Summary
Commodities have enjoyed a great start to 2018. From the low point mid-December they have rallied 6.7%. The performance has been broad-based too - driven not only by the Iranian issues inflating the oil price - but a rally in industrial/precious metals and agriculture. Broad global economic growth has supported commodity prices, although we are wary of some who are interpreting this as a positive sign broadly for commodities this year. Commodities as an asset class are a very heterogeneous group and we expect varied performance from each segment this year in particular.

Although we expect the Fed to continue to tighten policy, we think the downside risks to gold prices are limited because real interest rates will remain depressed as inflation gains pace in the US. However, a shock event, such as an equity market correction, could force gold prices higher. On balance we see little change in gold prices in the coming year.

We expect the best performer for 2018 to be industrial metals. They are likely to benefit the most from improving emerging market growth, at the same time we expect supply to remain in deficit in 2018 as the current lack of investment in mining infrastructure continues to bite. Historically we have found that metal markets begin to move towards a balance two years after miner profit margins hit rock-bottom. Miner margins fell to a low of 2% at the beginning of 2016 and since have recovered to just over 7%. So if we see a repeat of historical patterns, we should see supply begin to improve in late 2018, but it could take years to move back into balance.

• Global oversupply projected to continue for 2017/2018. The USDA January World Agricultural Supply and Demand ( WASDE) report updates show most of the commodities in a surplus. Pent up demand across the sector have been mixed over the past month. Cotton continues to benefit from strong Chinese demand while the prospects for the sugar market will likely keep prices subdued for longer.

• Weaker US Dollar provides additional support to the improving fundamentals for industrial metals. The IMF has upgraded its growth forecast for China in 2018 and 2019. With the global recovery continuing apace, the weaker US Dollar will remain supportive until the US Federal Reserve is forced to adjust monetary policy more aggressively than the market expects.

• Energy rally looking stretched. The energy complex rallied by 9.1% last month. Natural gas spiked as cold weather hit the US and signs of OPEC’s strategy bearing fruit pushed oil prices higher. However, demand for natural gas is likely to wane in line with seasonal trends and the decline in oil inventories is corollary of rising gasoline inventory.

• Further upside for precious metals amidst weaker US dollar. US dollar weakness driven by the US government shutdown and rumours that China could curb Treasury purchases are boosting gold’s safe haven appeal. Meanwhile platinum’s relative price attractiveness coupled with rising new car registrations in Europe (dominated by diesel engines) continue to support long term demand for platinum.

