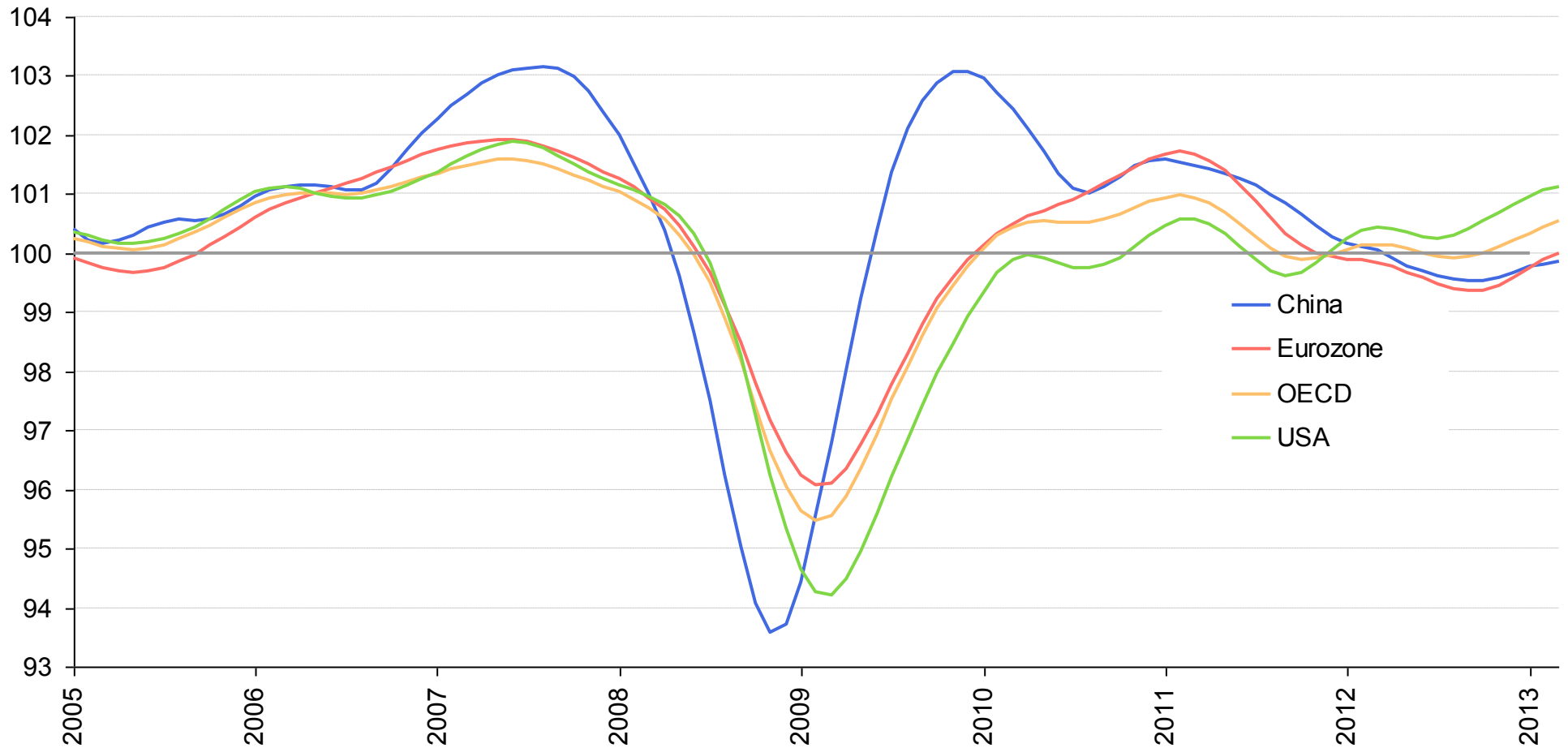
Regional PMI's above 50 for China and Japan

..., while Europe is inching higher. The US however dipped below 50 in May which is pushing end of US QE further out in time which has sent the USD lower

