

CS House View

Commodities Quarterly

Reflation boosts (most) commodities



2 March 2021 / Q1 2021

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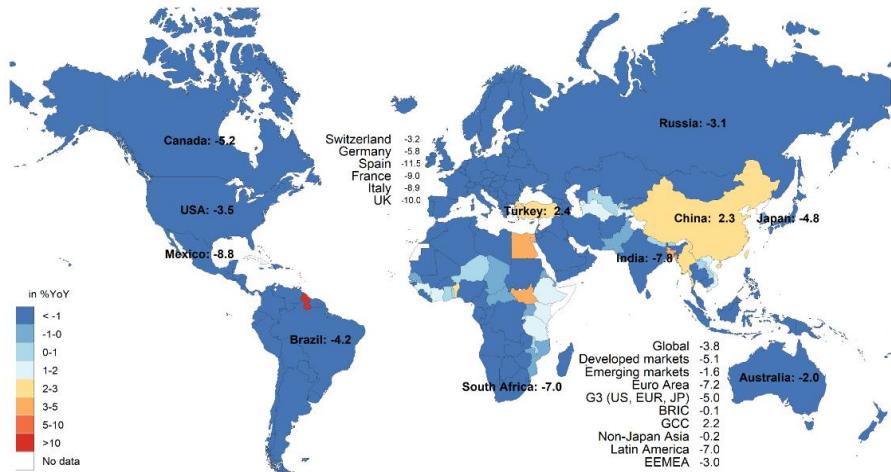
Performance

| Benchmarks | Feb (26.2.) | Jan | Dec | Nov | Oct | Sep | Aug | Jul | Jun | May | Q4 20 | Q3 20 | Q2 20 | Q1 20 | YTD (26.2.) | 2020 | 2019 |
|---------------------------|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------------|---------------|--------------|
| BCOM TR | 6.5% | 2.6% | 5.0% | 3.5% | -1.4% | -3.4% | 6.8% | 5.7% | 2.3% | 4.3% | 10.2% | 9.1% | 5.1% | -23.3% | 9.3% | -3.1% | 7.7% |
| S&P GSCI TR | 10.6% | 4.9% | 6.0% | 12.0% | -3.6% | -3.6% | 4.6% | 3.8% | 5.1% | 16.4% | 14.5% | 4.6% | 10.5% | -42.3% | 16.0% | -23.7% | 17.6% |
| CSCB TR | 10.7% | 4.5% | 6.2% | 13.7% | -4.5% | -3.5% | 5.4% | 4.6% | 5.5% | 18.7% | 15.3% | 6.5% | 17.2% | -36.1% | 15.7% | -8.1% | 18.9% |
| BCOM Energy | 15.4% | 5.5% | -0.7% | 3.5% | -0.5% | -9.6% | 13.1% | 2.1% | 2.2% | 11.4% | 2.2% | 4.3% | 9.8% | -51.1% | 21.7% | -42.7% | 11.8% |
| WTI | 17.8% | 7.6% | 7.0% | 26.7% | -11.0% | -5.6% | 5.8% | 2.5% | 10.7% | 88.4% | 20.6% | 2.4% | 91.7% | -66.5% | 26.8% | -20.5% | 34.5% |
| Brent | 18.3% | 7.9% | 8.8% | 27.0% | -8.5% | -9.6% | 4.6% | 5.2% | 16.5% | 39.8% | 26.5% | -0.5% | 81.0% | -65.5% | 27.7% | -21.5% | 22.7% |
| Gasoil | 18.2% | 7.0% | 8.7% | 26.9% | -7.4% | -9.0% | -0.8% | 3.6% | 24.1% | 19.9% | 27.7% | -6.5% | 20.3% | -52.3% | 26.4% | -31.5% | 20.2% |
| Heating Oil | 16.0% | 8.4% | 8.9% | 25.4% | -5.6% | -4.2% | -1.7% | 3.3% | 22.1% | 31.8% | 28.9% | -2.8% | 16.4% | -50.1% | 25.8% | -27.2% | 20.7% |
| Gasoline | 19.4% | 11.7% | 12.8% | 19.0% | -12.6% | -5.9% | 7.5% | -1.1% | 17.0% | 47.0% | 17.3% | 0.1% | 109.4% | -66.2% | 33.3% | -17.0% | 28.3% |
| Natural Gas | 8.1% | 1.0% | -11.9% | -14.1% | 32.7% | -3.9% | 46.2% | 2.7% | -5.3% | -5.1% | 0.5% | 44.3% | 6.8% | -25.1% | 9.1% | 16.0% | -25.5% |
| BCOM Precious | -5.5% | -1.6% | 8.8% | -5.5% | -0.5% | -7.7% | 3.6% | 12.7% | 2.2% | 6.3% | 2.4% | 7.8% | 15.0% | -1.1% | -7.0% | 25.6% | 17.0% |
| Gold | -6.1% | -2.7% | 6.8% | -5.4% | -0.4% | -4.2% | -0.4% | 10.9% | 2.9% | 2.6% | 0.7% | 5.9% | 12.9% | 3.9% | -8.7% | 25.1% | 18.3% |
| Silver | -1.2% | 2.2% | 16.6% | -4.3% | 1.8% | -17.4% | 15.4% | 34.0% | 1.9% | 19.3% | 13.6% | 27.6% | 30.3% | -21.7% | 1.0% | 47.9% | 15.2% |
| Platinum | 10.7% | 0.6% | 10.8% | 14.2% | -5.1% | -4.1% | 2.9% | 9.1% | -1.0% | 7.8% | 20.0% | 7.7% | 14.7% | -25.2% | 11.3% | 10.9% | 21.5% |
| Palladium | 4.2% | -8.8% | 2.8% | 7.5% | -4.1% | 2.9% | 7.4% | 7.6% | 0.2% | -1.6% | 6.0% | 18.9% | -17.7% | 21.5% | -5.0% | 25.9% | 54.2% |
| BCOM Industrial | 10.1% | 0.0% | 0.3% | 10.5% | 3.0% | -2.8% | 6.9% | 7.0% | 6.9% | 2.8% | 14.2% | 11.2% | 12.3% | -18.5% | 10.2% | 16.3% | 7.0% |
| Copper | 15.5% | 1.2% | 2.5% | 12.8% | 0.7% | 0.1% | 4.0% | 6.6% | 11.9% | 3.6% | 16.4% | 10.9% | 21.5% | -19.8% | 16.9% | 25.8% | 3.5% |
| Aluminium | 9.0% | -0.1% | -3.2% | 10.6% | 4.7% | -1.9% | 5.0% | 5.8% | 4.6% | 3.6% | 12.2% | 9.0% | 6.1% | -15.7% | 8.8% | 9.4% | -2.0% |
| Nickel | 5.0% | 6.5% | 3.6% | 4.4% | -5.5% | 11.5% | 7.7% | 3.9% | 1.1% | 14.4% | 13.4% | 11.5% | 18.1% | 11.8% | 18.5% | 31.2% | 21.1% |
| Zinc | 8.3% | -6.2% | -1.4% | 10.6% | 5.0% | -4.5% | 8.5% | 13.2% | 3.0% | 2.5% | 14.5% | 17.4% | 7.5% | -16.1% | 1.5% | -21.1% | -7.9% |
| BCOM Agriculture | 3.8% | 4.8% | 10.4% | 5.8% | 3.9% | 3.4% | 5.5% | 2.5% | 1.8% | -0.9% | 21.4% | 11.9% | -4.8% | -9.9% | 8.7% | 16.5% | 1.7% |
| Corn | 1.6% | 13.0% | 15.3% | 5.3% | 5.1% | 8.8% | 10.3% | -6.6% | 3.9% | 4.6% | 27.7% | 12.0% | -0.7% | -12.1% | 14.8% | 24.8% | 3.4% |
| Soybean | 2.6% | 4.2% | 12.6% | 10.6% | 3.2% | 7.6% | 6.0% | 1.5% | 5.2% | -1.1% | 28.5% | 15.7% | -0.2% | -6.0% | 6.8% | 39.5% | 6.9% |
| Wheat | -1.2% | 3.5% | 10.4% | -3.0% | 3.5% | 6.2% | 2.4% | 8.4% | -5.9% | -1.7% | 10.8% | 18.0% | -13.8% | 1.8% | 2.3% | 14.6% | 11.0% |
| Sugar | 10.7% | 2.2% | 6.8% | 1.0% | 9.9% | 3.2% | 0.2% | 6.8% | 8.5% | 5.0% | 18.5% | 10.4% | 13.6% | -22.4% | 13.2% | 15.4% | 11.6% |
| Coffee | 11.3% | -4.1% | 6.3% | 15.6% | -5.9% | -14.5% | 9.1% | 18.9% | 3.9% | -8.0% | 15.6% | 10.9% | -16.3% | -7.8% | 6.7% | -1.1% | 27.3% |
| Cotton | 8.9% | 3.2% | 10.7% | 2.4% | 6.9% | 0.1% | 3.4% | 2.2% | 5.9% | -0.8% | 21.1% | 5.8% | 19.3% | -26.0% | 12.4% | 13.1% | -4.4% |
| Soybean Meal | -1.8% | -0.8% | 10.5% | 3.8% | 11.5% | 11.5% | 5.3% | 1.0% | 1.1% | -2.2% | 27.9% | 18.7% | -10.9% | 7.2% | -2.6% | 44.8% | -2.1% |
| Soybean Oil | 15.1% | 3.0% | 14.4% | 12.7% | 0.7% | 1.2% | 6.6% | 10.5% | 2.2% | 4.4% | 29.8% | 19.3% | 3.6% | -21.7% | 18.5% | 25.6% | 25.2% |
| HRW Wheat | -2.1% | 5.7% | 10.6% | 0.8% | 6.2% | 8.3% | 6.3% | 1.6% | -7.4% | -2.4% | 18.4% | 17.0% | -11.7% | 1.4% | 3.5% | 24.2% | -0.6% |
| BCOM Livestock | 3.3% | 1.4% | 2.1% | 1.6% | -1.2% | 7.4% | 0.4% | 5.5% | -8.5% | 5.3% | 2.4% | 13.8% | -8.6% | -28.1% | 4.8% | -23.4% | -6.0% |
| Live Cattle | -1.7% | 1.9% | 2.5% | 4.0% | -2.4% | 3.9% | 1.6% | 12.2% | -8.1% | 10.8% | 4.1% | 18.4% | -10.0% | -18.3% | 0.1% | -9.4% | -0.1% |
| Lean Hogs | 24.9% | -0.7% | 4.0% | 3.0% | -9.9% | 35.8% | 3.1% | 15.1% | -20.5% | -3.8% | -3.5% | 61.2% | -13.5% | -26.9% | 24.0% | -1.6% | 17.1% |
| Bulks/Non-BCOM | Feb (26.2.) | Jan | Dec | Nov | Oct | Sep | Aug | Jul | Jun | May | Q4 20 | Q3 20 | Q2 20 | Q1 20 | YTD (26.2.) | 2020 | 2019 |
| Cocoa | 6.7% | -2.8% | -13.5% | 31.2% | -9.9% | -6.5% | 13.5% | 6.6% | -8.3% | 0.9% | 2.2% | 13.1% | 0.1% | -11.5% | 3.8% | 2.5% | 5.1% |
| Lead | 1.4% | 1.5% | -3.7% | 13.7% | -0.2% | -7.5% | 4.9% | 5.9% | 6.0% | 2.3% | 9.3% | 2.8% | 1.9% | -9.6% | 2.9% | 3.5% | -4.7% |
| Tin | 12.7% | 12.1% | 9.2% | 5.1% | 1.3% | -2.0% | -0.3% | 7.0% | 8.5% | 1.4% | 16.2% | 4.6% | 14.5% | -15.0% | 26.3% | 18.3% | -11.8% |
| Steel (China HRC) | 10.2% | -2.1% | 8.8% | 11.1% | -2.5% | -5.6% | 2.0% | 8.3% | 4.1% | 6.9% | 17.9% | 4.3% | 17.1% | -16.5% | 7.9% | 20.3% | 2.4% |
| Steel (China Rebar) | 9.4% | -0.7% | 0.6% | 11.9% | 3.7% | -4.2% | -0.8% | 2.8% | 5.6% | -0.1% | 16.8% | -2.3% | 7.8% | -9.6% | 8.7% | 11.2% | -1.9% |
| Iron ore 62 | -1.5% | 7.9% | 25.1% | 3.7% | -3.1% | 1.2% | 13.4% | 5.0% | 11.2% | 10.4% | 25.7% | 20.4% | 17.0% | -3.8% | 6.3% | 70.3% | 28.7% |
| Coking Coal (HCC) | -17.5% | 20.0% | 1.2% | 11.1% | 1.4% | 7.1% | -4.5% | 3.3% | 5.1% | -4.0% | 14.1% | 5.6% | -6.2% | 10.1% | -1.1% | 24.3% | -16.5% |
| Thermal Coal (Newc 60) | -1.3% | 7.1% | 14.5% | 20.8% | -0.7% | 12.8% | 0.0% | -0.4% | 0.3% | -0.7% | 37.4% | 12.4% | -23.1% | 0.2% | 5.7% | 18.9% | -33.7% |
| Thermal Coal (China 55) | -20.3% | 30.0% | 9.1% | 4.2% | 0.7% | 6.6% | -2.3% | 0.5% | 3.3% | 15.3% | 14.5% | 4.8% | 4.8% | -3.2% | 3.5% | 21.6% | -5.9% |
| LNG (Japan/Korea, Platts) | -30.2% | -38.0% | 95.2% | 4.3% | 39.0% | 19.5% | 65.0% | 19.1% | 4.1% | 3.0% | 183.2% | 134.9% | -25.2% | -45.8% | -56.7% | 169.8% | -41.1% |
| UK NBP gas | -26.8% | -1.9% | 29.9% | 9.3% | 16.5% | 25.9% | 97.1% | -13.6% | 66.8% | -27.5% | 65.4% | 114.5% | -5.7% | -46.2% | -28.2% | 80.3% | -48.4% |
| Urea (US NOLA) | -2.4% | 50.2% | -1.2% | 11.7% | -2.2% | -3.4% | 6.8% | 7.3% | 10.2% | -28.5% | 7.9% | 10.7% | -19.6% | 15.4% | 46.5% | 10.9% | -16.3% |
| Ammonia (Tampa) | 0.0% | 29.4% | 8.5% | 0.0% | 10.8% | 0.0% | 3.4% | 0.0% | -6.0% | -7.2% | 20.3% | 3.4% | -18.0% | 0.0% | 29.4% | 2.0% | -23.1% |
| Potash MOP (NOLA) | 26.1% | 17.9% | 8.0% | 0.0% | 6.2% | 0.0% | 8.6% | 2.0% | 2.0% | -2.9% | 14.7% | 10.7% | -1.0% | 14.8% | 48.7% | 44.4% | -36.0% |
| DAP (US NOLA) | 0.0% | 32.9% | 5.3% | 4.2% | 0.0% | 0.0% | 10.8% | 18.2% | 3.8% | -8.6% | 9.7% | 30.9% | 0.0% | 14.6% | 32.9% | 54.6% | -38.1% |

Chinese steel, coking & thermal coal, UK NBP quoted in local currency, all other markets in USD, Last data point; 16.02.2021, Source: Bloomberg, Credit Suisse

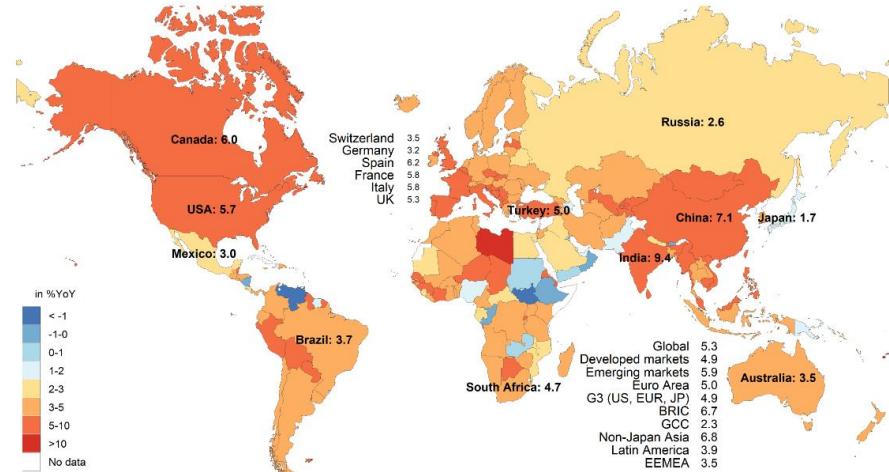
Economy: Growth and Inflation

GDP 2020



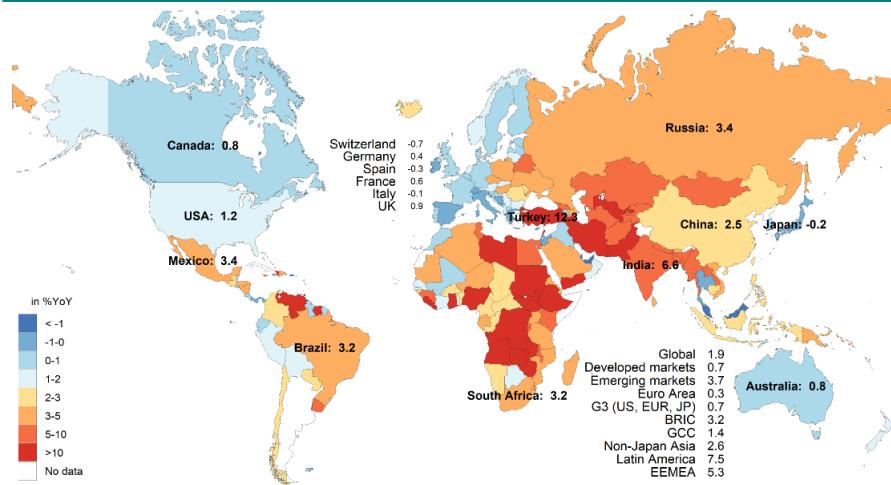
Last data point: 25.02.2021, Source: Credit Suisse, IMF

GDP 2021



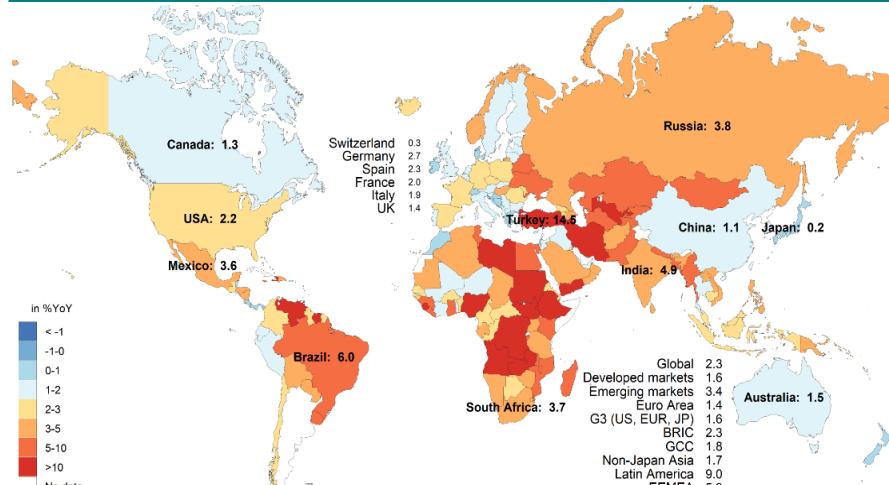
Last data point: 25.02.2021, Source: Credit Suisse, IMF

Inflation 2020



Last data point: 25.02.2021, Source: Credit Suisse, IMF

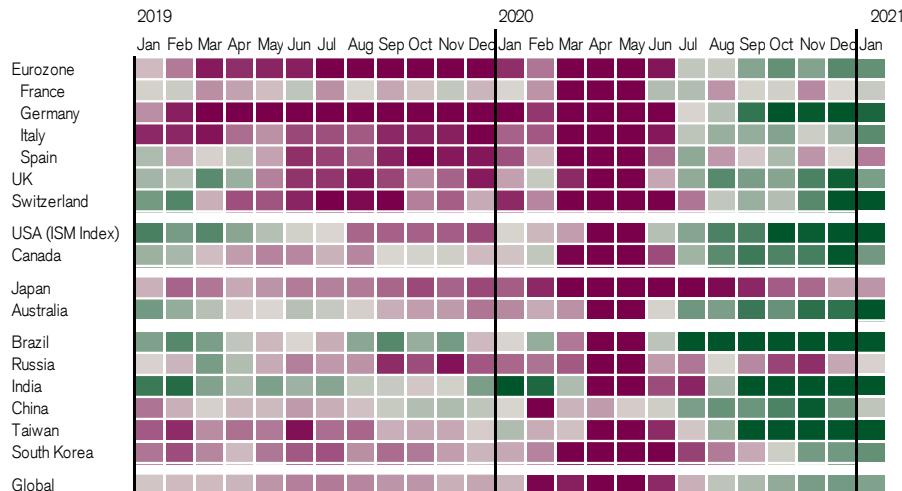
Inflation 2021



Last data point: 25.02.2021, Source: Credit Suisse, IMF

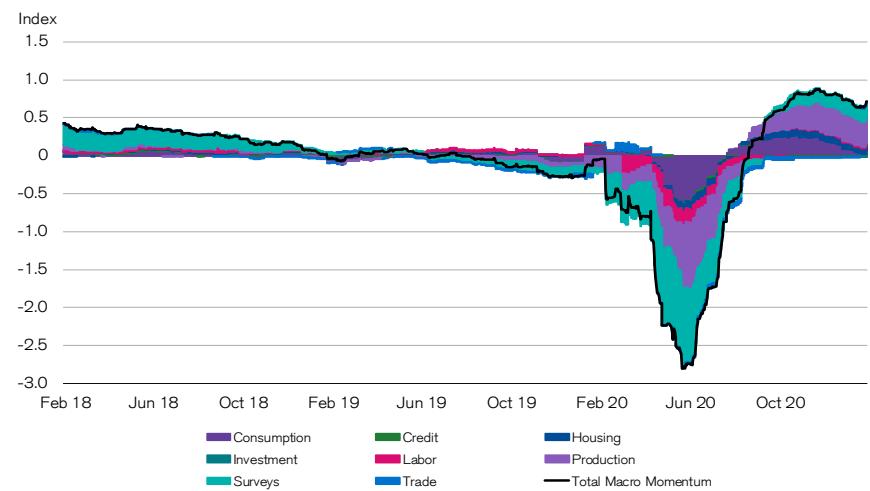
Economy: China moderates, ex-China taking over

Global manufacturing PMIs



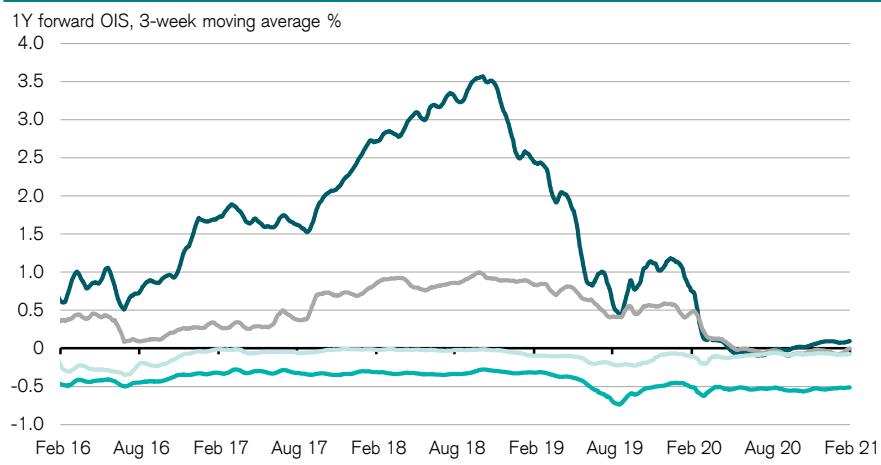
Last data point: 31.01.2021, Source: Bloomberg, Credit Suisse

CS macro momentum



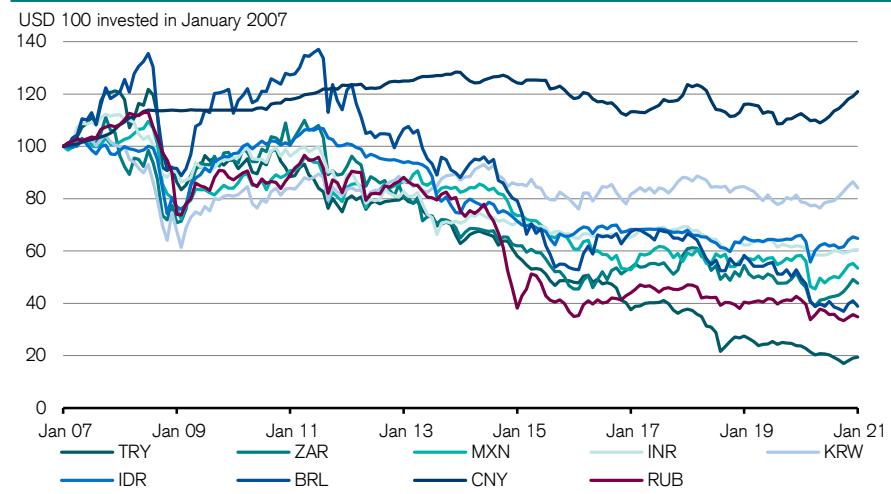
Last data point: 19.02.2021, Source: Macro, Credit Suisse / IDC

Market implied interest rate expectations



Last data point: 19.02.2021, Source: Bloomberg, Credit Suisse

USD vs. EM currencies



Last data point: 31.01.2021, Source: Bloomberg, Credit Suisse

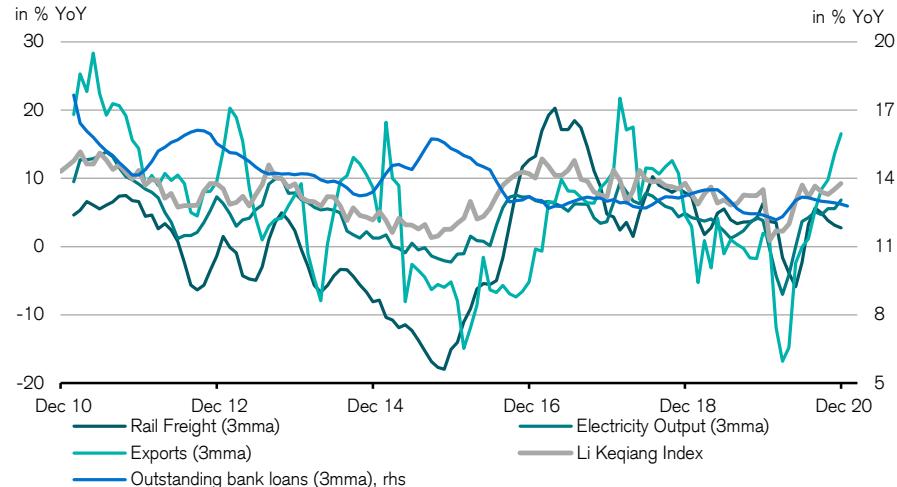
China: Growth, inflation and currency overview

GDP and industrial production



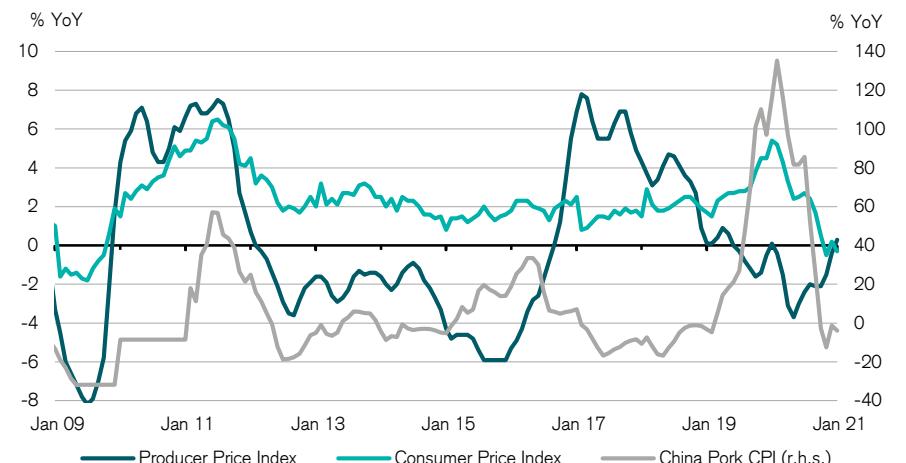
Last data point: 31.12.2020, Source: Bloomberg, Credit Suisse

Li Keqiang Index (electricity, rail, bank loans, exports)



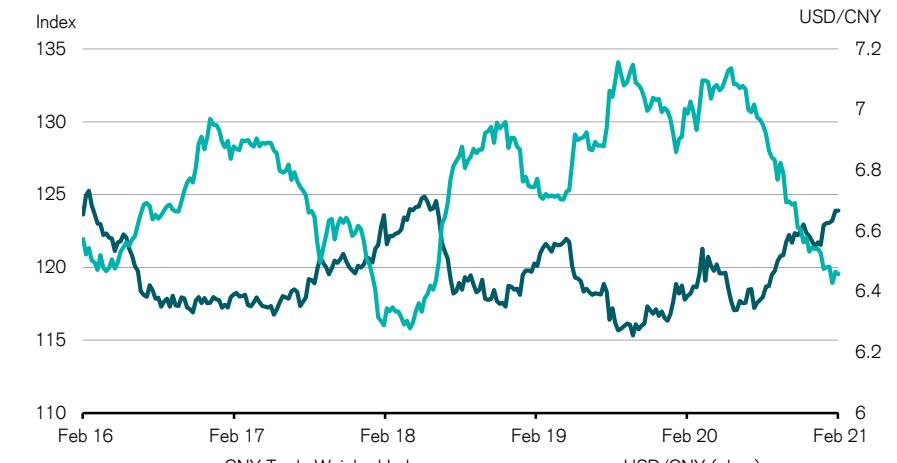
Last data point: 31.12.2020, Source: Bloomberg, Credit Suisse

CPI, Pork CPI and PPI



Last data point: 31.01.2021, Source: Bloomberg, Credit Suisse

CNY: Trade-weighted index, USD/CNY

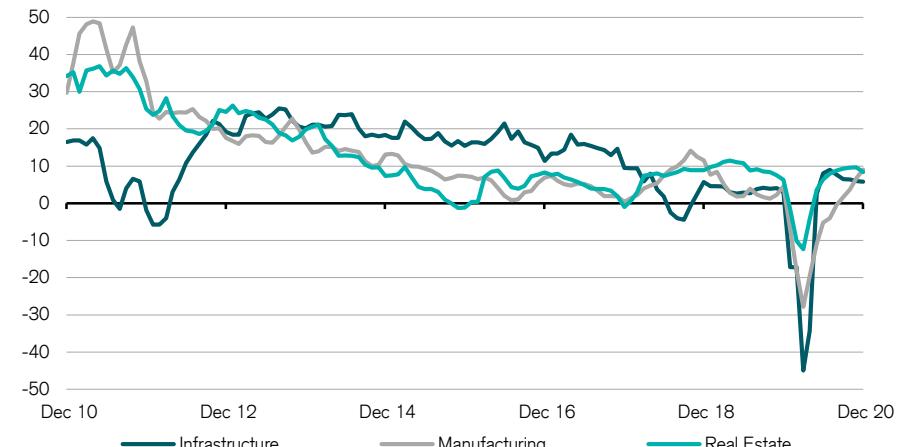


Last data point: 12.02.2021, Source: Bloomberg, Credit Suisse

China: Fixed asset investment, car sales

FAI: Infrastructure, manufacturing, property

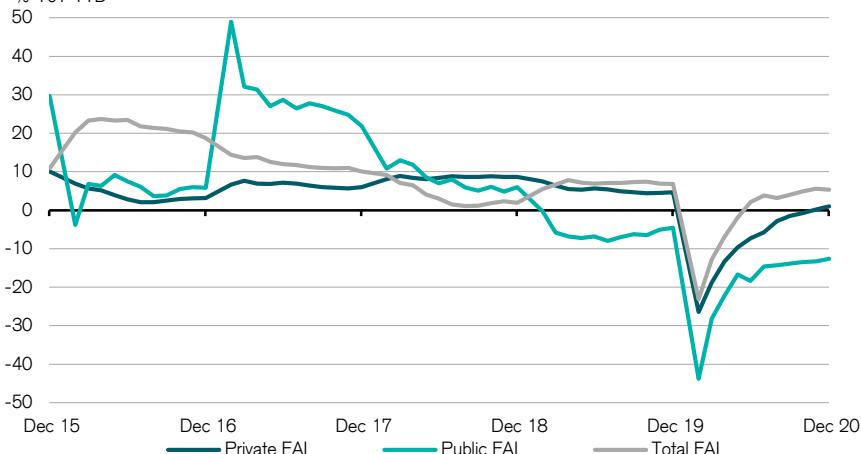
Fixed Asset Investment, in % YoY



Last data point: 31.12.2020, Source: Bloomberg, Credit Suisse

FAI: Public, private

% YoY YTD



Last data point: 31.12.2020, Source: Bloomberg, Credit Suisse

China power grid investment

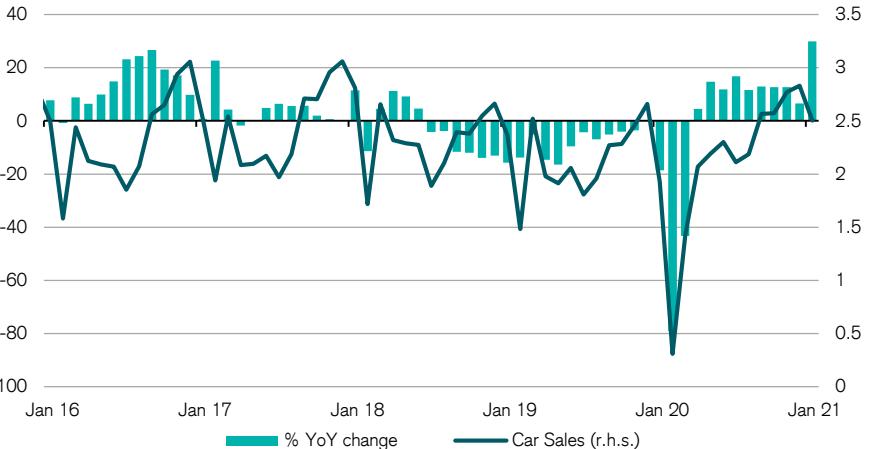
YoY in %



Last data point: 30.12.2020, Source: Bloomberg, Credit Suisse

Car sales

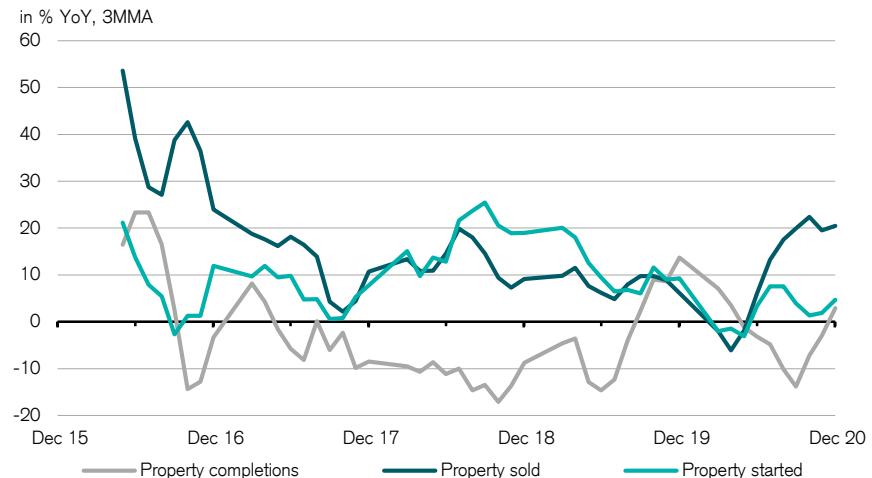
% YoY



Last data point: 31.01.2021, Source: Bloomberg, Credit Suisse

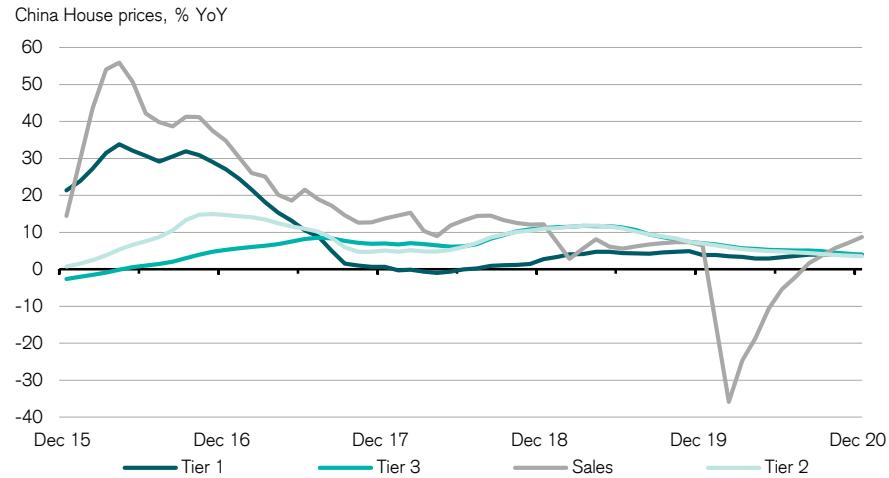
China: Property markets, appliances, machinery

Property starts, sales, completions



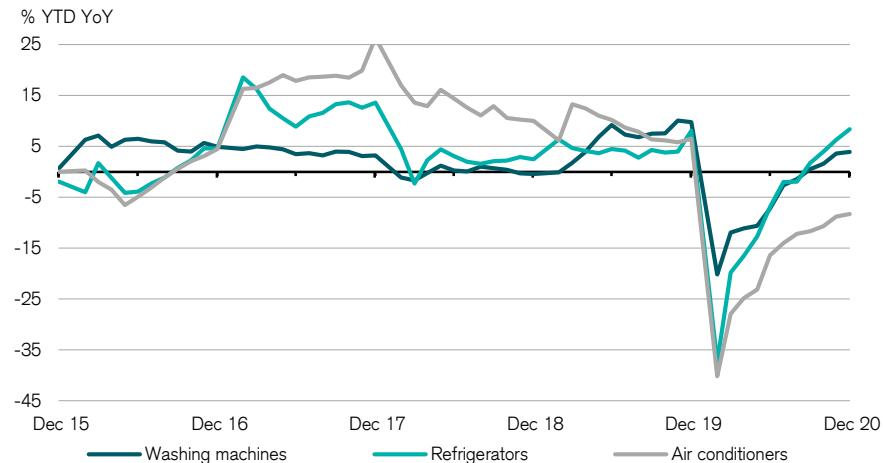
Last data point: 31.12.2020, Source: Bloomberg, Credit Suisse

Property prices



Last data point: 31.12.2020, Source: Bloomberg, Credit Suisse

Appliances: Production of washing machines, fridges, air conditioners



Last data point: 31.12.2020, Source: Bloomberg, Credit Suisse

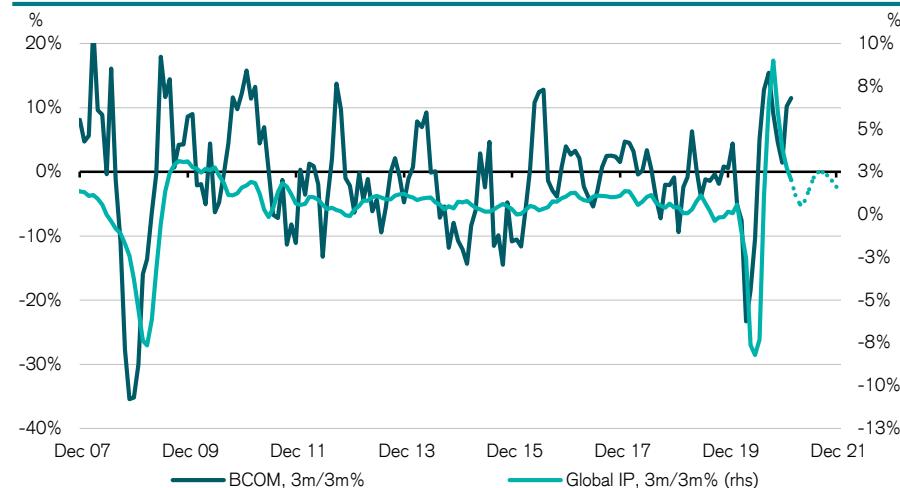
Machinery: Excavator production



Last data point: 31.12.2020, Source: Bloomberg, Credit Suisse

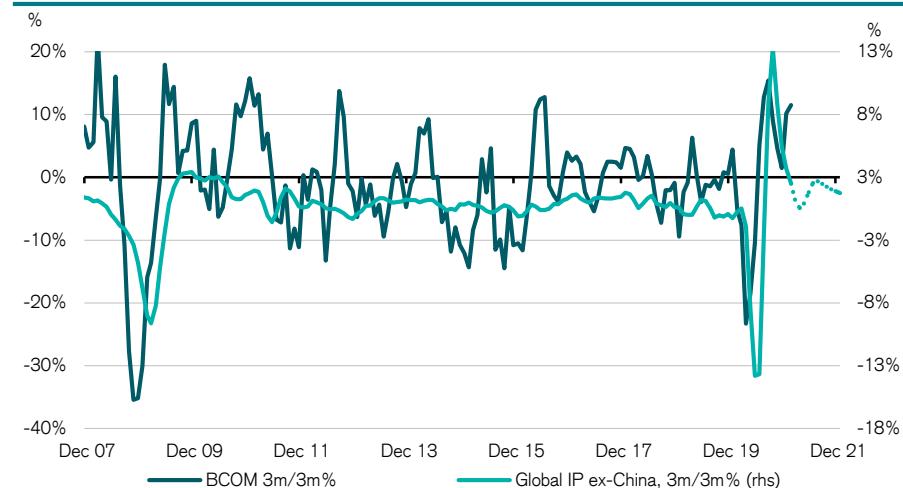
Commodities: Rallying in anticipation of IP momentum pick-up

