Summary

There have been many events impacting the oil market over the past month, but when people look back on May 2018, one of the most impactful events will be the U.S. withdrawal from the Joint Comprehensive Plan of Action (JCPOA). The reimposition of all previous sanctions it had previously imposed on Iran. In our view, the impact on the oil market from simply viewing this in isolation should be minimal, as the U.S. doesn’t impart any Iranian oil and Iran only produces about 3.8 million barrels per day of OPEC’s 32 million barrels per day.

The critical factor, rather, is the signal that the U.S. is sending by imposing extraterritorial sanctions—meaning that the U.S. is placing restrictions on all countries doing business with Iran. Most countries—absent any direct evidence that Iran violated the terms of the JCPOA—will do their best to avoid restricting their business with Tehran, and this sets the stage for clashing viewpoints between the part of the U.S. and the rest of the world. How are countries decide to deal with their disagreements with the U.S. on this issue (and potentially others) will likely set the stage for how the commodity markets perform in the months to come.

The US dollar has strengthened considerably over the prior month. The fact that we’re seeing oil’s appreciation as such a dollar move tells us that all market participants are placing a great deal of emphasis on the geopolitical situation in formulating their view on where prices should be.

Additionally, on 15th May 2018, the U.S. 10-Year Treasury Note saw its yield break through the resistance level of 3.05% for the first time since July of 2011. Some dollar bulls use this as one piece of their ammunition—arguing that U.S. interest rates being so much higher than those in Germany or Japan suggests a further dollar appreciation. Gold bears also look this and note that, if one is to believe that U.S. treasuries are risk-free, gold is an asset without a yield and a higher yield creates stronger competition for portfolio allocations against gold positions.

One of the most interesting questions to us in looking toward the next part of 2018 will be whether or not the market aligns the view of geopolitical risk that seems to be embedded in the oil market’s behaviour of rising prices with the lack thereof that seems to currently be present in the gold market’s behaviour of falling prices.

Sentiment improves towards agricultural commodity complex after (US Department of Agriculture)

USDA’s latest outlook. Cotton and corn have further to go. Net speculative positioning among major agricultural commodities with the exception of soybean oil firmed positive on the back of short covering.

Ample supply situation paves way for lower metal prices, except for nickel. Industrial metal prices came under pressure after the release of the supply situation from various international Study Groups, projected more supply should be available on most metal markets, paving the way for potentially lower metal prices in the future.

Oil prices continued to rise in May as the risk of supplies tightening increased. Sanctions were reintroduced by the US on Iran with extraterritorial provisions. However, non-OPEC supplies are increasing and demand is likely to be set back by rising prices. Unless these sanctions are enforced by the countries that oppose them, we are likely to see oil prices decline.

Gold prices succumbed to pressure from surging US 10Y yields and a resurgent dollar. Gold has now fallen below its technical support at $1,300 - a level last seen towards the end of last year. Net long position has declined to its lowest level since mid-2017, suggesting fading fears of geopolitical risks. In gold’s slipstream, the rest of the precious metals complex were dragged lower.