Commodity Monthly Matrix

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Current Price</th>
<th>Returns (% Mth)</th>
<th>Price vs 200 days MA</th>
<th>Inventories (in ‘000 contracts)</th>
<th>Positioning (% Mth)</th>
<th>Roll Yield (%)</th>
<th>19 Jan Score</th>
<th>19 Dec Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>WTI Oil</td>
<td>63</td>
<td>10.3%</td>
<td>23.2%</td>
<td>-6.6%</td>
<td>7%</td>
<td>0.1%</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Brent Oil</td>
<td>66</td>
<td>7.0%</td>
<td>22.3%</td>
<td>-1.9%</td>
<td>3%</td>
<td>0.7%</td>
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<td>2</td>
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<tr>
<td>Natural Gas</td>
<td>3.2</td>
<td>18.3%</td>
<td>6.4%</td>
<td>-20.1%</td>
<td>6%</td>
<td>8.3%</td>
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<td>(4)</td>
</tr>
<tr>
<td>Gasoline</td>
<td>1.9</td>
<td>9.8%</td>
<td>12.8%</td>
<td>8.4%</td>
<td>11%</td>
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<td>(1)</td>
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<tr>
<td>Heating Oil</td>
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<td>20.0%</td>
<td>0.2%</td>
<td></td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Carbon</td>
<td>8.7</td>
<td>16.3%</td>
<td>30.1%</td>
<td>-</td>
<td></td>
<td>0.6%</td>
<td></td>
<td></td>
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<tr>
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<td>2.2%</td>
<td>1.7%</td>
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<td>-59%</td>
<td>-1.2%</td>
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<td>-8.2%</td>
<td>6.7%</td>
<td>14%</td>
<td>-1.1%</td>
<td>(2)</td>
<td>(4)</td>
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<td>13.7%</td>
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<td>16%</td>
<td>-0.4%</td>
<td>2</td>
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</tr>
<tr>
<td>Coffee</td>
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<td>-5.5%</td>
<td>-13.9%</td>
<td>12%</td>
<td>-2.6%</td>
<td>0</td>
<td>(4)</td>
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<tr>
<td>Soybean Oil</td>
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<td>-3.6%</td>
<td>-10.8%</td>
<td>-45%</td>
<td>-0.6%</td>
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<td>(1)</td>
</tr>
<tr>
<td>Cocoa</td>
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<td>-</td>
<td>47%</td>
<td>-1.2%</td>
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<tr>
<td>Aluminium</td>
<td>2,222</td>
<td>6.5%</td>
<td>9.0%</td>
<td>2.0%</td>
<td>20%</td>
<td>0.2%</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Copper (COMEX)</td>
<td>3.2</td>
<td>1.9%</td>
<td>9.9%</td>
<td>4.6%</td>
<td>43%</td>
<td>-0.5%</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Copper (LME)</td>
<td>7,017</td>
<td>1.4%</td>
<td>10.0%</td>
<td>-27.3%</td>
<td>26%</td>
<td>-0.2%</td>
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<tr>
<td>Zine</td>
<td>3,435</td>
<td>7.3%</td>
<td>15.3%</td>
<td>-23.2%</td>
<td>33%</td>
<td>0.4%</td>
<td>4</td>
<td>4</td>
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<tr>
<td>Nickel</td>
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<td>19.0%</td>
<td>-6.4%</td>
<td>26%</td>
<td>-0.7%</td>
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<td>0</td>
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<tr>
<td>Lead</td>
<td>2,592</td>
<td>1.6%</td>
<td>10.2%</td>
<td>4.6%</td>
<td>4%</td>
<td>0.3%</td>
<td>4</td>
<td>4</td>
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<tr>
<td>Tin</td>
<td>20,555</td>
<td>6.4%</td>
<td>2.0%</td>
<td>-40.8%</td>
<td>133%</td>
<td>0.1%</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Gold</td>
<td>3,333</td>
<td>5.7%</td>
<td>4.7%</td>
<td>-</td>
<td>59%</td>
<td>-3%</td>
<td>4</td>
<td>(4)</td>
</tr>
<tr>
<td>Silver</td>
<td>17</td>
<td>6.0%</td>
<td>1.5%</td>
<td>-</td>
<td>5386%</td>
<td>-</td>
<td>4</td>
<td>(4)</td>
</tr>
<tr>
<td>Platinum</td>
<td>1,016</td>
<td>11.2%</td>
<td>7.8%</td>
<td>-</td>
<td>18%</td>
<td>-</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Palladium</td>
<td>1,098</td>
<td>6.4%</td>
<td>19.0%</td>
<td>-</td>
<td>10%</td>
<td>-</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Live Cattle</td>
<td>1.2</td>
<td>-1.5%</td>
<td>3.7%</td>
<td>-</td>
<td>-18%</td>
<td>0.7%</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td>Lean Hogs</td>
<td>0.7</td>
<td>7.7%</td>
<td>1.4%</td>
<td>-</td>
<td>23%</td>
<td>-4.5%</td>
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<td>(3)</td>
</tr>
<tr>
<td>Feeder Cattle</td>
<td>1.5</td>
<td>1.5%</td>
<td>-0.3%</td>
<td>-</td>
<td>8%</td>
<td>1.6%</td>
<td>(1)</td>
<td>(1)</td>
</tr>
</tbody>
</table>

The score matrix is designed to highlight significant changes in key variables but should not be viewed as predictor of performance. Source: ETF Securities, Bloomberg.