Commodities vs. global IP momentum



Last datapoint: 31.01.2021, Source: Bloomberg, Credit Suisse

Commodities vs. global IP momentum ex-China



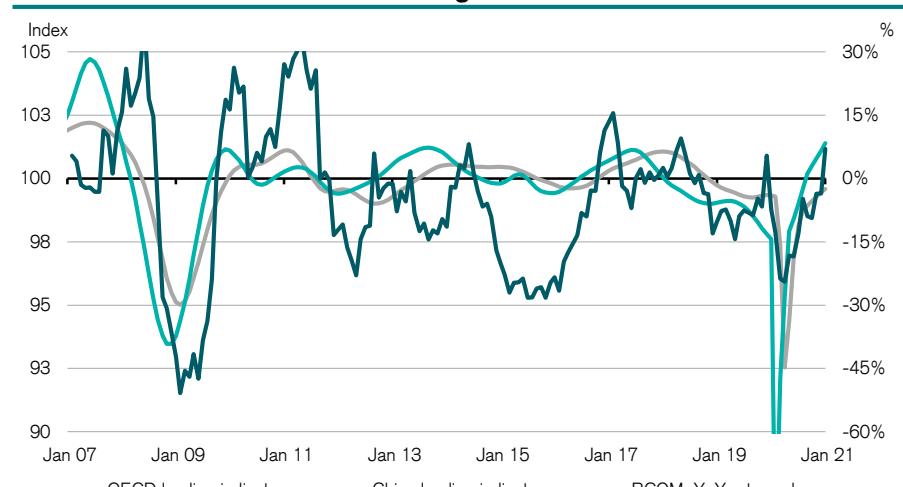
Last data point: 31.01.2021, Source: Bloomberg, Credit Suisse

Commodities vs. Li Keqiang index



Last data point: 30.10.2020, Source: Bloomberg, Credit Suisse

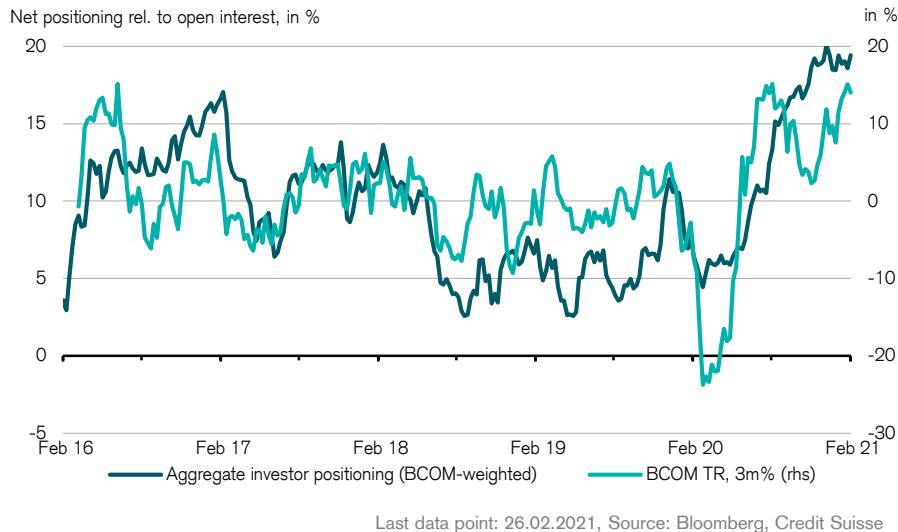
Commodities vs. OECD/China leading indicator



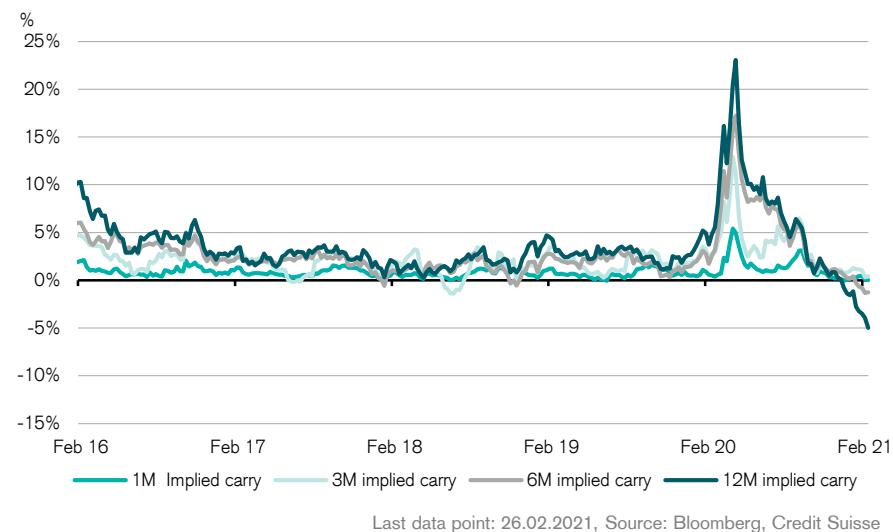
Last data point: 29.01.21, Source: Bloomberg, Credit Suisse

Commodities: Positioning and term structures

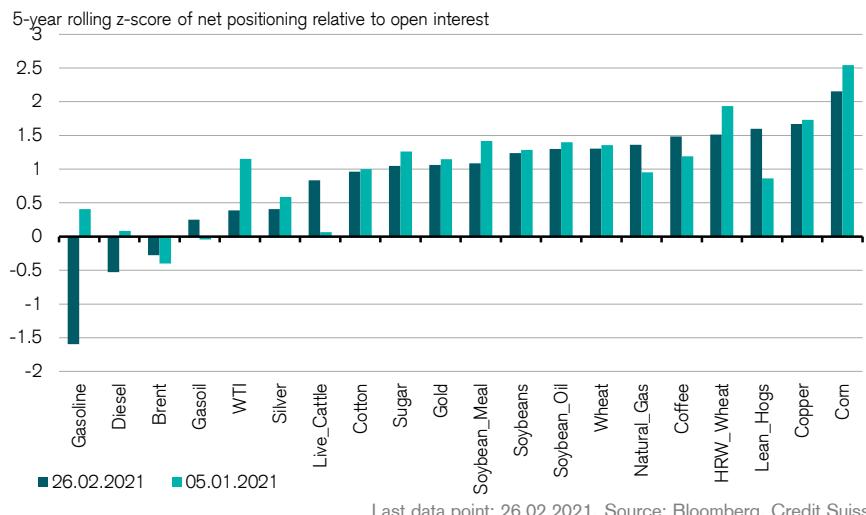
Positioning: Investor aggregate, BCOM-weighted



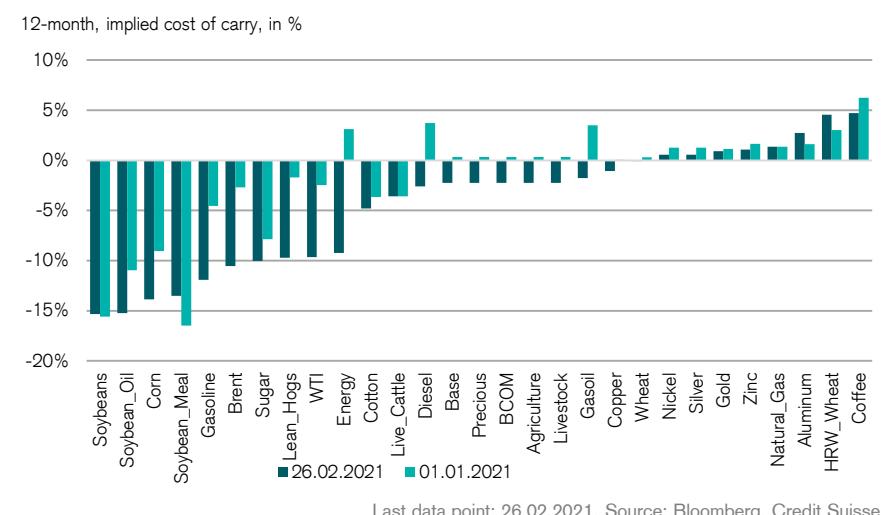
Term structures: Implied carry costs, BCOM-weighted



Positioning: Breakdown

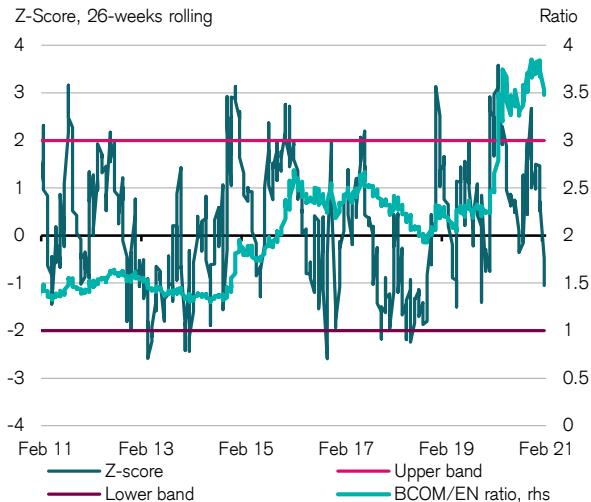


Term structures: Breakdown

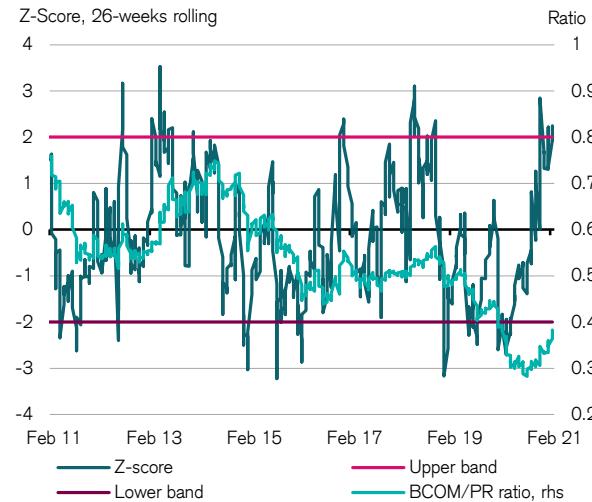


Commodities: Relative performance/ratios

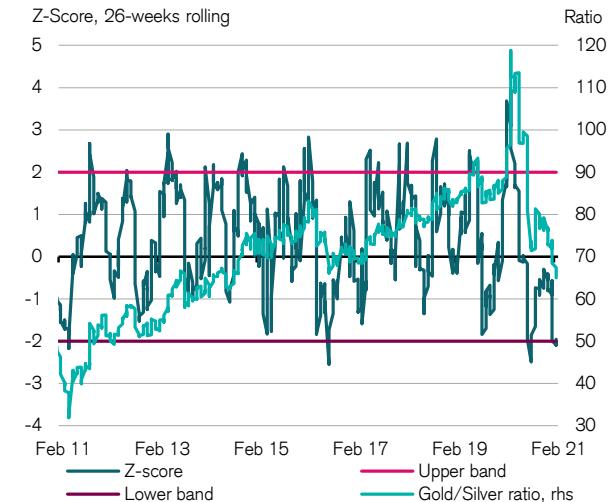
BCOM vs. Energy



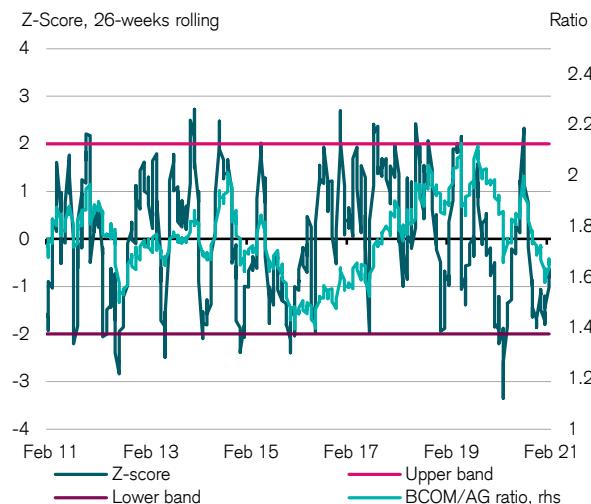
BCOM vs. Precious Metals



Gold vs. Silver



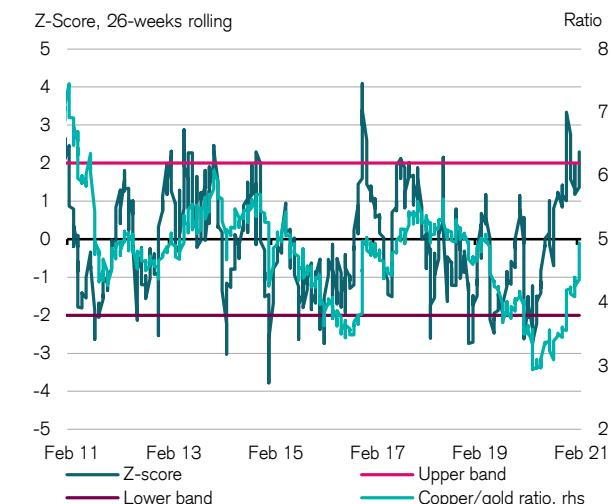
BCOM vs. Agriculture



BCOM vs. Industrial Metals



Copper vs. Gold



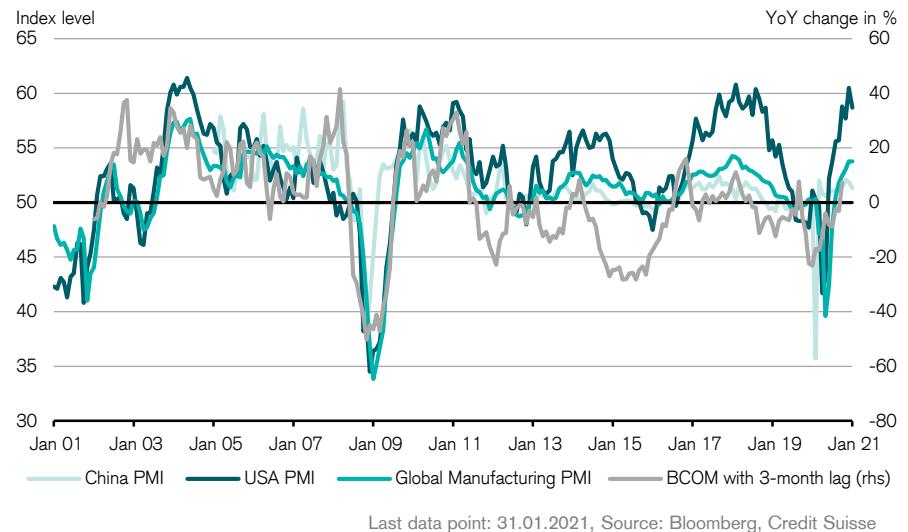
Last data point: 19.02.2021, Source: Bloomberg, Credit Suisse

Summary: Reflation boosts (most) commodities

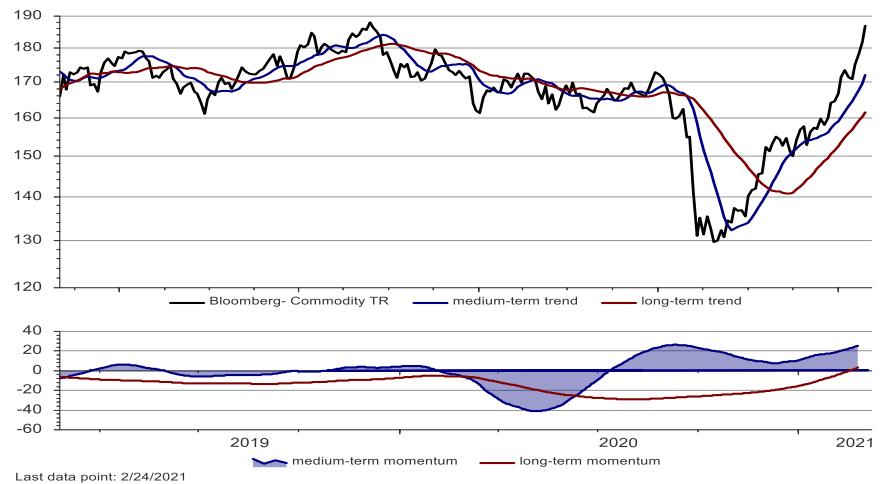
Summary

- Benchmarks** have gathered fresh momentum into year-end, which extended through Feb 21. High carry costs were a drag on total returns earlier in the recovery, which have fully disappeared by now, allowing BCOM to move above pre-crisis levels in the meantime (spot had done so already earlier). Energy-heavy indices have started to catch up relative to more balanced baskets.
- Cyclically**, IP momentum slowed in 4Q20 but is about to reaccelerate into 2Q21, which coincides with a post Lunar New Year pick-up in Chinese activity. Inventories continue to be worked off, with metals availability already tight and excess oil supply shrinking rapidly (and counter-seasonally) as well. Agriculture stocks have also been revised lower. In response, aggregate term structures are now deeply backwardated.
- The recovery is currently in a commodity-intensive phase (manufacturing), which could start to shift once services take over. BCOM has so far been able to digest rising US real yields rather well and should continue to do so unless broader risk sentiment sours meaningfully (taper tantrum comes to mind). That said, gold tends to be more fragile than cyclical markets in this context.
- Structurally**, long-dated forward prices have also started to shift upwards (at a slower pace than spot) amid a shift in perception that recent underinvestment may indeed have created capacity constraints as demand expectations are shifted upwards in response to more ambitious green stimulus. In order to incentivize more capex and investment, prices may continue to trade well out of cost curves for a while longer, but supply responses tend to be slow (especially in metals).
- The CS **Investment Committee** continues to hold an attractive tactical view/overweight allocation to BCOM in a multi-asset context amid brewing inflationary risks.
- From an **ESG** perspective, carbon offsets are a promising approach for commodity investors that the industry is currently exploring. Emission allowances (EUA, CCA) could be a suitable instrument.
- In **Energy**, oil has entered a second recovery phase amid proactive OPEC+ supply management and improving underlying demand despite some regional mobility restrictions. Muted US shale (volume pick-up only expected for 4Q) should provide OPEC+ with some flexibility for now, but the upcoming March meeting is a potential source of volatility, as the group is mulling supply hikes.
- Refinery margins have room to recover once transportation demand improves, potentially toward summer, which is when we see a crude price peak (as the inventory normalization completes).
- Precious metals:** Gold is particularly rate-sensitive, and has suffered lately from a broader re-pricing of growth expectations, which led to rising US real yields and steeper curves (recent moves went further than expected). In response, investors have started to reduce exposure, while jewelry and central bank demand was insufficient to prevent downside. Rising US inflation (base effects kick in by 2Q21) may provide better support again but we have to acknowledge that the path for renewed gold upside is narrowing. We would still consider adding partial protection to gold longs, and spread exposure to include cyclical precious metals like silver and platinum.
- Industrial metals:** After a brief pause at the start of the year, prices rallied again as Chinese and global industrial activity are about to pick up again (momentum acceleration in 2Q21). Inventory buffers are already low, and supply is unresponsive, creating a bullish set-up. We expect some moderation once growth turns less metal-intensive, which is likely at some point in 2H21.
- Agriculture:** Since our last update, US/global stocks have been downgraded further and Latam weather concerns have not fully eased. Strong Chinese purchases add pressure on US stocks, tilting curves into steep backwardation. Spring plantings are likely to show acreage expansions but an eventual supply response will take time. Focus is on Latam harvests and potential changes to US trade policies. Softs mixed; sugar gained on stronger biofuel pricings, while supply risks have risen in Brazil, which also impacts the coffee market. Cocoa has stayed in a broad sideways range.

Commodities vs. PMIs



BCOM: Moving averages and momentum

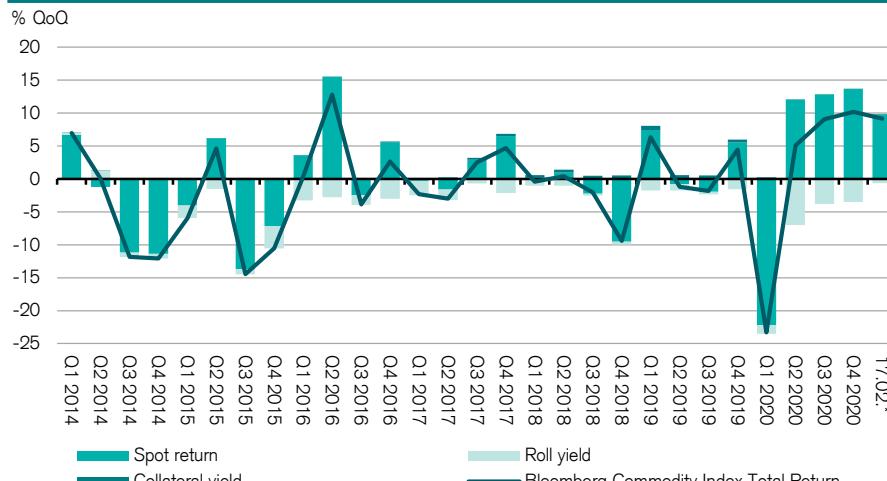


Indices: Carry cost drag has fully disappeared

Summary

- Commodity benchmarks** continued their recovery into year-end, with balanced indices like BCOM ending the year just slightly down, while energy-heavy benchmarks like GSCI still had more ground to recoup. 2021 YTD was off to a strong start, driven by energy.
- BCOM return decomposition shows positive spot returns for 2020 of almost ~12% as many spot prices rallied to above pre-Covid levels but large realized carry costs of ~15% (caused by the collapse of energy term structures in 2Q20) ate away these returns, while the collateral yield was too small (~0.4%) to make a meaningful difference.
- Carry:** Implied carry costs (\neq realized carry) have continued to shrink as tightening physical markets reduce storage costs. Rapidly falling stocks in oil and agriculture in particular have pushed 12-month term structures deep into backwardation, implying positive roll yields. Near-dated implied carry has also improved and is near zero currently. Metals curves tend to be less steep (but are also backwardated) given easier storability and hence lower storage costs.
- In our base case, we see more modest spot potential from here after the strong broad-based recovery since 2H20 but carry is less of an obstacle (or even a tailwind), supporting returns.
- Correlations:** The inverse USD-correlation has remained strong, while equities stay positively linked with commodities but the relationship with fixed income has flipped again into negative territory; i.e. rising yields go in hand with positive commodity performance as upward yield pressure signals economic optimism. Intra-commodity correlations have stayed low in this process, flagging diversification benefits of broad commodity baskets.
- Volatility:** Implied as well as realized across sectors have converged towards their averages, pointing to well behaved markets and an average but not complacent perception of risk.

BCOM total return decomposition – spot, carry, collateral



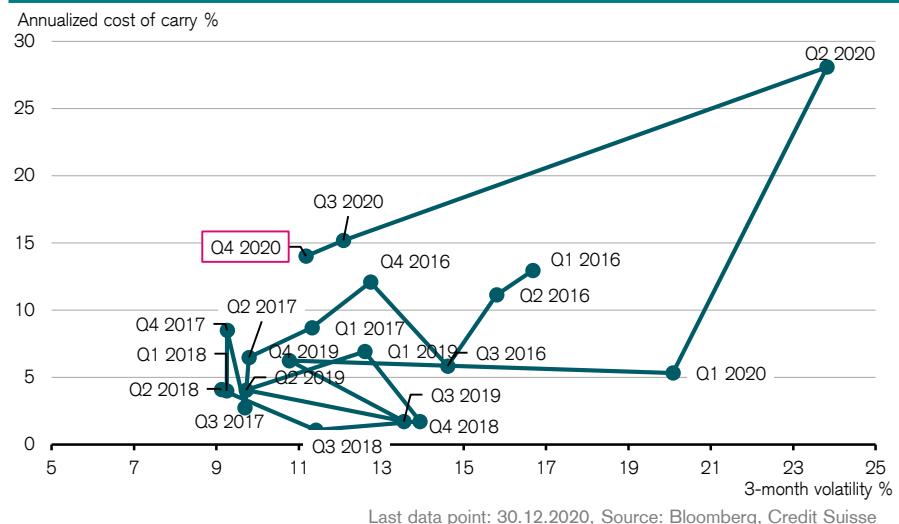
Last datapoint: 17.11.2020, Source: Bloomberg, Credit Suisse

Benchmark performance



Last datapoint: 19.02.2021, Source: Bloomberg, Credit Suisse

BCOM carry / volatility profile

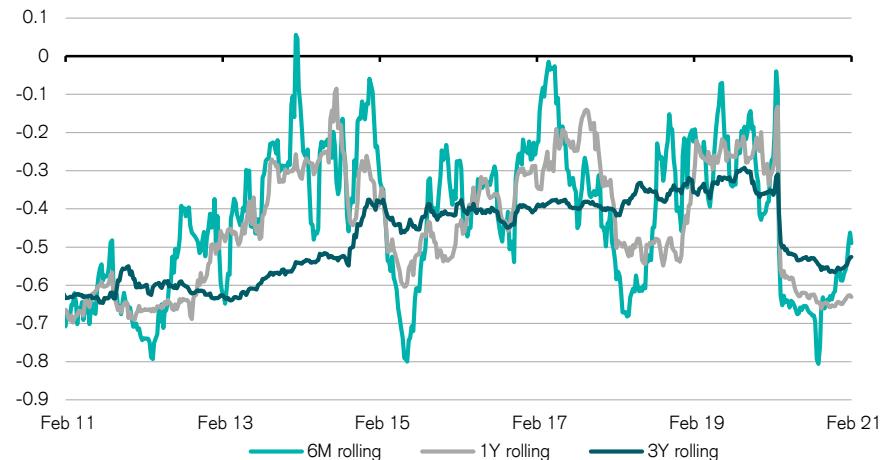


Last data point: 30.12.2020, Source: Bloomberg, Credit Suisse

Indices: Overview

Correlation: Commodities vs. US dollar index

Correlation between Commodities (BCOM TR) and US dollar index (BBDXY), weekly returns



Last data point: 19.02.2021, Source: Bloomberg, Credit Suisse

Correlation: Commodities vs. USD/CNY

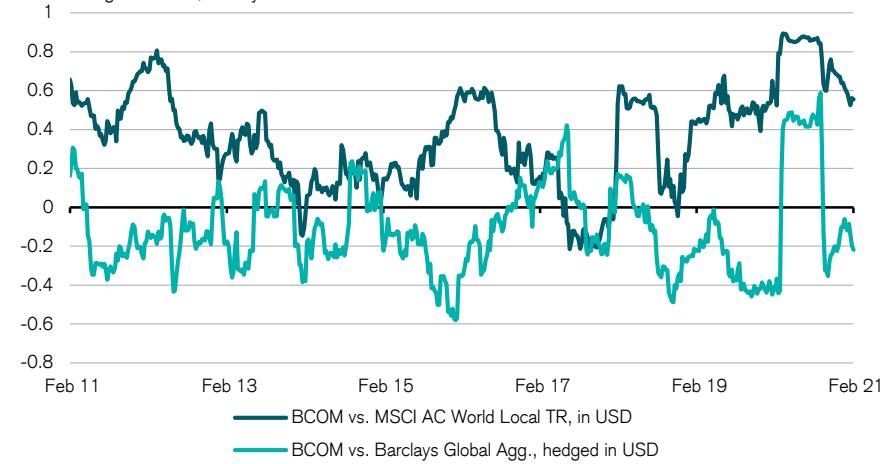
Correlation between Commodities (BCOM TR) and CNY, weekly returns



Last data point: 19.02.2021, Source: Bloomberg, Credit Suisse

Correlation: Commodities vs. equities/bonds

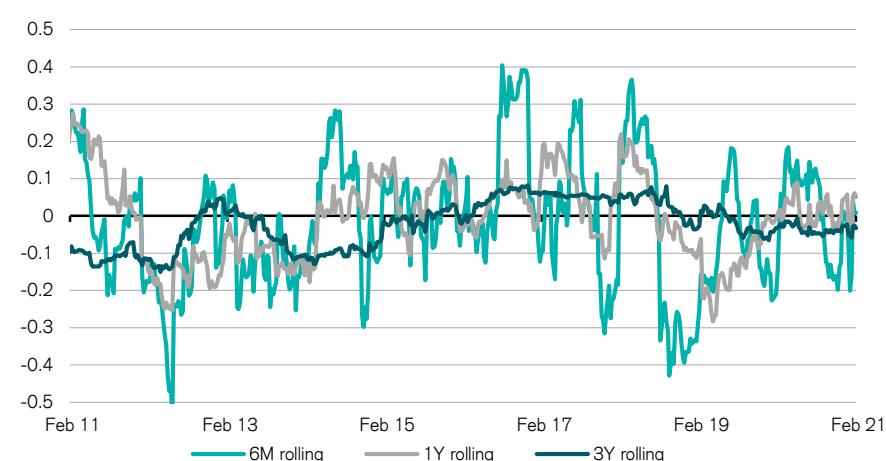
6M rolling correlation, weekly returns



Last data point: 19.02.2021, Source: Bloomberg, Credit Suisse

Correlation: Commodities vs. Chinese equities

Correlation between Commodities (BCOM TR) and SHCOMP, weekly returns

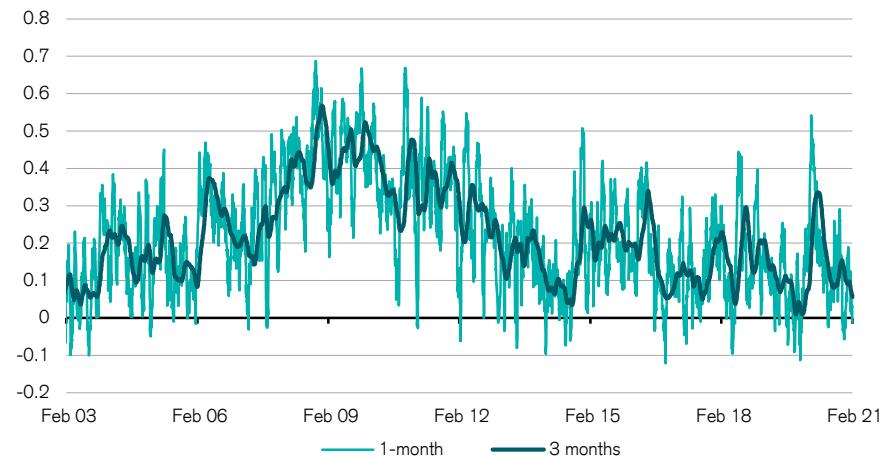


Last data point: 19.02.2021, Source: Bloomberg, Credit Suisse

Indices: Overview

Correlation: Pair-wise across BCOM sectors

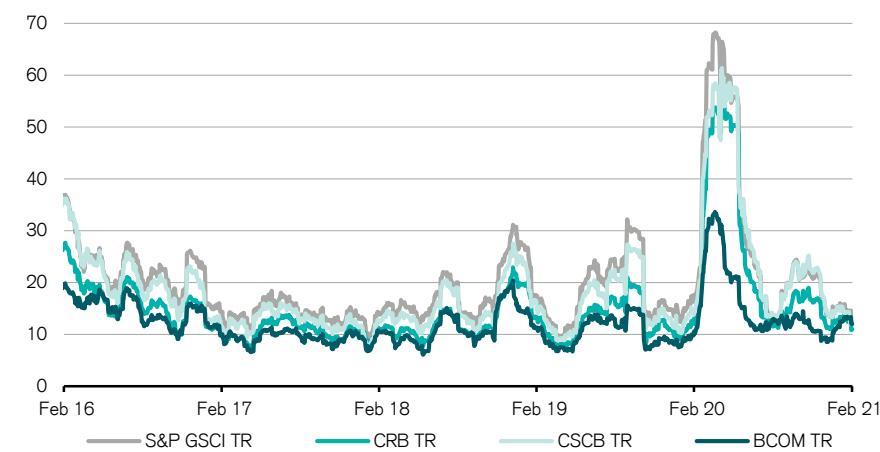
Average pair-wise sector correlation across BCOM segments



Last data point: 19.02.2021, Source: Bloomberg, Credit Suisse

Volatility: Realized across commodity benchmarks

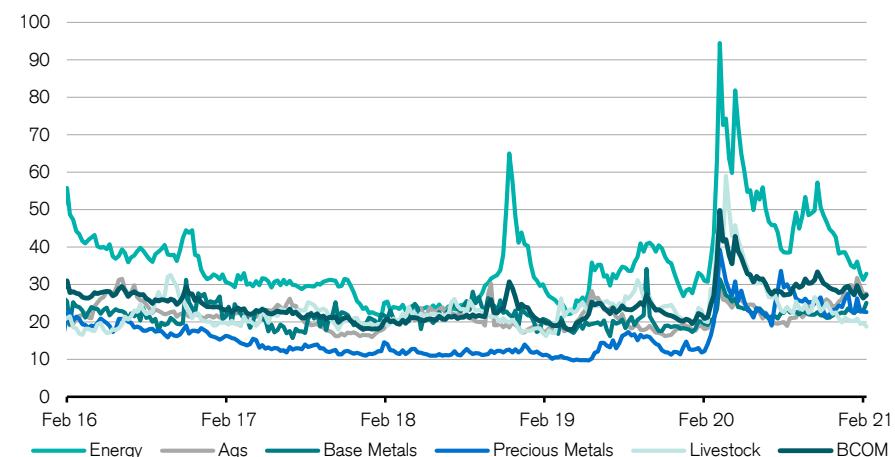
30-day realized volatility, in %



Last data point: 19.02.2021, Source: Bloomberg, Credit Suisse

Volatility: Implied across BCOM sectors

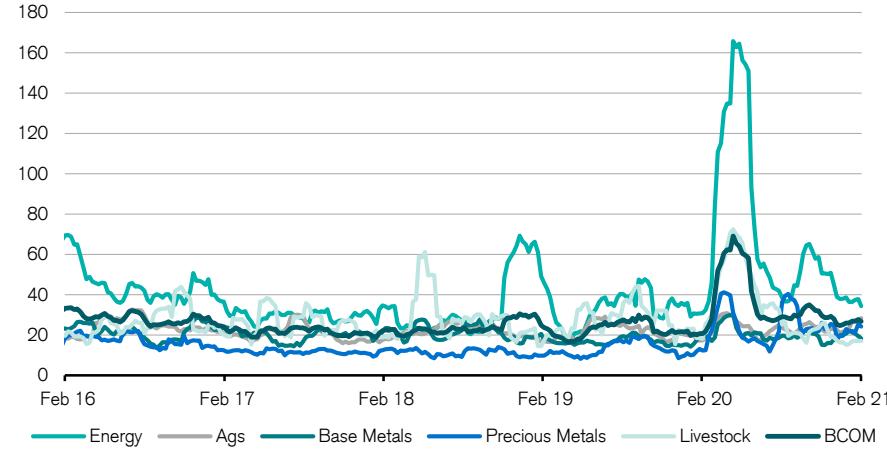
3M ATM implied volatility, in %



Last data point: 19.02.2021, Source: Bloomberg, Credit Suisse

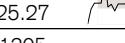
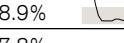
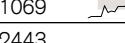
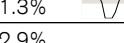
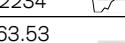
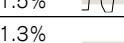
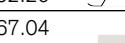
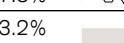
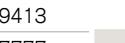
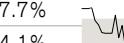
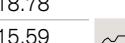
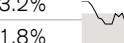
Volatility: Realized across BCOM sectors

30-day realized volatility, in %



Last data point: 19.02.2021, Source: Bloomberg, Credit Suisse

Views: Summary

| Market | Current price ¹⁾ | | | 3M implied volatility ¹⁾ | | | Views ²⁾ | | | |
|------------------------------|-----------------------------|---|----------|-------------------------------------|---|----------|---|------|------|---------------|
| | Hi/Low | Last 30 days | 26/02/21 | Hi/Low | Last 30 days | 26/02/21 | Outlook | 3M | 12M | Relative |
| Bloomberg Commodity TR Index | 187 171 |  | 182 | 14.1% 12.0% |  | 14.1% |  | 189 | 192 | Benchmark |
| BCOM Precious Metals | 504 463 |  | 463 | 28.9% 21.2% |  | 23.3% |  | 498 | 520 | Marketperform |
| BCOM Industrial Metals | 324 282 |  | 312 | 19.0% 14.2% |  | 19.0% |  | 323 | 300 | Marketperform |
| BCOM Energy | 54 46 |  | 53 | 26.4% 20.4% |  | 22.7% |  | 56 | 56 | Outperform |
| BCOM Agriculture | 114 106 |  | 111 | 22.1% 20.2% |  | 20.2% |  | 109 | 115 | Marketperform |
| Gold | 1861 1734 |  | 1734.0 | 18.8% 16.5% |  | 17.7% |  | 1900 | 2000 | Marketperform |
| Silver | 29.05 25.27 |  | 26.7 | 58.7% 38.9% |  | 39.8% |  | 27 | 30 | Marketperform |
| Platinum | 1305 1069 |  | 1193.0 | 37.8% 31.3% |  | 35.0% |  | 1300 | 1250 | Marketperform |
| Palladium | 2443 2234 |  | 2327.3 | 32.9% 31.5% |  | 32.9% |  | 2400 | 2500 | Marketperform |
| WTI Crude Oil | 63.53 52.20 |  | 61.5 | 41.3% 27.3% |  | 41.3% |  | 65 | 60 | Outperform |
| Brent Crude Oil | 67.04 55.53 |  | 66.1 | 43.2% 25.5% |  | 43.2% |  | 70 | 65 | Outperform |
| Aluminum | 2235 1969 |  | 2155 | 20.4% 16.4% |  | 20.4% |  | 2200 | 2100 | Marketperform |
| Copper | 9413 7777 |  | 9077 | 31.5% 22.6% |  | 22.8% |  | 9500 | 8500 | Marketperform |
| Corn | 563.75 534.00 |  | 555.5 | 37.7% 24.1% |  | 28.2% |  | 540 | 490 | Marketperform |
| Sugar | 18.78 15.59 |  | 17.5 | 33.2% 21.8% |  | 21.8% |  | 17 | 16 | Marketperform |

¹⁾ Data as of London close. Spot prices for precious metals, 3M forwards for industrial metals, front month futures for all other markets with band representing +/- 1 standard deviation from 30-day average. Indices use 30-day historic volatility instead of implied.