Commodity Monthly Matrix

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Current Price</th>
<th>Returns (1 Mth)</th>
<th>Price vs 200 days MA (3 Mths)</th>
<th>Positioning (1 Mth)</th>
<th>Roll Yield</th>
<th>17 May Score</th>
<th>20 Apr Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>WTI Oil</td>
<td>71</td>
<td>7.5%</td>
<td>21.7%</td>
<td>-5.5%</td>
<td>-0.1%</td>
<td>(2)</td>
<td>0</td>
</tr>
<tr>
<td>Brent Oil</td>
<td>79</td>
<td>13.8%</td>
<td>23.6%</td>
<td>-3.2%</td>
<td>0.5%</td>
<td>(3)</td>
<td>0</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>2.9</td>
<td>4.4%</td>
<td>-0.6%</td>
<td>-12.6%</td>
<td>-37%</td>
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<tr>
<td>Gasoline</td>
<td>2.2</td>
<td>9.9%</td>
<td>33.3%</td>
<td>11.9%</td>
<td>0.2%</td>
<td>(4)</td>
<td>2</td>
</tr>
<tr>
<td>Heating Oil</td>
<td>2.3</td>
<td>10.9%</td>
<td>18.2%</td>
<td>-29.1%</td>
<td>35%</td>
<td>(1)</td>
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<tr>
<td>Carbon</td>
<td>15.3</td>
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<td>-0.1%</td>
<td>-0.1%</td>
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<tr>
<td>Wheat</td>
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<td>11.9%</td>
<td>-0.6%</td>
<td>0.1%</td>
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<td>0</td>
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<tr>
<td>Corn</td>
<td>4.0</td>
<td>9.3%</td>
<td>9.4%</td>
<td>-21.6%</td>
<td>31%</td>
<td>0</td>
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<tr>
<td>Soybeans</td>
<td>10</td>
<td>4.9%</td>
<td>-0.5%</td>
<td>-11.7%</td>
<td>-22%</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td>Sugar</td>
<td>0.9</td>
<td>0.8%</td>
<td>14.9%</td>
<td>-14.5%</td>
<td>-2.6%</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td>Cotton</td>
<td>0.9</td>
<td>2.3%</td>
<td>11.4%</td>
<td>-5.4%</td>
<td>25%</td>
<td>0</td>
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</tr>
<tr>
<td>Coffee</td>
<td>1.1</td>
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<td>-7.7%</td>
<td>-47%</td>
<td>-3.4%</td>
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<td>(4)</td>
</tr>
<tr>
<td>Soybean Oil</td>
<td>0.3</td>
<td>0.8%</td>
<td>-6.0%</td>
<td>-5.2%</td>
<td>-51.4%</td>
<td>(4)</td>
<td>(2)</td>
</tr>
<tr>
<td>Cocoa</td>
<td>2,639</td>
<td>33.3%</td>
<td>20.7%</td>
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<tr>
<td>Aluminum</td>
<td>2,315</td>
<td>4.0%</td>
<td>7.8%</td>
<td>6.3%</td>
<td>1.4%</td>
<td>(1)</td>
<td>1</td>
</tr>
<tr>
<td>Copper (COMEX)</td>
<td>3.1</td>
<td>-0.1%</td>
<td>0.4%</td>
<td>9.7%</td>
<td>4%</td>
<td>(2)</td>
<td>(3)</td>
</tr>
<tr>
<td>Copper (LME)</td>
<td>0.6</td>
<td>-0.2%</td>
<td>0.5%</td>
<td>-9.8%</td>
<td>-3%</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Zinc</td>
<td>3.103</td>
<td>-1.6%</td>
<td>-4.3%</td>
<td>28.2%</td>
<td>7%</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Nickel</td>
<td>14.503</td>
<td>16.0%</td>
<td>15.0%</td>
<td>-9.7%</td>
<td>-7%</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Lead</td>
<td>2,671</td>
<td>0.9%</td>
<td>-3.4%</td>
<td>2.7%</td>
<td>3%</td>
<td>(1)</td>
<td>3</td>
</tr>
<tr>
<td>Tin</td>
<td>20,171</td>
<td>-3.8%</td>
<td>0.4%</td>
<td>35.1%</td>
<td>3%</td>
<td>(1)</td>
<td>1</td>
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<tr>
<td>Silver</td>
<td>16</td>
<td>-2.2%</td>
<td>-2.2%</td>
<td>-50%</td>
<td>0%</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Platinum</td>
<td>892</td>
<td>-4.3%</td>
<td>-4.6%</td>
<td>-10%</td>
<td>0%</td>
<td>(4)</td>
<td>(4)</td>
</tr>
<tr>
<td>Palladium</td>
<td>979</td>
<td>-2.7%</td>
<td>2.7%</td>
<td>-5.5%</td>
<td>-3%</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td>Live Cattle</td>
<td>1.0</td>
<td>12.7%</td>
<td>-11.6%</td>
<td>-31%</td>
<td>4.0%</td>
<td>(1)</td>
<td>0</td>
</tr>
<tr>
<td>Lean Hogs</td>
<td>0.8</td>
<td>12.6%</td>
<td>16.8%</td>
<td>-23%</td>
<td>-2.2%</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td>Feeders</td>
<td>0.7</td>
<td>4.1%</td>
<td>-8.9%</td>
<td>-668%</td>
<td>-6.1%</td>
<td>(1)</td>
<td>(1)</td>
</tr>
</tbody>
</table>

Performance

<table>
<thead>
<tr>
<th>Commodity</th>
<th>1 Mth</th>
<th>6 Mth</th>
<th>12 Mth</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Commodities</td>
<td>1.5%</td>
<td>6.0%</td>
<td>11.2%</td>
</tr>
<tr>
<td>Energy</td>
<td>8.4%</td>
<td>15.1%</td>
<td>25.2%</td>
</tr>
<tr>
<td>Industrial Metals</td>
<td>-0.8%</td>
<td>6.2%</td>
<td>21.5%</td>
</tr>
<tr>
<td>Precious Metals</td>
<td>-3.8%</td>
<td>-2.2%</td>
<td>-0.4%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>-0.5%</td>
<td>0.2%</td>
<td>-6.5%</td>
</tr>
<tr>
<td>US Aggregate Bank</td>
<td>-1.4%</td>
<td>-2.6%</td>
<td>-1.7%</td>
</tr>
</tbody>
</table>

CFTC Net Speculative Positioning (in 100 contracts)

- Precious Metals
- Livestock
- Agriculture
- Industrial Metals

Christopher Gannatti  
Head of Research

Nilesh Shah  
Director

Nick Leung  
Associate Director

Florian Ginez  
Senior Quantitative Associate

Aneeka Gupta  
Associate Director

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Will the dichotomy of geopolitical risk in oil and gold last?

Christopher Gannatti  
Head of Research

Nilesh Shah  
Director

Nick Leung  
Associate Director

Florian Ginez  
Senior Quantitative Associate

Aneeka Gupta  
Associate Director

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Historical performance is not an indication of future performance and any investments may go down in value.
Agriculture

The agricultural sector was led higher by lean hog, wheat, corn and cotton prices last month. The USDA released their first projections for 2018/19 crop, forecasting lower ending stocks for corn, wheat and soybeans compared to consensus estimates.