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Commodities market overview 1
Summary tables 4
CFTC net positioning 5
Inventories 9
Moving average and volumes 13
Future curves 17
Recent publications 21

Performance

<table>
<thead>
<tr>
<th>Performance</th>
<th>-1 Mth</th>
<th>-6 Mth</th>
<th>-12 Mth</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Commodities</td>
<td>4.5%</td>
<td>7.3%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Energy</td>
<td>9.1%</td>
<td>20.2%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Industrial Metals</td>
<td>4.4%</td>
<td>19.4%</td>
<td>21.2%</td>
</tr>
<tr>
<td>Precious Metals</td>
<td>5.6%</td>
<td>6.3%</td>
<td>7.1%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>0.5%</td>
<td>-10.6%</td>
<td>-16.3%</td>
</tr>
<tr>
<td>MSCI World</td>
<td>5.8%</td>
<td>14.0%</td>
<td>28.2%</td>
</tr>
<tr>
<td>US Aggregate Bond</td>
<td>-0.3%</td>
<td>-0.1%</td>
<td>2.6%</td>
</tr>
</tbody>
</table>

CFTC Net Speculative Positioning

<table>
<thead>
<tr>
<th>Precious Metals</th>
<th>Livestock</th>
<th>Industrial Metals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source: ETF Securities, CFTC, Bloomberg</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

James Butterfill
Head of Research & Investment Strategy

Martin Arnold
FX & Macro Strategist

Edith Southammosakone
Multi-Asset Strategist

Nitesh Shah
Commodities Strategist

Aneeka Gupta
Commodities and Equity Strategist

Recent publications

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

**Agriculture**

- The broad commodity recovery in 2017 didn’t benefit all sectors. Excluding cotton and wheat, agricultural commodities prices declined by 9.1% on average last year. 2018 has begun with a mixed performance with cotton posting the best performance - gaining 11.2%, while sugar dropped 8% over the past month.

- According to the WASDE report from the US Department of Agriculture (USDA), global cotton demand from China has been stronger than projected for 2017/2018, rising faster than projected global supply. As a result, global stocks were reduced by 200,000 bales, lending further support to cotton prices.

- Sugar, on the other hand, continues to suffer from record high production and inventories. The abolition of production quotas in Europe led to a sharp rise in production last year which is expected to decline in 2018, but will remain above the average of the past five years. The price of coffee was flat despite falling inventories amidst a reduction in net short positions.

**Industrial Metals**

- Industrial metals have recorded strong gains so far in 2018, led by nickel, zinc and aluminium. The International Nickel Study Group (INSG) expects China to drive further demand growth in 2018. Although Indonesian nickel ore production has driven global output to record levels, global inventories have been falling, suggesting the demand is supportive of prices. Nonetheless, the nickel deficit is expected to be smaller in 2018 than 2017, according to INSG.

- According to the International Lead and Zinc Study Group (ILZSG), preliminary data for the first 11 months of 2017 shows the zinc market was in a deficit by 6.5% of production, more than four times greater than the estimate for August. Strong demand from China was the main driver, with Chinese imports of lead rising 27% over the period compared to a year earlier.

- Copper and lead were the relative laggards of the sector. Although Chinese growth forecasts were raised 0.1% to 6.6% in 2018 and 2019 by the IMF, copper stocks in the country rose, contributing to a global 0.6% rise in 2017. Lead gains were hampered by reports that imports of lead concentrate dropped nearly 8% in the first 11 months of 2017, at the same time as global output was rising on the back of rising Chinese and Indian production.

**Energy**

- A cold snap in the US East Coast sent the price of natural gas rallying 18.3% last month as demand for heating rose. Natural gas inventories are significantly below their five-year average for this time of the year (i.e. more than one standard deviation below). However, the National Oceanic and Atmospheric Administration (NOAA) forecasts warmer-than-average temperatures in February in the East Coast, possibly reducing the demand for natural gas in the coming month and removing the recent catalyst behind prices.