²⁾ Views are for 3-6 months as per latest IC/House View, absolute vs. USD cash, relative vs. BCOM TR

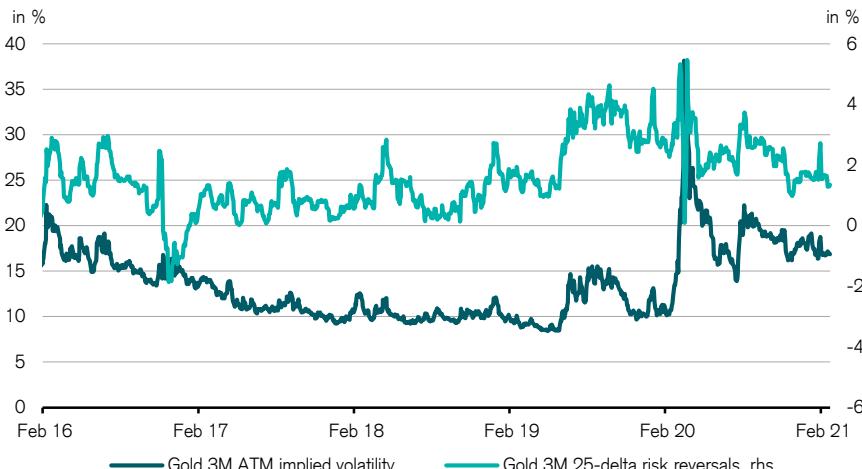
Last data point: 26.02.2021, Source: Credit Suisse

Gold: Vulnerabilities emerge, as cycle matures

Summary

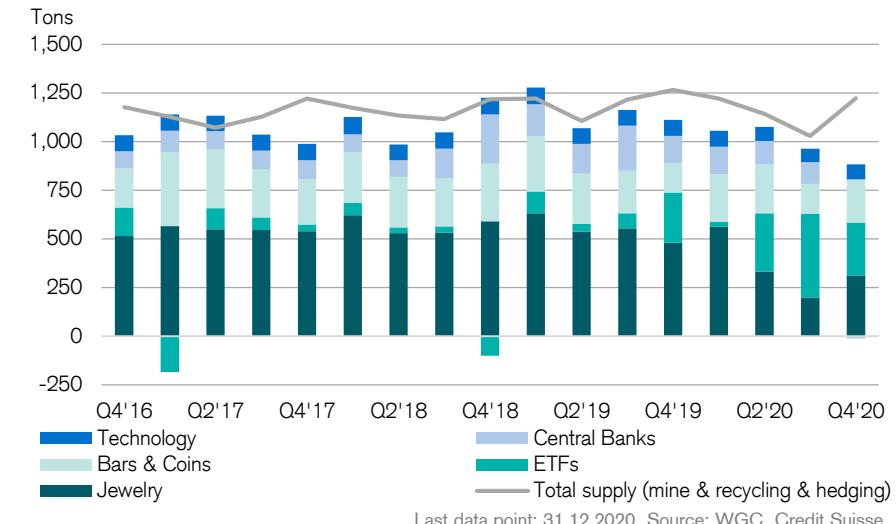
- Prices:** Gold outperformed during an early Covid-crisis phase (+25% YoY) but has been losing momentum in 4Q20 and into 2021 as cyclical markets took over amid growing economic optimism.
- Jewelry:** Jewelry is the single biggest category and suffered a very steep decline in 2020, as pressure on incomes reduces buying interest. The drop in jewelry dragged total demand to below 4'000 tons but should have room to recover as economic growth rebounds this year.
- Central banks:** CB buying slowed YoY due to a period of pressure on EM FX reserves (gold acts as a diversifier). That said, central bank activity is likely to improve again as FX reserves are rebuilt.
- Investors:** Investors failed to fully compensate for declines in other categories but the strong delta (esp. for ETFs, while bars and coins improved too) was sufficient to push prices meaningfully higher. This suggests that (1) investor flows matter most, and (2) the change is more important than the level.
- Consequently, USD and US rates dynamics remain central as investor flows tend to be particularly sensitive to these variables (besides perception of credit risks). Correlations have stayed high.
- Exposure in listed derivatives is currently elevated but not extreme. We suspect investors have opted for other instruments (OTC, ETFs) as a result of the extreme volatility in the EFP earlier last year.
- View:** Better prospects for jewelry and CB appetite should reduce the burden on investors but the market may find it more difficult to attract a steady flow considering recent macro developments.
- In light of larger than expected US stimulus, rapid US yield curve steepening, and faster relative economic progress in the US, the path to renewed USD weakness and downside for US real yields appears to be narrowing; we still expect these two variables to turn more gold-friendly again but acknowledge that the gold bull-run may be maturing (we'd focus on cyclical precious metals instead).
- In terms of catalysts, base effects are set to lift realized inflation in 2Q21, which may spur inflation expectations and push real yields back down. Meanwhile, focus is on technical supports (bigger picture is now at risk). Adding partial protection (risk reversals) to longs may still be sensible.

Gold volatility and risk reversals



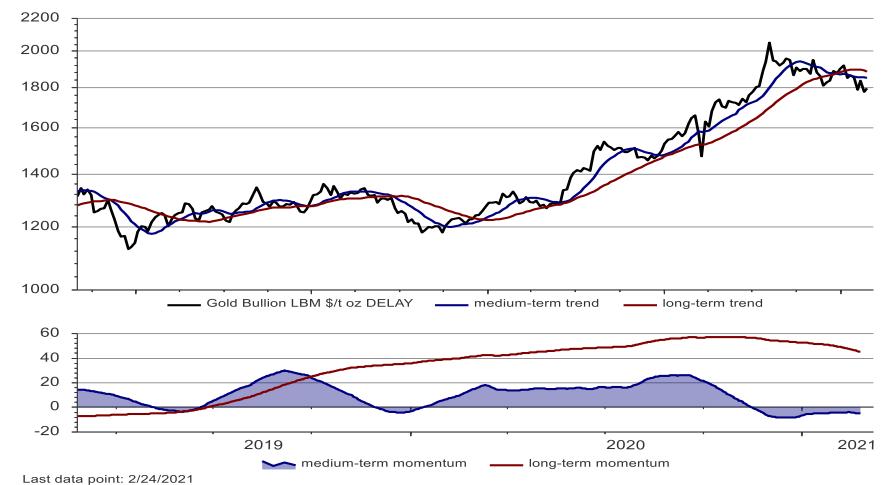
Last data point: 22.02.2021, Source: Bloomberg, Credit Suisse

Gold supply/demand



Last data point: 31.12.2020, Source: WGC, Credit Suisse

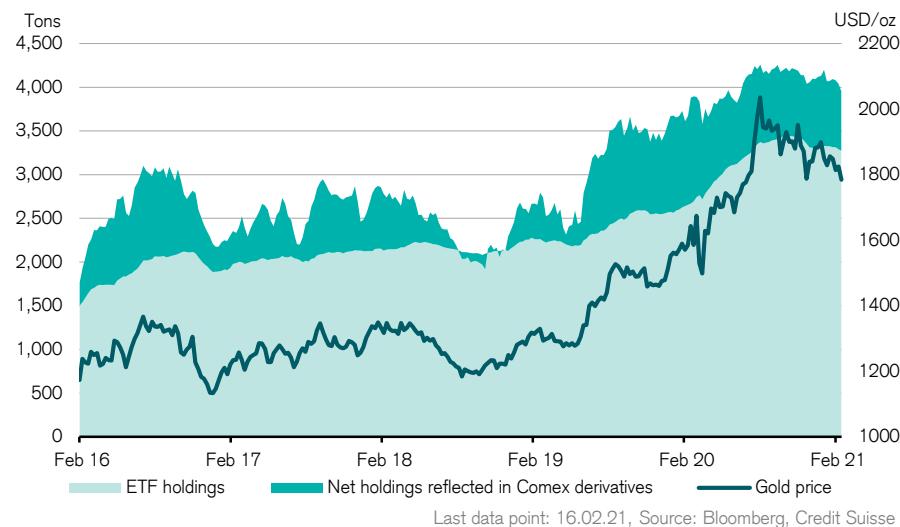
Technicals: Moving averages and momentum



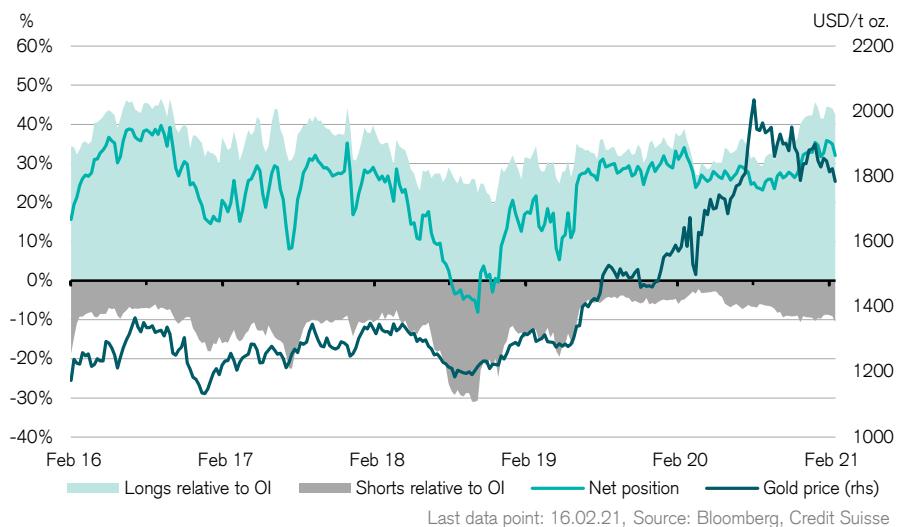
Last datapoint: 24.02.2021, Source: Reuters, Datastream, Credit Suisse

Gold: Investor demand

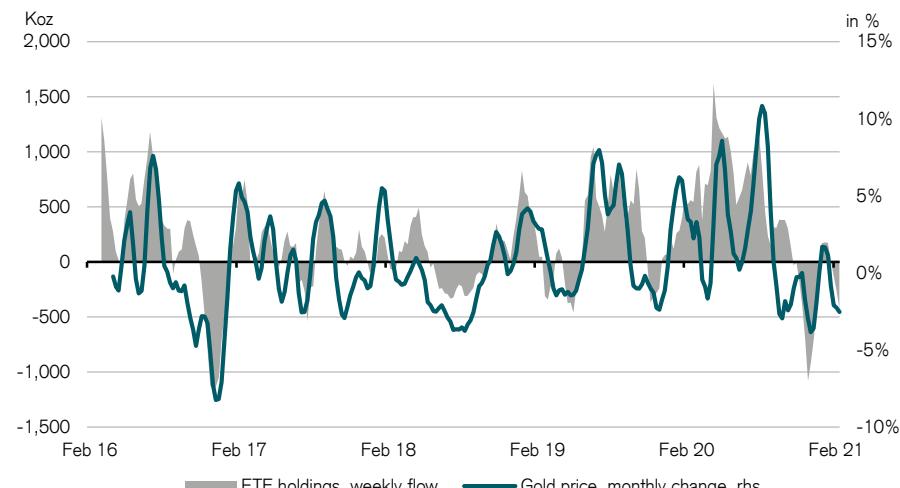
Investor demand (ETFs, listed derivatives)



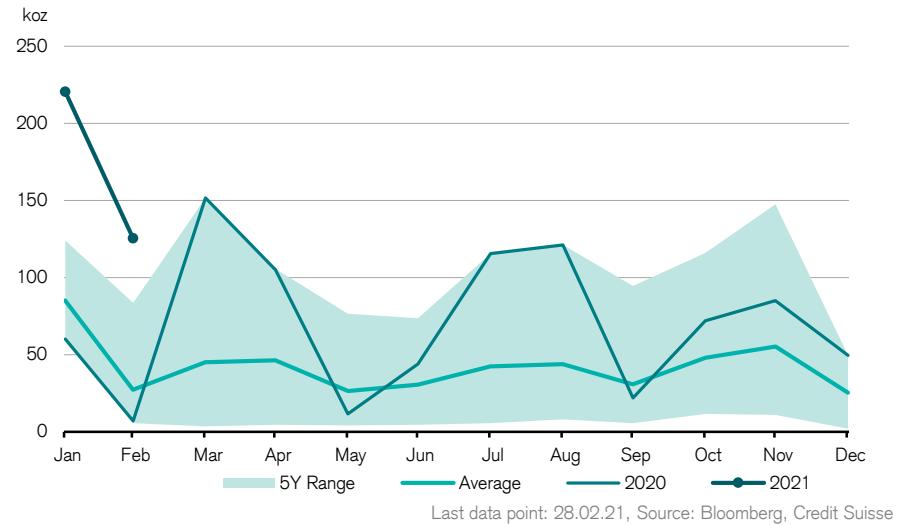
Gold speculative positioning



Gold ETF flows



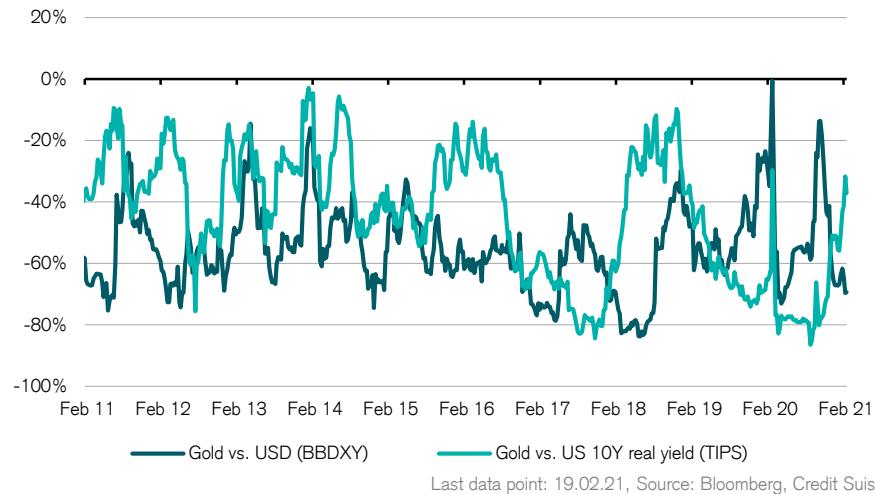
Gold coin sales (American Eagles)



Gold: Rates/FX backdrop

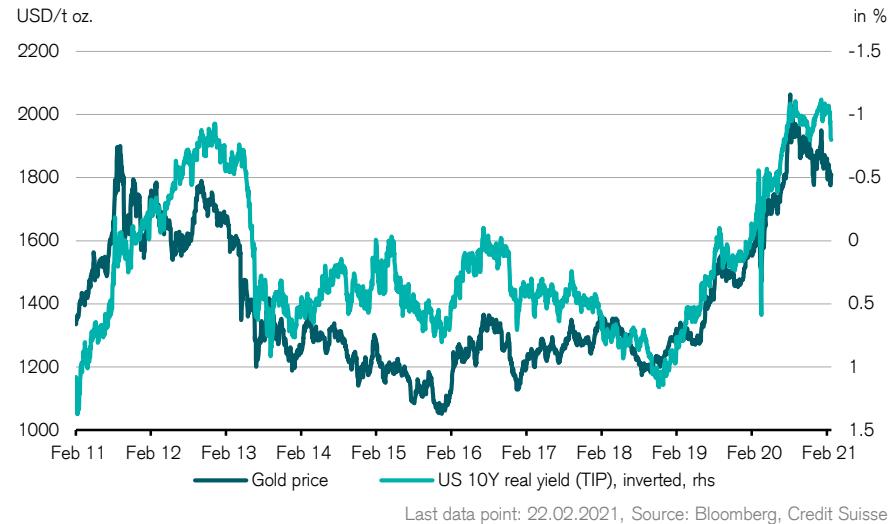
Gold correlation vs. US real yields, US dollar index

6-month rolling correlation, weekly returns



Last data point: 19.02.21, Source: Bloomberg, Credit Suisse

Gold vs. 10-year US real yield (TIPS)



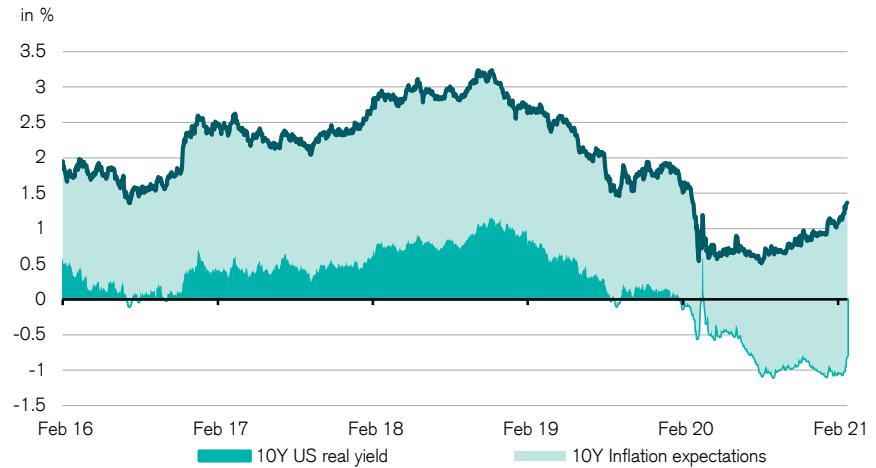
Last data point: 22.02.2021, Source: Bloomberg, Credit Suisse

Gold vs. US dollar index (BBDXXY)



Last data point: 22.02.21, Source: Bloomberg, Credit Suisse

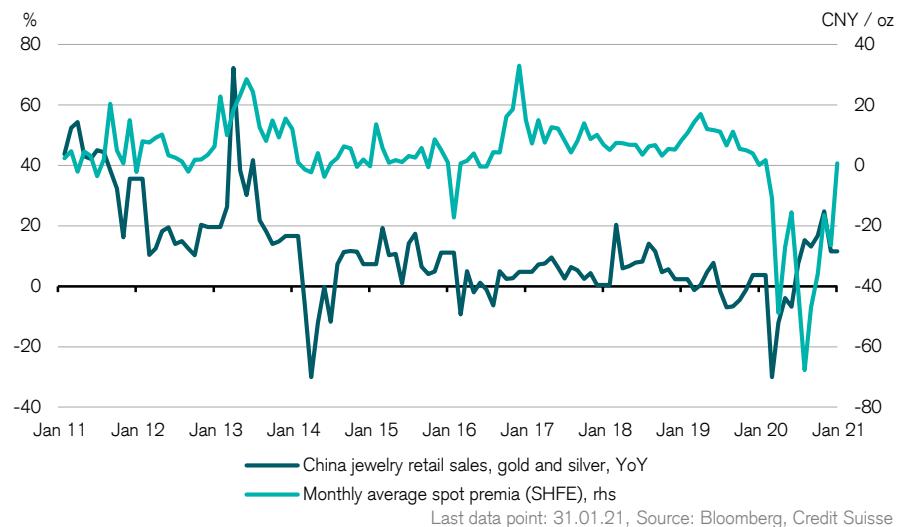
US breakevens vs. US real yields



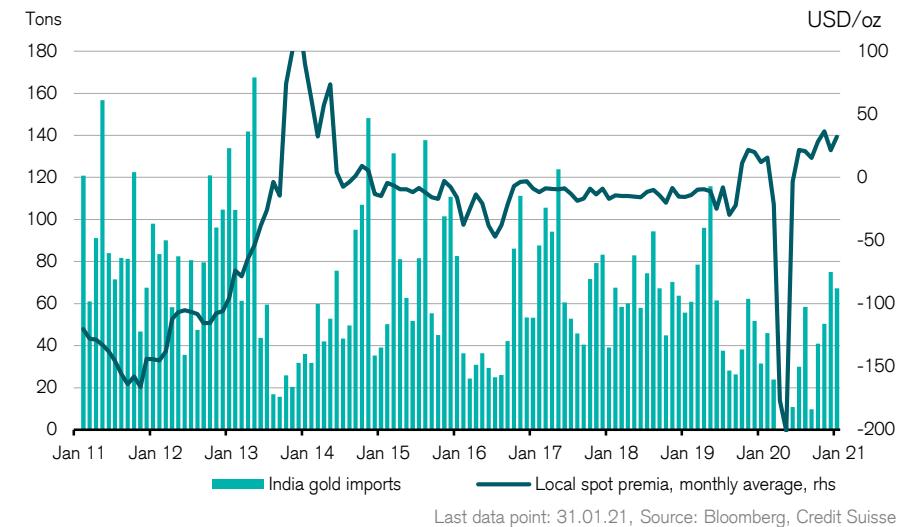
Last data point: 22.02.21, Source: Bloomberg, Credit Suisse

Gold: Physical markets; jewelry, central banks

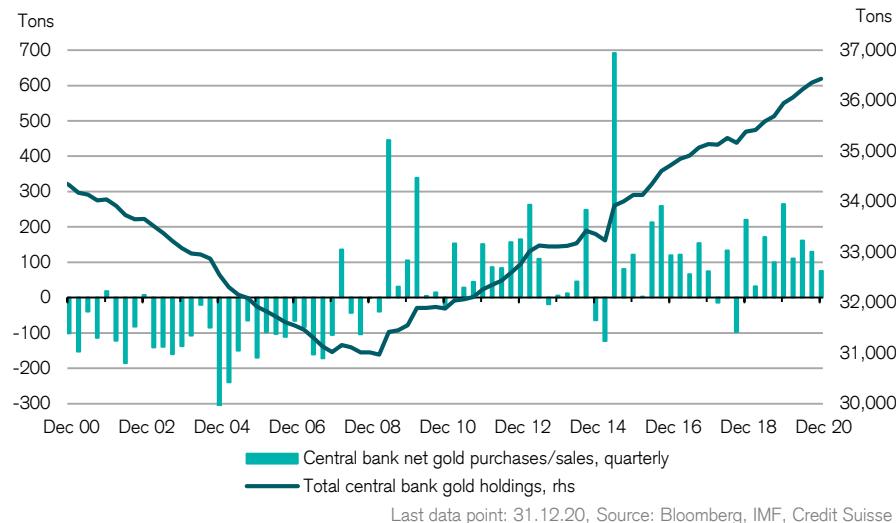
China jewelry retail sales vs. spot premia



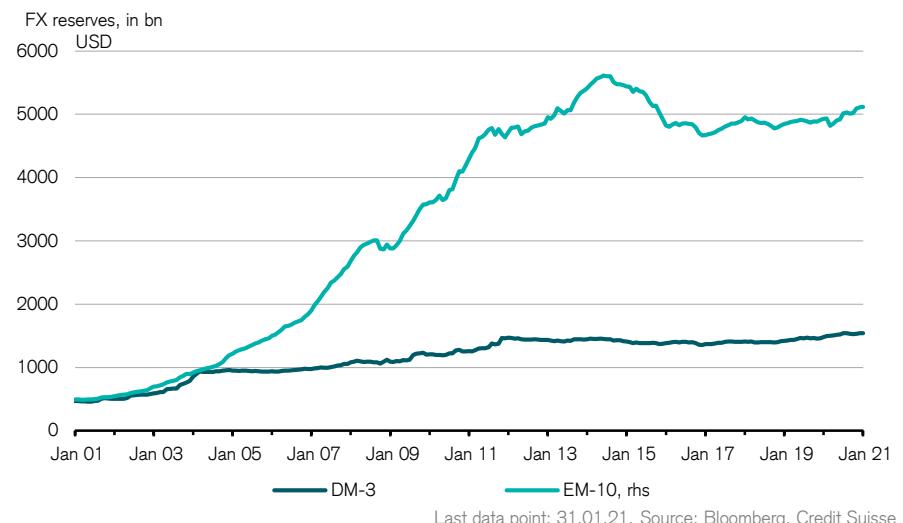
India gold imports vs. spot premia



Central bank gold purchases



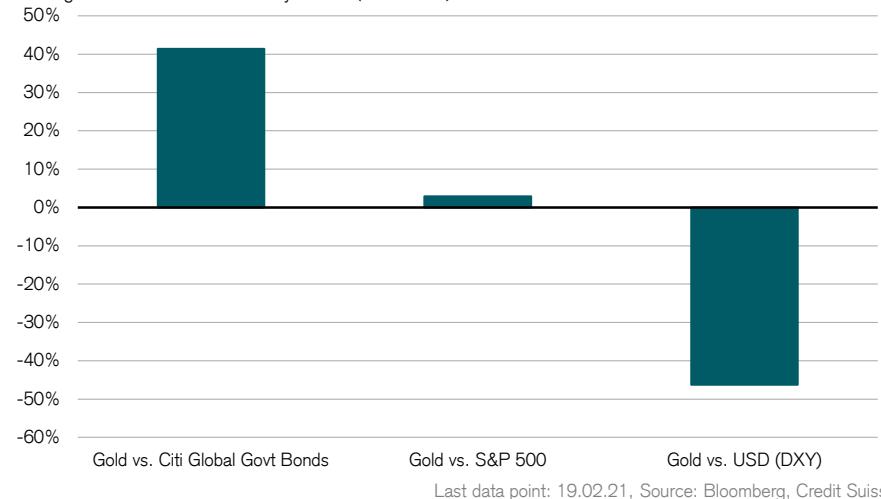
Central bank FX reserves (ex-gold)



Gold: Portfolio context

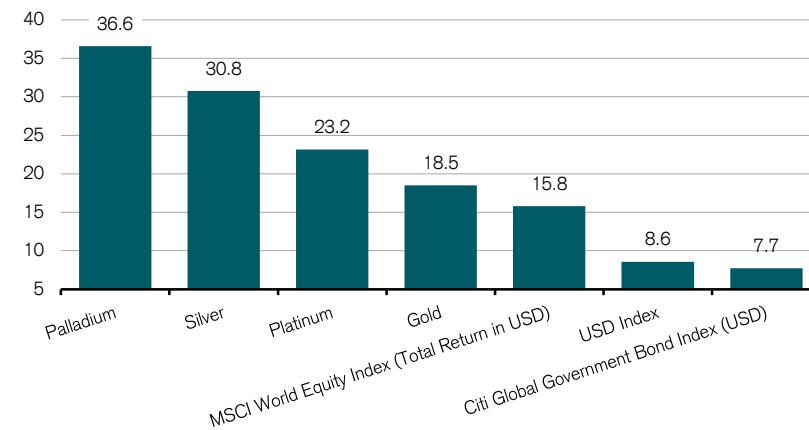
Gold correlation vs. other assets

Average correlation between weekly returns (since 1995)



Gold volatility vs. other assets

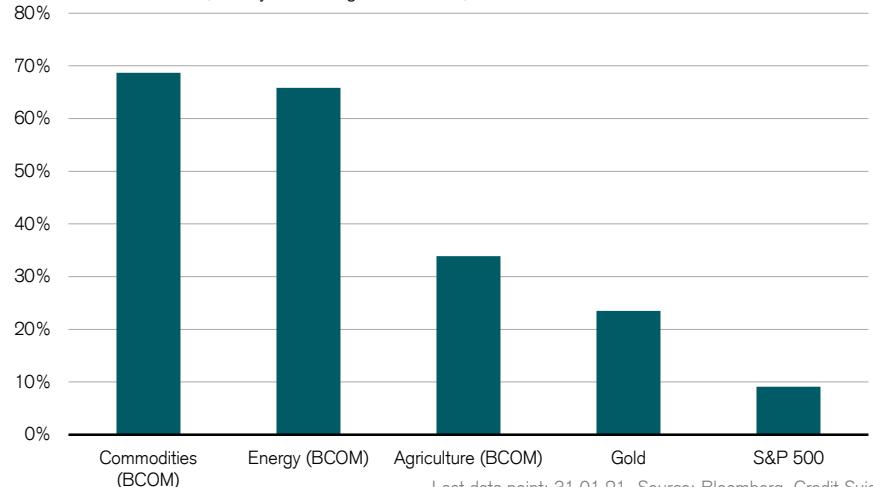
in %



Last data point: 19.02.2021, Source: Bloomberg, Credit Suisse

Correlation US CPI vs. commodities and sub-markets

Correlation with US CPI (monthly YoY changes since 1995)



Gold vs. US CPI, YoY changes

Gold YoY return, in %

2.0

1.0

0.5

0

-0.5

-1%

1%

3%

5%

7%

9%

11%

13%

15%

● Below 10% inflation (US CPI)

◆ Above 10% inflation (US CPI)

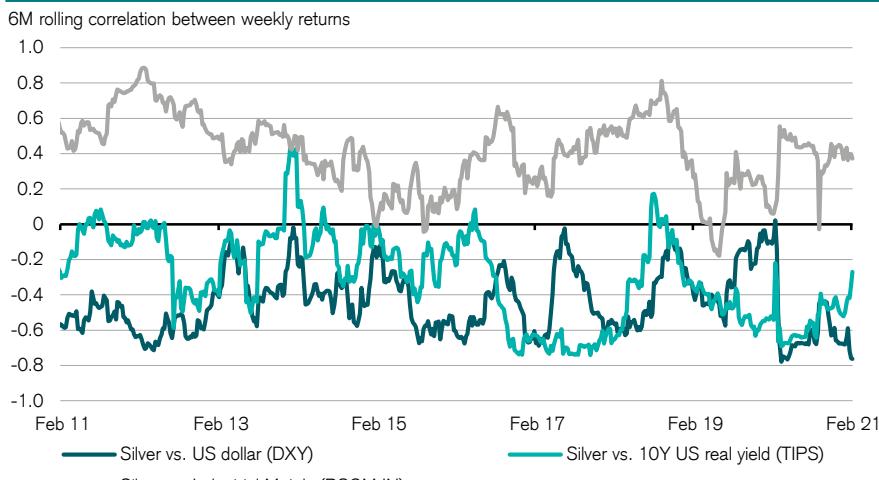
Data since 1970, Last data point: 29.01.2021, Source: Bloomberg, Credit Suisse

Silver: Fundamentals supportive, cyclical helps

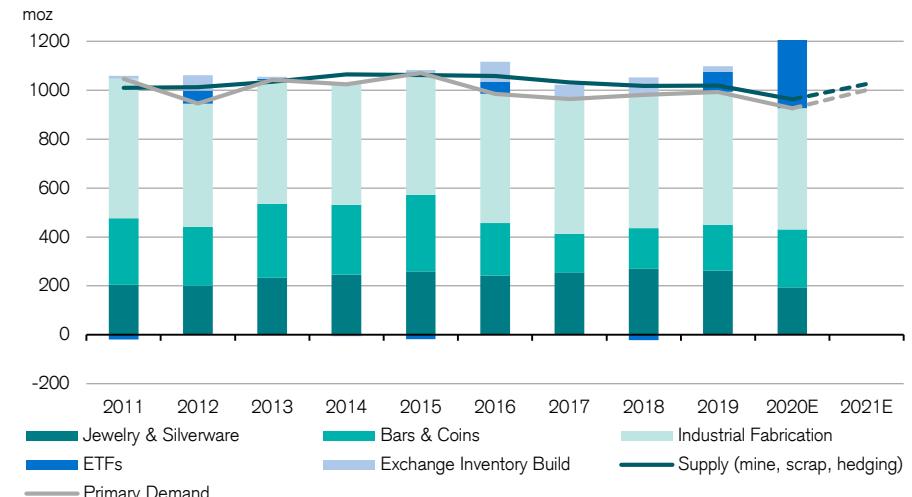
Summary

- Prices:** Silver was the star performer in 2020, gaining almost 50%, while prices started 2021 well supported but some loss of momentum has been noted, as rising US yields and a USD consolidation also impact silver (less than gold due to its more cyclical demand profile).
- Meanwhile, we have witnessed a short-lived price and volatility spike triggered by an internet community fueled speculative frenzy but creating a physical squeeze has and will prove difficult.
- Supply:** Mine output fell 6% in 2020 (MF) but operations have continued to normalize including for recycling facilities, which may lift overall supply to above pre-Covid levels already this year.
- Demand:** Industrial demand is set to rebound strongly this year after a 9% decline last year. Photography, jewelry, silverware also suffered, and have room to improve (except for photo).
- Solar-related demand (~10% of total silver use) has some medium-term growth potential thanks to green stimulus but efficiency gains are likely to limit the potential for physical ounces.
- Bars & coins continue to be a bright spot, with volumes still improving YoY, also in early 2021.
- Balance:** The primary market (ex-investment) may remain in surplus but excess ounces that investors need to absorb to create upward pressure appear moderate. That said, this might raise silver's sensitivity to the USD and US yields, which investor flows are particularly sensitive to.
- Investors:** 2020 was a record year for ETFs, which may be difficult to repeat. That said, January's internet frenzy did spur significant volumes early on. Interest in coins also spiked but long exposure in listed derivatives on the other hand was cut lately (likely profit-taking activity).
- View:** We continue to like silver fundamentally and see scope for relative outperformance vs. gold, especially during periods of accelerating global industrial momentum. Slightly reduced support from the USD and real yields may translate into a higher volatility environment this year.
- Silver is a high-risk asset and the online community episode highlighted that once more.

Correlations: Silver vs. USD, US real yields, industrial metals

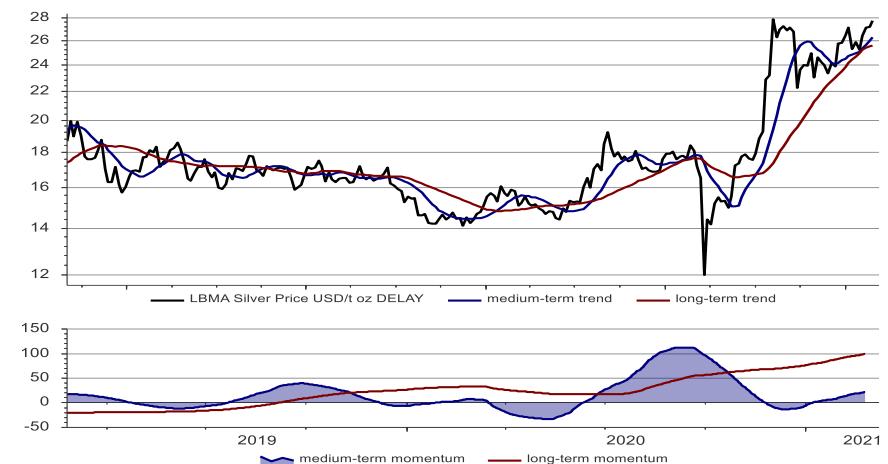


Silver supply/demand



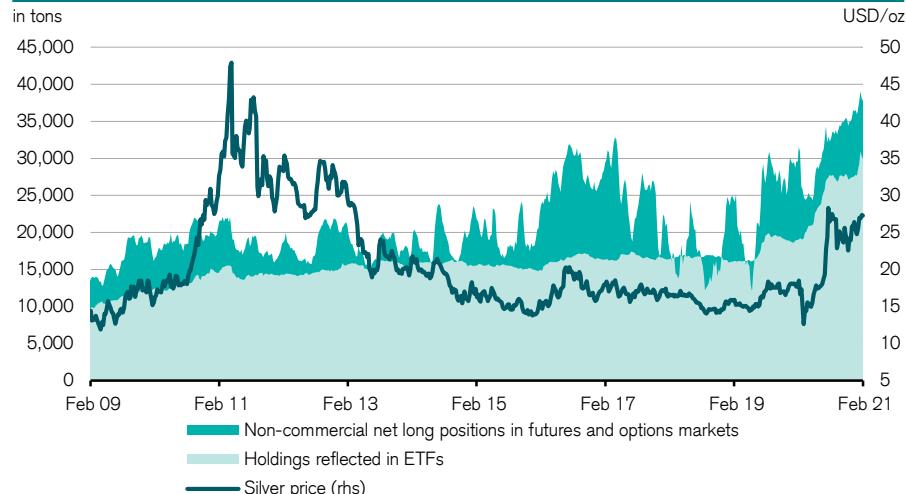
Last datapoint: 11.2020, Source: Metal Focus, Silver Institute, Credit Suisse

Technicals: Moving averages and momentum



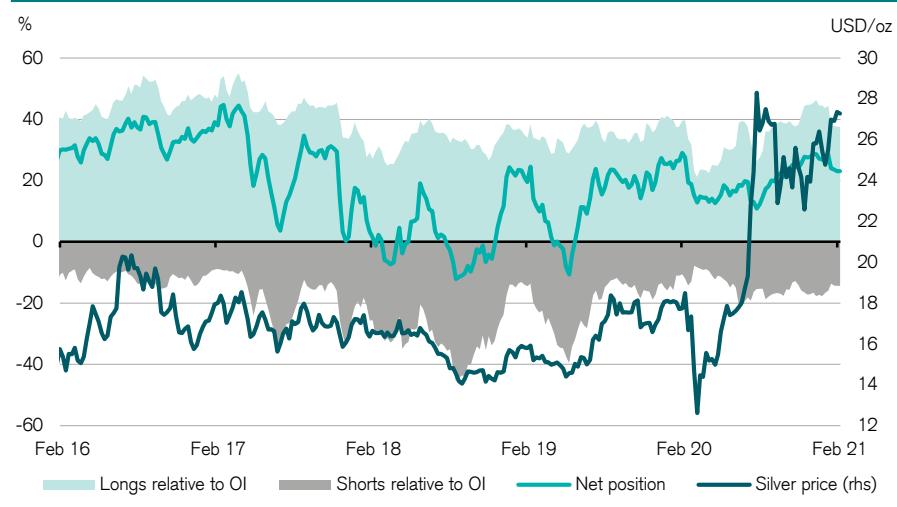
Silver: Overview

Investor demand (ETFs, listed derivatives)



Last datapoint: 16.02.2021, Source: Bloomberg, Credit Suisse

Silver speculative positioning



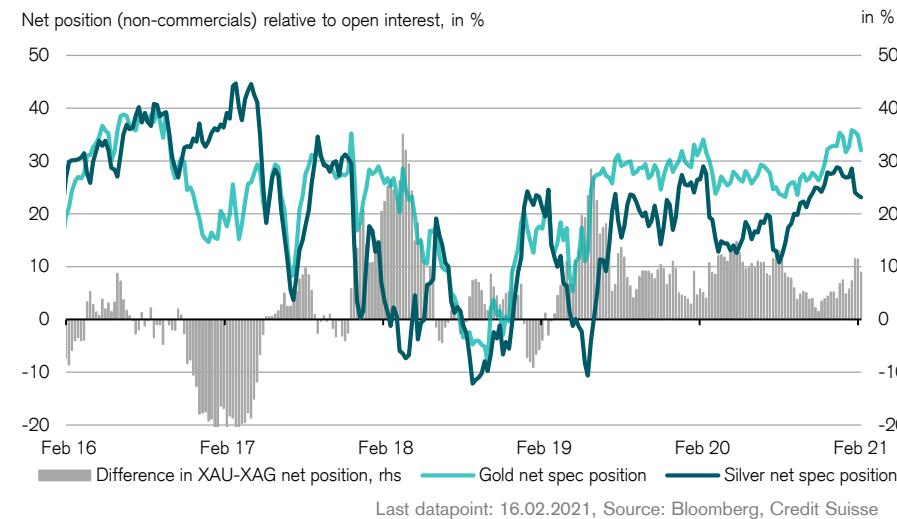
Last datapoint: 16.02.2021, Source: Bloomberg, Credit Suisse

Correlation silver vs. gold



Last data point: 19.02.21, Source: Bloomberg, Credit Suisse

Silver speculative positioning, difference vs. gold



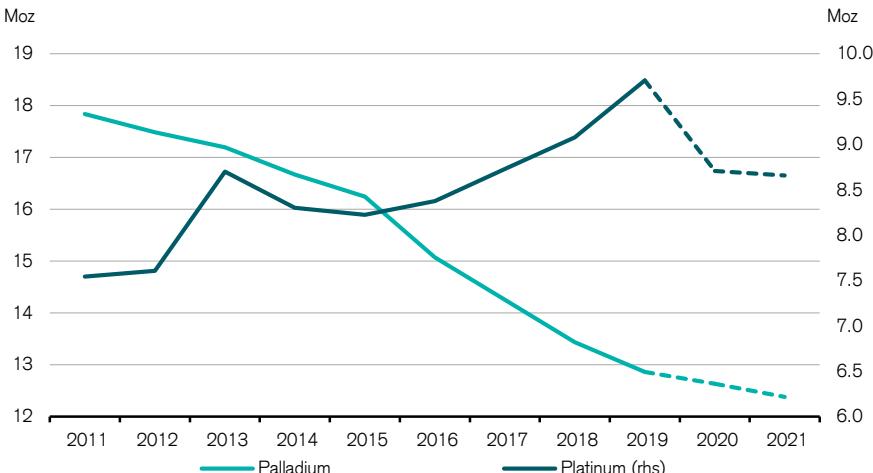
Last datapoint: 16.02.2021, Source: Bloomberg, Credit Suisse

Platinum: No acute tightness but sentiment is improving

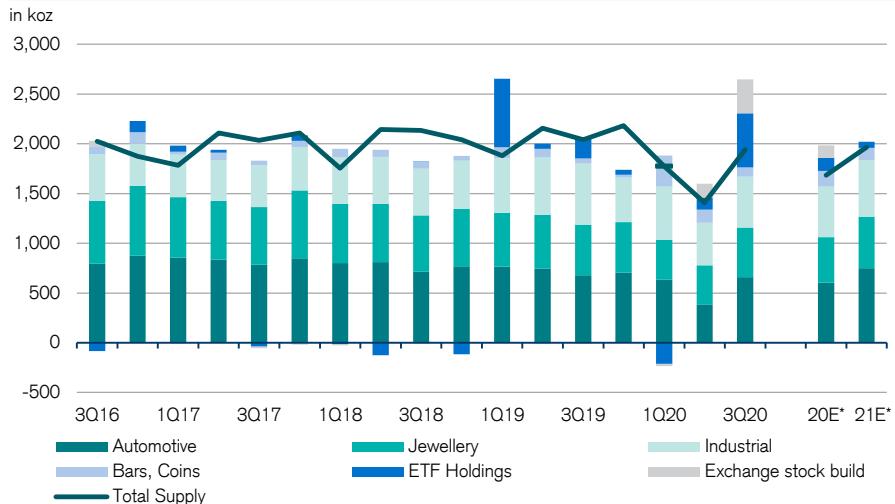
Summary

- Prices:** Platinum extended its relative underperformance vs. other metals in 2020 but has started to catch up in 4Q20, with momentum extending into 1Q21 as auto industries keep recovering.
- Demand:** Auto related demand is the single biggest source of demand (~30-35%), and suffered a large drop in 2020 (~15% YoY) but recovering auto production lifts platinum use sequentially, leading to a V-shaped pick-up this year. Regionally, new emission rules for the heavy-duty segment in China (6a)/India lift PGM loadings, partly offsetting continued loss of diesel share in the EU.
- XPD-XPT substitution efforts are being stepped up and a new tri-metal catalyst could be ready by 2022/23. The substitution potential could be 300-500 koz, favoring a medium-term rebalancing.
- Fuel cells are a more distant but potentially large source of demand (cumulative ~600 koz by 2030).
- Jewelry demand (~20-25% of total demand) has room to recover this year from very weak levels. Other industrial uses (petroleum, glass, electronics) are set to pick up, too, especially chemicals.
- Investors:** Demand (bars, coins, ETFs, derivatives) shows large variance, and was softer in 2020 vs. 2019 but still very strong in absolute terms. For 2021, we start with modest assumptions but we note some pick-up in derivatives and ETF interest YTD.
- Supply:** South African operations in particular (~65% of total mine output) were heavily disrupted but overall availability – both primary and secondary supply – is set to rebound strongly this year. Easing forward swaps have hinted at some improvement, and above-ground stocks remain ample.
- Balance/View:** Both supply and demand are set to rebound in 2021, while investor demand will determine whether the market faces a deficit or a surplus. We assume the former, as the primary surplus is modest and should relatively easily be absorbed by investors.
- Some technical improvement is observed as the market managed to cross multi-year resistances, pointing at a bigger base. Above average implied vol could be used for vol selling strategies.