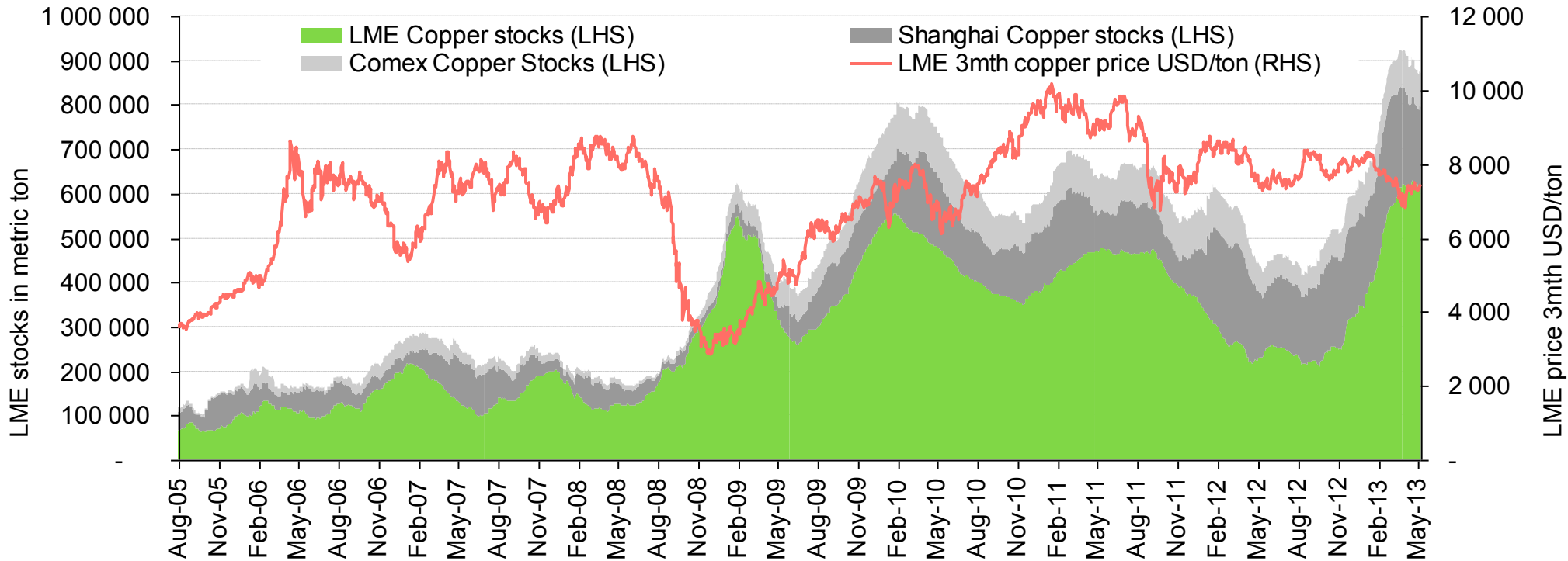


OECD Composite Leading Indices are positive

.., with Europe moving closer to expansion in 6 months time



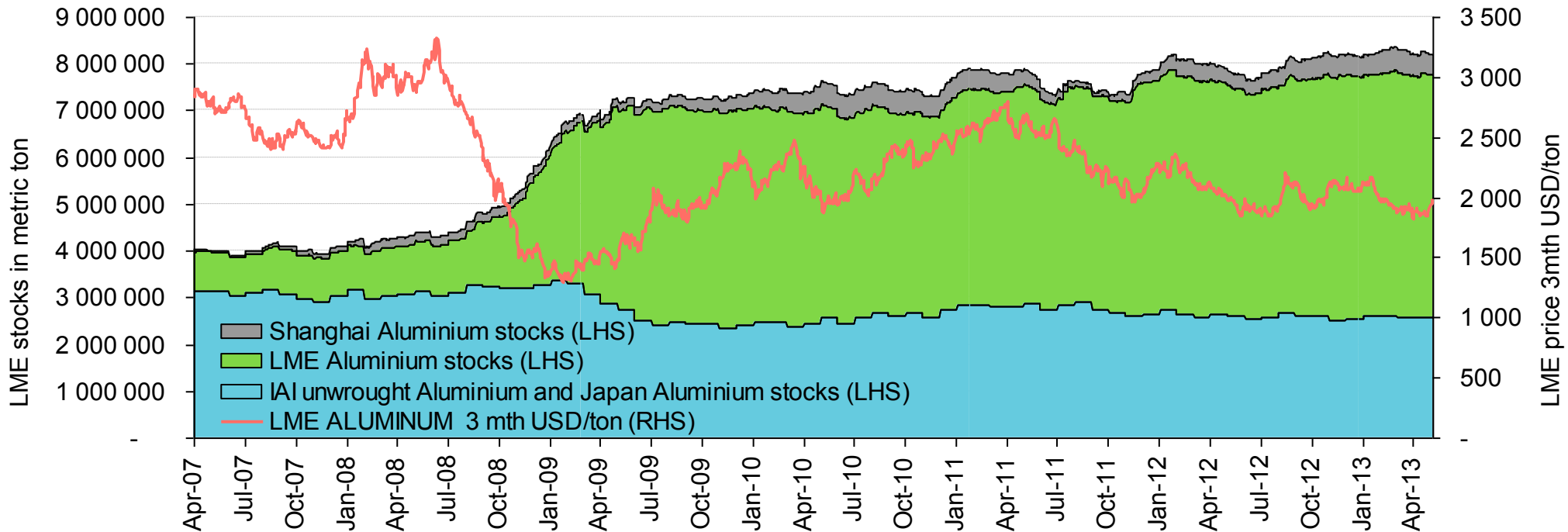
Copper – fundamental shift towards a balanced market