- Oil prices have received a tailwind from falling crude oil inventories in the US, increased geopolitical tensions (in particular in Iran) and strong compliance by OPEC countries with their deal to curb production. However, looking beyond the headlines we see that gasoline inventories have risen (indicating that inventories appears to be shifting from crude to product). Geopolitical issues tend to wax and wane and so we doubt that the geopolitical premium will be persistent. US production of oil is likely to rise to an all-time high in 2018. Although Indonesian nickel ore production has driven global output to record levels, global inventories have been falling, suggesting the demand is supportive of prices. Nonetheless, the nickel deficit is expected to be smaller in 2018 than 2017, according to INSG.

- The price of carbon in EU emissions trading has risen to the highest since 2012. As Germany struggles to meet its 2020 climate targets, there is speculation that the country may have to resort to buying emission allowances.

**Precious Metals**

- Platinum was the best performer amongst the precious metals complex on the back of positive investor sentiment coupled with its relative price attractiveness compared to its sister metal palladium. Platinum’s deep price discounts make it more viable for manufacturers to substitute platinum for palladium in pollution abatement technology. In addition, new car registration numbers in the EU rose by 3.4% in 2017, marking the fourth annual increase in a row, and the highest in ten years. This added further momentum to platinum’s upward price trajectory owing to the EU’s greater use of diesel engines (although declining) that are reliant on platinum for curbing emissions.

- The continued weakness in the US dollar amid a government shutdown in the US has helped the gold price attain a 4 1/2-month high. So far, the parties in the US Congress have agreed to an initial deferral until 8 February, leaving them with enough funds to operate for the next 2 weeks. However, this raises further uncertainty and is likely to support further upside for gold prices. Furthermore, rumours that China may curb its purchases of US Treasuries has lent a hand in gold’s upside. The fact that US treasury yields continue to rise and the trade weighted dollar index has fallen to a 3-year low suggest that market participants have not yet discounted the rumours. Meanwhile, the 5386% surge in net speculative positioning highlights plenty of scope for further upside in silver. With global manufacturing PMIs close to a seven-year high, industrial demand for silver is likely to rise. Silver supply is likely to remain tight after deep cuts to miner’s capital spending in recent years.

*Note: all returns are based on front month futures prices in the month to Friday 19 January 2018. Historical performance is not an indication of future performance and any investments may go down in value.*

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**Figure 1: Agriculture - January Returns**

- Soybeans: +15.0%
- Copper: +12.5%
- Coffee: +10.0%
- Cocoa: +5.0%
- Wheat: +8.5%
- Corn: +10.0%
- Live Cattle: +15.0%
- Feeder Cattle: +15.0%
- Soybeans: +5.0%
- Lean Hogs: +10.0%
- Cattle: +10.0%

**Figure 2: Industrial Metals - January Returns**

- Copper: +12.0%
- Lead: +9.0%
- Aluminium: +6.0%
- Nickel: +5.0%

**Figure 3: Energy - January Returns**

- Heating Oil: +10.0%
- Brent Oil: +8.0%
- Gasoline: +6.0%
- WTI Oil: +4.0%
- Coal: +2.0%
- Natural Gas: +0.0%

**Figure 4: Precious Metals - January Returns**

- Gold: +12.0%
- Silver: +10.0%
- Palladium: +8.0%
- Platinum: +5.0%
Technical Overview

Positioning
- Although net positioning for most agricultural commodities has improved over the past month, the majority have been net short over the same period, if not longer. The bearish sentiment on those agricultural commodities will likely continue because of ample supply expected in those markets.
- Although net long positioning surged for both tin and nickel, rising 53% and 130%, respectively, the levels are in line with historical averages. In contrast, gains in net long positioning has taken lead and zinc to elevated levels, nearly 2 standard deviations above the longer-term average, suggesting there are downside risks.
- Net positioning in WTI oil futures contracts hit an all-time high and net positioning in Brent is less than 5% away from its all-time high reached in November 2017. Being long oil appears like a crowded trade and prices are prone to downside risk should these positions unwind.
- With the exception of palladium, the recent price appreciation within precious metals has been accompanied by an increase in speculative net long positions. In the case of silver, the escalation in net long positioning was due to a considerable decline in short positioning for silver contracts to the tune of 32,619 contracts over the last four weeks, however the current level is still not unusually high. Platinum relative price attractiveness pushed net long positioning higher by 183%, as short positions reduced by 48%.