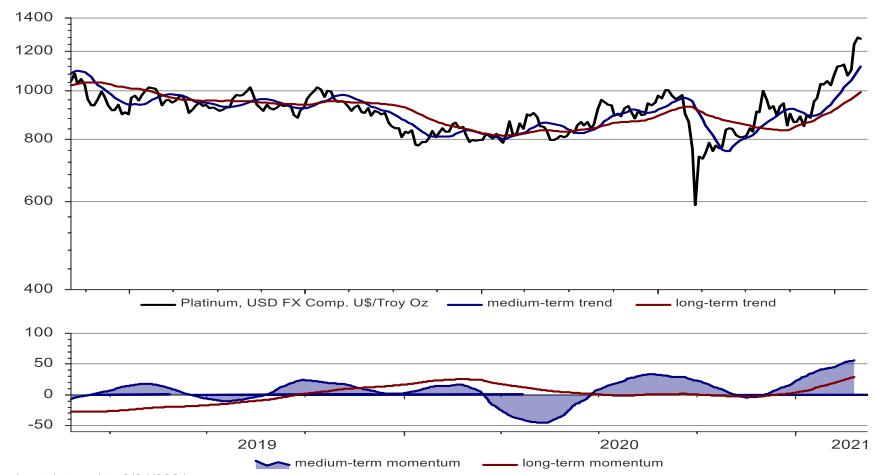
Above-ground stocks: Platinum, palladium



Platinum supply/demand

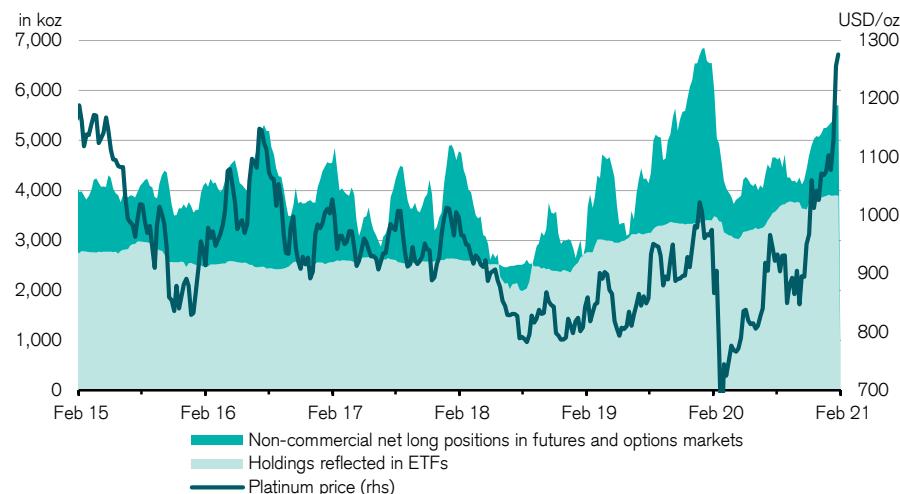


Technicals: Moving averages and momentum

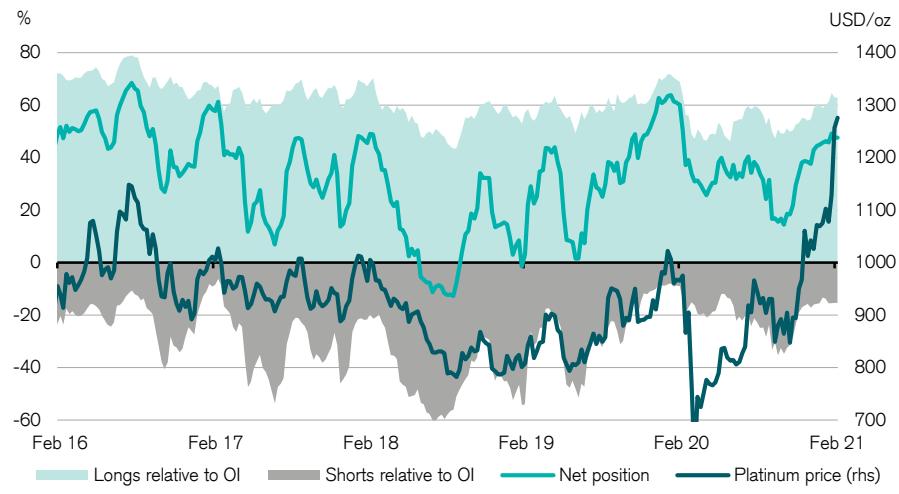


Platinum: Overview

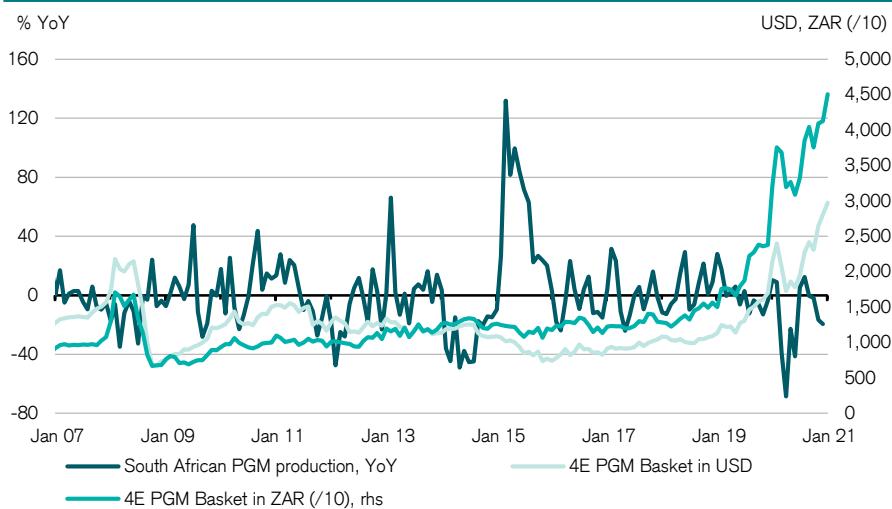
Investor demand (ETFs, listed derivatives)



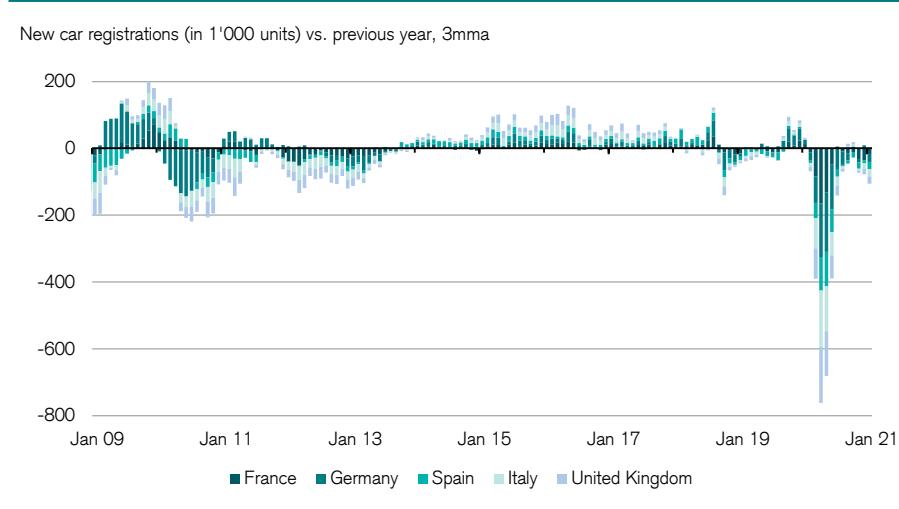
Platinum speculative positioning



South African platinum mine supply



Europe car registrations (diesel share ~25-30% now vs. ~55% 4Y ago)

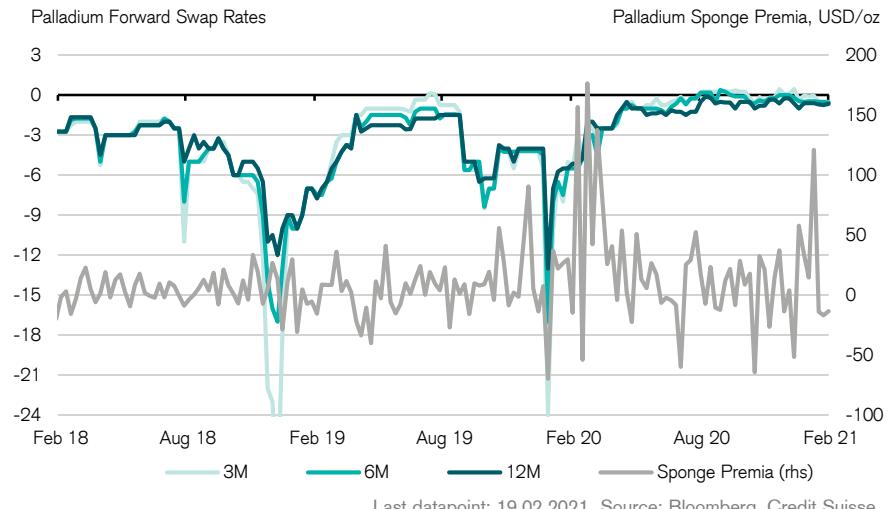


Palladium: Another deficit; supply response/substitution take time

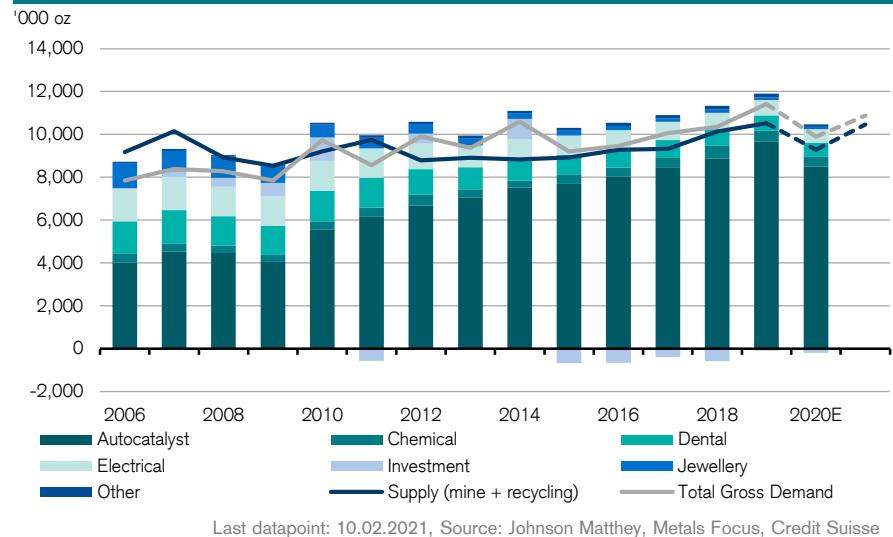
Summary

- Price:** Spot ended a turbulent 2020 ~25% higher but has been trading in a USD 2.2k-2.5k range recently, also in 2021 so far. Forward swaps and EFP currently hint at modest tightness.
- Demand:** Catalytic converters for gasoline engines account for ~80% of total demand. Palladium benefits from diesel's market share loss as gasoline, EVs, hybrids gain, which use small ICEs. Globally, gasoline has ~75-80% (-) market share vs. ~10-15% (-) diesel, ~5-10% (+) hybrid, EVs.
- Car sales continue to rebound, esp. in EM, while DM sales have been pausing lately but YoY comparisons will also soon turn strongly positive. 2021 volumes are unlikely to reach pre-crisis levels
- New emissions standards in the EU, China, and India (tighter regulations spur higher PGM loadings) have helped offset the negative impact from lower auto production. Following aggressive restocking activities by Chinese manufacturers through 1H20, the pace of imports is set to moderate again, as newly installed converters mostly comply already with rules set in the next legislative phase.
- Substitution risk should increase from 2022+ onwards as the industry has started to work on new tri-metal converters. Existing technology has more limited substitution potential.
- Supply:** After major disruptions in South Africa, mine supply is likely to rebound this year, while recycled volumes are also set to recover (capacity constraints remain). Palladium is mostly mined as a by-product, and major expansions (e.g. in Russia) take time to develop.
- The opacity of Russian reserves held in various forms including in stabilization funds (ensuring industry access to physical ounces) add to broader uncertainty, which remains elevated.
- Investors:** High volatility and thin liquidity have deterred investor interest, which is light currently.
- View:** Supply and demand are both set to recover this year to roughly equal degrees, keeping the market in deficit and supporting prices. However, the bull-market could be maturing as substitution risks rise, albeit only gradually. More supply is on the horizon, too. Some caution is thus warranted.

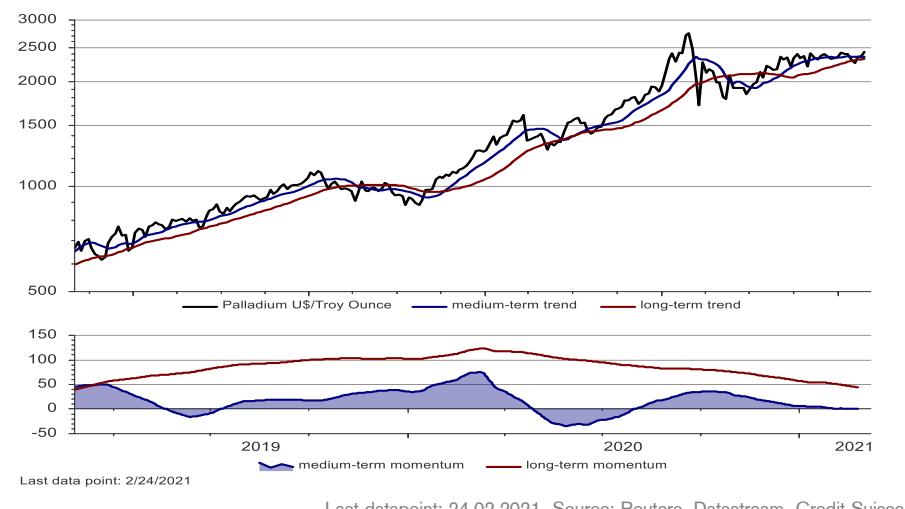
Forward swap rates and sponge premia



Palladium supply/demand

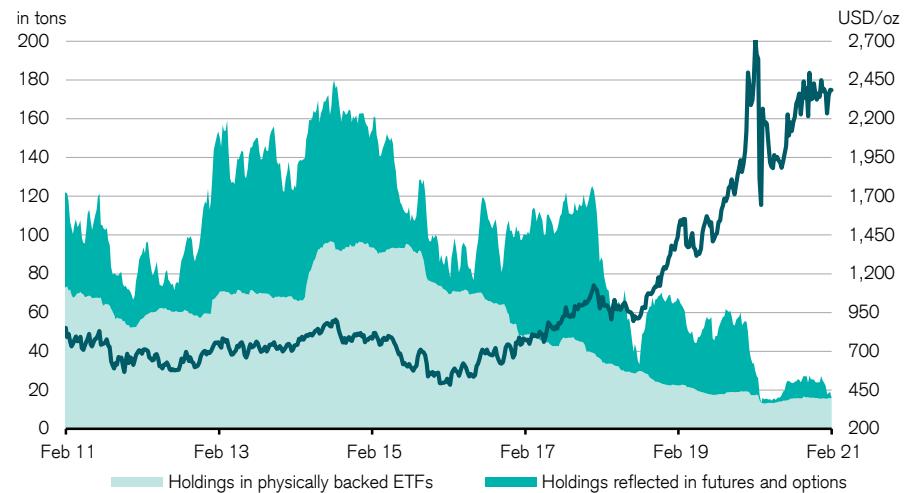


Technicals: Moving averages and momentum



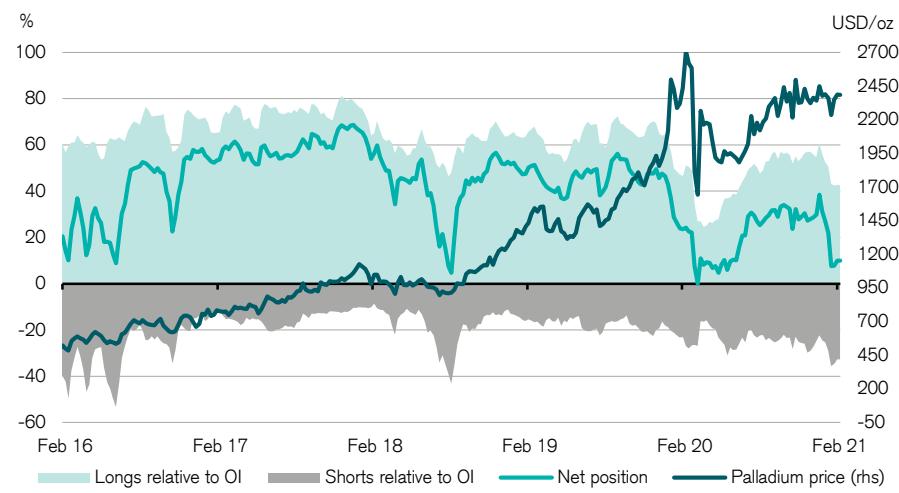
Palladium: Overview

Investor demand (ETFs, listed derivatives)



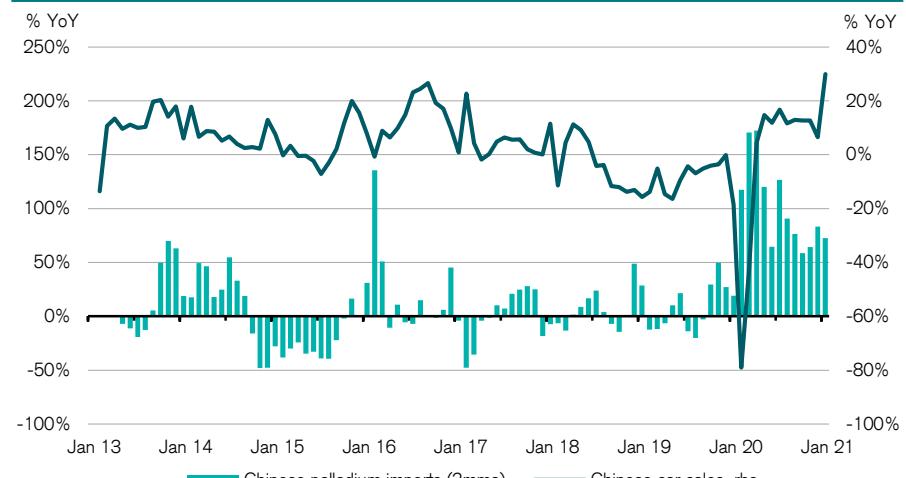
Last datapoint: 19.02.2021, Source: Credit Suisse, Johnson Matthey

Palladium speculative positioning



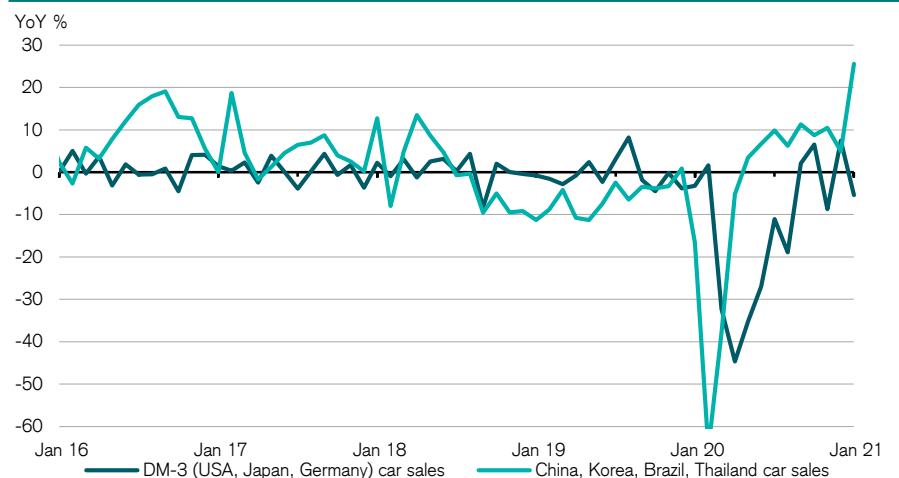
Last data point: 16.02.2021, Source: Bloomberg, Credit Suisse

Chinese palladium imports and domestic car sales



Last data point: 31.01.21, Source: Bloomberg, Credit Suisse

Select DM and EM car sales



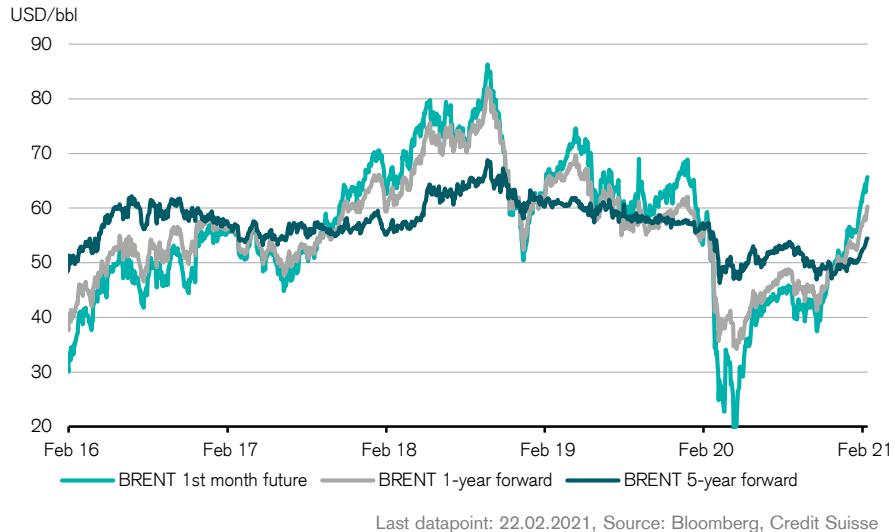
Last datapoint: 31.01.2021, Source: Datastream, Credit Suisse

Brent: Inventories continue to normalize, OPEC+ dictates speed

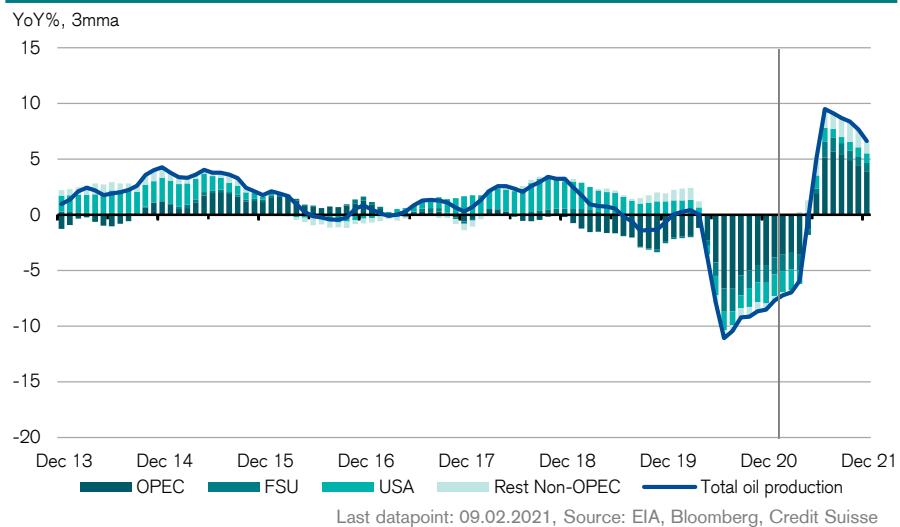
Summary

- Prices:** Brent's recovery has taken hold in two stages (May-Sept 20, and Dec 20-now), with the latter phase being driven by vaccine and stimulus optimism, prospects for stricter US regulation and ongoing OPEC+ restraint. Inventories have continued to shrink meaningfully in this process.
- Supply:** Extra Saudi cuts for Feb/Mar proved effective in reducing inventory overhangs despite ongoing Covid-19 restrictions. At the same time, the market was able to digest incremental Libyan barrels, while US Shale's inertia has been another important element in the rebalancing process.
- All eyes are now on OPEC+ (Mar 3-4 meeting) as the group is discussing supply hikes, which backwardated curves would favor, with Russia preferring market share vs. Saudi's focus on prices/budget. We suspect a compromise can be found, as US volumes currently pose no threat (we only expect a response by 4Q21). The eventual return of Iranian barrels will take time (high hurdles).
- Demand:** The demand recovery is ongoing but has proved uneven given recent mobility restrictions in Europe and China. As a result, agency estimates have been revised lower, with aviation remaining a drag on overall demand (and refining margins). Still, 2Q and 3Q are likely to see a substantial pick-up, as vaccine roll-outs speed up. Pre-Covid levels will only be reached in 2022 at the earliest.
- Balances:** 1Q is seeing large counter-seasonal deficits, while eventual OPEC+ supply hikes for 2Q might reduce the magnitude/speed of inventory draws. Still, relative inventory shifts (which matter for prices and term structures) should remain supportive through summer before more supply returns.
- View:** The March OPEC+ meeting is an event risk and potential source of volatility but we think the broader rebalancing process is set to continue (unless the group falls apart like in Mar 20 but this seems unlikely). Positioning does not look stretched but curves already price further inventory progress (which is fair). We expect a seasonal price peak in 3Q, followed by some moderation into year-end. Currently, both spot and roll yields drive returns (relevance of carry rises as cycle matures).

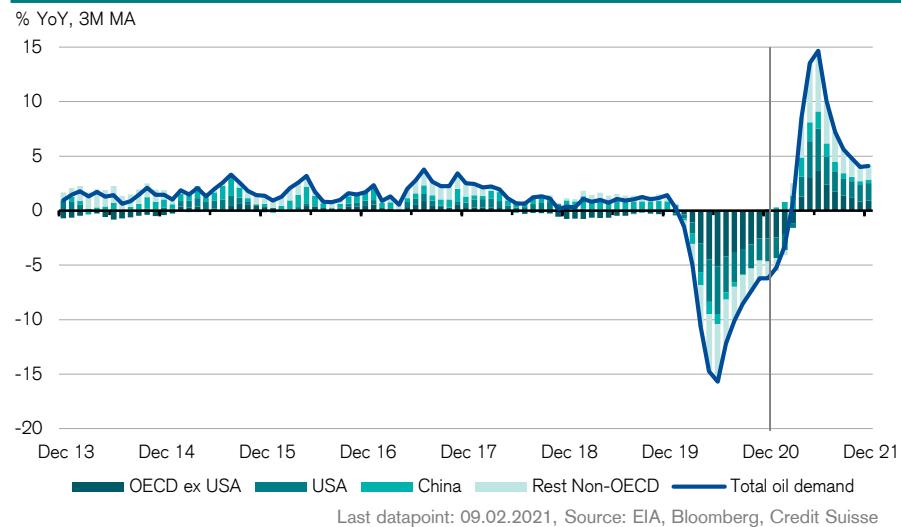
Brent crude oil prices



Global oil supply growth

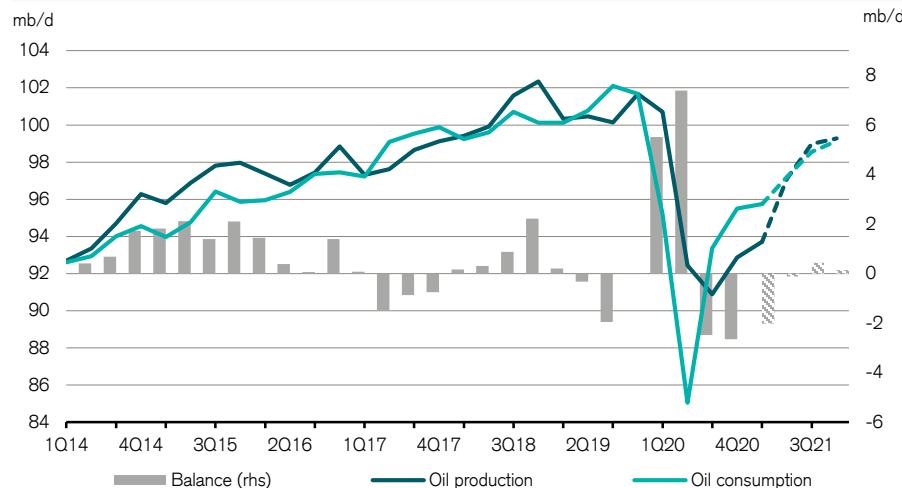


Global oil demand growth (pre-nCov outbreak)

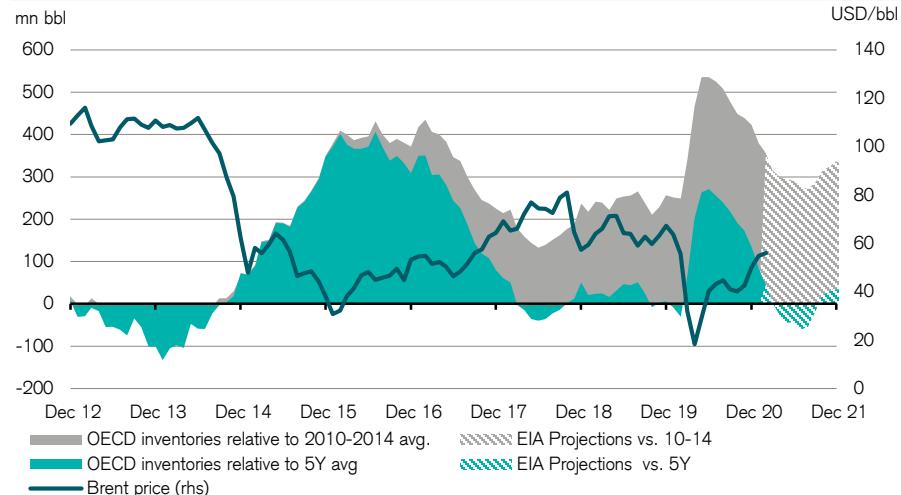


Brent: Overview

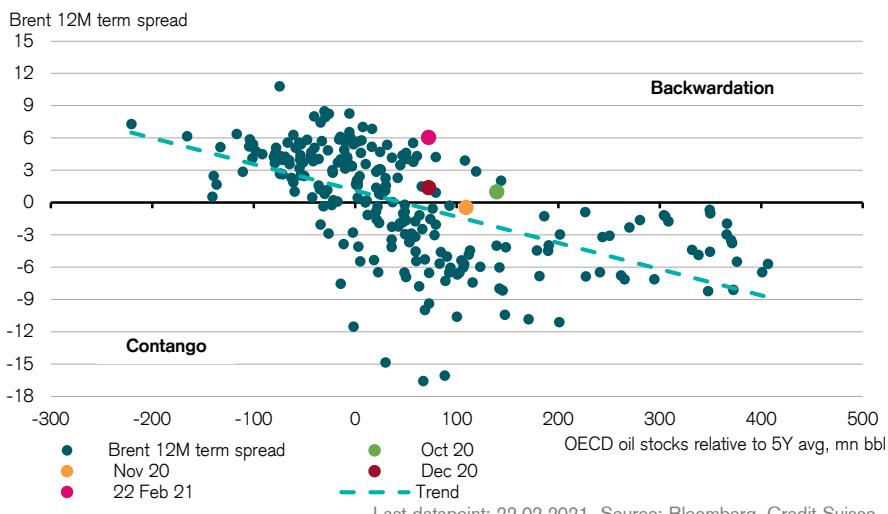
Global oil supply / demand



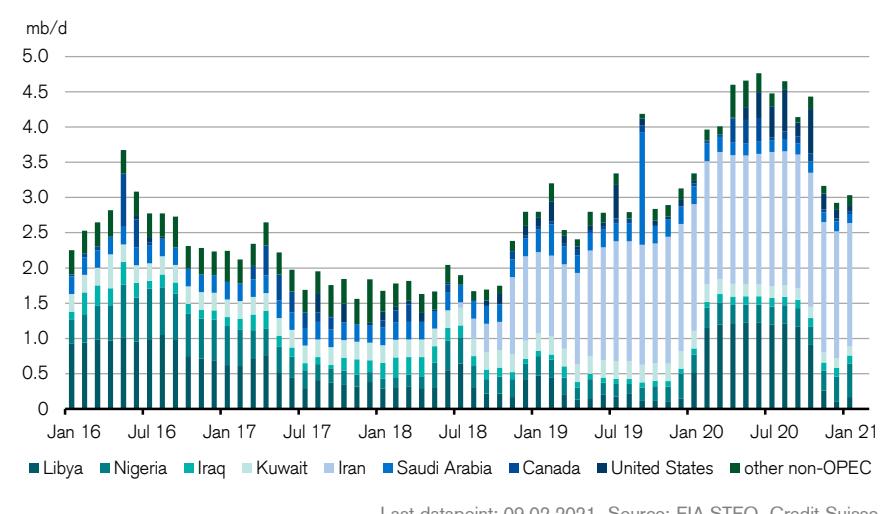
OECD crude oil inventories relative to 5Y and 2010-2014 average



Brent term spreads vs. OECD crude oil inventories

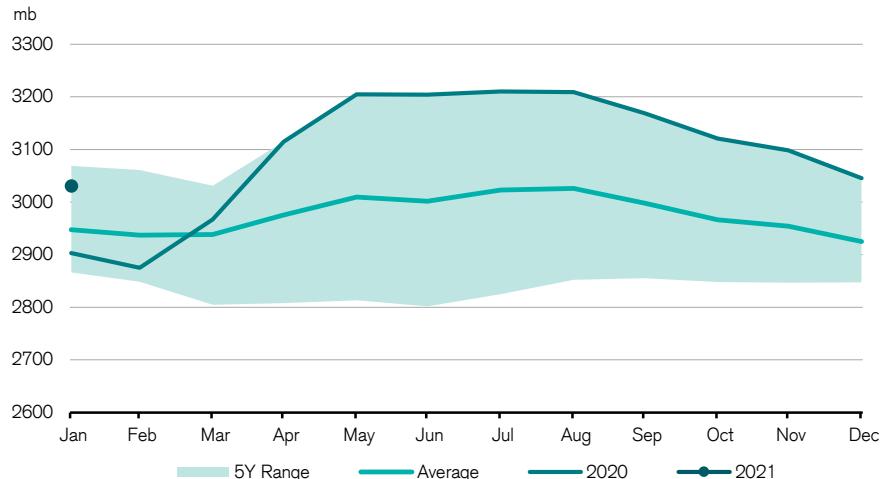


Unexpected disruptions across OPEC and non-OPEC producers



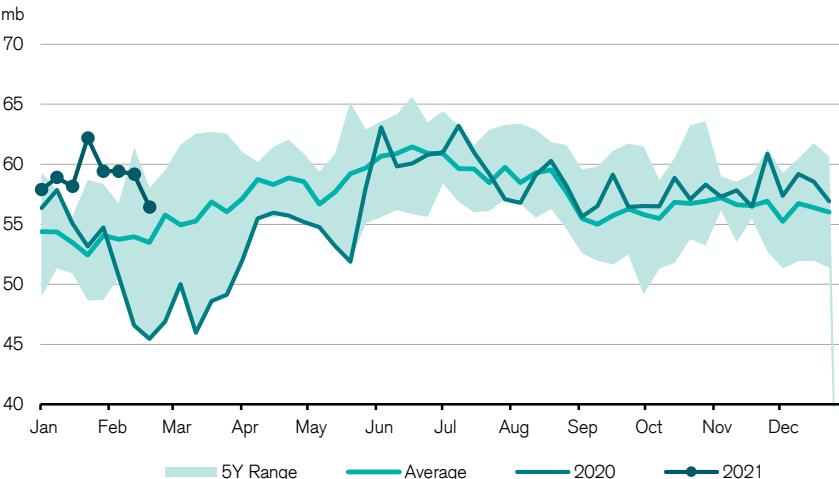
Brent: Global crude inventories

OECD crude oil inventories



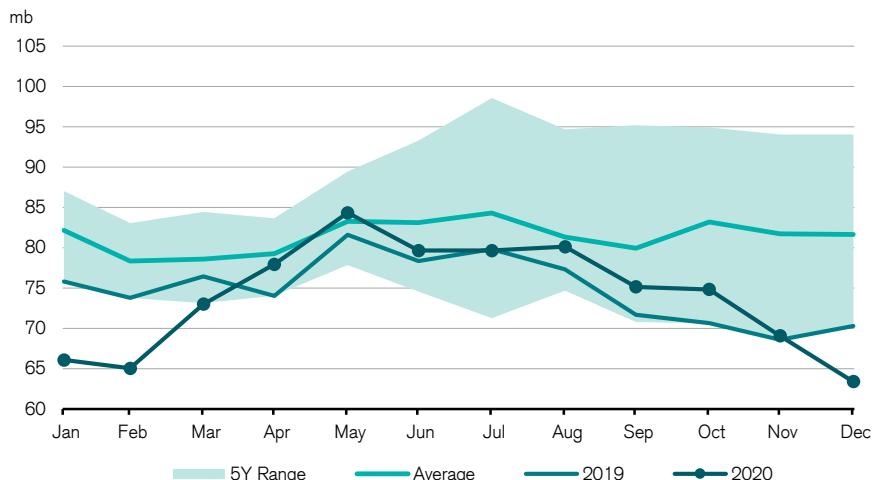
Last datapoint: 31.01.2021, Source: Bloomberg, Credit Suisse

Europe crude oil inventories - ARA



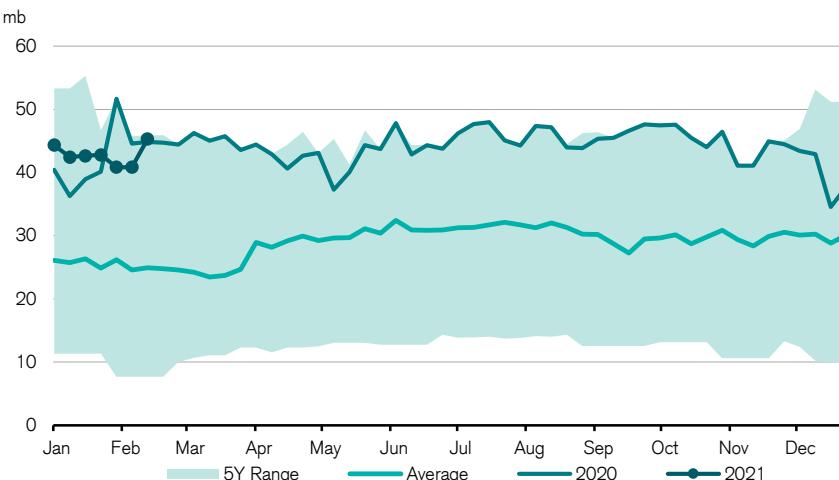
Last datapoint: 19.02.2021, Source: Bloomberg, Credit Suisse