A large part of wheat’s upward price momentum so far can be attributed to reports of winter wheat plants being in poor condition in Kansas. USDA surprised investors by projecting a 5% increase in US wheat production owing to a sharp rise in spring wheat despite the ensuing poor winter wheat conditions. Despite the 15% decline projected for the Russian wheat crop, global wheat stocks are expected to be only 2% short of the 2017/18 all-time high. As inventories remain elevated, we expect wheat prices to correct to the downside.

The significant decline in world corn ending stocks projected by USDA, pegs the world’s stocks to use ratio at just 14.5% from 21.8%. This marks the second tightest world’s stocks to use ratio for corn since the 1978/79 season. The price incentive offered in cheaper corn-based ethanol used in fuel production compared with rapidly increasing crude oil prices is resulting in more corn being used for fuel than traditional feed purposes in 2018. The reduction in corn cultivation in China, after it already cut back its high stocks in 2016/17 and 2017/18 season is likely to contribute to a more pronounced decrease in global corn stocks. Corn prices are poised to potentially benefit in the long run however as corn enters the prime growing season starting in June, it remains exposed to significant price pressure.

Industrial Metals

Industrial metal prices came under pressure after the re-assessment of the supply situation from various International Study Groups, projected more supply should be available on most metal markets, paving the way for potentially lower metal prices in the future. The most notable change was in the copper market where a moderate supply surplus was envisaged in 2018, the first in nine years, owing to higher mining and refinery production. It is yet to be seen if the collective agreements between the mine operators and the unions will be extended at the Escondida mine in Chile mid-year. Last year, the strikes at the Escondida mine caused significant supply outages on the copper market. The slowing dynamism in the Chinese construction sector coupled with weak growth of fixed asset investment in China at 7%, its lowest reading since 1999 pointed to weak demand.

Nickel was the best performer in May among the industrial metals complex supported by a favourable demand situation from stainless steel and battery technology. Global stainless steel production (largest nickel consumer by far) climbed by 5.6% last year and is expected to expand a further 6% to a new record high of 50.5mn tons, according to consultancy MEPS. Despite a sharp rise in primary nickel production, the International Nickel Study Group (INSG) expects a large supply deficit of 120,000 tons this year. LME stocks have declined by over 60,000 tons so far this year, reaching their lowest level since July 2014. According to Shanghai Metals Market (SMM), nickel stocks are at Chinese ports have reduced by 33% to 7.6mn tons over the past 6 months. We remain optimistic on the long-term investment case for nickel as supply lags rising demand.

Energy

The US has decided to withdraw from the Joint Comprehensive Plan of Action (JCPOA) and reinstate all previous sanctions if had previously imposed on Iran. Although the US does not import any Iranian oil, the sanctions are designed to be extraterritorial – thus placing restrictions on all countries doing business with Iran. As Iran has not violated the terms of the JCPOA, most countries oppose the reintroduction of sanctions and will do their best to avoid restricting business with Tehran. On May 18th the European Commission for example put forward EU Blocking Statute which forbids EU companies from complying with the extraterritorial effects of US sanctions and allows companies to recover damages arising from such sanctions. With Iran producing 3.8 million barrels per day (of OPEC’s 32 million barrels per day), the threat of supply restrictions had sent oil prices over US$80/bbl for the first time since November 2014. If countries can successfully bypass US rules, we expect oil prices to ease.

However, the threat of US sanctions against Venezuela is now emerging following a suspicious election results that sees the incumbent Nicolas Maduro remain in power despite widespread disillusionment with his performance. Venezuelan oil supplies have been plummeting as a result of economic disarray and sanctions against the country could further tighten supplies from the country.

The (Energy Information Administration) EIA expects US oil production to rise by 1.3 million barrels per day in 2018, following a 0.46 million barrel per day increase in 2017. The EIA’s latest forecast for 2018 is 0.4 million barrels per day higher than last month. The market appears to be ignoring much of the price negative news from the US supply increases amid the extent of geopolitical news elsewhere.

Precious Metals

Gold prices have weakened over the past month with the US 10Y comfortably above 3% and the dollar up nearly 5% since mid-April. Both developments are bearish for gold. Although gold seemed to be carrying a geopolitical risk premium earlier this year, its divergence with all soils indicates that political concerns rank lower on gold investors’ minds in recent weeks. However, Iran’s potential withdrawal from the Joint Comprehensive Plan of Action and the upcoming meeting between Trump and Kim Jong Un in June remain key risks that could derail risk-on sentiment and preserve gold’s shine.

Silver has moved in lockstep with gold for much of 2018 and this trend continued over the past month. The gold to silver ratio has declined over the past month, indicating more bullishness towards silver than gold.

*Note: all returns are based on front month futures prices in the month to Thursday 17 May 2018.