- Copper balance turned, from years in deficit, to balance/surplus during Q4/Q1.
- Increased production
- Flat demand (softer Chinese demand/sluggish Europe/Slightly firmer US)

- Recent signs of improving demand -supply disruptions
- Rebounding Chinese imports/strategic purchases (rumors)
- Fundamental shift to a more balanced copper market. Stable contango.

Aluminium – high premiums holding back production cuts

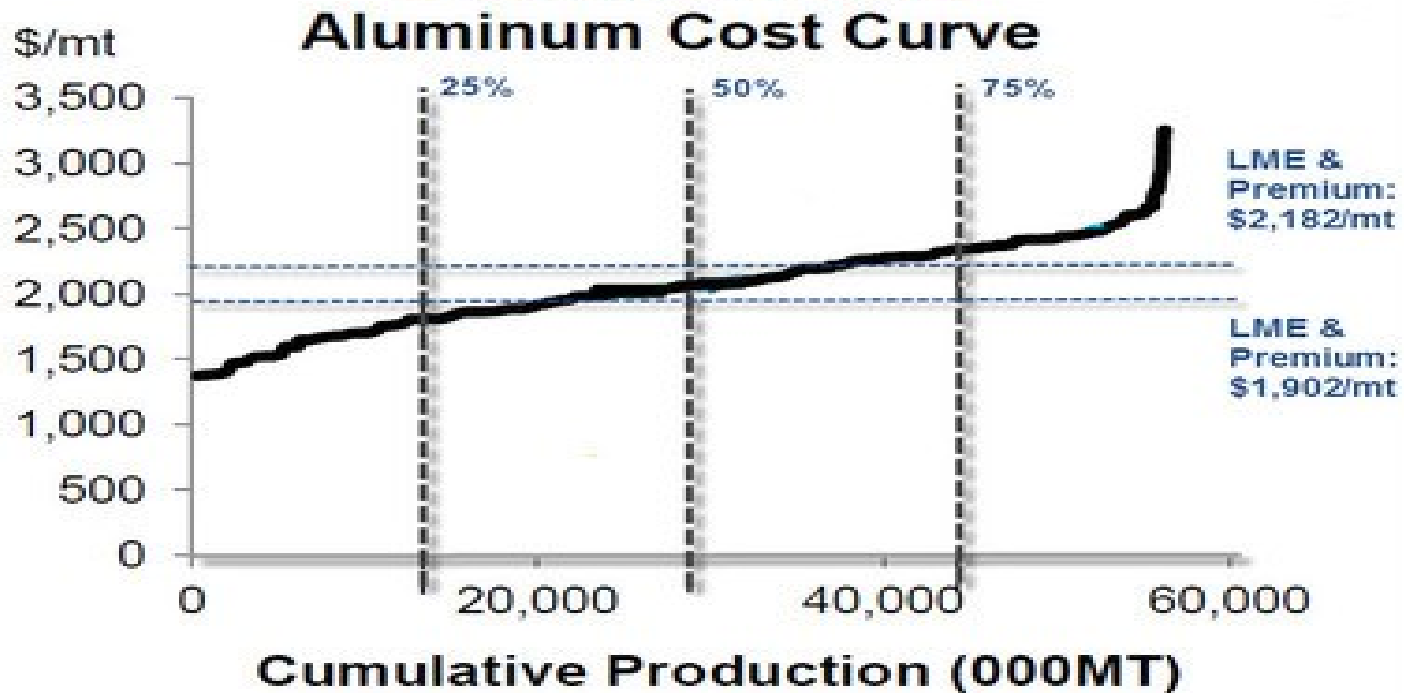


- LME price cutting into the cost curve
- High premiums holding back production cuts
- Large proportion of excess inventories tied up in financing deals
- Capacity restraints in LME warehouses causing queues
- Tightness in the available physical market
- Large short positions causes a squeeze on June date.
- Demand is increasing by 7 % according to Alcoa
- Overall a fundamentally bearish market putting a cap to prices
- 1800-2200 trading range.