Japan crude oil inventories



Last datapoint: 30.12.2020, Source: Bloomberg, Credit Suisse

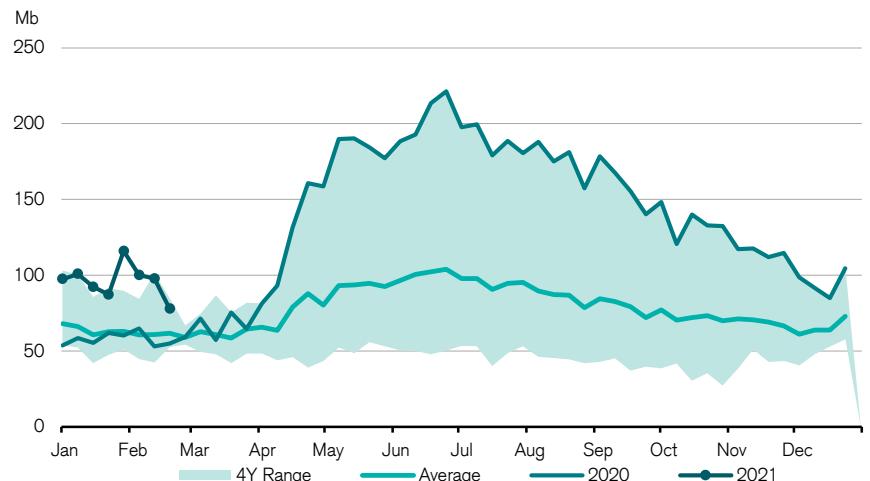
China Shandong crude inventories



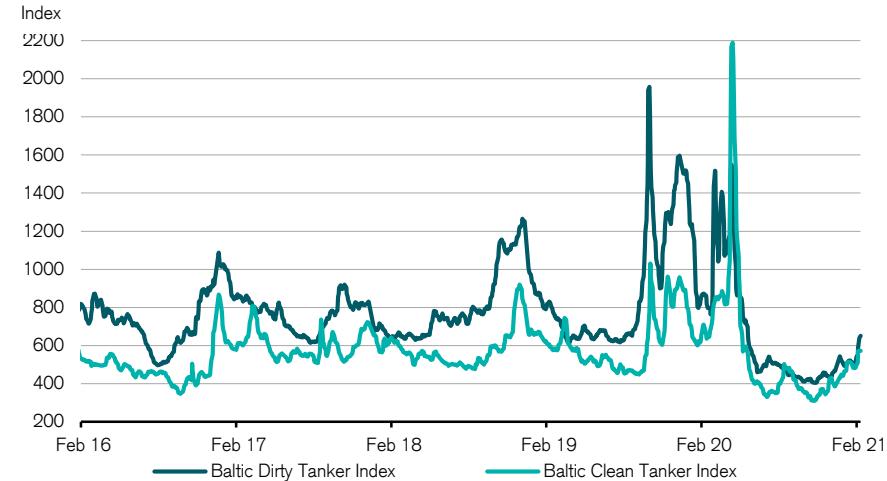
Last datapoint: 14.02.2021, Source: Bloomberg, Credit Suisse

Brent: Overview

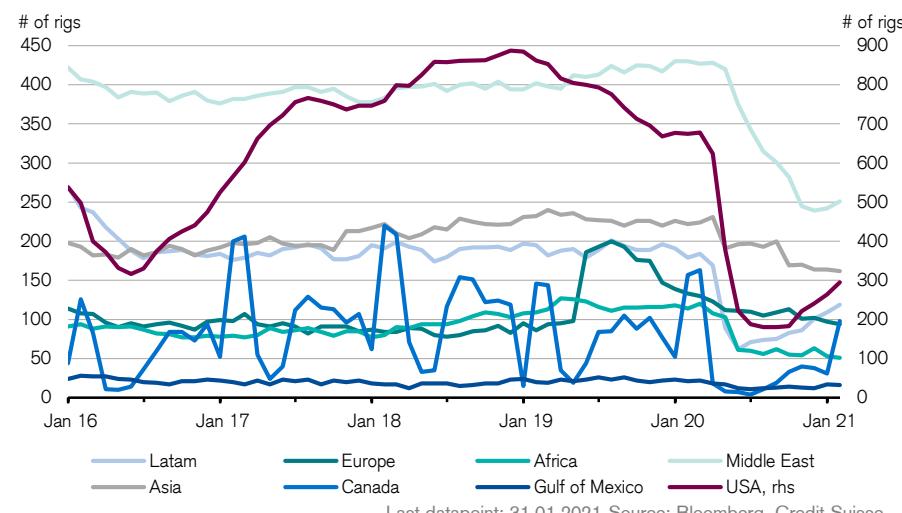
Global crude oil floating storage



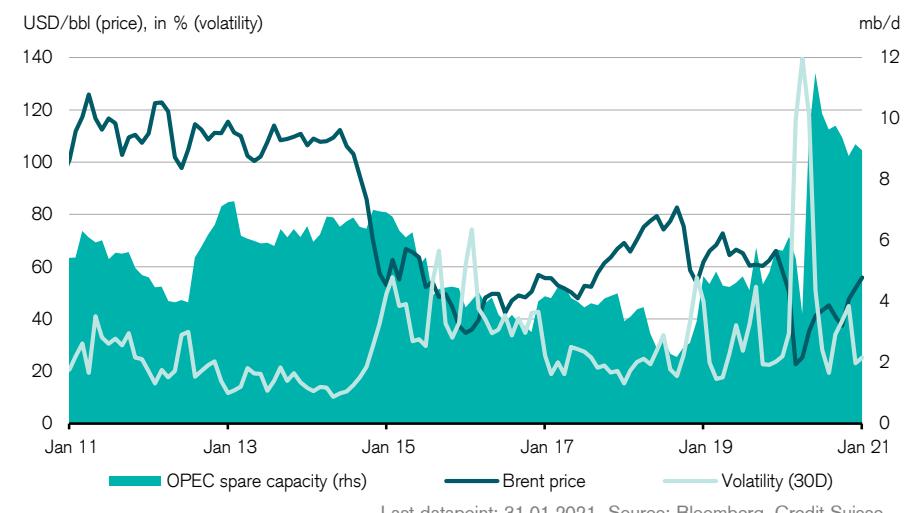
Baltic dirty and clean tanker index



Global drilling activity



OPEC spare capacity and price volatility

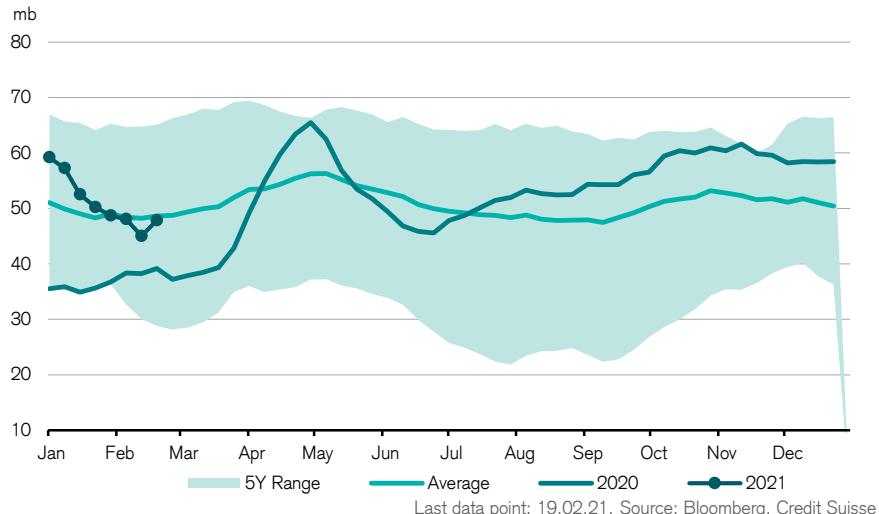


WTI: US shale still muted, pick-up only later this year

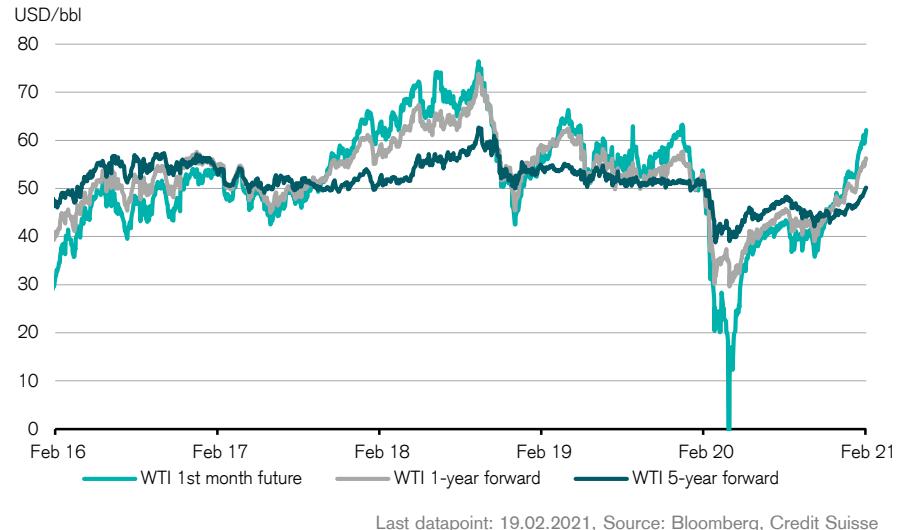
Summary

- Prices:** Following a pause in early 4Q20, WTI accelerated again into year-end and through 1Q21 so far along with the broader energy complex. Term spreads flipped into steep backwardation.
- Supply:** US crude output stabilized in 4Q20, while latest EIA (downward) revisions show a 1.3 mb/d full-year average drop. YTD, operations were off to a weak start amid renewed (temporary), while drilling activity has yet to reach levels that would spur volume growth.
- For 2021, agency estimates project a stabilization through 2Q/3Q before volumes could start to pick up by 4Q, still resulting in another full-year YoY decline in US shale. Capex discipline and regulatory uncertainty should prevent a swifter and more meaningful response despite prices having already risen faster and further than previously expected.
- The new US administration is due to announce more regulatory details for operations on federal lands; producers still hold drilling permits for several years, i.e. the near-term impact is modest but costs may rise, impair future volume growth and deter capex. In any case, breakevens (mid-cycle and free cash flow) have started to shift higher again, as productivity gains remain challenged.
- Stocks:** US crude stocks have been shrinking substantially and counter-seasonally in recent weeks, pointing to an accelerated rebalancing process. Stocks (both crude and products) are back at their 5-year averages, though in days of forward cover, buffers remain more comfortable (as demand is still soft). Spring maintenance may slow progress somewhat (on the crude side).
- Demand:** The EIA projects a 1.4 mb/d YoY rebound in US demand this year (vs. -2.5 mb/d YoY in 2020), with summer being the strongest period. Pre-Covid levels will only be reached by 2023.
- View:** Muted US shale volumes (this year) and changed industry behavior are critical to ensuring a continuation of the rebalancing process, keeping price risks skewed upwards for now. Eventual US market share gains may trigger a shift in OPEC+' stance and herald a potential price peak.

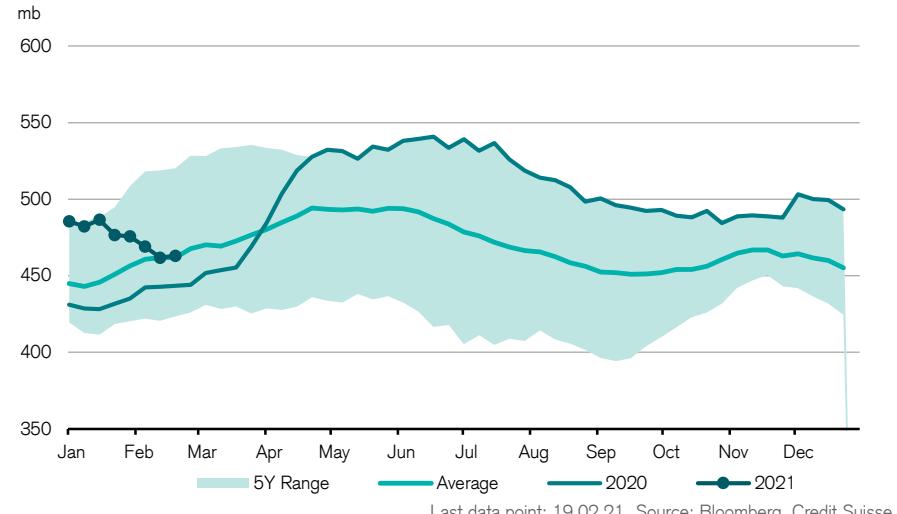
US crude oil stocks at Cushing, Oklahoma (WTI delivery hub, 80 mb cap)



WTI crude oil prices

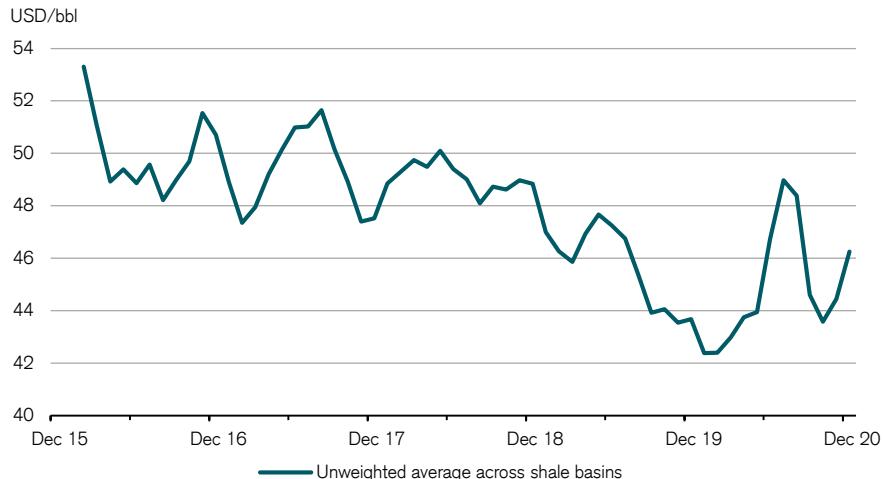


US crude oil stocks



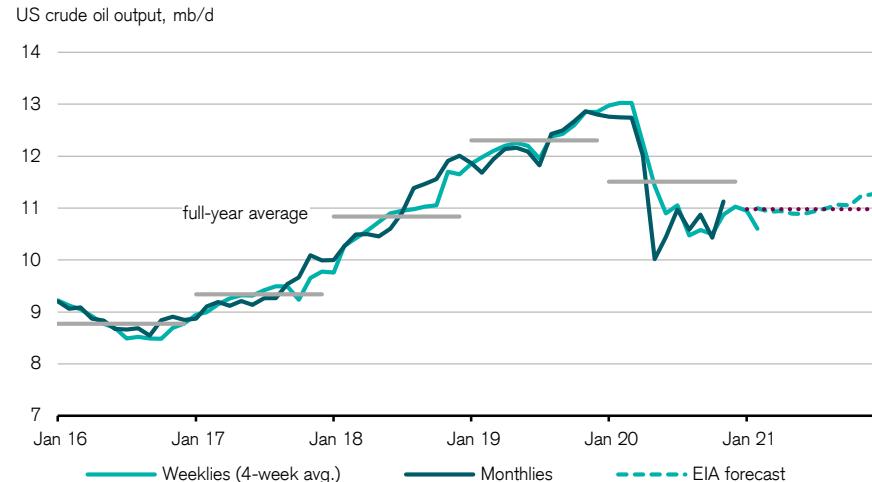
WTI: US market overview

US shale breakevens



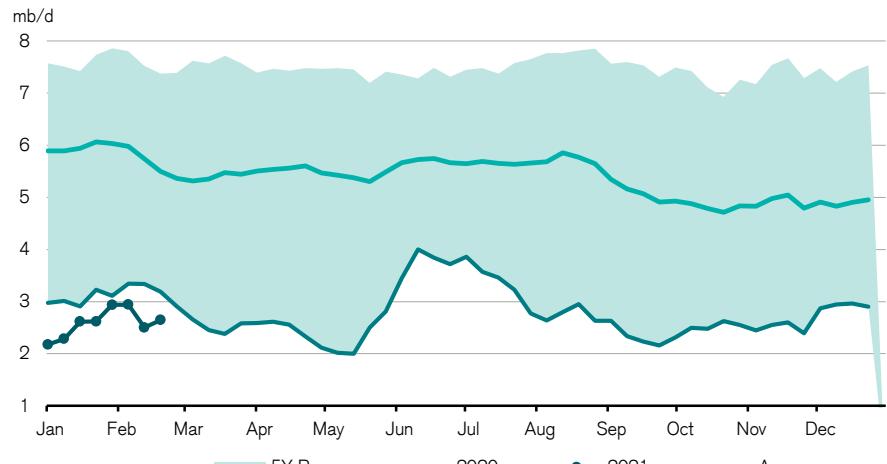
Last datapoint: 31.12.2020, Source: Bloomberg, Credit Suisse

US crude oil production (EIA weeklies, monthlies, forecast)



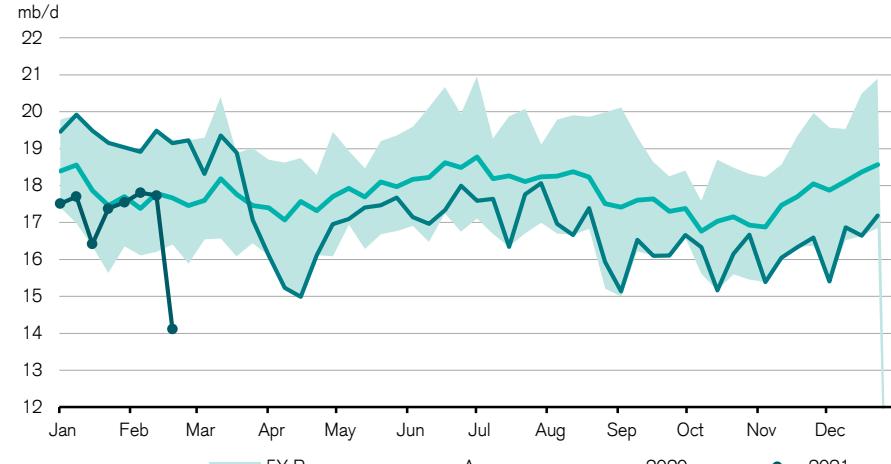
Last datapoint: 09.02.2021, Source: EIA, Bloomberg, Credit Suisse

US crude net trade (imports - exports)



Last datapoint: 19.02.2021, Source: Bloomberg, Credit Suisse

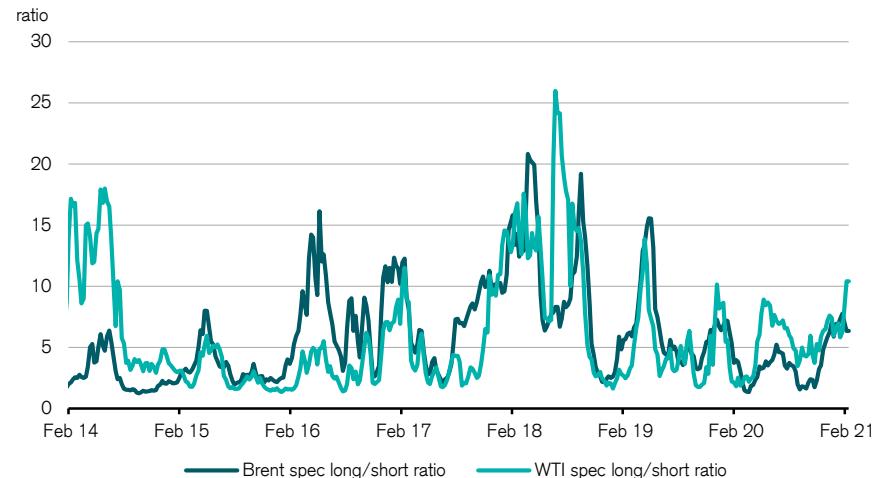
US crude implied demand



Last datapoint: 19.02.2021, Source: Bloomberg, Credit Suisse

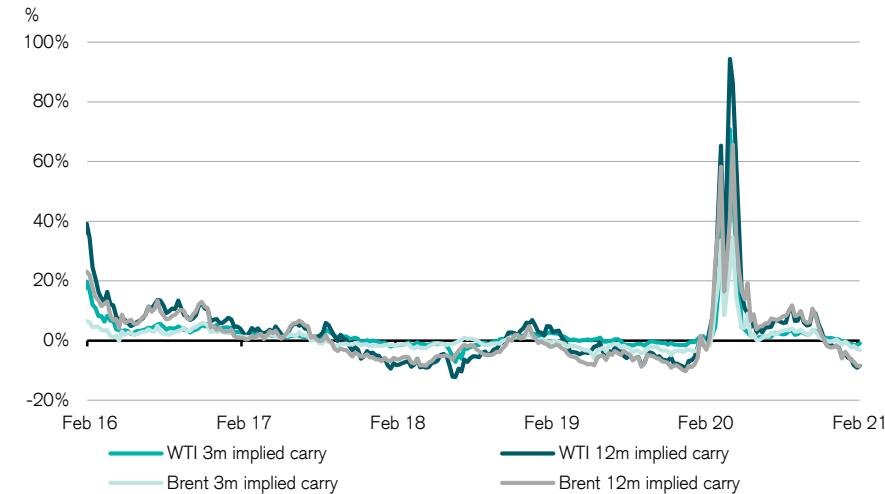
WTI & Brent: Positioning, volatility, carry

Brent and WTI speculative long/short ratios



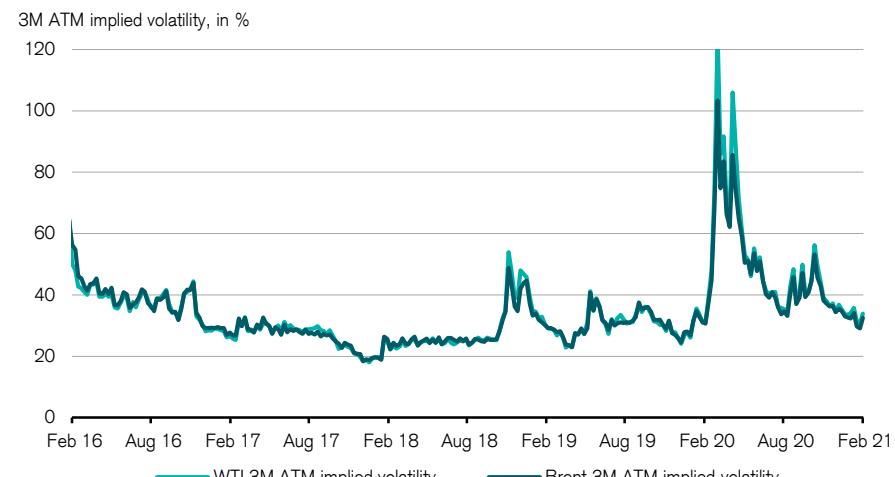
Last datapoint: 16.02.2021, Source: Bloomberg, Credit Suisse

Brent and WTI implied carry costs



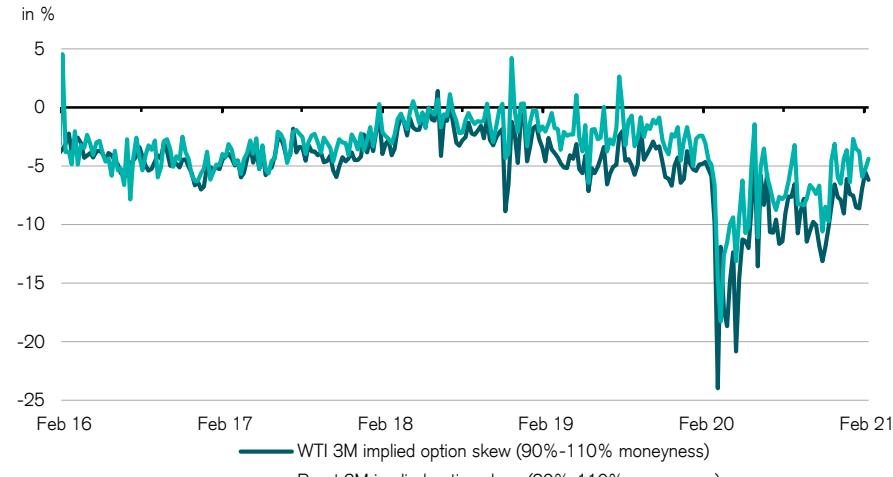
Last datapoint: 22.02.2021, Source: Bloomberg, Credit Suisse

Brent and WTI implied volatility



Last datapoint: 19.02.2021, Source: Bloomberg, Credit Suisse

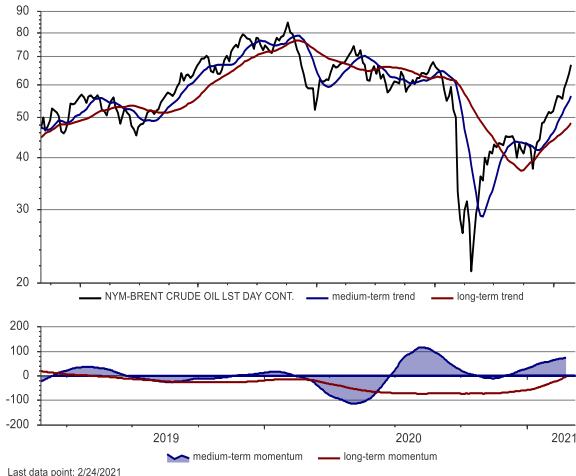
Brent and WTI implied option skew



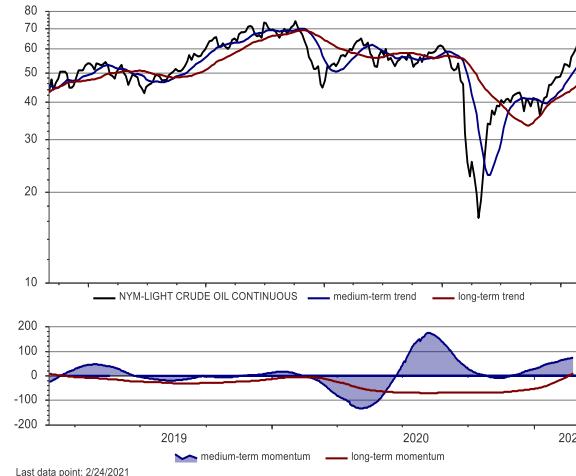
Last datapoint: 16.02.2021, Source: Bloomberg, Credit Suisse

Crude oil and petro products: Technicals

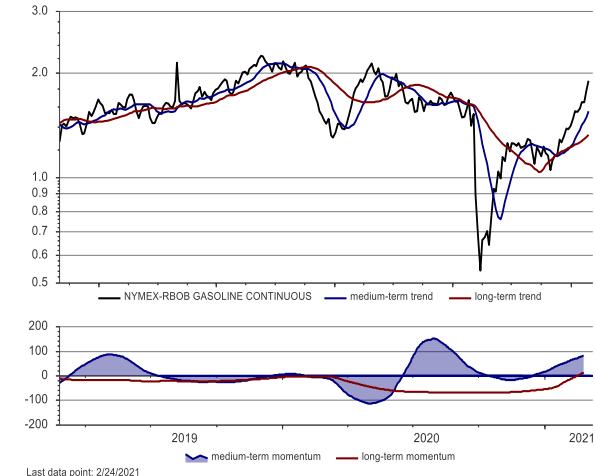
ICE Brent



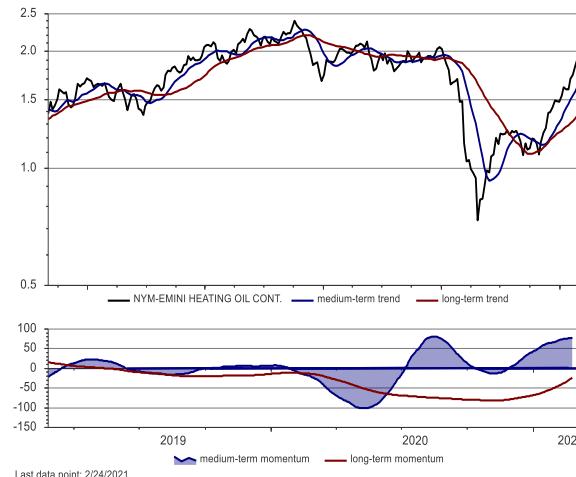
NYMEX WTI



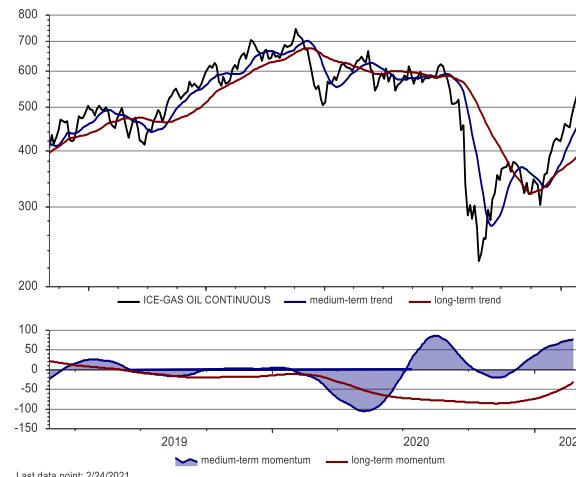
NYMEX RBOB Gasoline



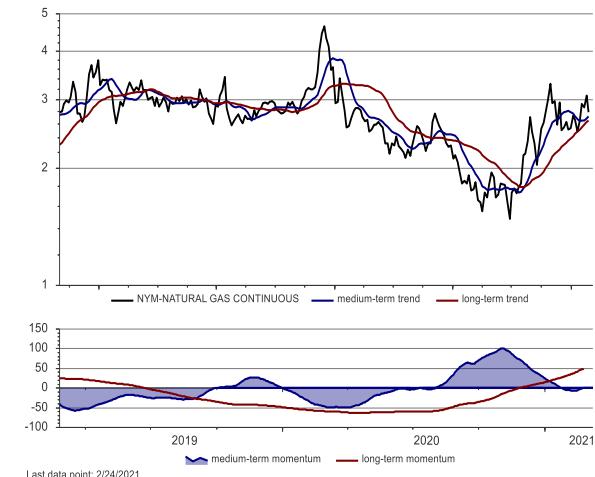
NYMEX ULSD



ICE Gasoil



NYMEX Henry Hub Natural Gas



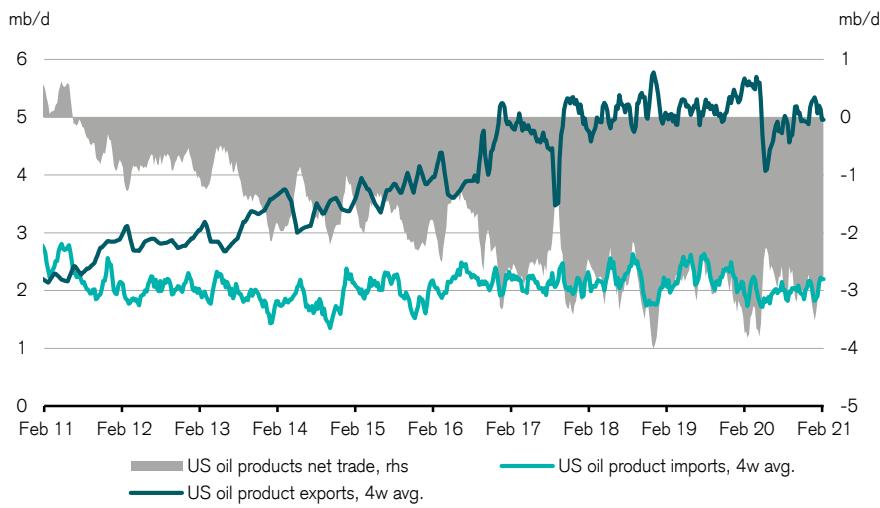
Last data point: 24.02.2021, Source: Bloomberg, Credit Suisse

Petro products: Starting to recover

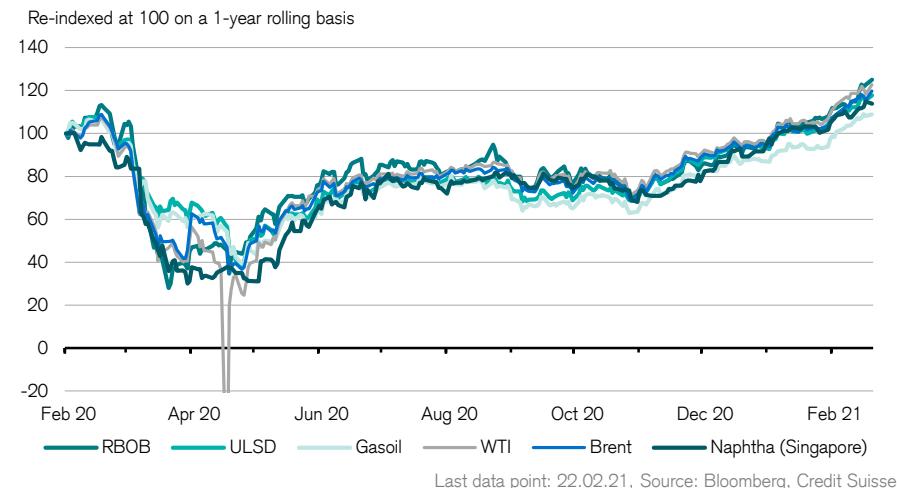
Summary

- Prices:** Product markets continued to recover into year-end and extended their rally rallied along with crude oil as 1Q21 progressed. Diesel trailed marginally (transportation/jet demand still has a lot of ground to recoup considering Covid-restrictions in various regions) but there has been limited relative differentiation among products or in terms of cracks in recent weeks.
- US stocks & cracks:** Refinery utilization remains below seasonal norms but is gradually picking up, while margins have improved, too at least in certain regions (less so at the Gulf Coast). Both gasoline and distillate stocks have shrunk toward seasonal averages (not yet when measured in days of forward cover), and should continue to shrink as spring maintenance is ahead. In any case, the backdrop is improving while a sustained margin recovery is likely to happen but this may take more time (full Covid-recovery and more industry consolidation needed).
- Global stocks & cracks:** Product stocks have continued to improve across regions, while Asian and European cracks have seasonally recovered toward average levels, while some weakness is still noted in the Middle East. We also observe that HSFO-LSFO spreads have started to widen again, also pointing to some normalization within the distillate space.
- Given demand has yet to fully recover, stock buffers measured in forward cover are still very comfortable, helping explain why refinery margins remain weak generally speaking. Following an oversupply period, it is 'normal' to see the crude overhang clear first, followed by products – the reverse of the first phase in this cycle when oversupply builds (crude collapses before products).
- For a full margin normalization, we still wait for (1) a further normalization in aviation activity and (2) more refinery capacity rationalization globally, which takes time as new operations are still added in the Middle East and Asia. Weak long-dated margins are required to force this process, and the market is indeed not pricing a meaningful improvement down the road just yet. Hence, we see value in long-dated cracks should offer value but patience will be needed.