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Top 5/Bottom 5 Change in CFTC Net Positions

- Wheat
- Silver
- Coffee
- Heating Oil
- Corn
- Gas
- Lean Hogs
- Soybean Oil
- Feeder Cattle

Source: Bloomberg

Top 5/Bottom 5 Change in Inventories

- Tin
- Zinc
- Copper - Comex
- Aluminium
- Soybean Oil
- Copper - LME
- Soybeans
- Natural Gas
- Corn
- Heating Oil

Source: Bloomberg

Top 5/Bottom 5 Roll Yields

- Live Cattle
- Cotton
- Palladium
- Aluminium
- Heating Oil
- Gasoline
- Lean Hogs
- Sugar
- Wheat
- Coffee
- Feeder Cattle

Source: Bloomberg

Top 5/Bottom 5 Price Diff to 200 day moving av. (dma)

- Carbon
- Brent Oil
- Gasoline
- WTI Oil
- Cocoa
- Platinum
- Coffee
- Feeder Cattle
- Live Cattle
- Sugar

Source: Bloomberg

Positioning
Speculative positioning in soybean oil futures became the most bearish since April 2017, shorts built up again, ending our reporting period 51.4% more net short than the prior month.

Net positioning among wheat, corn and coffee rose higher by 17.7%, 31.0% and 47.6% respectively as a consequence of short covering. While sentiment has improved towards corn and wheat futures following USDA’s latest outlook, investors remain bearish on coffee futures as long positions declined further.

Investors appeared more cautious on nickel, as net speculative positioning declined 47% as investors built up short positions by 31.0%.

Net speculative positioning in Brent oil futures have come down marginally from an all-time high reached in last month.

Net long speculative positioning in gold has fallen to around 100,000. Its lowest level since mid-2017 and just below the five-year average. This suggests speculators are sceptical of a material geopolitical risk developing. Positioning in silver is currently less negative than last month (when it hit an all-time low), but still remains more than a standard deviation below its five-year average.

Inventories
Corn ending stocks have declined 21.6% over the period. USDA projected global corn ending stocks to decline 35.8mmt from a year ago, and it realised would be the lowest since 2012/13. According to USDA, the global coarse grain outlook is for higher production, increased use and lower ending stocks.

Soybean inventories have decreased 11.7%. Despite USDA projecting global soybean production to rise on the back of a recovery from the drought in Argentina, higher soybean crush and exports are expected to offset most of the rise as global soybean ending stock estimates are lowered by 5.5 million.

Tin inventories rose 35.0% on average over the prior 3 months. China’s impact as net importer to net exporter is starting to be felt, as tin inventories on the Shanghai Metals Exchange (SHFE) rose sharply by 71.0% the last month alone.

The International Lead and Zinc Study Group (ILZSG) expects the 2018 zinc supply deficit of 263,000 tons to be lower than last year since production is expected to pick up noticeably. As sentiment remains less upbeat than a month ago, we expect zinc prices to correct further.

Natural gas inventories are rising in line with seasonal trends, but remain significantly lower than last year and 27% below the 5-year average as the coldest April in 21 years led to lower than-normal injections. However, the EIA expect higher production in coming months to close the gap between current inventory levels and the 5-year average to just 8%

Curve Dynamics
With the exception of cotton, the extent of the decline in contango along the short end of the agricultural commodity futures curve suggests ample supplies.

Although Brent and WTI oil are in backwardation through most of the curve, heating oil is the only energy future in backwardation in the front month, with a positive roll yield of 0.3%

Technicals
Coffee is currently trading 7.7% below its 200-Day Moving Average (dma) and we expect to see further price weakness owing to expectations of a record coffee crop in Brazil. Owing to ethanol’s attractive price discount to gasoline prices, a marked shift in sugar cane processing in Brazil away from sugar towards ethanol is likely to persist. This could lend some support to sugar prices that are currently 15% below their 200-dma.

Carbon is trading 68% above its 200-day-moving average as an effort to tighten up the supply of permits under the European Emissions Trading Scheme is likely to take place to reduce emissions by 40% by 2030 to be consistent with the commitments under the Paris Agreement in 2015.

Gold traded below its technical support level of $1,300 and is now at its lowest point since the turn of the year.

CFTC futures net positioning as of report date, percent change from previous month. * Percent change in inventory based on 3 month change (in %).

Roll yields calculated as percent change between front month futures price and next month futures price on May 17, 2018.