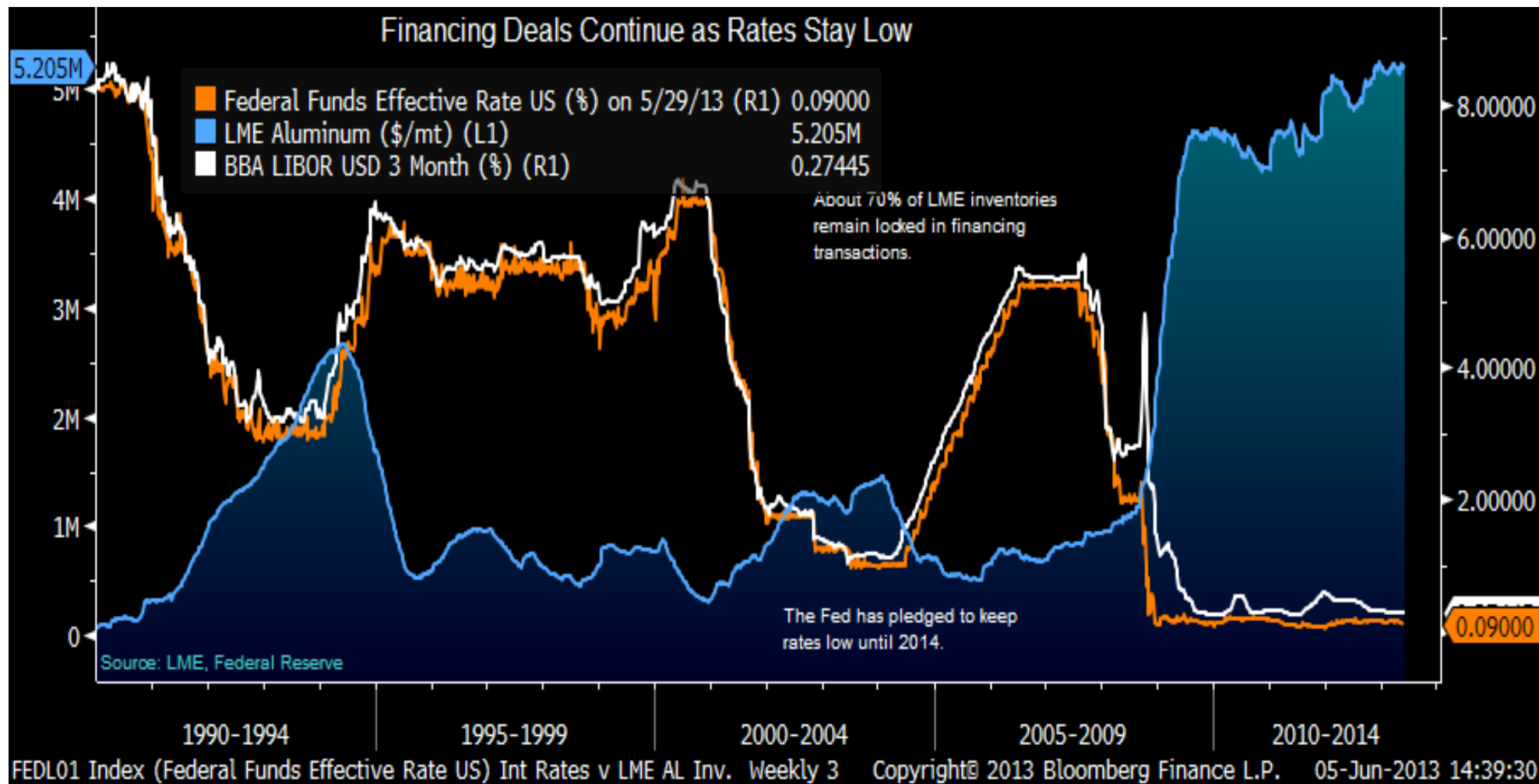
Large portion of global aluminium capacity not profitable