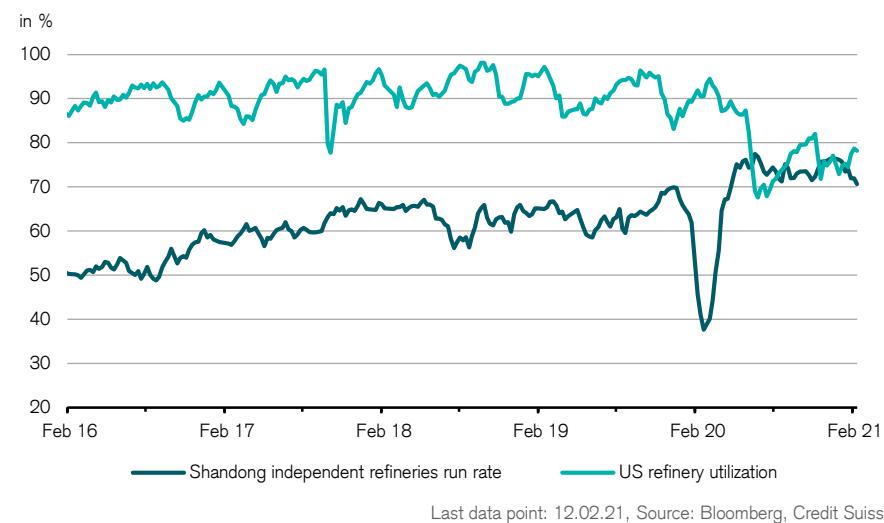
US oil product trade



Oil product and crude prices

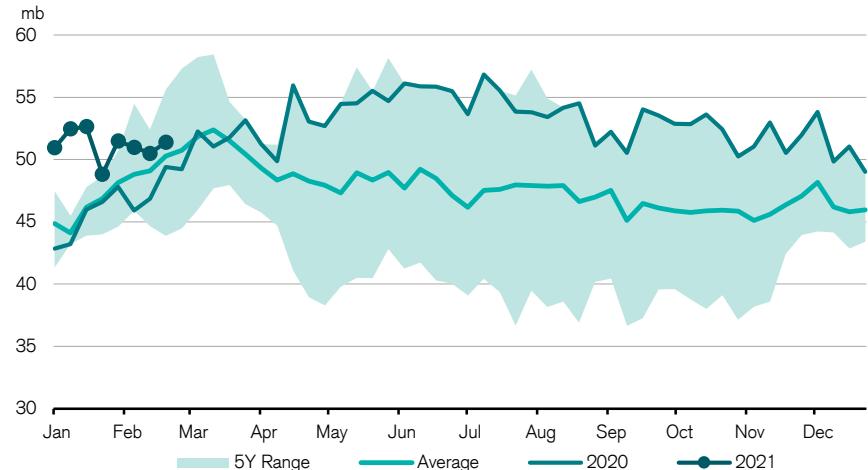


US and Chinese (Shandong independents) refinery utilization



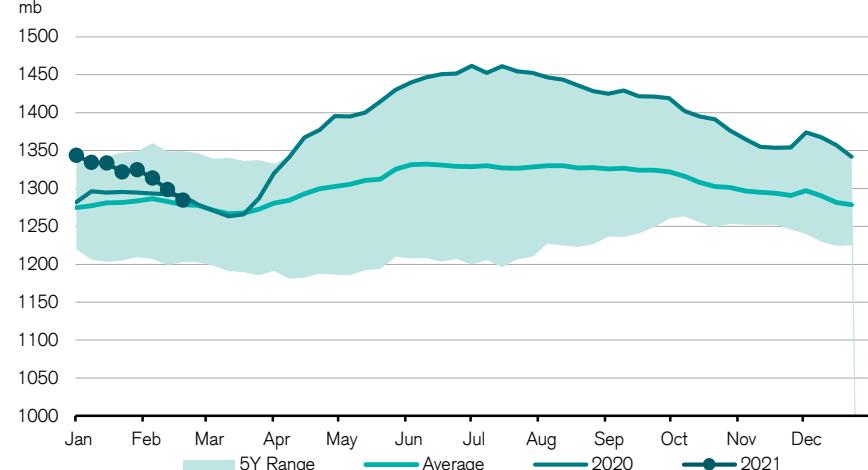
Petro products: Global product inventories

SEA – Singapore product stocks (light + middle distillates, resids)



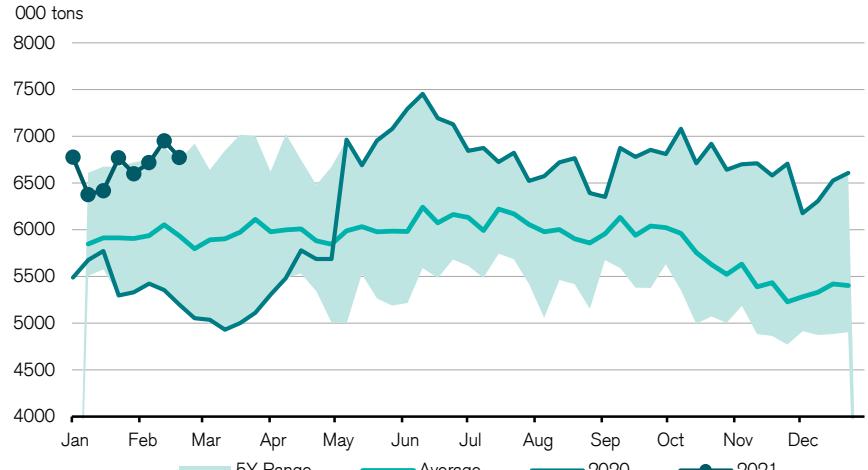
Last datapoint: 24.02.2021, Source: Bloomberg, Credit Suisse

USA total product stocks



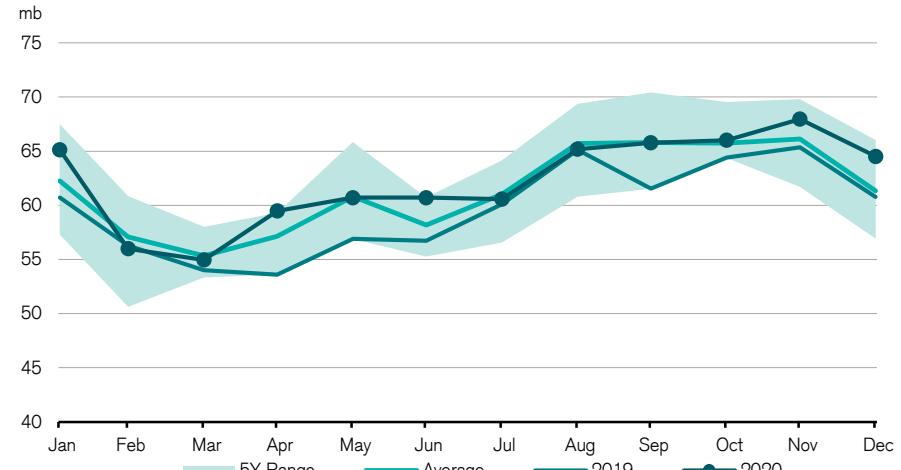
Last datapoint: 19.02.2021, Source: Bloomberg, Credit Suisse

Europe – ARA product stocks



Last datapoint: 19.02.2021, Source: Bloomberg, Credit Suisse

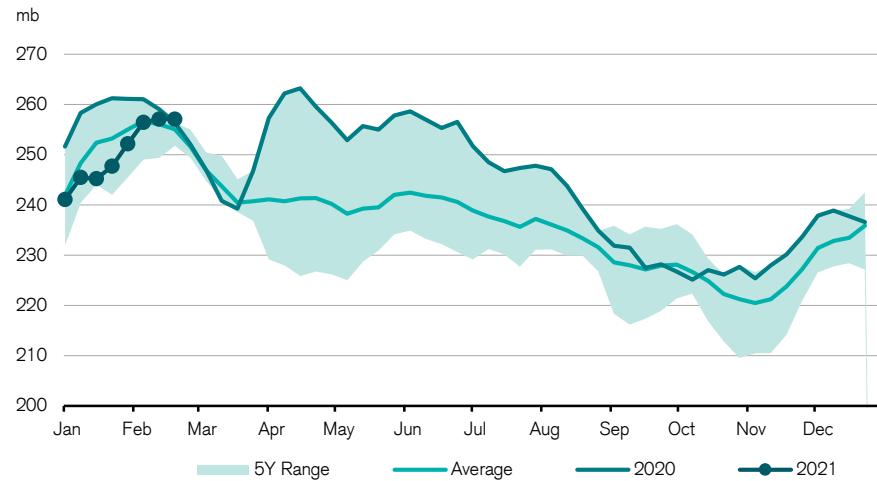
Japan product stocks



Last datapoint: 30.12.2020, Source: Bloomberg, Credit Suisse

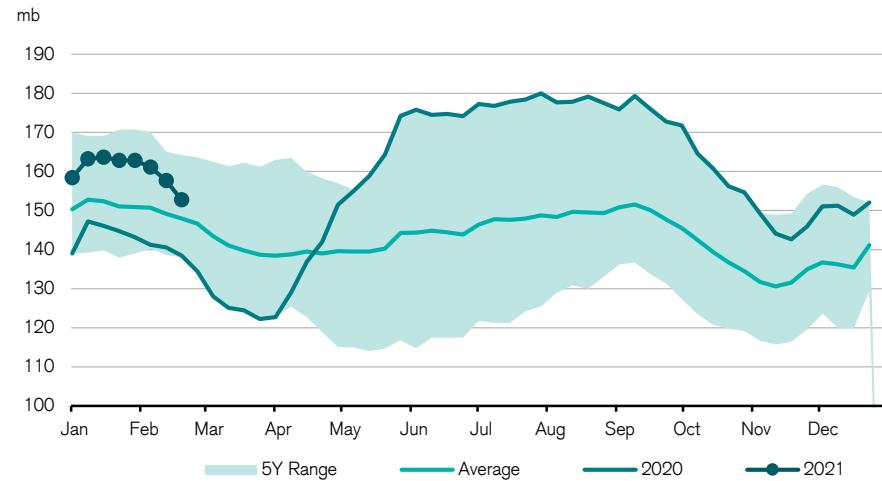
Petro products: US product inventories and margins

US gasoline stocks



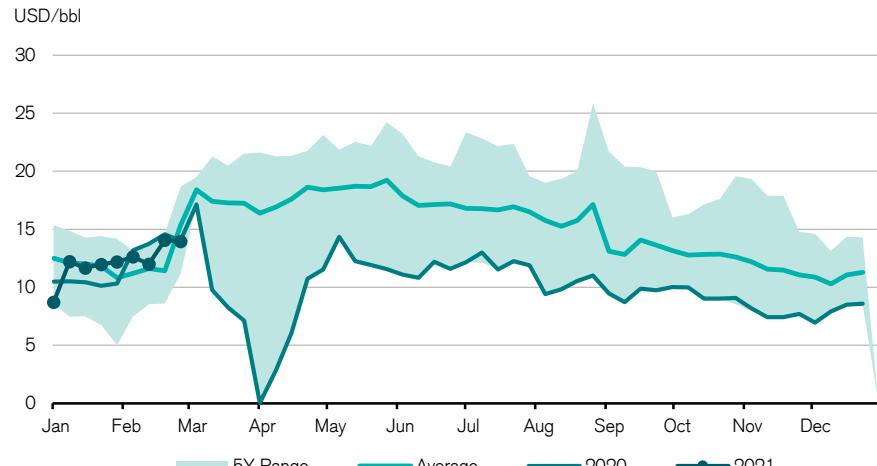
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US middle distillate stocks



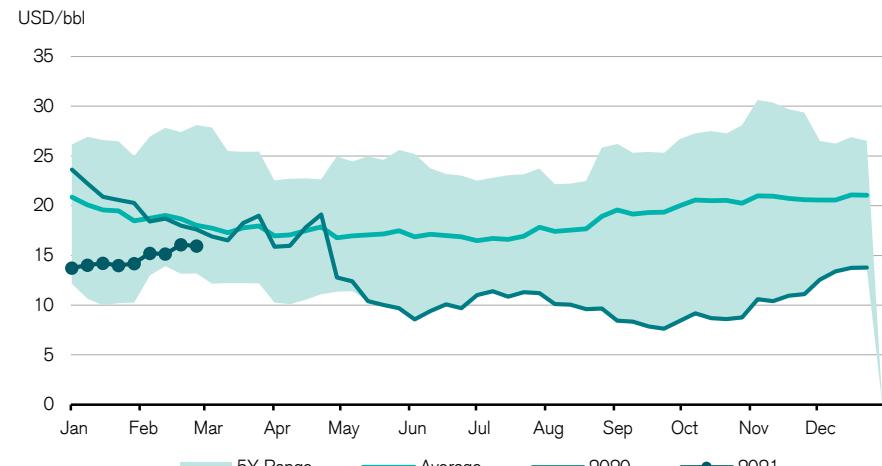
Last datapoint: 19.02.2021, Source: Bloomberg, Credit Suisse

US RBOB crack spread



Last datapoint: 19.02.2021, Source: Bloomberg, Credit Suisse

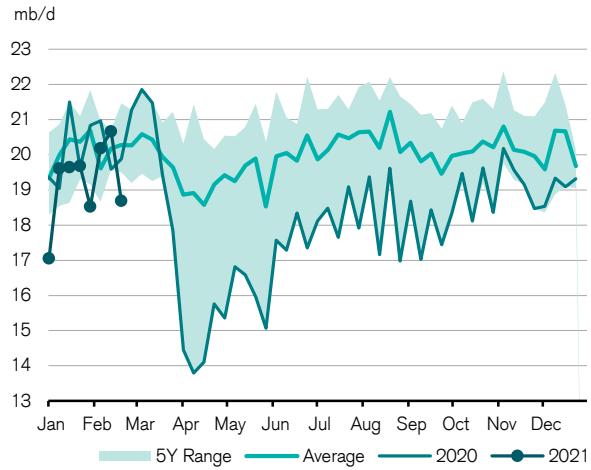
US ULSD (heating oil) crack spread



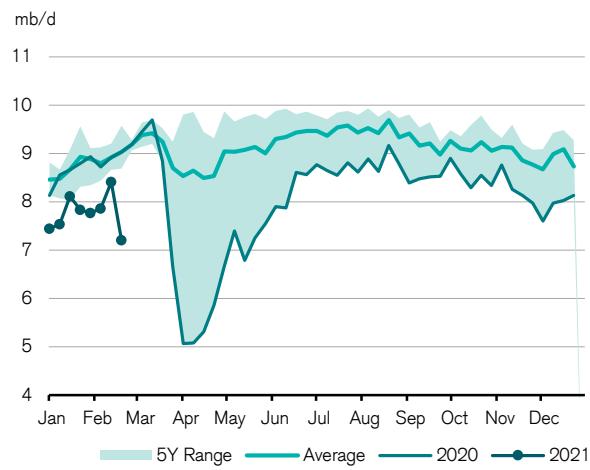
Last datapoint: 19.02.2021, Source: Bloomberg, Credit Suisse

Petro products: US end-use demand

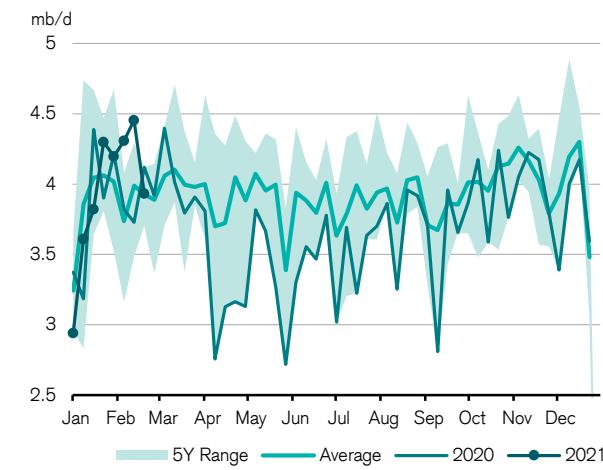
US total products supplied



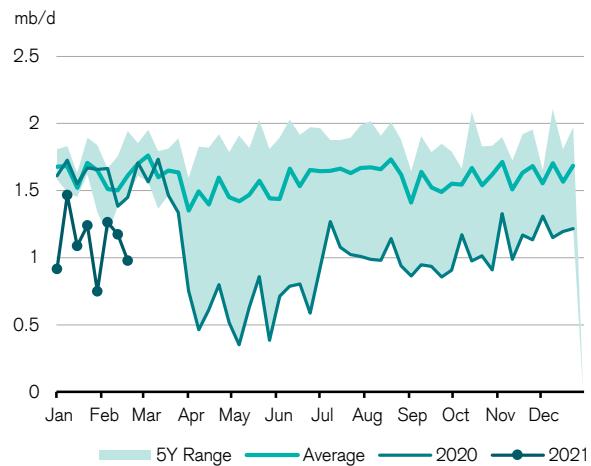
Gasoline



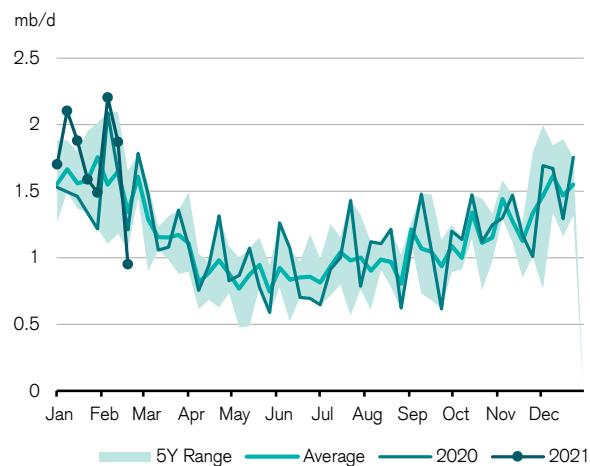
Distillates (heating oil)



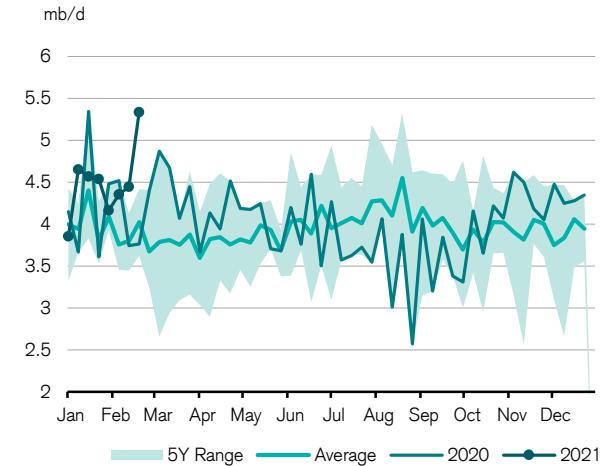
Jet fuel



Propane/propylene



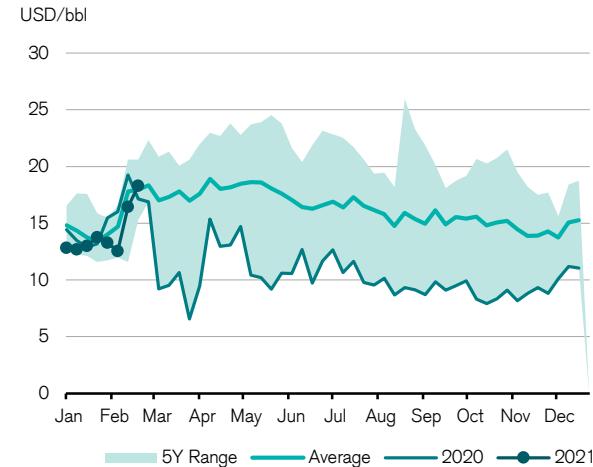
Other oils



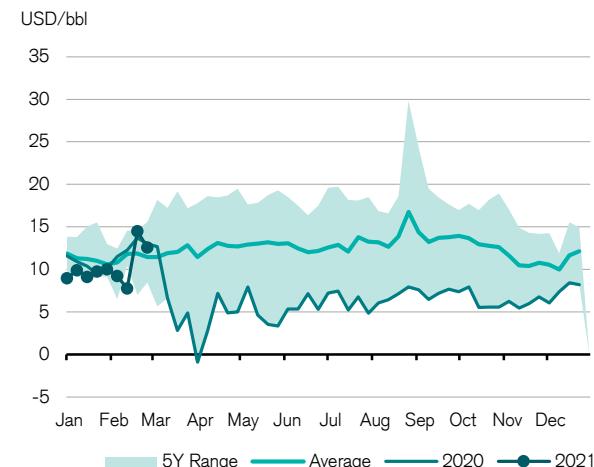
Last data point: 19.02.2021, Source: Bloomberg, Credit Suisse

Petro products: Refinery margins

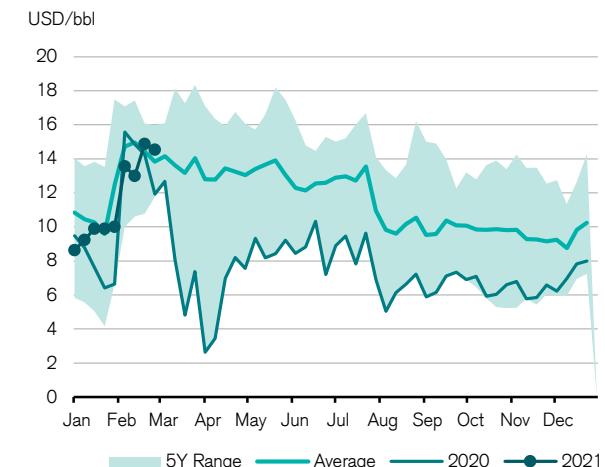
WTI 321 Cushing



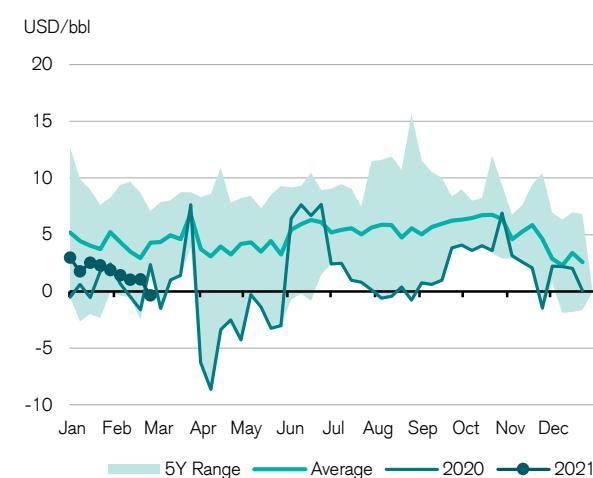
WTI 321 US Gulf



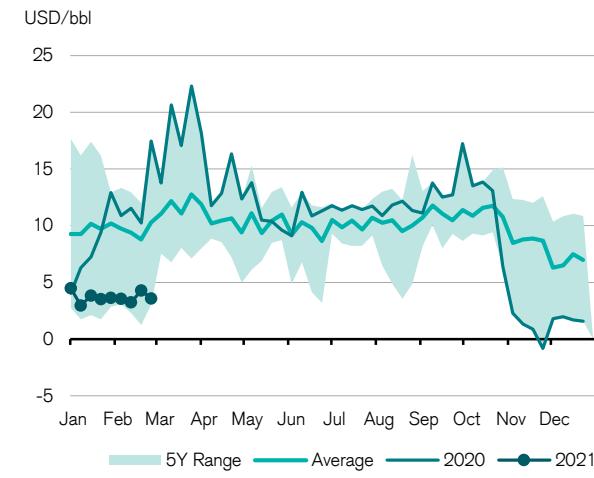
Brent 321



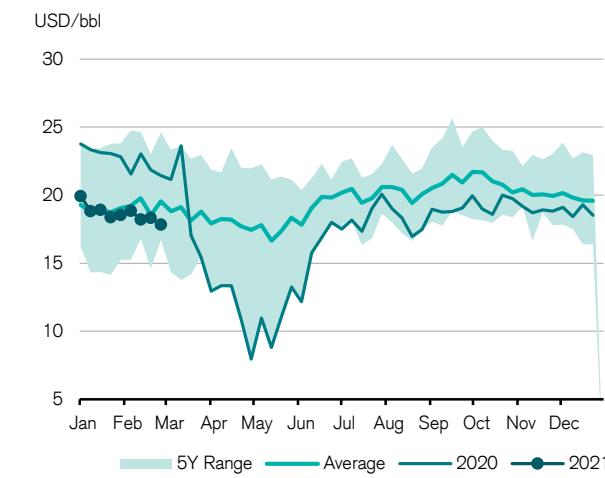
Tapis 321



Dubai 321



Tocom 321



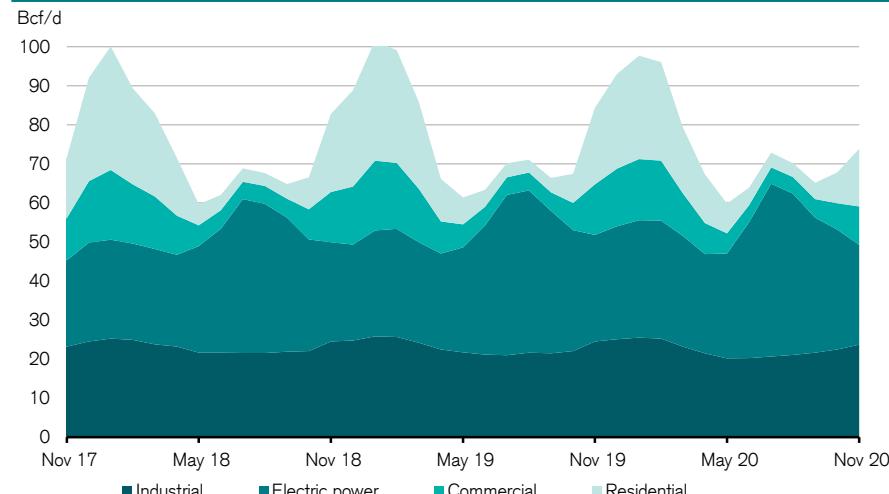
Last data point: 19.02.2021, Source: Bloomberg, Credit Suisse

Natural gas: Seasonal support to fade, rebalancing to continue

Summary

- US prices:** HHub ended 2020 ~16% higher vs. end-2019 while prices took a breather in 4Q20 after a strong rally in 3Q20. 1Q21 started again with fresh upward pressure amid colder than normal weather, which was first felt in Asia and Europe before affecting the US, too.
- Stocks:** Gas inventories started the winter season at ~3.9 Tcf (5% above the 5-year avg.) and have been drawing at a faster than seasonal pace so far thanks to constrained output and cold conditions more recently. Stocks are on track to end winter at ~1.7 Tcf (5% below 5-year avg.)
- Demand:** Demand has been firm seasonally, accelerating in recent weeks as temperatures drop. Still, conditions are still slightly warmer vs. avg. since Sept (as reflected in heating degree days).
- Seasonality aside, US gas use is declining (renewables, less coal-to-gas) but exports grow.
- Post-winter, focus will turn to summer balances, with fewer US LNG export cancellations expected vs. last year as Europe may not get as saturated anymore considering recent regional stock shifts.
- Supply:** Improved prices have prompted some further upward volume revisions by agencies (EIA) but balances are still set to tighten this year vs. last, as export volumes expand, which makes the US market more dependent on external developments.
- Global LNG:** Asian and European prices have witnessed a sharp spike in early 2021 (after pushing upwards already through 4Q20) on the back of strong winter demand (Japan, Korea, China), which coincided with logistical constraints (disruptions in various locations incl. Panama, vessel shortages). Prices should soften seasonally in spring while 2021 still looks reasonably well supplied overall, though summer will again be interesting (the pace of spring storage builds in the EU will give clues).
- Further out, LNG markets are set to tighten through 2022-25, with a looming deficit to be filled. But Russian and Qatari expansions leave little room for other suppliers to develop new projects.

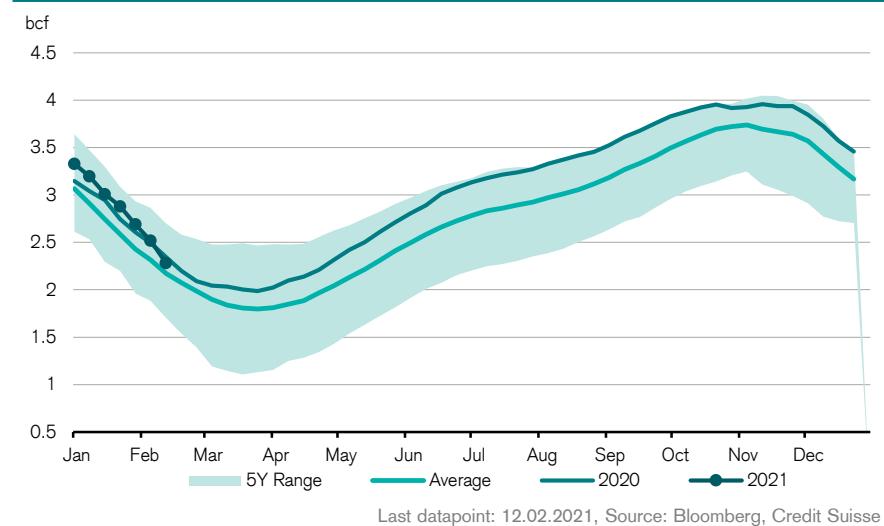
US gas demand by sector



Henry Hub US natural gas prices

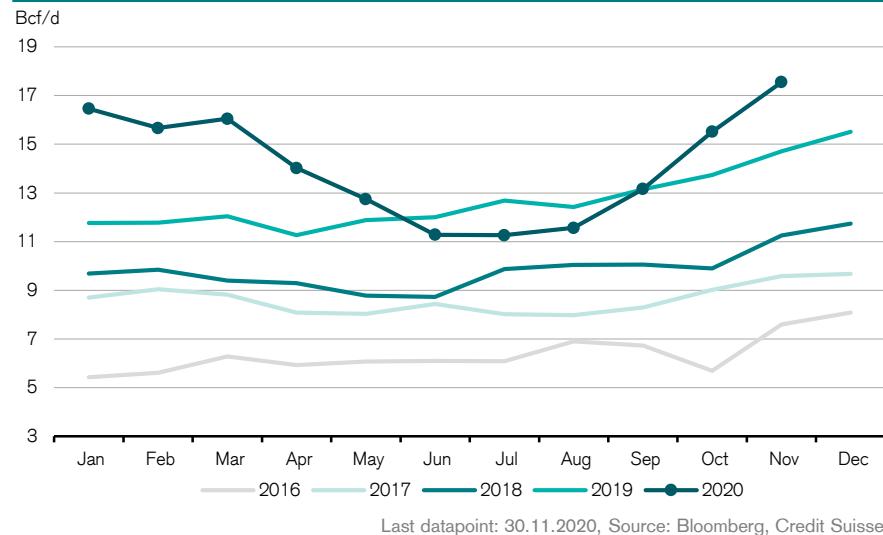


US natural gas inventories

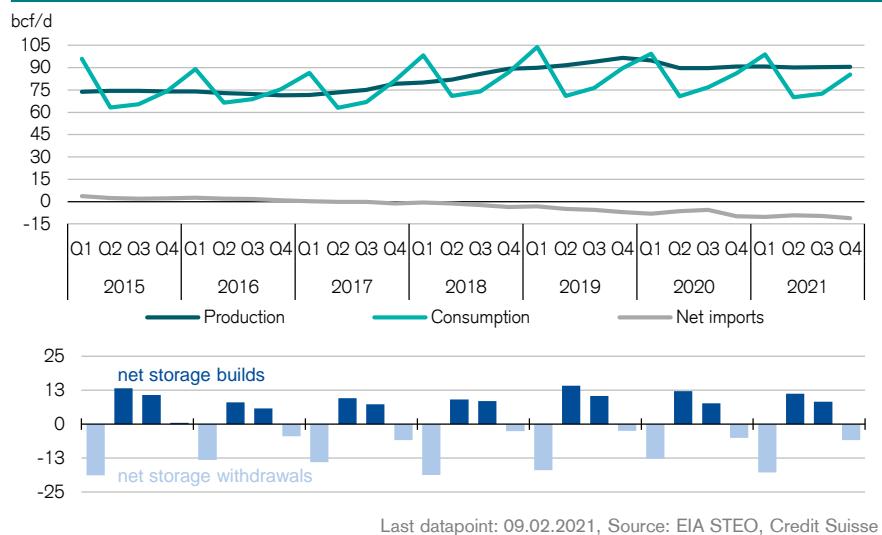


US natural gas: Overview

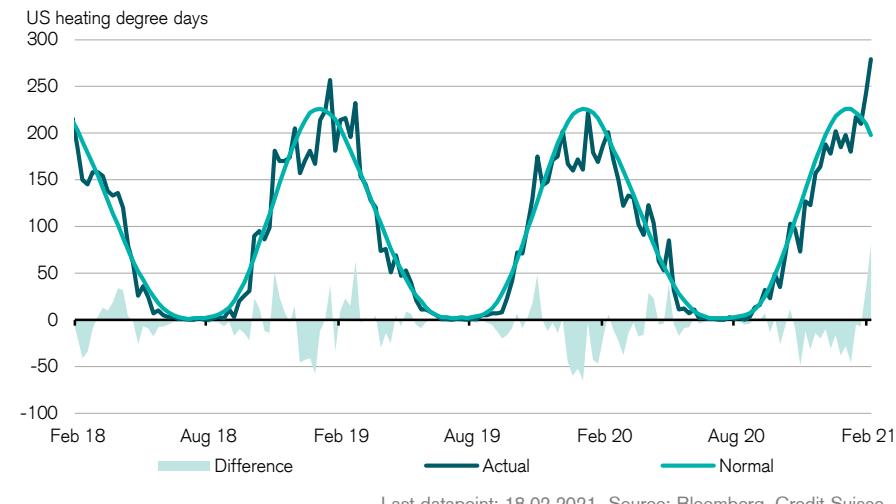
US natural gas exports (pipeline + LNG)



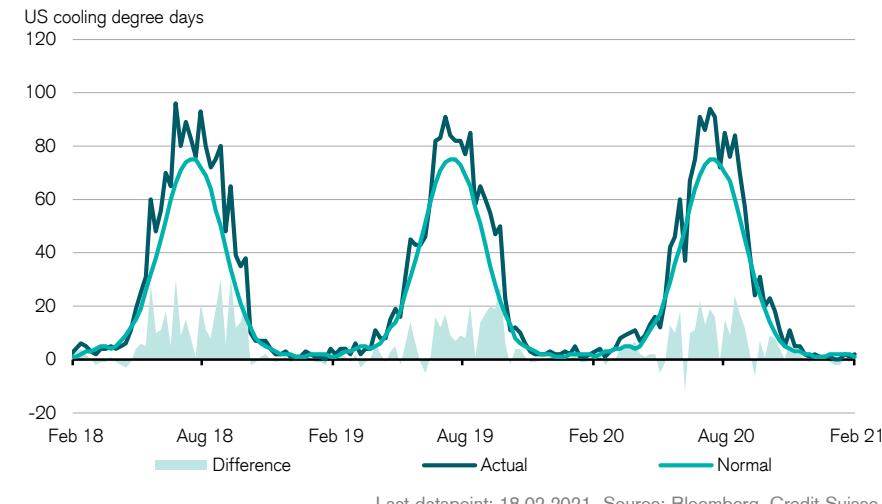
US natural gas balance



US heating degree days

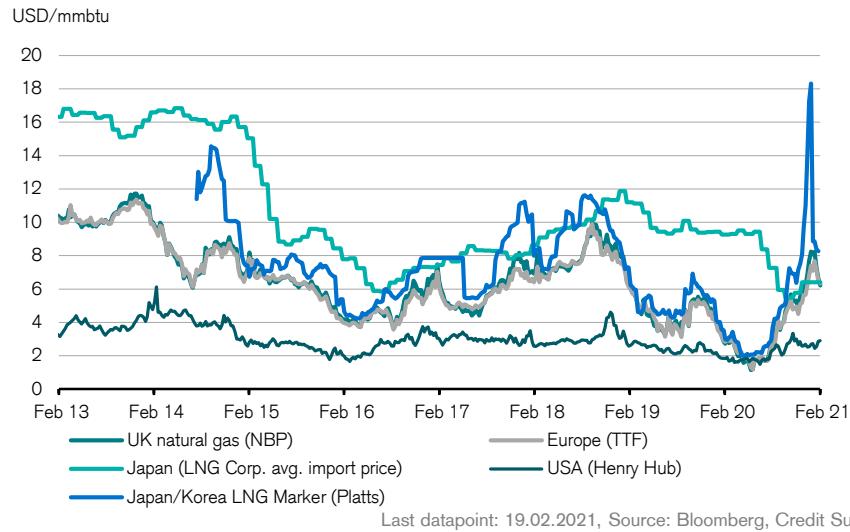


US cooling degree days



Global natural gas: Overview

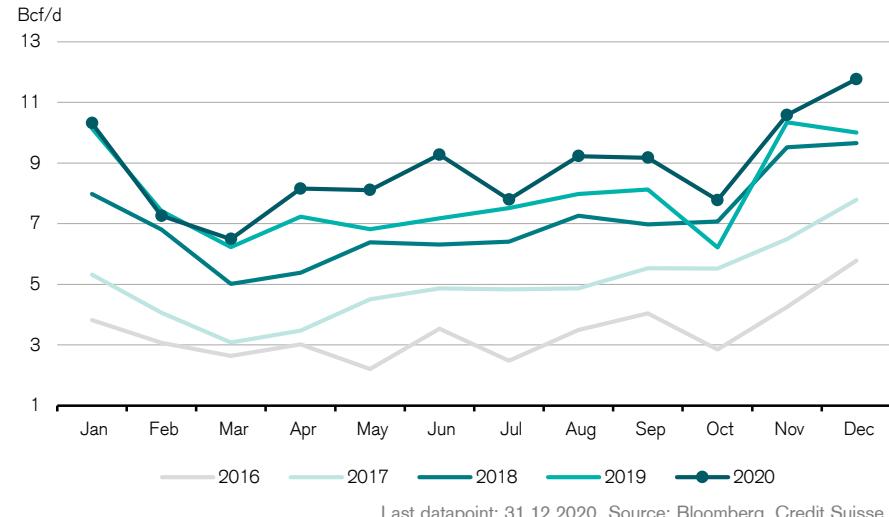
Global natural gas prices



Japan liquid natural gas (LNG) imports



China liquid natural gas (LNG) imports

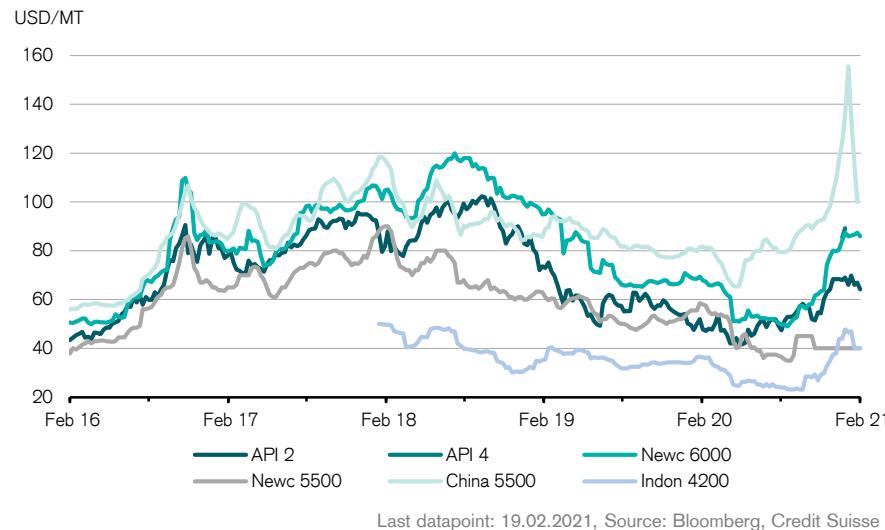


Korea liquid natural gas (LNG) imports

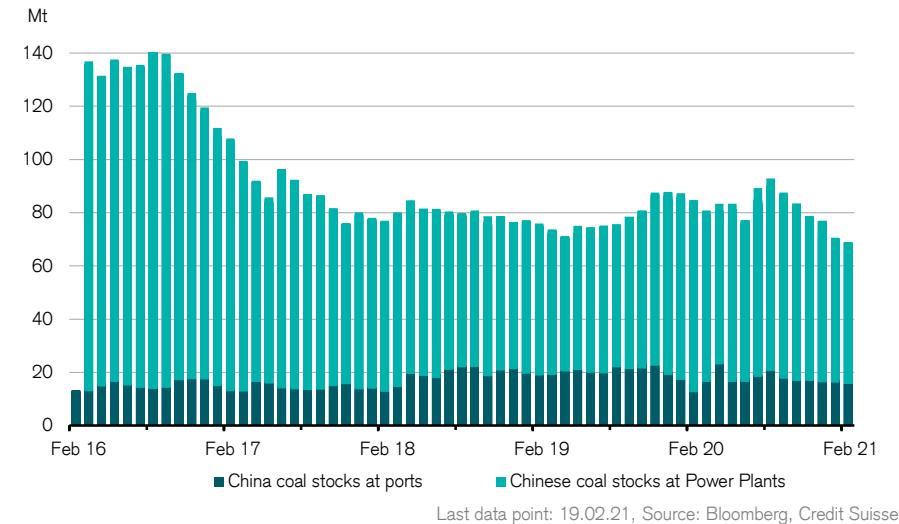


Thermal coal: Winter demand helped but challenges remain

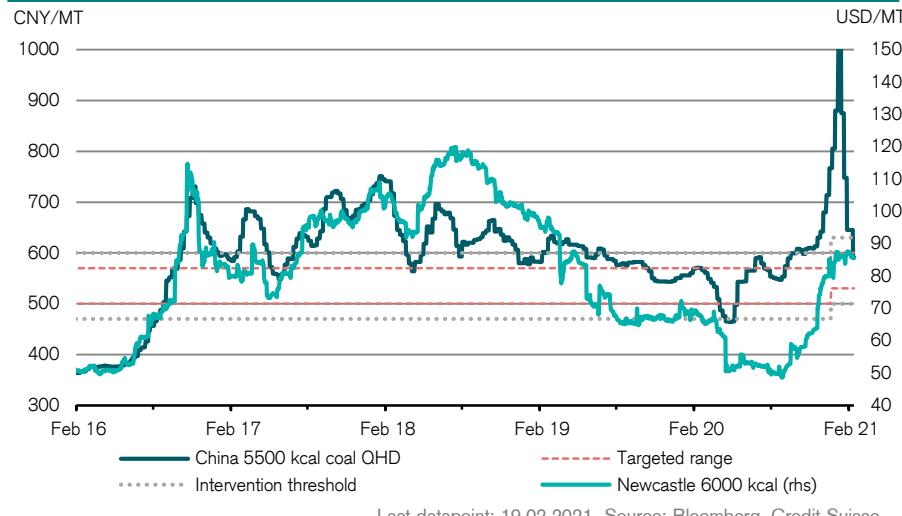
Global coal prices: API 2, API 4, Newcastle, China, Indonesia



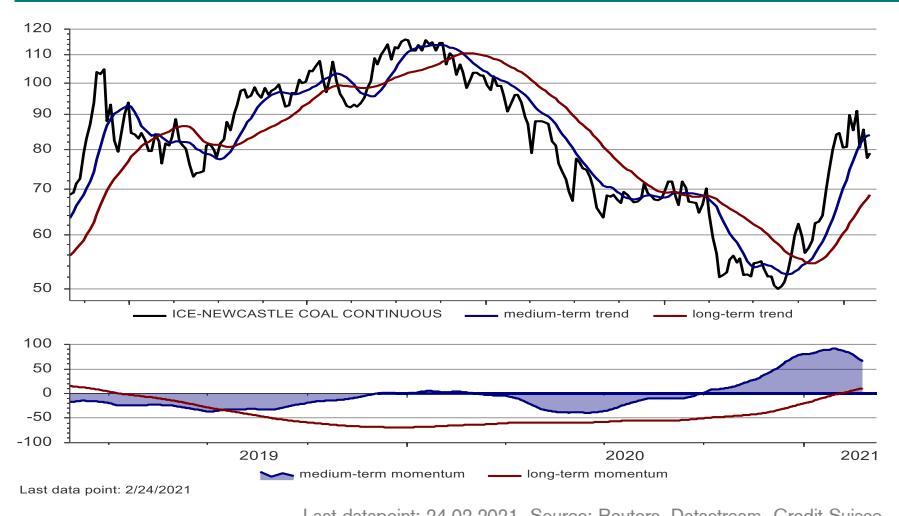
Chinese coal inventories at ports and power plants



Chinese coal prices vs. policy range

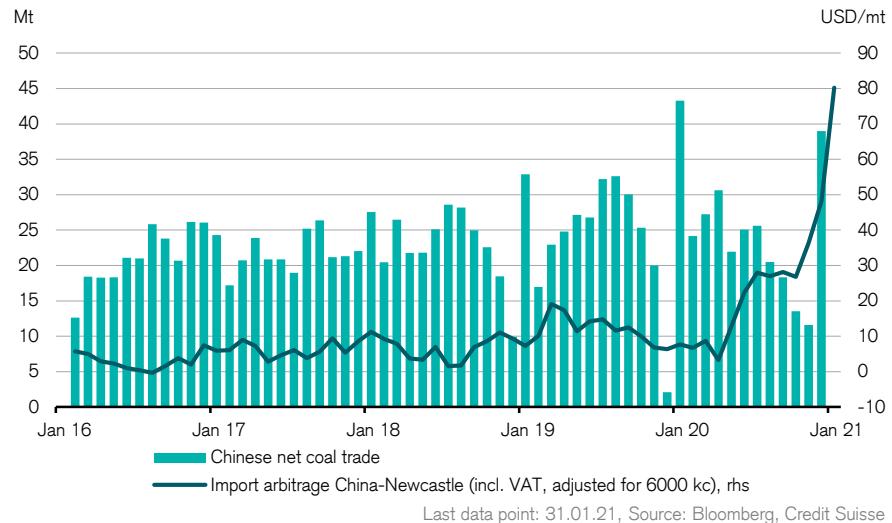


Newcastle coal: Moving averages and momentum



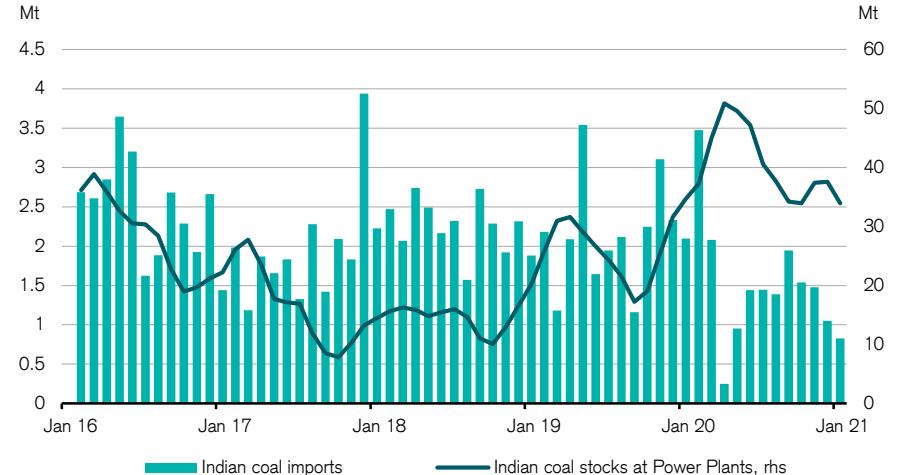
Thermal coal: Overview

Chinese coal imports, price arbitrage (vs. Australia)