Historical performance is not an indication of future performance and any investments may go down in value.
### Energy

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>1 Month</th>
<th>3 Month</th>
<th>6 Month</th>
<th>1 Year</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
<tr>
<td>Natural Gas</td>
<td>2.9</td>
<td>4.4%</td>
<td>11.8%</td>
<td>-7.7%</td>
<td>-10.4%</td>
</tr>
<tr>
<td>Gasoline</td>
<td>2.2</td>
<td>9.9%</td>
<td>28.1%</td>
<td>26.8%</td>
<td>40.0%</td>
</tr>
<tr>
<td>Heating Oil</td>
<td>2.3</td>
<td>10.9%</td>
<td>19.4%</td>
<td>17.2%</td>
<td>48.7%</td>
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<tr>
<td>Carbon</td>
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<td>11.4%</td>
<td>60.7%</td>
<td>104.1%</td>
<td>233.4%</td>
</tr>
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</table>

### Agriculture

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>1 Month</th>
<th>3 Month</th>
<th>6 Month</th>
<th>1 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>5.0</td>
<td>6.7%</td>
<td>8.7%</td>
<td>14.6%</td>
<td>16.5%</td>
</tr>
<tr>
<td>Corn</td>
<td>4.0</td>
<td>3.9%</td>
<td>7.6%</td>
<td>15.2%</td>
<td>6.4%</td>
</tr>
<tr>
<td>Soybeans</td>
<td>10.0</td>
<td>-4.9%</td>
<td>-2.6%</td>
<td>0.5%</td>
<td>20.8%</td>
</tr>
<tr>
<td>Sugar</td>
<td>0.1</td>
<td>-0.8%</td>
<td>-13.6%</td>
<td>-24.8%</td>
<td>-29.1%</td>
</tr>
<tr>
<td>Cotton</td>
<td>0.9</td>
<td>2.3%</td>
<td>12.3%</td>
<td>21.9%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Coffee</td>
<td>1.1</td>
<td>0.3%</td>
<td>-5.8%</td>
<td>-8.0%</td>
<td>-13.9%</td>
</tr>
<tr>
<td>Soybean Oil</td>
<td>0.3</td>
<td>-0.8%</td>
<td>-1.9%</td>
<td>-10.2%</td>
<td>-6.7%</td>
</tr>
</tbody>
</table>

### Industrial Metals

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>1 Month</th>
<th>3 Month</th>
<th>6 Month</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Aluminum</td>
<td>2.315</td>
<td>-4.0%</td>
<td>4.4%</td>
<td>10.6%</td>
<td>20.6%</td>
</tr>
<tr>
<td>Copper</td>
<td>3.1</td>
<td>-0.1%</td>
<td>-5.3%</td>
<td>3.0%</td>
<td>21.0%</td>
</tr>
<tr>
<td>Copper (LME)</td>
<td>6.643</td>
<td>0.2%</td>
<td>-4.6%</td>
<td>1.6%</td>
<td>22.6%</td>
</tr>
<tr>
<td>Zinc</td>
<td>3.103</td>
<td>1.6%</td>
<td>-13.7%</td>
<td>-3.1%</td>
<td>21.5%</td>
</tr>
<tr>
<td>Nickel</td>
<td>14.553</td>
<td>2.6%</td>
<td>4.9%</td>
<td>26.2%</td>
<td>58.5%</td>
</tr>
<tr>
<td>Lead</td>
<td>2.371</td>
<td>0.9%</td>
<td>-9.4%</td>
<td>-2.6%</td>
<td>12.7%</td>
</tr>
<tr>
<td>Tin</td>
<td>20.715</td>
<td>-3.8%</td>
<td>-5.3%</td>
<td>6.0%</td>
<td>11.2%</td>
</tr>
</tbody>
</table>

### Precious Metals

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>1 Month</th>
<th>3 Month</th>
<th>6 Month</th>
<th>1 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold</td>
<td>1.289</td>
<td>-4.3%</td>
<td>-4.7%</td>
<td>-0.5%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Silver</td>
<td>16.4</td>
<td>-2.2%</td>
<td>-1.8%</td>
<td>-5.5%</td>
<td>-2.5%</td>
</tr>
<tr>
<td>Platinum</td>
<td>892</td>
<td>-4.5%</td>
<td>-11.9%</td>
<td>-6.5%</td>
<td>-5.7%</td>
</tr>
<tr>
<td>Palladium</td>
<td>978</td>
<td>-2.7%</td>
<td>-5.6%</td>
<td>-1.6%</td>
<td>25.8%</td>
</tr>
</tbody>
</table>

### Livestock

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>1 Month</th>
<th>3 Month</th>
<th>6 Month</th>
<th>1 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Live Cattle</td>
<td>1.0</td>
<td>-12.7%</td>
<td>-20.8%</td>
<td>-13.3%</td>
<td>-15.8%</td>
</tr>
<tr>
<td>Lean Hogs</td>
<td>0.8</td>
<td>12.6%</td>
<td>22.6%</td>
<td>-26.1%</td>
<td>-3.8%</td>
</tr>
<tr>
<td>Feeder Cattle</td>
<td>1.3</td>
<td>-4.1%</td>
<td>-11.1%</td>
<td>-12.3%</td>
<td>-6.3%</td>
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### CFCT NET POSITIONING3