Inventories
- The USDA WASDE January report revised down 2017/2018 inventories for wheat and cotton on lower-than-expected wheat production from Australia for 2016/2017 and stronger cotton demand from China. Ending stocks for soybeans and corn, on the other hand, saw projections increased from record levels, and likely to put further downward pressure on both commodity prices.
- Both of the industrial metals sector’s weakest performers over the past month, copper and lead were the only metals to experience an inventory increase, with both rising 4.6% over the past three months.
- Natural gas inventories are significantly below their five-year average for this time of the year (i.e. more than one standard deviation below). The last time mid-January inventories were this low was in 2014. Despite the fanfare about WTI inventory declining 9.6%, gasoline inventory rose 8.4%, indicating that inventory appears to be starting to shift from crude to product.

Curve Dynamics
- Agricultural commodities are all in contango at the short end of their respective futures curves this month. While contango can, for some commodities, be the result of supply tightness, in this case it is reflecting the cost of storage of a sector that is currently oversupplied. Cotton is the exception, as its curve turns into backwardation at the longer end.
- The majority of the industrial metals sector remains in backwardation, after recent price gains, with the exception of copper and nickel. Indeed, despite price gains in recent months, copper is the only industrial metal that has seen its curve make a parallel shift downwards since this time last year.
- Backwardation in natural gas futures steepened to provide a 7% roll yield, the highest of any commodity in this report. As seasonal demand will start to slow in coming months, natural gas prices 3 months out are lower than prompt month contracts.

Technicals
- Momentum for soybeans and cotton are likely to continue for a little longer as prices have been rising over the past month and stand above their respective 50 and 200 daily moving average (dma’s). The picture is mixed for corn and wheat while falling prices and both commodities being below both technical lines tends to suggest that bearish sentiment on soy and soybean oil will continue.
- With the exception of tin, all industrial metals are double digit percentages higher than their respective 200dma’s. Nickel appears the most extended, standing nearly 20% above the 200dma, with prices beginning to roll over. Tin and zinc prices are exhibiting the most bullish upward trends, with correspondingly upwardly sloping 50dma’s.
- Both Brent and WTI oil are trading more than 22% above their respective 200-day moving averages, highlighting the bullish investor sentiment behind oil.

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1 CFTC futures net positioning as at report date, percent change from previous months. 2 Percent change in inventory based on 3 month change (in %).
3 Roll yields calculated as percent change between front month futures price and next month futures price on Jan 19, 2018.
4 Percent difference between the front month futures price and its 200 day moving average on Jan 19, 2018.

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

<table>
<thead>
<tr>
<th>PRICES</th>
<th>Current</th>
<th>1 Month</th>
<th>3 Month</th>
<th>6 Month</th>
<th>1 Year</th>
<th>3 Month</th>
</tr>
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<tr>
<td>Energy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WTI Oil</td>
<td>63</td>
<td>10.3%</td>
<td>23.6%</td>
<td>34.5%</td>
<td>23.4%</td>
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<tr>
<td>Brent</td>
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<td>19.9%</td>
<td>38.0%</td>
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<tr>
<td>Natural Gas</td>
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<td>18.3%</td>
<td>10.9%</td>
<td>3.6%</td>
<td>-5.4%</td>
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<tr>
<td>Gasoline</td>
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<td>13.7%</td>
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<tr>
<td>Heating Oil</td>
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<td>15.9%</td>
<td>32.7%</td>
<td>27.3%</td>
<td></td>
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<tr>
<td>Carbon</td>
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<td>16.2%</td>
<td>14.4%</td>
<td>62.6%</td>
<td>68.1%</td>
<td></td>
</tr>
</tbody>
</table>