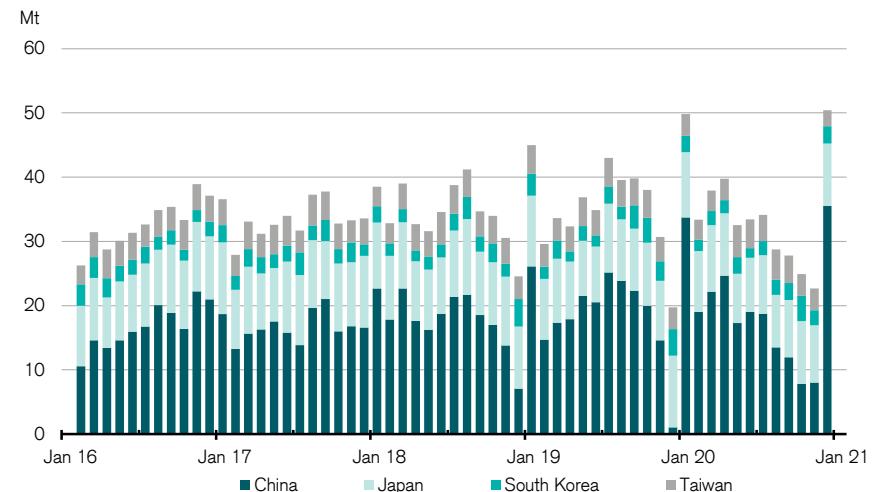
Last data point: 31.01.21, Source: Bloomberg, Credit Suisse

Indian coal imports, stocks at power plants



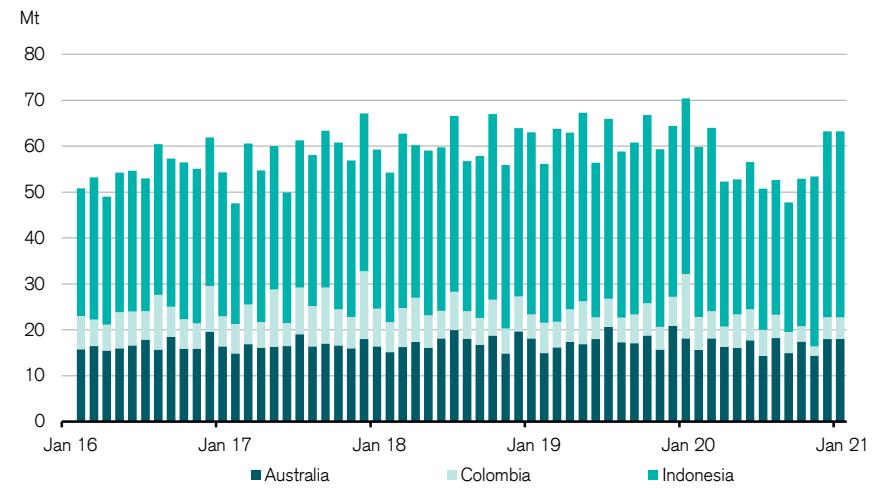
Last data point: 29.01.21, Source: Bloomberg, Credit Suisse

Coal imports China, Japan, South Korea, Taiwan



Last data point: 31.01.21, Source: Bloomberg, Credit Suisse

Coal exports Australia, Colombia, Indonesia



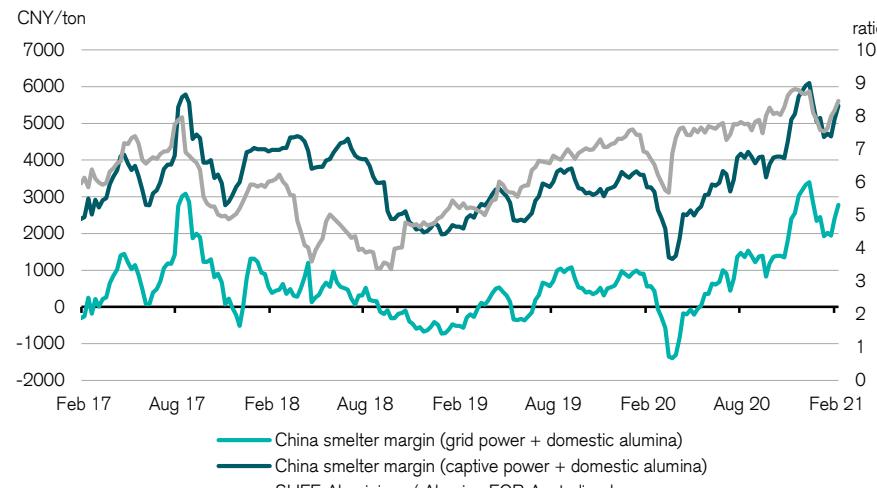
Last data point: 31.01.21, Source: Bloomberg, Credit Suisse

Aluminum: Ex-China conditions strengthen

Summary

- Prices:** Aluminum benchmarks recovered along with other metals but at a slower pace (it is a low-beta metal), while Chinese prices strongly outperformed LME quotations. Alumina continues to lag.
- Supply China:** Domestic production continues to expand robustly amid supportive margins, while visible stocks have remained low (despite soft exports), pointing to ongoing demand strength. As RoW activity recovers, exports have room to rise, though the price arb has stayed muted so far.
- China is still adding new low-cost smelters, lowering both domestic (avg. costs of ~12 RMB/ton) as well as global cost curves. However, capacity utilization has been improving at a faster than expected pace recently, and may reach the high-80%'s already by 2022 (handing pricing power to smelters).
- Supply ex-China:** Price gains may slow closures and incentivize new capacity, though pipelines are modest. The bigger challenge will be to decarbonize production given its energy intensity (high coal/gas shares in the Gulf and China). More hydro and renewables capacity will be needed.
- Demand:** Global use was roughly flat in 2020 (China up, RoW down), with volumes likely to rebound strongly this year, driven by RoW (ingot premia have improved visibly across regions), while Chinese growth rates are set to moderate again. All end-use sectors are likely to contribute positively.
- Balance:** The Covid-crisis left a large global surplus, which is now being worked off, with prospects pointing to deficits beyond just this year. Alumina looks largely balanced.
- Stocks:** Visible inventories across exchanges and producers confirm the improved backdrop, as stocks are low, also on a seasonally-adjusted basis (stocks tend to build around the Lunar New Year). Term spreads continued to flatten, consistent with recent stock dynamics.
- View:** Continued price strength can be justified considering the current bullish macro backdrop. That said, producer margins are now positive everywhere. We see strength sustained through 1H21 before we might see a price peak in summer once industrial momentum starts to moderate again.

Chinese smelter margins and SHFE aluminum/alumina ratio



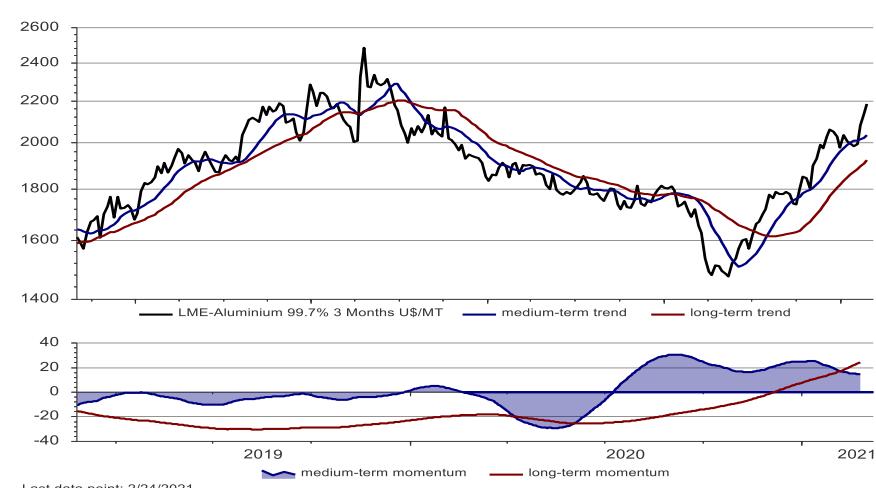
Last datapoint: 19.02.2021, Source: Bloomberg, Credit Suisse

Aluminum ingot premia: US, EU, Japan



Last datapoint: 19.02.2021, Source: Bloomberg, Credit Suisse

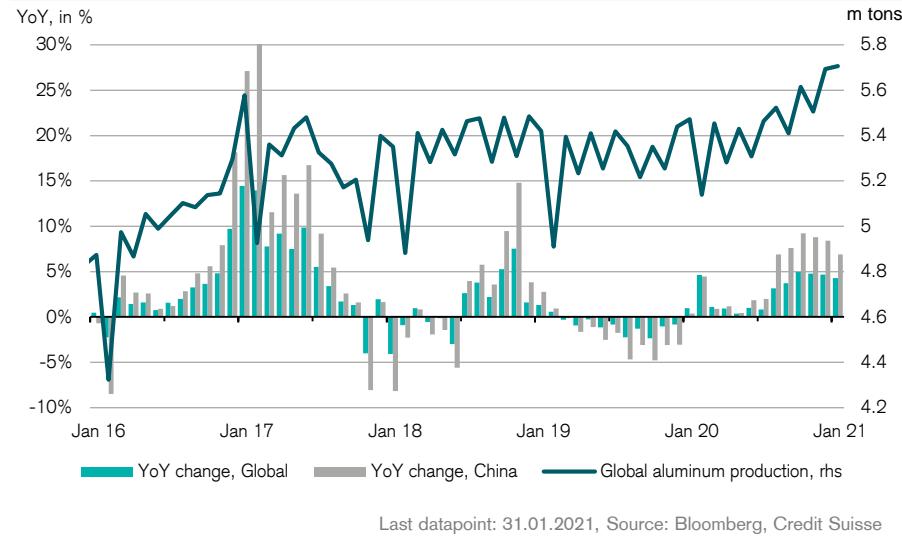
Technicals: Moving averages and momentum



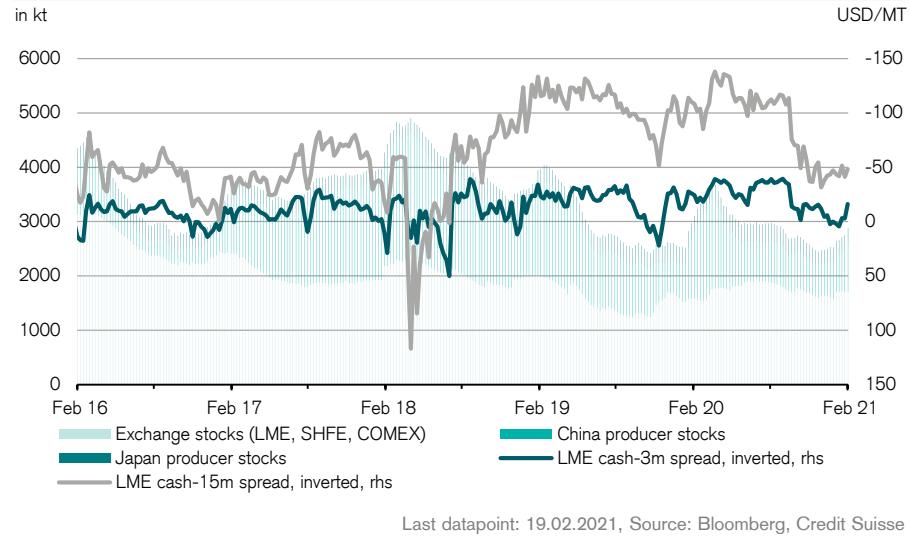
Last datapoint: 24.02.2021, Source: Reuters, Datastream, Credit Suisse

Aluminum: Overview

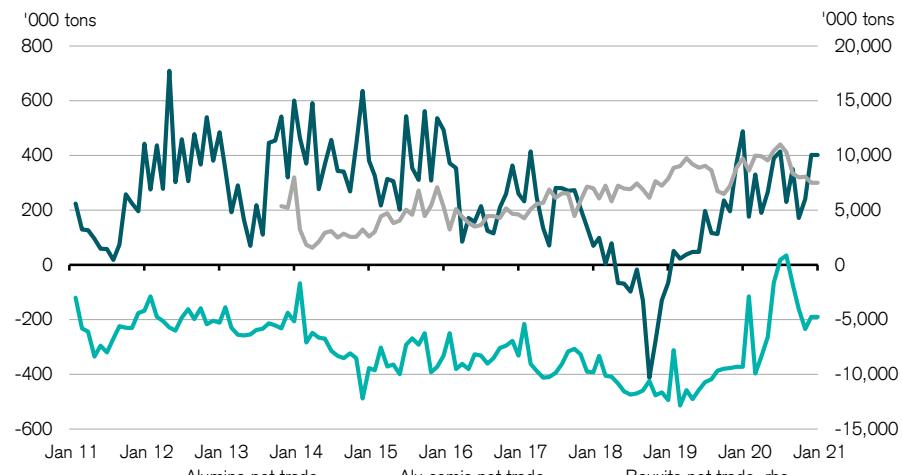
Global and Chinese primary aluminum production



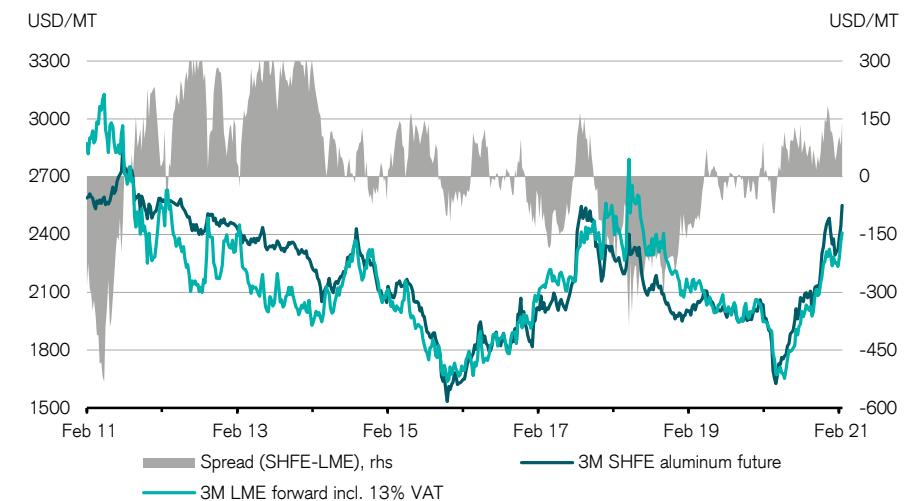
Aluminum inventories (exchanges and producers) vs. LME term spreads



Chinese net trade: Aluminum, alumina, bauxite



SHFE-LME price spread

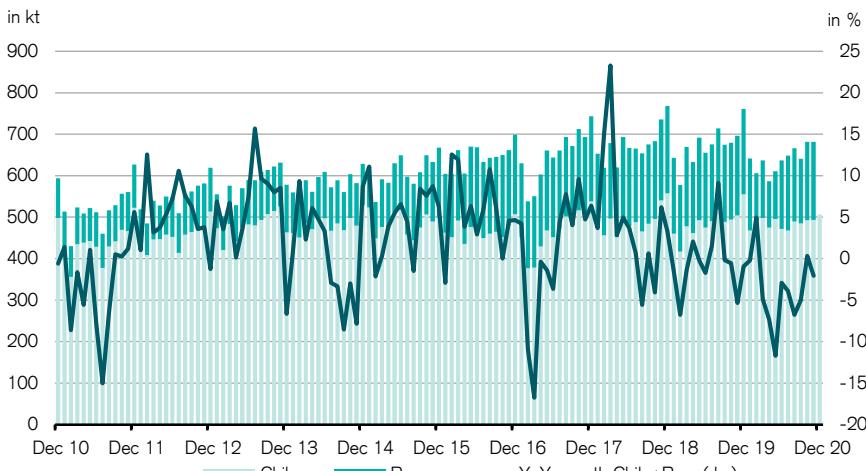


Copper: Momentum strong, supply inert

Summary

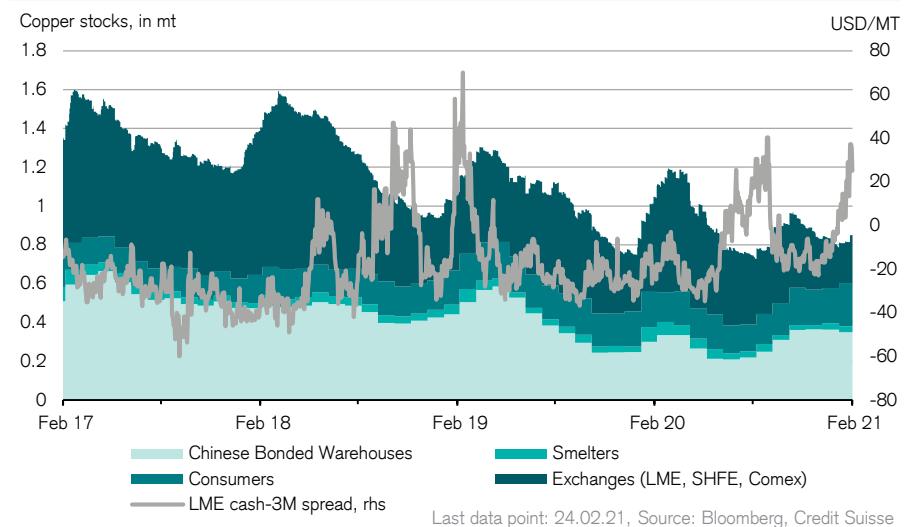
- Prices:** Copper powered ahead through 2H20 before taking a temporary breather in Jan 21 before picking up again. LME forwards crossed USD 8000 in this process amid broad macro optimism.
- Supply:** Despite easing mine supply disruptions, concentrate availability has remained constrained, pressuring spot TCs lower. Some recovery should follow this year but recent output losses and capex reductions should leave their traces in the years ahead, as cumulative supply estimates are lowered.
- Refined output continues to expand without a corresponding stock increase, reflecting firm end-use.
- Scrap supply chains have started to recover (US discounts are widening) and updated Chinese waste import rules should contribute to a recovery in scrap import volumes; so far there are only tentative signs of this but a recovery seems underway, which might reduce China's appetite for refined metal.
- In light of strengthened medium-term demand prospects due to green stimulus, some additional mine projects might need to be incentivized, helping explain/justify prices trading well out of the cost curve.
- Demand:** China's 2020 buying spree (partly driven by a lack of scrap) has started to moderate from very strong levels, while the SHFE-LME import arb is currently not attracting extra flow. Still, domestic demand continues to look robust, with premia rising again ahead of spring construction season.
- Still, reduced stimulus impetus in China and moderating credit growth should prevent another demand acceleration (run rates are already high) but a consolidation at robust levels, leaving the onus on ex-China to provide fresh impetus – which is realistic (IP momentum acceleration could follow by 2Q21).
- Medium-term: EV demand and renewables related infrastructure upgrades should drive demand growth, more than offsetting plateauing of traditional segments. 3-4% p.a. seems more realistic now.
- View:** Bullishness has persisted, flagging some tactical risks but the expected re-acceleration in industrial activity in 2Q21 should provide fresh impetus, even as Chinese demand is consolidating. A peak may follow by summer when commodity intensity of growth could start to moderate (services).

Copper concentrate output: Chile, Peru



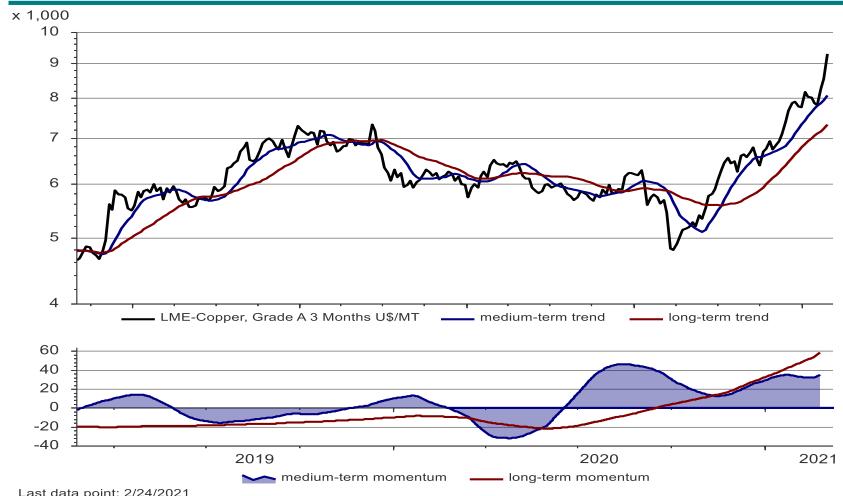
Last data point: 31.12.20, Source: Bloomberg, Credit Suisse

Copper inventories: China and exchanges



Last data point: 24.02.21, Source: Bloomberg, Credit Suisse

Technicals: Moving averages and momentum

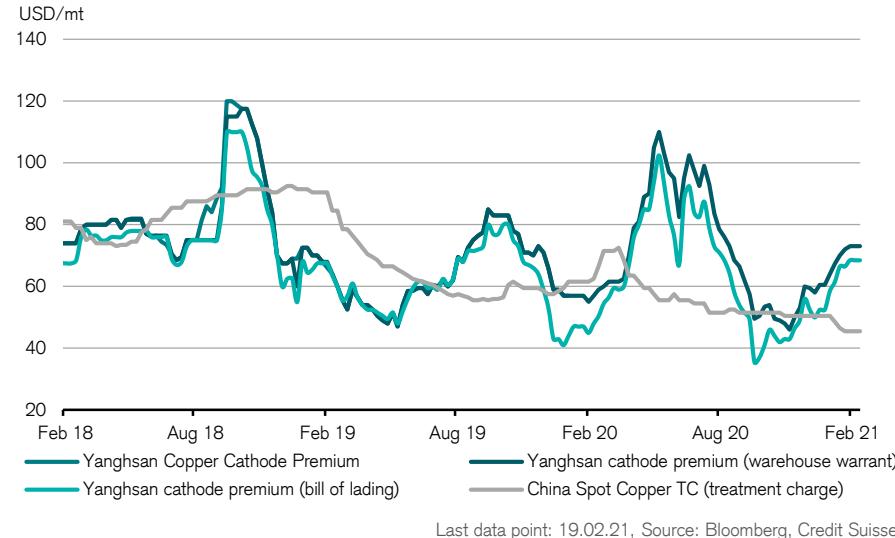


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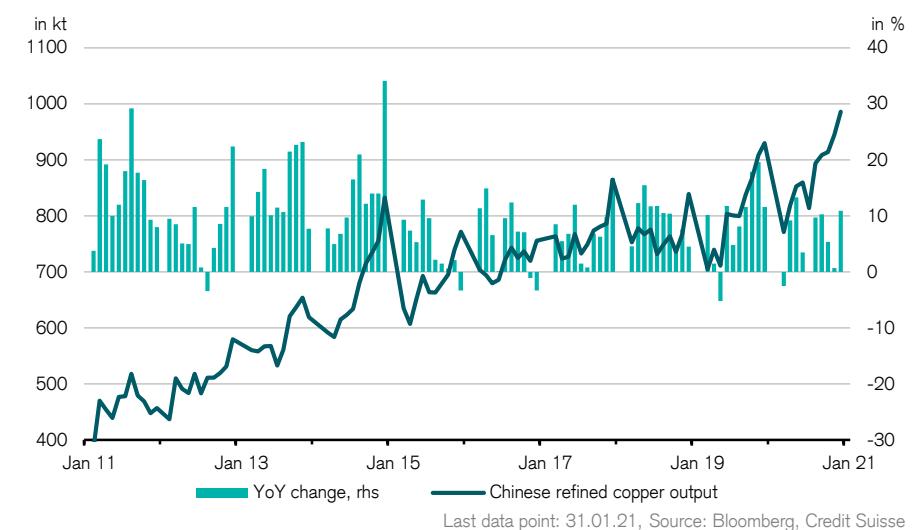
Last datapoint: 24.02.2021, Source: Reuters, Datastream, Credit Suisse

Copper: Overview

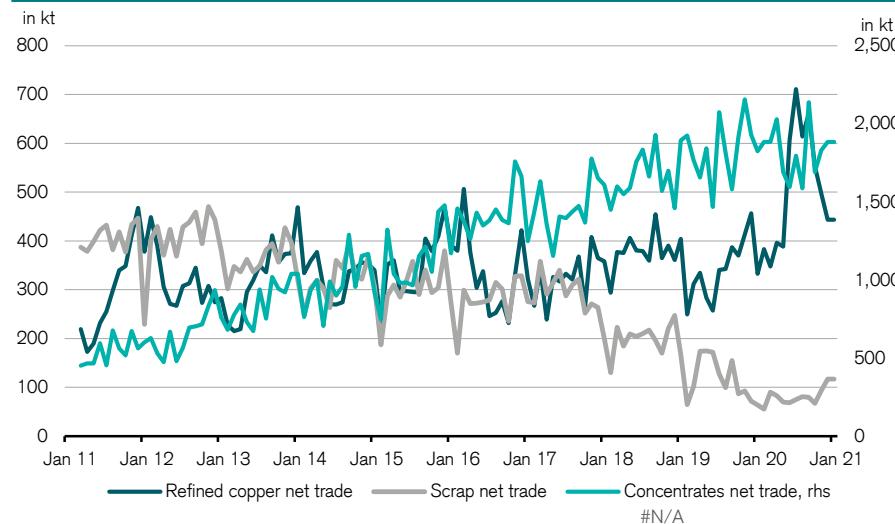
Chinese copper cathode premia vs. spot TC/RCs



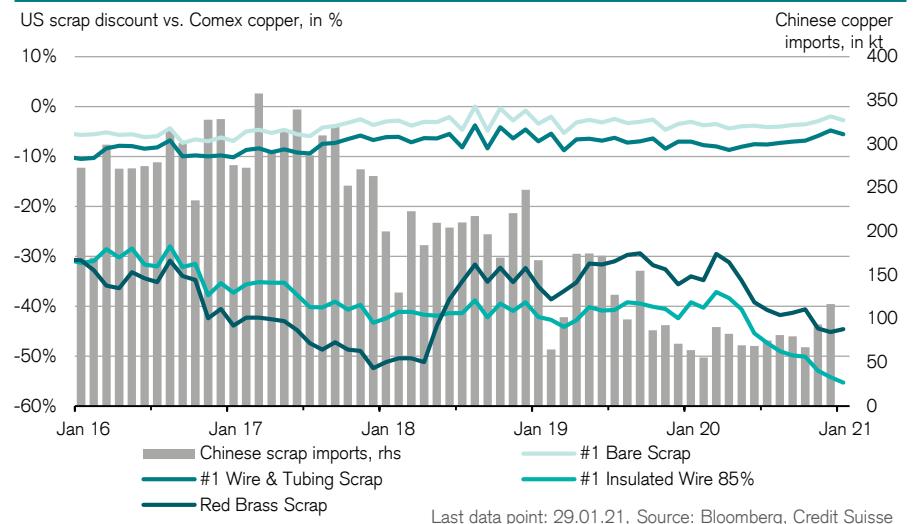
Chinese refined copper production



Chinese copper trade: Concentrate, refined, scrap



Copper scrap discounts vs. Chinese imports

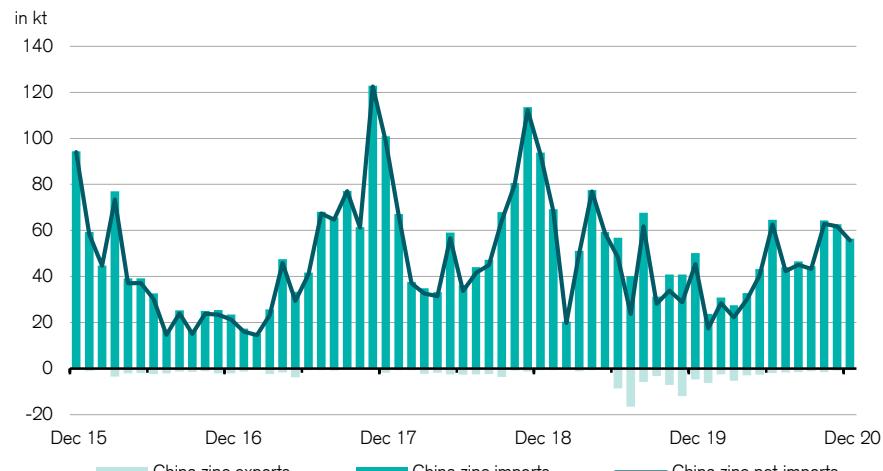


Zinc: Mixed signals; concentrates feel tighter than refined

Summary

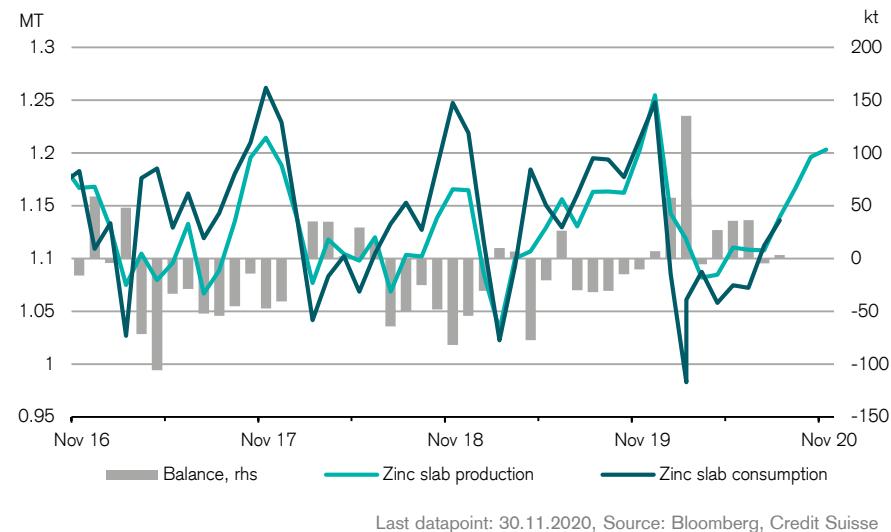
- Prices:** Zinc prices cooled somewhat in early 2021 after a strong year-end rally (finishing the year up 22% higher vs. End-19). Steel sentiment remained supportive, and concentrate availability seems constrained for now. The refined market on the other hand does not feel as tight.
- Supply:** Zinc concentrate output has been particularly disrupted but operations have resumed in various regions (since 3Q20). On a full-year comparison, mine supply is estimated to be down 4-5% YoY. Despite some pick-up in recent months, spot TCs (smelter margins) have continued to drift lower, suggesting that the supply situation has yet to fully normalize. However, some improvement is likely to follow, reversing last year's concentrate deficit as we progress in 2021.
- Refined output proved more resilient than mine supply, and full-year 2020 volumes do not show a YoY decline, as producer stocks allowed refined volumes to hold up even as margins shrunk. That said, the pace has started to slow, especially in China, as margin pressures are starting to have some effect.
- The 90th percentile of the cost curve (cash/cash & sustaining capex) are at ~USD 1800/2200.
- Demand:** Galvanized steel accounts for ~60% of total zinc use (of which ~70% is ex-China). The recovery in steel has surprised on the upside, though galvanized lagged carbon steel, especially ex-China. This points to some further catch-up potential, particularly from auto production, while the recent boost from Chinese appliances has started to moderate again.
- Zinc has not enjoyed a similar import boost from China unlike other metals, though metal flow proved rather steady and the SHFE-LME price arb remains open, potentially attracting some additional tons.
- Stocks:** Stocks have started to rise seasonally (through March), albeit from low starting points, while term structures continue to diverge; backwardated SHFE spreads vs. contangoed LME spreads.
- View:** The cyclical (and steel) backdrop should stay supportive in 1H21 but as mine supply recovers and the refined market likely to stay in surplus, zinc may give back its recent price leadership.

Chinese refined zinc trade



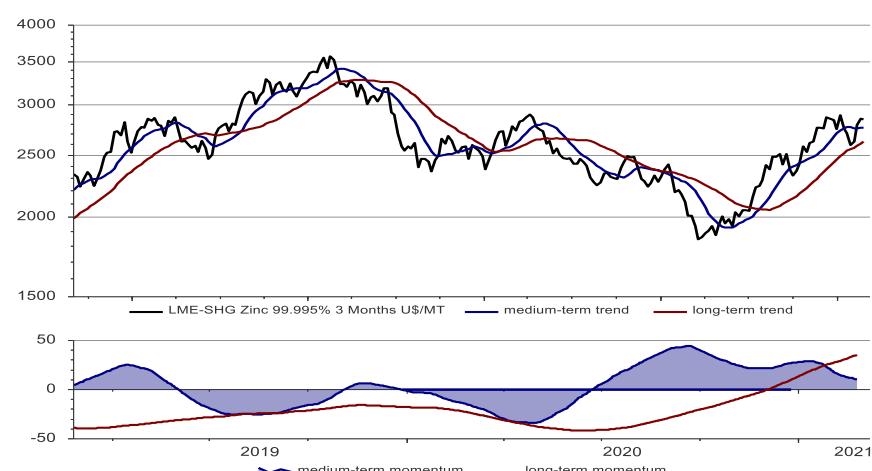
Last datapoint: 30.12.2020, Source: Bloomberg, Credit Suisse

Global refined zinc supply/demand



Last datapoint: 30.11.2020, Source: Bloomberg, Credit Suisse

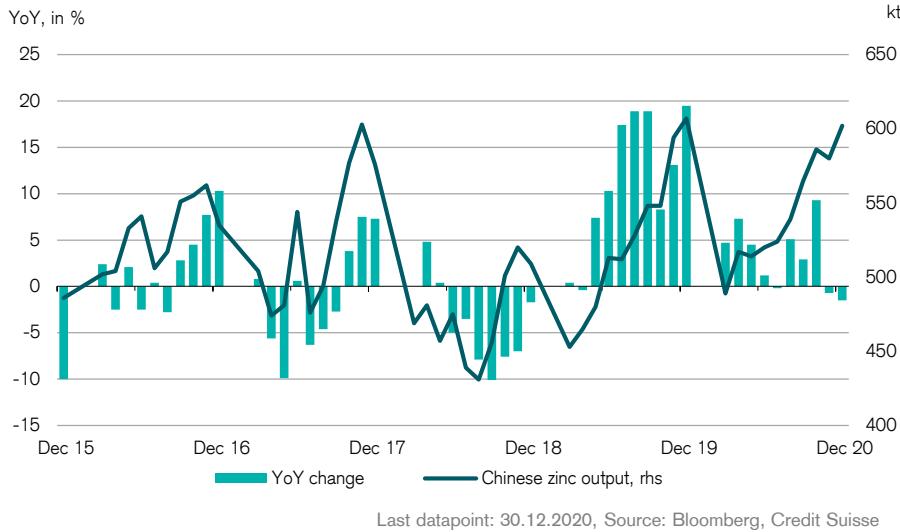
Technicals: Moving averages and momentum



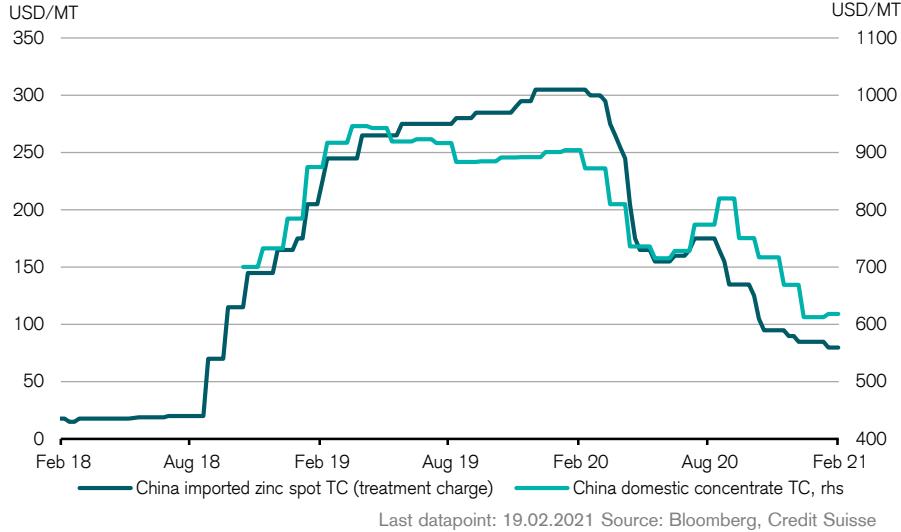
Last datapoint: 24.02.2021, Source: Reuters, Datastream, Credit Suisse

Zinc: Overview

Chinese refined zinc output



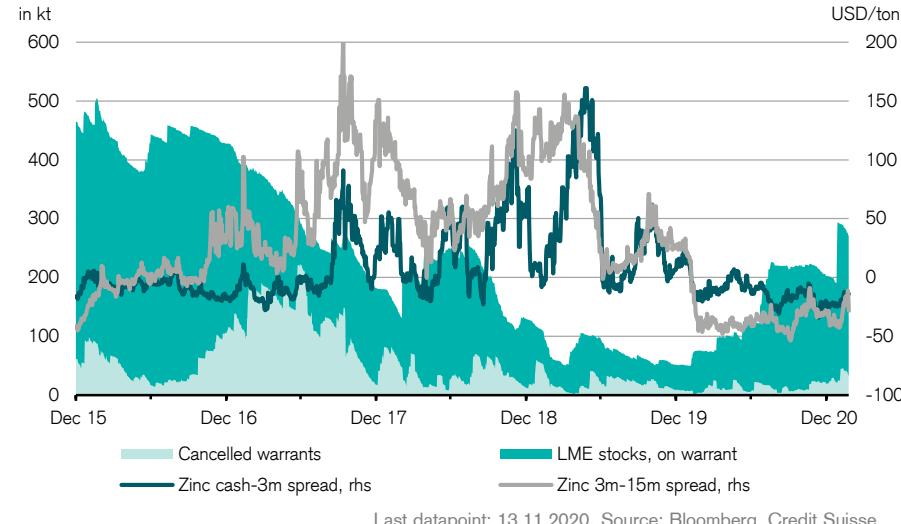
Chinese zinc spot TCs (treatment charges)



Zinc inventories (LME, SHFE)



Zinc inventories (LME) vs. cash-3m and 3m-15m spreads

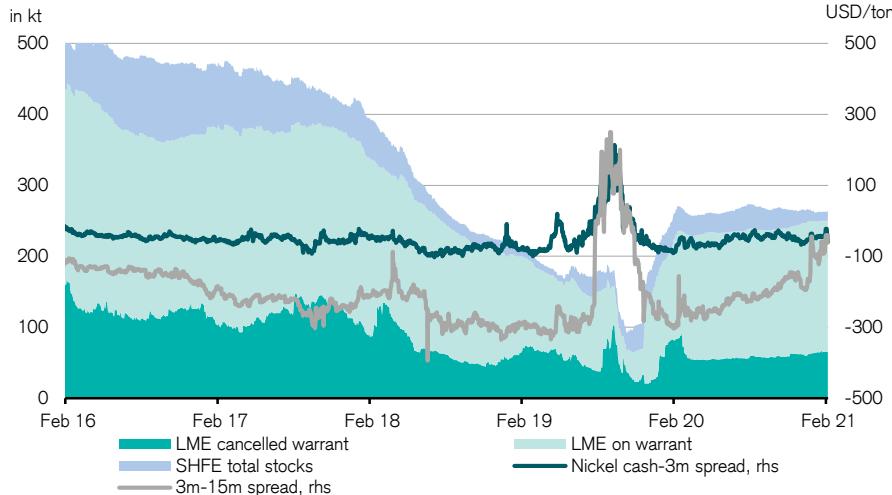


Nickel: Strong stainless markets and EV expectations lift nickel

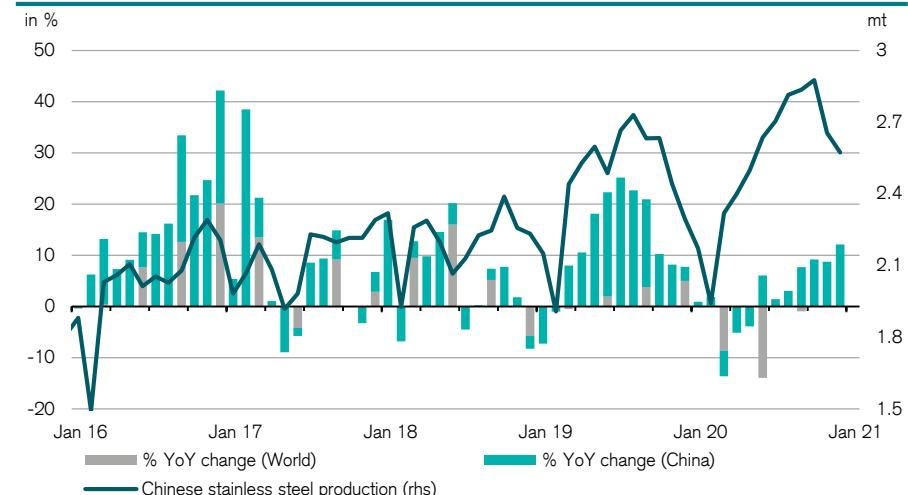
Summary

- Prices:** Nickel finished 2020 on a strong note (18% YoY), and prices continued to lift in early 2021 ahead of the Lunar New Year amid strong stainless markets and growing EV-related demand.
- Demand:** Stainless steel (~70% of nickel use) volumes are seeing a two-tiered recovery, with China having already fully recovered and moderating now. Ex-China is catching up, finally returning to YoY growth into year-end (world ex-China and Indonesia) with momentum likely to extend through 1H21.
- Full-year comparison is likely to show strong YoY gains, but 2H21 is likely to see a broad sequential moderation in volume growth and run rates may not pick up much further from current levels.
- Medium-term stainless prospects appear slightly more favorable vs. crude steel, while assuming stable market share for ferritic and scope for growth amid higher nickel-containing 300-series (austenitic).
- Battery related use is a key driver; market share is set to grow from ~5% now toward ~15% by 2025 (~400-450 kt), and ~1 mt by 2030. The range of outcomes is wide amid uncertainty about the nickel intensity of EV demand amid different technologies (NMC vs. LFP). Fuel cell adaption is another factor
- Supply:** Indonesian NPI continues to surprise on the upside (captive NPI/stainless plants are very competitive), while the decline in Chinese NPI output has been less severe than feared so far but ore availability is tightening, adding pressure on domestic NPI operations.
- The nickel market faces a medium-term supply challenge amid competing end-uses, which require different nickel feedstock. Primary nickel/briquette is ideal for batteries, NPI/ferronickel needs upgrading (+USD ~2-3k). NPI growth helps free up primary nickel units that can be used in batteries, while new HPAL projects in Indonesia (incentive prices of USD ~14-15k) could be producing the marginal battery-grade material; some delays have been reported lately amid environmental concerns.
- View:** We see the market as balanced and prices well supported, at least in 1H21, in line with the broader complex. Micro factors may take over again from macro shifts as the recovery matures.