<table>
<thead>
<tr>
<th></th>
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<th>1 Month</th>
<th>6 Month</th>
<th>1 Year</th>
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</thead>
<tbody>
<tr>
<td>WTI Oil</td>
<td>723,189</td>
<td>404,240</td>
<td>769,743</td>
<td>621,717</td>
<td>381,437</td>
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<tr>
<td>Brent Oil</td>
<td>476,521</td>
<td>154,988</td>
<td>503,023</td>
<td>444,029</td>
<td>179,703</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>124,424</td>
<td>125,834</td>
<td>90,665</td>
<td>57,455</td>
<td></td>
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<tr>
<td>Gasoline</td>
<td>86,633</td>
<td>62,453</td>
<td>77,055</td>
<td>86,710</td>
<td>32,540</td>
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<tr>
<td>Heating Oil</td>
<td>32,632</td>
<td>6,810</td>
<td>24,261</td>
<td>60,420</td>
<td>13,135</td>
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### INVENTORY LEVELS4

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<th>3 Month</th>
<th>6 Month</th>
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</thead>
<tbody>
<tr>
<td>Oil - US</td>
<td>432,354</td>
<td>-3%</td>
<td>1%</td>
<td>3%</td>
<td>-5%</td>
</tr>
<tr>
<td>Oil - OECD Europe</td>
<td>340,7</td>
<td>7%</td>
<td>3%</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>Natural Gas</td>
<td>1,538</td>
<td>-22%</td>
<td>-18%</td>
<td>-13%</td>
<td>-9%</td>
</tr>
<tr>
<td>Gasoline - DOE</td>
<td>232,014</td>
<td>2%</td>
<td>-7%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Heating Oil - DOE</td>
<td>8,958</td>
<td>-27%</td>
<td>-16%</td>
<td>-29%</td>
<td>-8%</td>
</tr>
</tbody>
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### Industrial Metals

<table>
<thead>
<tr>
<th></th>
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<th>5Yr Average</th>
<th>1 Month</th>
<th>3 Month</th>
<th>6 Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aluminum</td>
<td>2,241,473</td>
<td>-38%</td>
<td>-7%</td>
<td>6%</td>
<td>21%</td>
</tr>
<tr>
<td>Copper</td>
<td>827,984</td>
<td>-4%</td>
<td>9%</td>
<td>34%</td>
<td></td>
</tr>
<tr>
<td>Zinc</td>
<td>325,817</td>
<td>-58%</td>
<td>-2%</td>
<td>8%</td>
<td>25%</td>
</tr>
</tbody>
</table>

### Precious Metals

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>5Yr Average</th>
<th>1 Month</th>
<th>3 Month</th>
<th>6 Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold</td>
<td>231,625</td>
<td>-58%</td>
<td>21%</td>
<td>53%</td>
<td>2%</td>
</tr>
<tr>
<td>Silver</td>
<td>94,192</td>
<td>-46%</td>
<td>-32%</td>
<td>-8%</td>
<td>11%</td>
</tr>
<tr>
<td>Platinum</td>
<td>152,468</td>
<td>-36%</td>
<td>-2%</td>
<td>3%</td>
<td>15%</td>
</tr>
<tr>
<td>Palladium</td>
<td>132,025</td>
<td>-29%</td>
<td>2%</td>
<td>12%</td>
<td>9%</td>
</tr>
<tr>
<td>Tin</td>
<td>9,903</td>
<td>5%</td>
<td>55%</td>
<td>35%</td>
<td>7%</td>
</tr>
</tbody>
</table>

### Agricultural

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>5Yr Average</th>
<th>1 Month</th>
<th>3 Month</th>
<th>6 Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>2,425</td>
<td>-65%</td>
<td>20%</td>
<td>30%</td>
<td>13%</td>
</tr>
<tr>
<td>Coffee</td>
<td>7,478</td>
<td>120%</td>
<td>71%</td>
<td>37%</td>
<td>13%</td>
</tr>
</tbody>
</table>

**Footnotes:**
1. Prices as of 31st March 2018 under post-MIFID rules.
2. Roll return unannualised from front month futures into second month on 20 Nov (2 months), 17 Apr (3 months), 15 May (6 months), 17 May (12 months).
3. Positions in number of contracts. Current inventories relate to 1, 3 and 6 months ago. Under the column “5yr average” is the current inventory level relative to 5 year average inventory. For energy, 5yr average is the average of the same month as report month over the past 5 years. SHFE started reporting inventory data from April 2015. SMI industrial metals positioning data (excluding copper) is sourced from LME CCTQ data in Bloomberg from 30 January 2018 (latest available date) under post-WTD rules.
4. **Brent 5 Yr average of net positions from January 2011 as positions were not reported by CFTC before then and inventory data (OECD) reported with 3 month lag with current month as report month over the past 5 years.**
CFTC Speculative Net Long Futures Positions

Agriculture

Cocoa

Coffee

Corn

Cotton

Soybean Oil

Soybeans

Sugar

Wheat

Note: positioning in ‘000 contracts. Standard deviation based on 5 year average CFTC non-commercial net positioning.
All commodity futures price data is denominated in USD unless otherwise indicated.
Historical performance is not an indication of future performance and any investments may go down in value.
Energy

**Brent Oil**

- ICE managed money net positioning
- Price (RHS, USD/bbl.)

**WTI Oil**

- CFTC non-commercial net positioning
- Price (RHS, USD/bbl.)

**Natural Gas**

- CFTC non-commercial net positioning
- Price (RHS, USD/MMBtu)

**Gasoline**

- CFTC non-commercial net positioning
- Price (RHS, USD/gal.)