| Agriculture |         |         |         |         |        |         |
| Wheat | 4.2      | 0.8%    | -2.3%   | -16.0%  | -0.2%  |         |
| Corn | 3.5      | 1.4%    | 1.0%    | -7.8%   | -3.8%  |         |
| Soybeans | 2.8    |        |        |        |        |         |
| Sugar | 0.1      | -8.0%   | -6.2%   | -8.6%   | -34.3% |         |
| Cotton | 0.8     | 11.2%   | 23.9%   | 21.3%   | 14.8%  |         |
| Coffee | 1.2      | -0.4%   | -4.4%   | -7.6%   | -19.6% |         |
| Soybean Oil | 0.3    | -2.8%   | -4.6%   | -3.5%   | -8.9%  |         |
| Cocoa | 1.0      | 1.6%    | 10.0%   | -0.7%   | -10.8% |         |

| Industrial Metals |         |         |         |         |        |         |
| Aluminum | 2,222   | 6.5%    | 3.7%    | 16.6%   | 21.8%  |         |
| Copper | 3.2      | 1.6%    | 6.6%    | 17.9%   | 22.1%  |         |
| Copper (LME) | 7.017  | 1.4%    | 1.0%    | 18.0%   | 22.6%  |         |
| Zinc | 3,435    | 7.3%    | 9.3%    | 25.4%   | 24.4%  |         |
| Nickel | 12,689  | 8.3%    | 8.3%    | 32.0%   | 28.3%  |         |
| Lead | 2,592    | 1.6%    | 5.1%    | 17.7%   | 13.4%  |         |
| Tin | 20,665   | 6.4%    | 3.7%    | 2.3%    | -0.5%  |         |

| Precious Metals |         |         |         |         |        |         |
| Gold | 1,333    | 5.7%    | 3.6%    | 7.3%    | 11.0%  |         |
| Silver | 17.0   | 6.0%    | 1.3%    | 4.8%    | 0.2%   |         |
| Platinum | 1,015  | 11.2%   | 10.1%   | 10.3%   | 6.7%   |         |
| Palladium | 1,998  | 6.4%    | 15.3%   | 27.8%   | 46.2%  |         |

| Livestock |         |         |         |         |        |         |
| Live Cattle | 1.2     | 1.6%    | 9.6%    | 3.6%    | 0.7%   |         |
| Lean Hogs | 0.7      | 7.7%    | 12.2%   | -12.7%  | 10.2%  |         |
| Feeder Cattle | 1.5   | 1.6%    | -3.4%   | -4.2%   | 12.1%  |         |

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<tr>
<th>CFTC Net Positioning</th>
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<tr>
<td>WT</td>
<td>752,957</td>
<td>373,973</td>
<td>643,867</td>
<td>443,453</td>
<td>508,702</td>
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<tr>
<td>Brent Oil**</td>
<td>422,310</td>
<td>133,384</td>
<td>409,258</td>
<td>108,003</td>
<td>294,000</td>
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<tr>
<td>Natural Gas</td>
<td>-68,189</td>
<td>-126,992</td>
<td>-175,091</td>
<td>-33,469</td>
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<tr>
<td>Gasoline</td>
<td>89,615</td>
<td>62,023</td>
<td>80,426</td>
<td>49,707</td>
<td>88,693</td>
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<tr>
<td>Heating Oil</td>
<td>64,081</td>
<td>5,740</td>
<td>35,234</td>
<td>10,184</td>
<td>50,161</td>
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</table>

| Energy |         |         |         |         |        |         |
| WTI Oil | 412,644 | 6%      | -3%     | -10%    | +16%   |         |
| Brent Oil** | 339    | 100%   | -2%     | -2%     | -2%    |         |
| Natural Gas | 2,384  | -14%    | -23%    | -29%    | -13%   |         |
| Gasoline | 240,942 | 2%      | 6%      | 8%      | 4%     |         |
| Heating Oil | 9,089  | -57%    | -11%    | -22%    | -3%    |         |