Smelting Cost Curve Down 4% Points

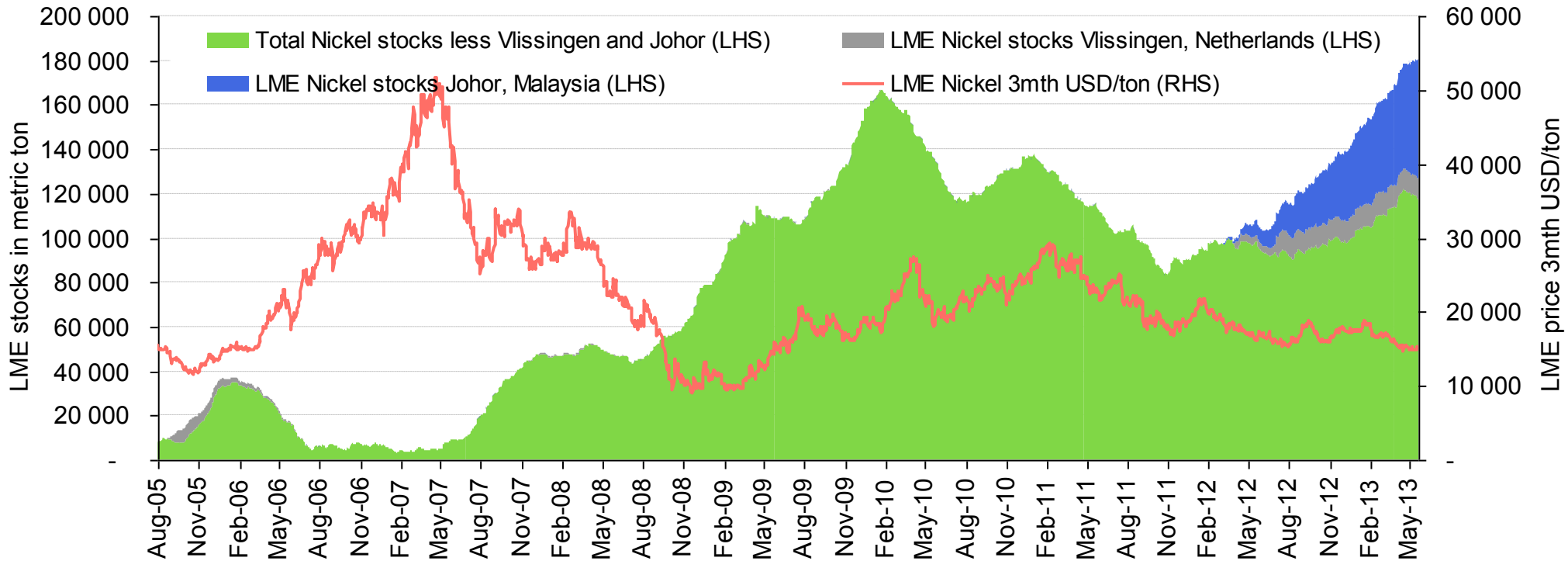
Source: Alcoa 1Q 2013 Company Presentation, 4/8/2013
-Click to view entire document



Financing Deals Continue as Rates Stay Low



Nickel – record inventory levels limit upside potential



- Nickel Pig Iron RKEF technology lowering the cost curve
- Overcapacity in stainless steel, but Chinese are continuing to increase due to lower material cost.
- Nickel market in surplus
- Mine closures not enough.
- Despite this Chinese imports increase due to SRB and financing deals.
- Upside limited
- Short term rally due to buy backs of short positions.

SEB Price Outlook

Commodity	Q1-13	Q2-13	Q3-13	Q4-13	2013	Q1-14	Q2-14	Q3-14	Q4-14	2014
Brent	113	105	110	110	109	110	105	110	110	109
Copper	7,958	7,300	8,000	8,200	7,865	8,200	8,200	8,100	8,000	8,125
Aluminium	2,041	1,950	2,100	2,200	2,073	2,250	2,300	2,450	2,500	2,375
Nickel	17,376	15,400	18,000	19,000	17,444	19,500	20,000	20,500	21,000	20,250
Zinc	2,054	1,905	2,050	2,150	2,040	2,200	2,200	2,225	2,250	2,219
Gold	1,631	1,430	1,350	1,350	1,440	1,350	1,300	1,250	1,200	1,275

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