**Heating Oil**

- CFTC non-commercial net positioning
- Price (RHS, USD/gal.)

Note: positioning in ‘000 contracts. Standard deviation based on 5 year average CFTC non-commercial net positioning. All commodity futures price data is denominated in USD unless otherwise indicated. *Brent average of net positions from January 2011 as positions were not reported by CFTC before then. Historical performance is not an indication of future performance and any investments may go down in value.
Industrial Metals

Copper (COMEX)

Copper (LME)

Aluminum

Zinc

Nickel

Lead

Tin

Note: positioning in '000 contracts. Standard deviation based on 5 year average CFTC non-commercial net positioning. LME non-commercial net positions from 30 January 2018 post MiFID II data and respective graphs represent daily data. All commodity futures price data is denominated in USD unless otherwise indicated. Historical performance is not an indication of future performance and any investments may go down in value.
Precious Metals

Gold

Silver

Platinum

Palladium

Livestock

Lean Hogs

Live Cattle

Feeder Cattle

Note: positioning in '000 contracts. Standard deviation based on 5 year average CFTC non-commercial net positioning. respective graphs represent daily data. All commodity futures price data is denominated in USD unless otherwise indicated. Historical performance is not an indication of future performance and any investments may go down in value.
Note: Ending stocks, inventories and stock to use data from the USDA are annual with monthly update of 2017/2018 estimates. Historical performance is not an indication of future performance and any investments may go down in value.
Note: Ending stocks, inventories and stock to use data from the USDA are annual with monthly update of 2017/2018 estimates. Historical performance is not an indication of future performance and any investments may go down in value.
Industrial Metals

Aluminum Inventory
Daily data, from 17 May 17 to 17 May 18

Copper Inventory
Daily data, from 17 May 17 to 17 May 18

Nickel Inventory
Daily data in '000 MT, from 17 May 17 to 17 May 18

Zinc Inventory
Daily data, from 17 May 17 to 17 May 18

Lead Inventory
Daily data, from 17 May 17 to 17 May 18

Tin Inventory
Daily data in '000 MT, from 17 May 17 to 17 May 18

Livestock

Lean Hogs Inventory
Annual data in mln Heads, from 1980 to 2018

Live Cattle Inventory
Annual data in mln Heads, from 1980 to 2018

Note: Ending stocks, inventories and stock to use data from the USDA are annual with monthly update of 2017/2018 estimates. Historical performance is not an indication of future performance and any investments may go down in value.
Energy

**US Oil Inventory**
Weekly data in mln barrels, from May 13 to May 18

**OECD Europe Oil Industry Inventory**
Monthly data in mln barrels, from May 13 to Mar 18

**Heating Oil Inventory**
Weekly data in mln barrels, from May 13 to May 18

**Natural Gas Inventory**
Weekly data in billion cubic feet, from May 13 to May 18

**Gasoline Inventory**
Weekly data in mln barrels, from May 13 to May 18

Note: "OECD - OECD Inventory" represents OECD industry stocks and is reported with a 2 month lag.
Historical performance is not an indication of future performance and any investments may go down in value.
Commodities Front Month Futures and Trading Volumes

**Agriculture**

**Cocoa Front Month Futures Price**
Daily data in USD/MT, from 17 May 17 to 17 May 18

**Coffee Front Month Futures Price**
Daily data in USD/lb., from 17 May 17 to 17 May 18

**Corn Front Month Futures Price**
Daily data in USD/bu., from 17 May 17 to 17 May 18

**Cotton Front Month Futures Price**
Daily data in USD/lb., from 17 May 17 to 17 May 18

**Soybean Oil Front Month Futures Price**
Daily data in USD/lb., from 17 May 17 to 17 May 18

**Soybeans Front Month Futures Price**
Daily data in USD/bu., from 17 May 17 to 17 May 18

**Sugar Front Month Futures Price**
Daily data in USD/lb., from 17 May 17 to 17 May 18

**Wheat Front Month Futures Price**
Daily data in USD/bu., from 17 May 17 to 17 May 18

Note: all commodity futures trading volume and price data is denominated in USD unless otherwise indicated.

Historical performance is not an indication of future performance and any investments may go down in value.
Energy

Brent Oil Front Month Futures Price
Daily data in USD/bbl., from 17 May 17 to 17 May 18

WTI Oil Front Month Futures Price
Daily data in USD/bbl., from 17 May 17 to 17 May 18

Natural Gas Front Month Futures Price
Daily data in USD/MMBtu, from 17 May 17 to 17 May 18

Gasoline Front Month Futures Price
Daily data in USD/gal., from 17 May 17 to 17 May 18

Heating Oil Front Month Futures Price
Daily data in USD/gal., from 17 May 17 to 17 May 18

Carbon

Carbon Front Month Futures Price
Daily data in EUR/MT, from 17 May 17 to 17 May 18

Note: all commodity futures trading volume and price data is denominated in USD unless otherwise indicated.