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<th>INVENTORY LEVELS</th>
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<td>Oil-US</td>
<td>268,020</td>
<td>37.4%</td>
<td>-0.1%</td>
<td>0.0%</td>
<td>2.8%</td>
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<tr>
<td>Oil-OECD Europe**</td>
<td>400,570</td>
<td>41%</td>
<td>11%</td>
<td>6%</td>
<td>2%</td>
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<tr>
<td>Natural Gas</td>
<td>79,567</td>
<td>59%</td>
<td>32%</td>
<td>3%</td>
<td>2%</td>
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</tr>
<tr>
<td>Gasoline</td>
<td>170,253</td>
<td>33%</td>
<td>22%</td>
<td>5%</td>
<td>7%</td>
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<tr>
<td>Heating Oil</td>
<td>5,002</td>
<td>57%</td>
<td>1%</td>
<td>28%</td>
<td>4%</td>
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</tr>
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**Brent 5 Yr average of net monthly futures for 1 Jan 2013 to 30 Dec 2017.**

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<th>PERFORMANCE</th>
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</table>
| Performance of front month futures from 1 Jan 2018 to 30 Dec 2018. **Brent 5 Yr average of net monthly futures for 1 Jan 2013 to 30 Dec 2017.**

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*Not in production in the United States.**Current inventories include all products and are calculated as the sum of the inventories reported by producers and users.**Current inventories include all products and are calculated as the sum of the inventories reported by producers and users.*
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**

[Graph showing Brent Oil pricing with 5-year average and standard deviation over time.]

**WTI Oil**

[Graph showing WTI Oil pricing with 5-year average and standard deviation over time.]

**Natural Gas**

[Graph showing Natural Gas pricing with 5-year average and standard deviation over time.]

**Gasoline**

[Graph showing Gasoline pricing with 5-year average and standard deviation over time.]

**Heating Oil**

[Graph showing Heating Oil pricing with 5-year average and standard deviation over time.]

**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)

Source: Bloomberg, ETF Securities

Copper (LME)

Source: Bloomberg, ETF Securities

Aluminum

Source: Bloomberg, ETF Securities

Zinc

Source: Bloomberg, ETF Securities

Nickel

Source: Bloomberg, ETF Securities

Lead

Source: Bloomberg, ETF Securities

Tin

Source: Bloomberg, ETF Securities

Note: positioning in '000 contracts. Standard deviation based on 5 year average CFTC non-commercial net positioning, LME non-commercial net positions averaged from 28th July 14 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

Livestock

Lean Hogs

Live Cattle

Feeder Cattle

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

Inventories

Corn - Stock to Use
Annual data in %, from 1980 to 2017

% chg in projections vs.
previous = 2.6%

Source: USDA, Bloomberg, ETF Securities

Corn - Ending Stocks
Annual data in mln tons, from 1980 to 2017

chg in projections vs.
previous = 5.6

Source: USDA, Bloomberg, ETF Securities

Coffee - Stock to Use
Annual data in %, from 1980 to 2017

% chg in projections vs.
previous = -14.4%

Source: USDA, Bloomberg, ETF Securities

Coffee - Ending Stocks
Annual data in mln bags (60 kg), from 1980 to 2017

chg in projections vs.
previous = -2.8

Source: USDA, Bloomberg, ETF Securities

Cotton - Stock to Use
Annual data in %, from 1980 to 2017

% chg in projections vs.
previous = -7.1%

Source: USDA, Bloomberg, ETF Securities

Cotton - Ending Stocks
Annual data in mln 480 lb Bales, from 1980 to 2017

chg in projections vs.
previous = -4.6

Source: USDA, Bloomberg, ETF Securities

Soybeans - Stock to Use
Annual data in %, from 1980 to 2017

% chg in projections vs.
previous = 2.6%

Source: USDA, Bloomberg, ETF Securities

Soybeans - Ending Stocks
Annual data in , from 1980 to 2017

chg in projections
vs. previous = 2.5

Source: USDA, Bloomberg, ETF Securities

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 19 Jan 17 to 19 Jan 18

Copper Inventory
Daily data, from 19 Jan 17 to 19 Jan 18

Nickel Inventory
Daily data in '000 MT, from 19 Jan 17 to 19 Jan 18

Zinc Inventory
Daily data, from 19 Jan 17 to 19 Jan 18

Lead Inventory
Daily data, from 19 Jan 17 to 19 Jan 18

Tin Inventory
Daily data in '000 MT, from 19 Jan 17 to 19 Jan 18

Livestock

Lean Hogs Inventory
Annual data in mln Heads, from 1980 to 2017

Live Cattle Inventory
Annual data in mln Heads, from 1980 to 2017

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 Jan 13 to Jan 18

OECD Europe Oil Industry Inventory
Monthly data in mln barrels, from Jan 13 to Oct 17

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

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

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

Note: "Oil - 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 19 Jan 17 to 19 Jan 18

- **Corn Front Month Futures Price**
  - Daily data in USd/bu., from 19 Jan 17 to 19 Jan 18

- **Soybean Oil Front Month Futures Price**
  - Daily data in USd/lb., from 19 Jan 17 to 19 Jan 18

- **Sugar Front Month Futures Price**
  - Daily data in USd/lb., from 19 Jan 17 to 19 Jan 18

- **Cotton Front Month Futures Price**
  - Daily data in USd/lb., from 19 Jan 17 to 19 Jan 18

- **Soybeans Front Month Futures Price**
  - Daily data in USd/bu., from 19 Jan 17 to 19 Jan 18

- **Wheat Front Month Futures Price**
  - Daily data in USd/bu., from 19 Jan 17 to 19 Jan 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 19 Jan 17 to 19 Jan 18

WTI Oil Front Month Futures Price
Daily data in USD/bbl., from 19 Jan 17 to 19 Jan 18

Natural Gas Front Month Futures Price
Daily data in USD/MMBtu, from 19 Jan 17 to 19 Jan 18

Gasoline Front Month Futures Price
Daily data in USD/gal., from 19 Jan 17 to 19 Jan 18

Heating Oil Front Month Futures Price
Daily data in Usd/gal., from 19 Jan 17 to 19 Jan 18

Carbon

Carbon Front Month Futures Price
Daily data in EUR/MT, from 19 Jan 17 to 19 Jan 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 19 Jan 17 to 19 Jan 18

Silver Front Month Futures Price
Daily data in USD/t oz., from 19 Jan 17 to 19 Jan 18

Platinum Front Month Futures Price
Daily data in USD/t oz., from 19 Jan 17 to 19 Jan 18

Palladium Front Month Futures Price
Daily data in USD/t oz., from 19 Jan 17 to 19 Jan 18

Livestock

Lean Hogs Front Month Futures Price
Daily data in USD/lb., from 19 Jan 17 to 19 Jan 18

Live Cattle Front Month Futures Price
Daily data in USD/lb., from 19 Jan 17 to 19 Jan 18

Feeder Cattle Front Month Futures Price
Daily data in USD/lb., from 19 Jan 17 to 19 Jan 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

Coffee Futures
USD/lb.

Corn Futures
USd/bu.

Cotton Futures
USd/lb.

Soybean Oil Futures
USd/lb.

Soybeans Futures
USd/bu.

Sugar Futures
USd/lb.

Wheat Futures
USd/bu.

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

USD/MT

Lead Futures

USD/MT

Copper (COMEX) Futures

USD/lb.

Copper (LME) Futures

USD/MT

Nickel Futures

USD/MT

Tin Futures

USD/MT

Zinc Futures

USD/MT

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

Silver Futures

Platinum Futures

Palladium Futures

Livestock

Lean Hogs Futures

Live Cattle Futures

Feeder Cattle 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.
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 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
- % change in net positioning over the past month: 1 when % change is positive, -1 when % change is negative, 0 when no change

CALENDAR

ETF Securities - Recent Research Notes

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<td>Nitesh Shah</td>
<td>Silver may benefit from upturn in industrial cycle</td>
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ETF Securities - Past Issues of Commodity Monthly Monitor

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<td>China upside surprises to support industrial metals</td>
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<td>Investors cautious as commodities continue to rally</td>
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<td>Research Team</td>
<td>Rising US dollar likely to be a weight for commodities</td>
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The research notes are for qualified investors only.

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