Historical performance is not an indication of future performance and any investments may go down in value.
Note: all commodity futures trading volume and price data is denominated in USD unless otherwise indicated.
Historical performance is not an indication of future performance and any investments may go down in value.
Precious Metals

Gold Front Month Futures Price
Daily data in USD/t oz., from 17 May 17 to 17 May 18

Silver Front Month Futures Price
Daily data in USD/t oz., from 17 May 17 to 17 May 18

Platinum Front Month Futures Price
Daily data in USD/t oz., from 17 May 17 to 17 May 18

Palladium Front Month Futures Price
Daily data in USD/t oz., from 17 May 17 to 17 May 18

Livestock

Lean Hogs Front Month Futures Price
Daily data in USD/lb., from 17 May 17 to 17 May 18

Live Cattle Front Month Futures Price
Daily data in USD/lb., from 17 May 17 to 17 May 18

Feeder Cattle Front Month Futures Price
Daily data in USD/lb., from 17 May 17 to 17 May 18

Note: all commodity futures trading volume and price data is denominated in USD unless otherwise indicated.
Historical performance is not an indication of future performance and any investments may go down in value.
Futures Curves

Agriculture

Cocoa Futures
USD/MT

Source: Bloomberg, ETF Securities

Coffee Futures
USd/lb.

Source: Bloomberg, ETF Securities

Corn Futures
USd/bu.

Source: Bloomberg, ETF Securities

Cotton Futures
USd/lb.

Source: Bloomberg, ETF Securities

Soybean Oil Futures
USd/lb.

Source: Bloomberg, ETF Securities

Soybeans Futures
USd/bu.

Source: Bloomberg, ETF Securities

Sugar Futures
USd/lb.

Source: Bloomberg, ETF Securities

Wheat Futures
USd/bu.

Source: Bloomberg, ETF Securities

Note: all commodity futures price data is denominated in USD unless otherwise indicated. Historical performance is not an indication of future performance and any investments may go down in value.
Energy

Brent Oil Futures

WTI Oil Futures

Gasoline Futures

Natural Gas Futures

Heating Oil Futures

Carbon Futures

Note: all commodity futures price data is denominated in USD unless otherwise indicated.
Historical performance is not an indication of future performance and any investments may go down in value.
Industrial Metals

Aluminum Futures

Lead Futures

Copper (COMEX) Futures

Copper (LME) Futures

Nickel Futures

Tin Futures

Zinc Futures

Note: all commodity futures price data is denominated in USD unless otherwise indicated.
Historical performance is not an indication of future performance and any investments may go down in value.
Precious Metals

Gold Futures
USD/t oz.

Silver Futures
USD/t oz.

Platinum Futures
USD/t oz.

Palladium Futures
USD/t oz.

Lean Hogs Futures
USD/lb.

Live Cattle Futures
USD/lb.

Feeder Cattle Futures
USD/lb.

Note: all commodity futures price data is denominated in USD unless otherwise indicated.

Historical performance is not an indication of future performance and any investments may go down in value.
Commodity Monthly Matrix Explained

Score based on unweighted sum of four fundamental/technical measures detailed below with each measure awarded a possible score of -1, 0, or 1 depending on whether variable is viewed as fundamentally negative, neutral or positive. Score ranging from -4 to +4. For commodities where data is not available or not relevant, scores are calculated on remaining variables and adjusted to the -4 to +4 scale. The score matrix is designed to highlight significant changes in key variables but should not be viewed as predictor of performance.

The four fundamental/technical measures are as follow:
- price vs. 200 days moving average: 1 when price is above 200dma and return is positive, -1 when price is below 200dma and return is negative, 0 otherwise
- % change in net positioning over the past month: 1 when % change is positive, -1 when % change is negative, 0 when no change
- % change in inventory level over the past 3 months: 1 when % is negative, -1 when % is positive, 0 when no change
- roll yield between the front and second month futures contracts: 1 when in backwardation, -1 when in contango, 0 when no change

CALENDAR

<table>
<thead>
<tr>
<th>ETF Securities - Recent Research Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>19-Sep-17</td>
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<tr>
<td>26-Sep-17</td>
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<tr>
<td>03-Oct-17</td>
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<tr>
<td>30-Jan-18</td>
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<tr>
<td>06-Feb-18</td>
</tr>
<tr>
<td>20-Feb-18</td>
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<tr>
<td>08-Mar-18</td>
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ETFS Securities - Past Issues of Commodity Monthly Monitor

- Investors cautious as commodities continue to rally
- Rising US dollar likely to be a weight for commodities
- US dollar gives transitory boost to commodities
- Commodities buck cyclical shakedown
- Commodities see-saw amidst geopolitics and rising yields

The research notes are for qualified investors only.

<table>
<thead>
<tr>
<th>Key Reports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
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<tr>
<td>10-May-18</td>
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<td>08-May-18</td>
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<td>14-May-18</td>
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CONTACT DETAILS

**E** europeresearch@wisdomtree.com

**T** +44 20 7448 4330

**F** +44 20 7448 4366

ETF Securities (UK) Limited

3 Lombard Street

London EC3V 9AA

United Kingdom