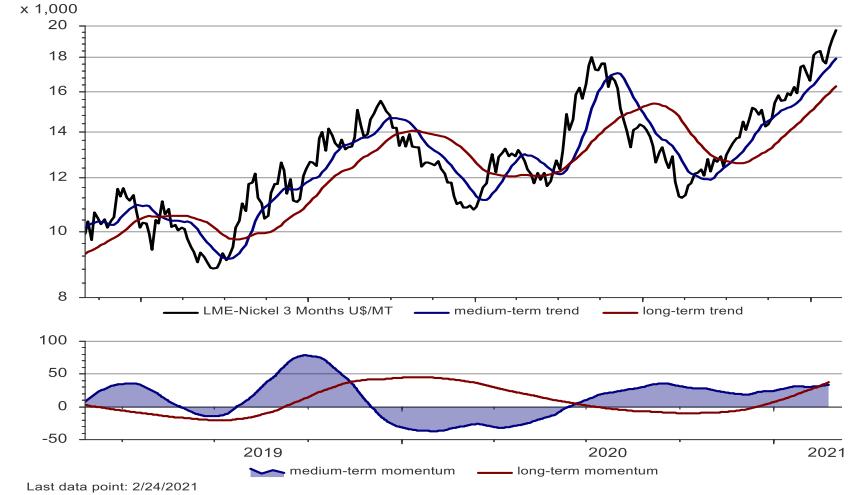
Refined nickel inventories (LME, SHFE)



Chinese stainless steel production



Technicals: Moving averages and momentum



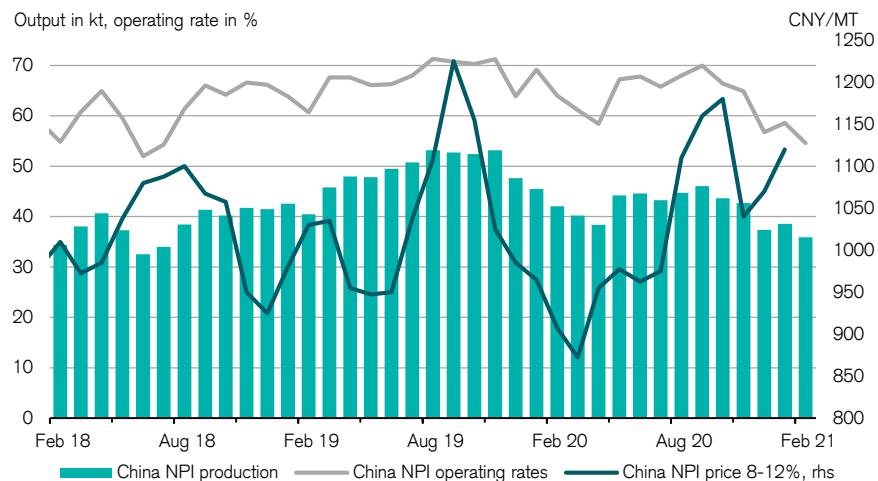
Nickel: Overview

Chinese stainless steel prices



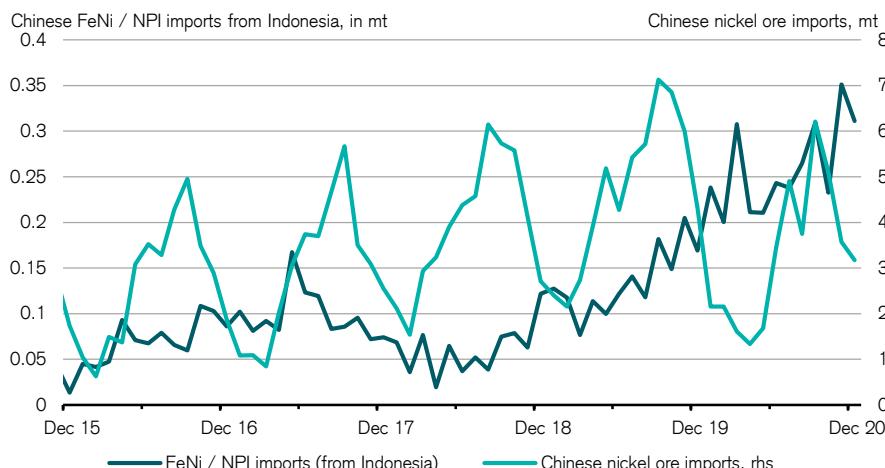
Last datapoint: 19.02.2021, Source: Bloomberg, Credit Suisse

Chinese NPI output, operating rate, NPI prices



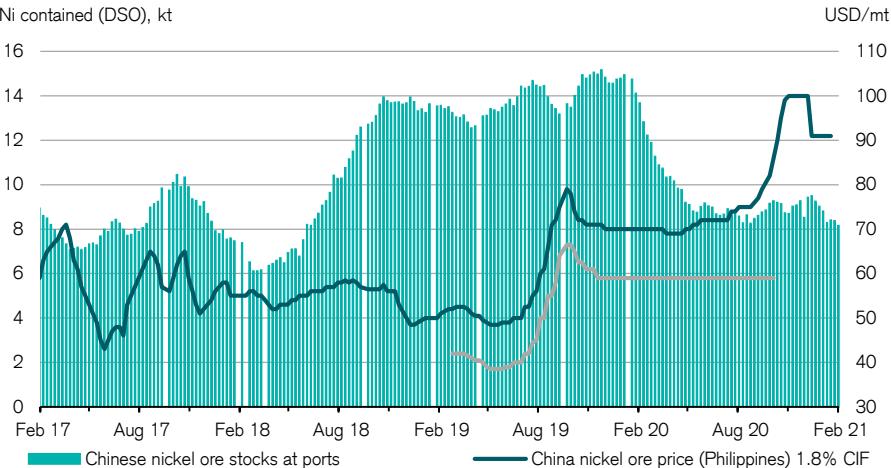
Last datapoint: 19.02.2021, Source: Bloomberg, Credit Suisse

Chinese nickel ore and ferronickel imports



Last datapoint: 31.12.2020, Source: Bloomberg, Credit Suisse

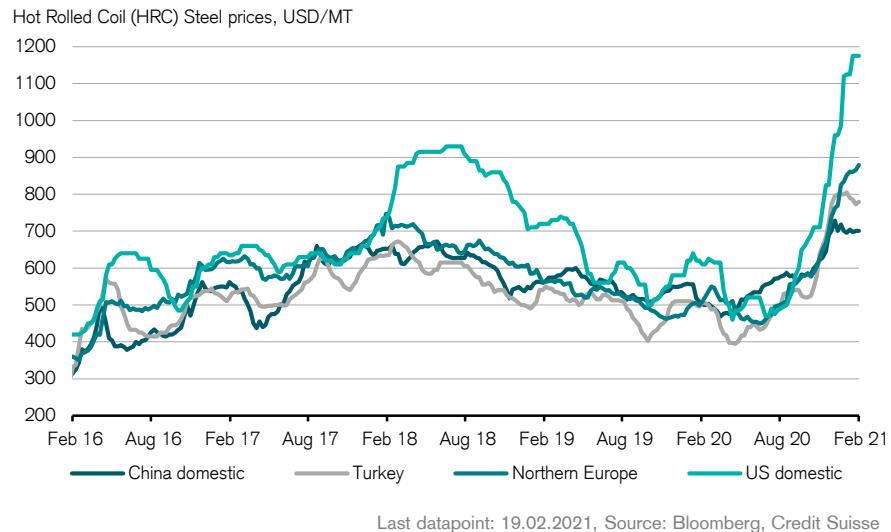
Chinese nickel ore inventories



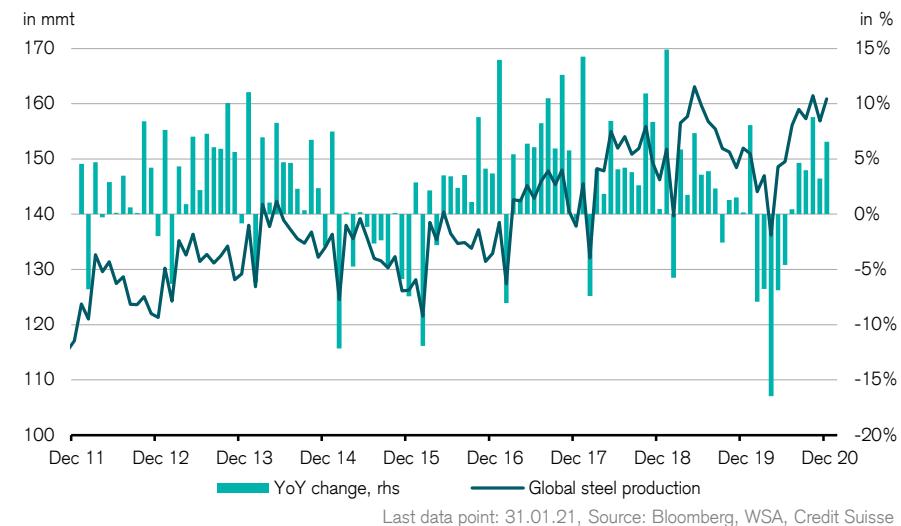
Last datapoint: 21.02.2021, Source: Bloomberg, Credit Suisse

Steel: Ex-China has caught up strongly

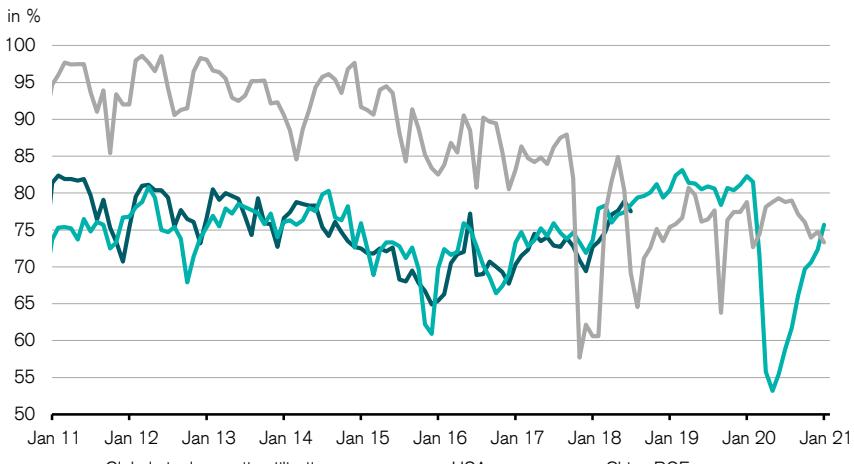
Global HRC prices: China, Turkey, EU, USA



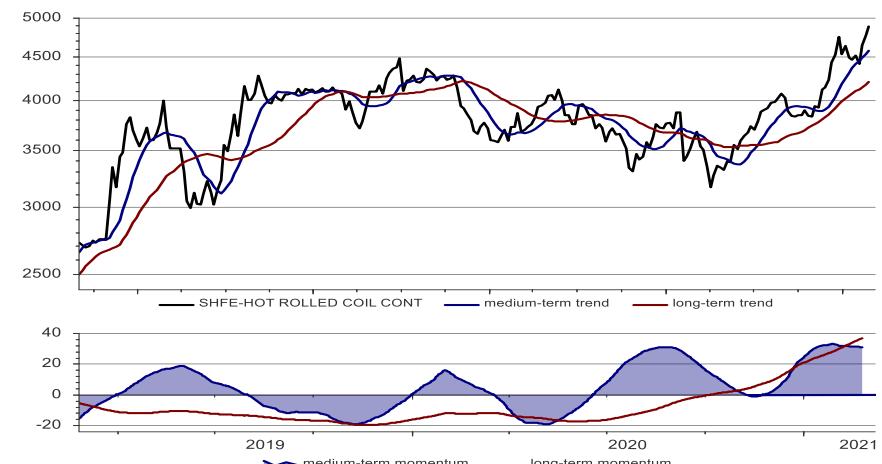
Global steel production



Global and US steel capacity utilization



China HRC (SHFE): Moving averages and momentum

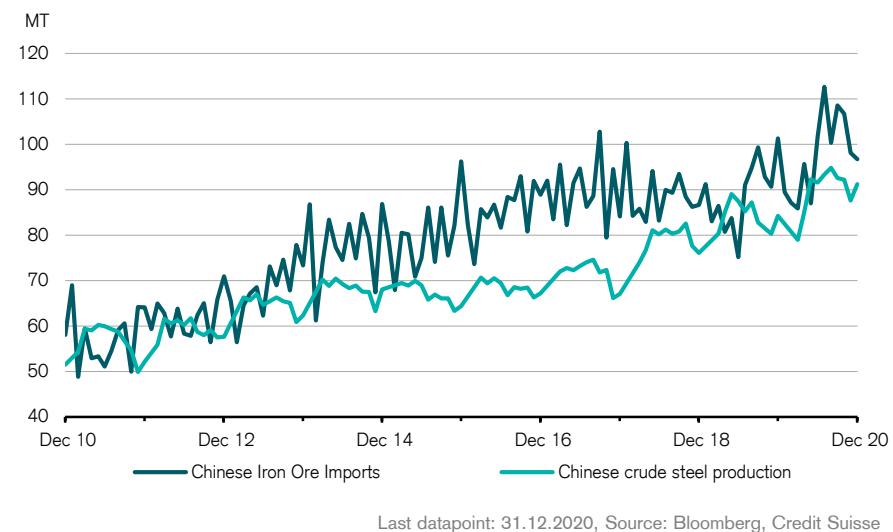


Steel: Overview

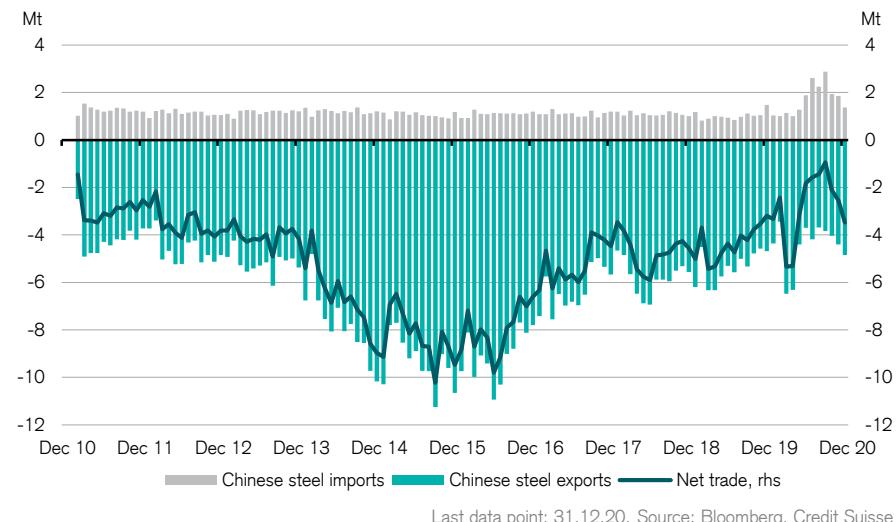
Chinese steel prices (HRC, rebar) and generic margins



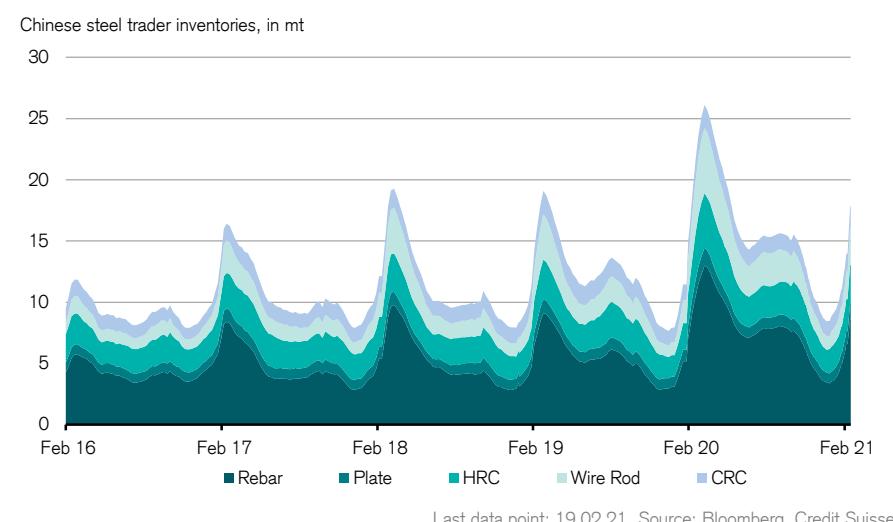
Chinese steel production and iron ore imports



Chinese steel trade



Chinese steel trader inventories

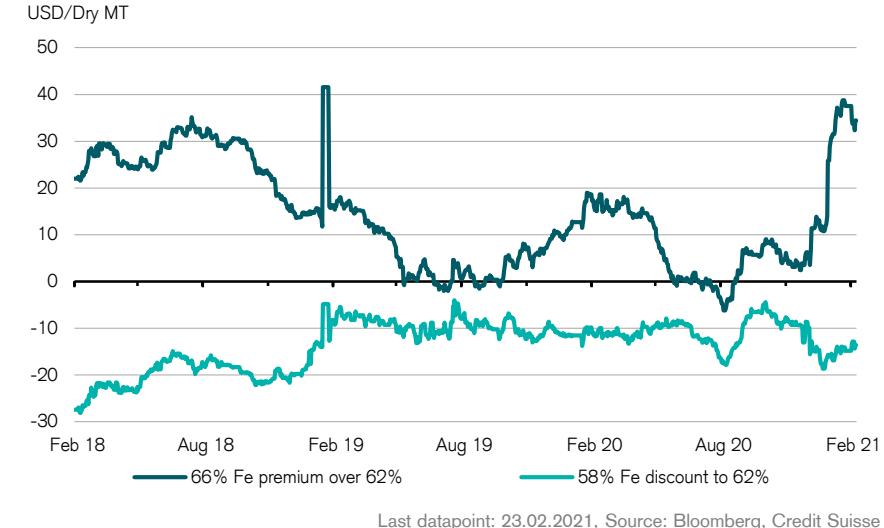


Iron ore: Supply revisions keep prices elevated

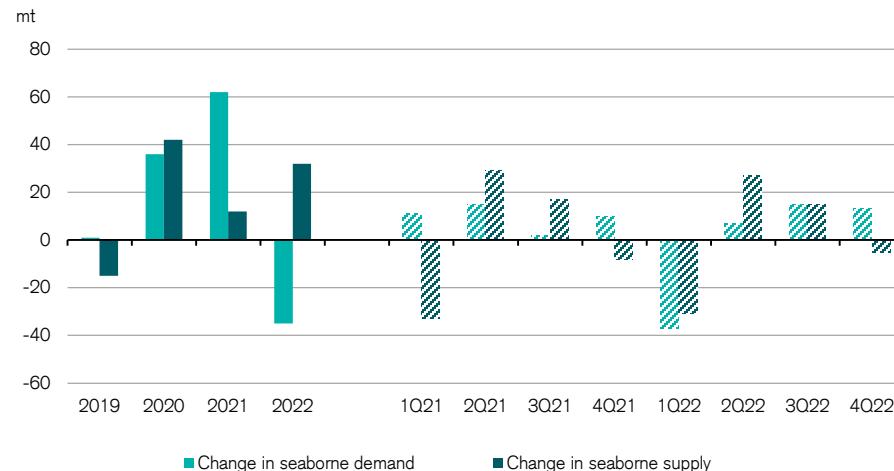
Iron ore prices 62% Fe CFR



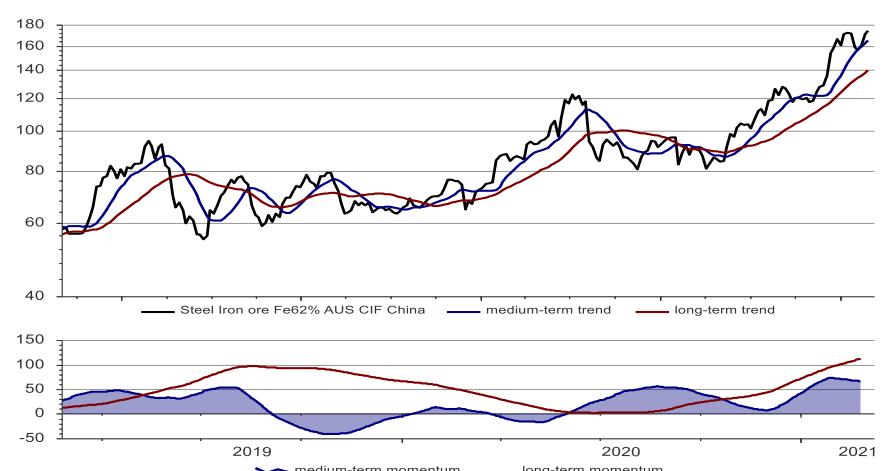
Iron ore grade premia/discounts: 66-62%, 58-62%



Seaborne iron ore supply/demand

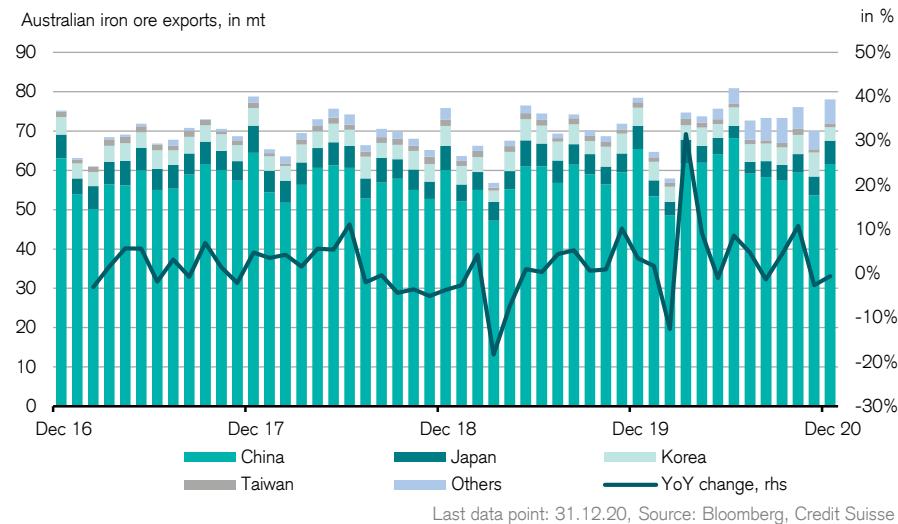


Iron ore 62% Fe: Moving averages and momentum

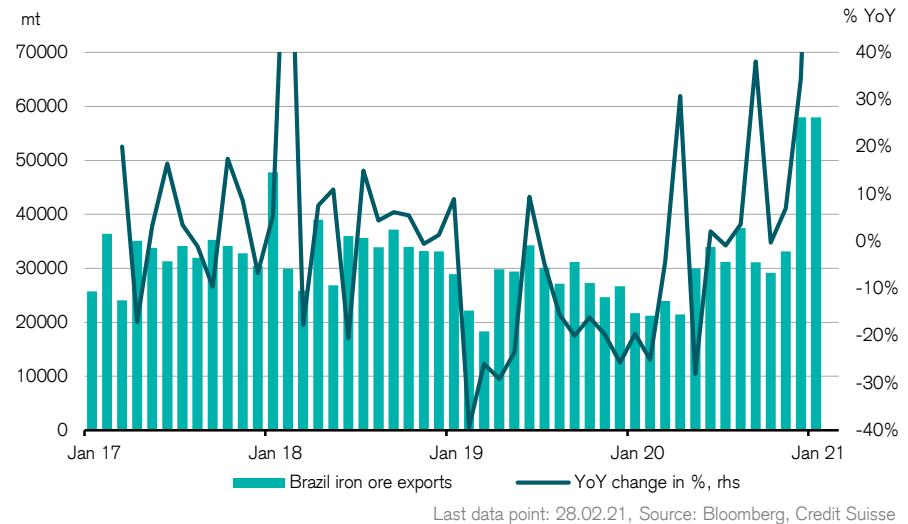


Iron ore: Overview

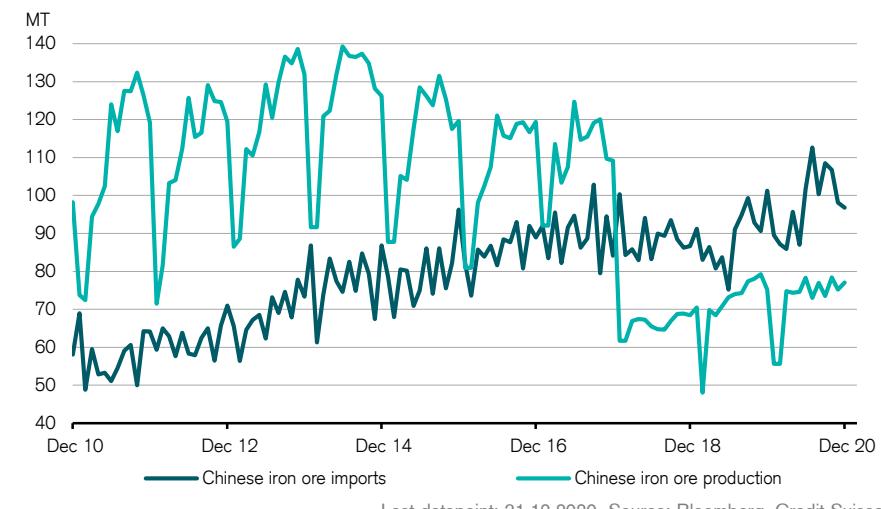
Australian iron ore exports



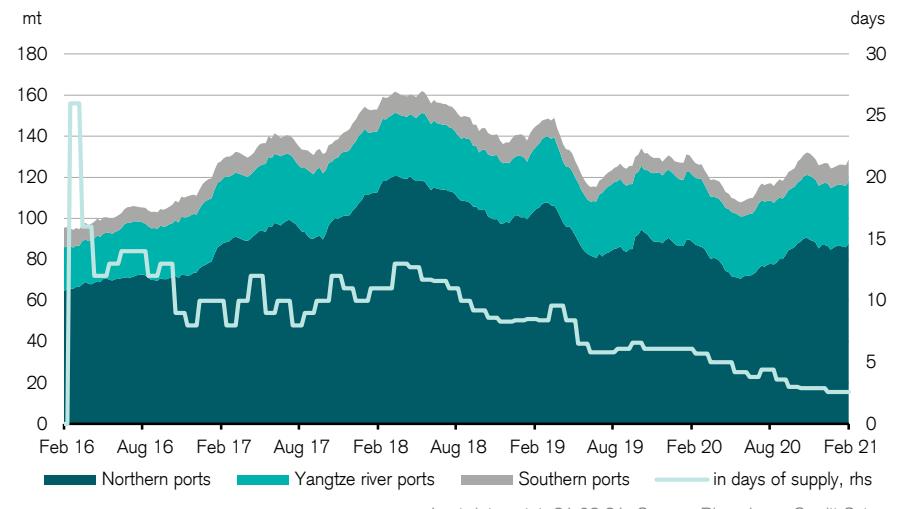
Brazilian iron ore exports



Chinese iron ore imports and domestic production

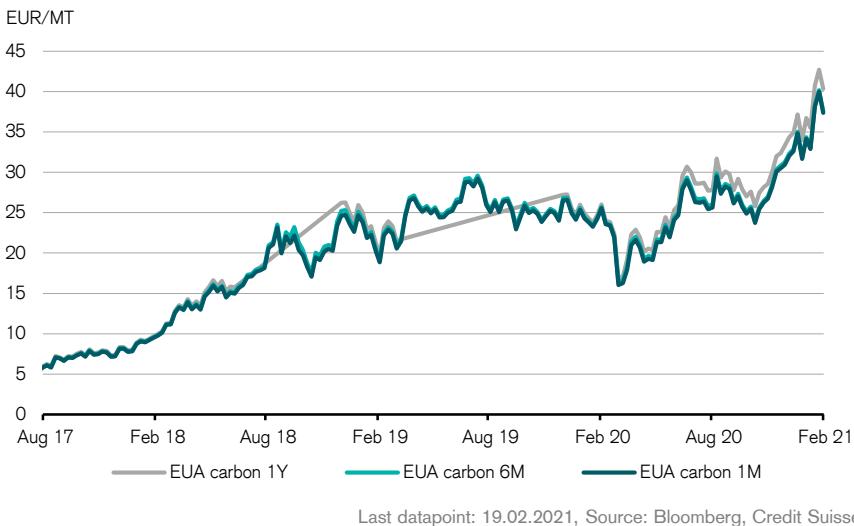


Chinese iron ore port stocks

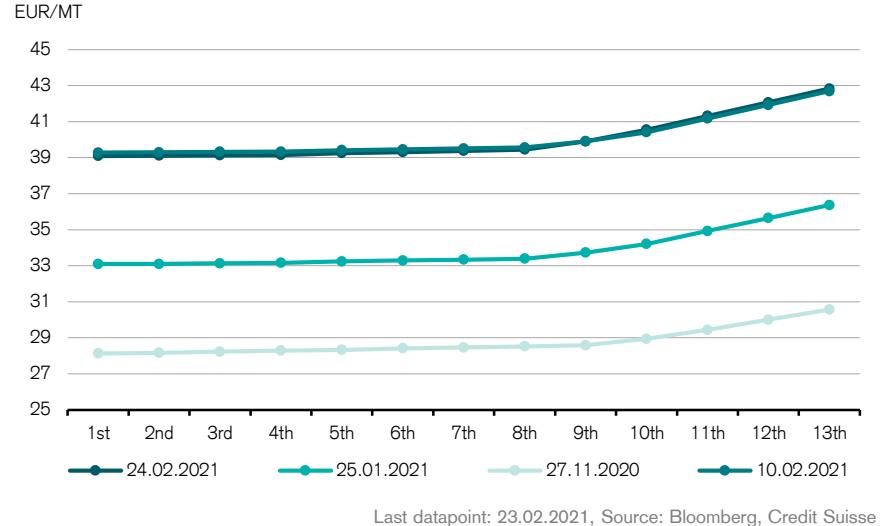


Carbon: Overview

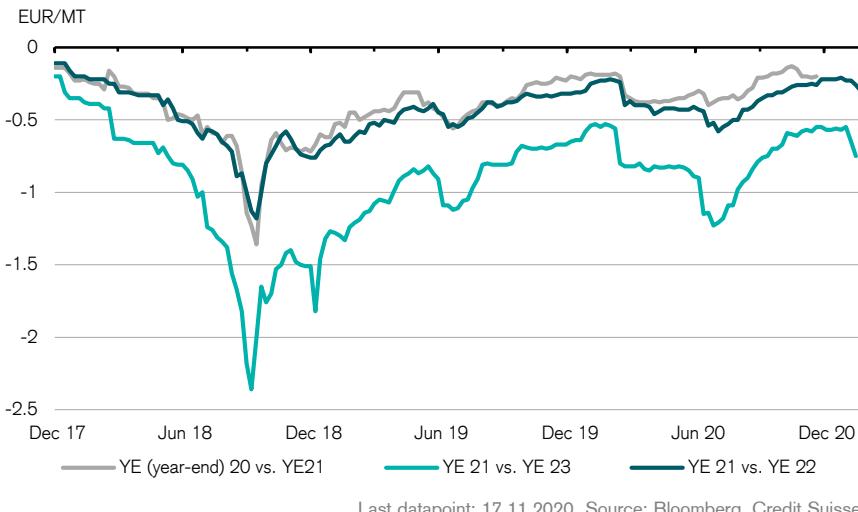
EUA carbon emissions futures, various tenors



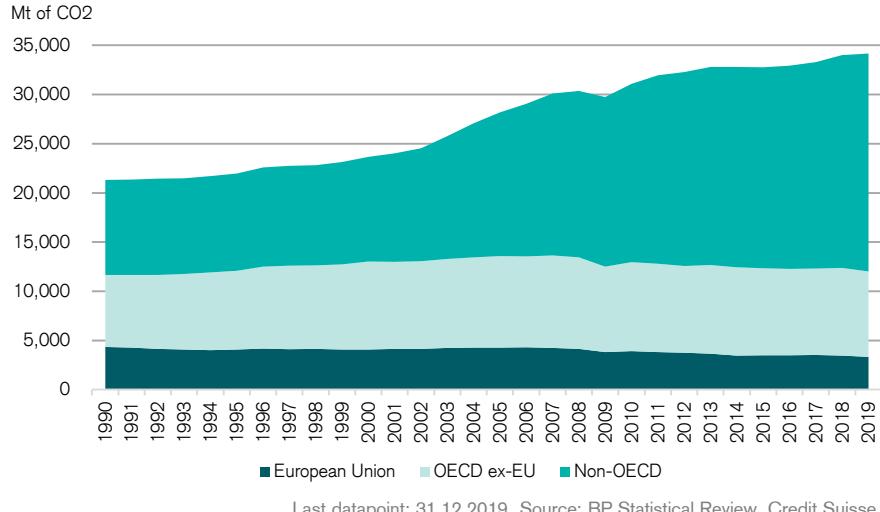
EUA carbon emissions futures curve



EUA carbon emissions futures, year-end spreads



Global CO₂ emissions

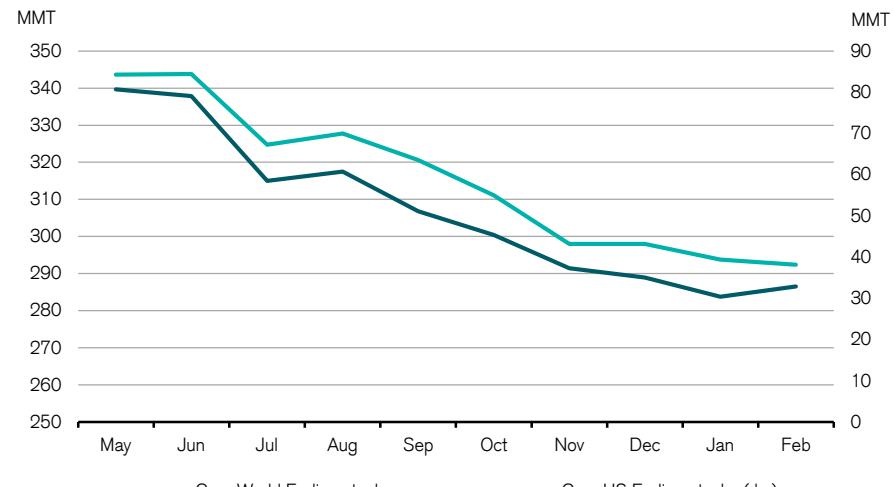


Corn: Tight US and global balances

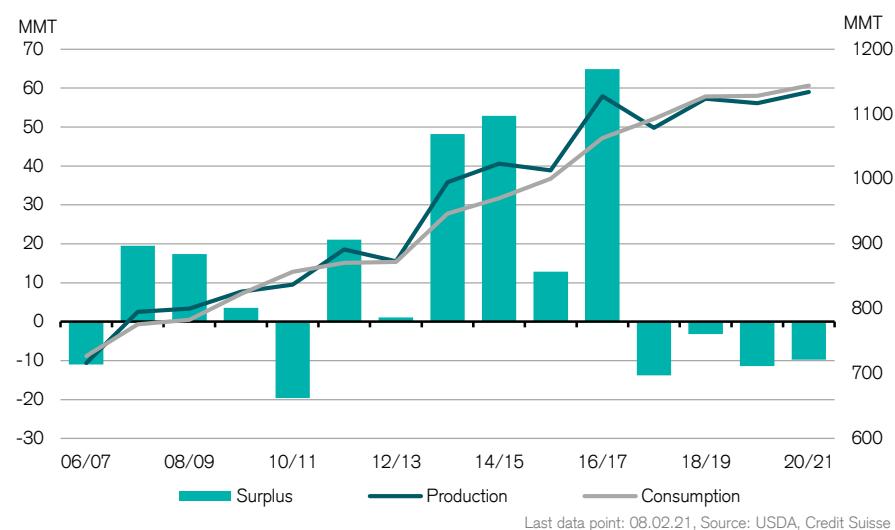
Summary

- Prices:** Corn prices have risen strongly in recent months (since Aug 20). Supply downgrades in the US and more recently in Latam, as well as strong Chinese purchases have been the main drivers.
- Stocks:** 20/21 deficit expectations have been gradually revised higher, and the gap is now expected to reach 10 mmt globally. Stocks are mostly declining in China amid a widening structural shortage. US stocks are falling, too, while early 21/22 estimates point to continued tightness.
- Supply:** Global production should still grind higher in 20/21 YoY, but has been revised meaningfully lower in the US, and increasingly in Latam as well, where harvests are being delayed. For 21/22, a supply response should occur, especially in the US where acreage is set to increase.
- Demand:** Global demand kept growing in 20/21, although at a slower pace because of Covid restrictions. Growth has been driven by EM countries, while consumption in DM countries declined. A re-acceleration is expected during 21/22, including in the US. Demand for ethanol should drive the rebound, while feed demand might slow as higher prices weigh on competitiveness.
- Trade:** Flows are set to increase, driven by China where purchases could triple this season (in YoY terms). US exporters are the main beneficiaries. Sales have been stellar, but the pace of actual exports, although strong, will still need to accelerate this spring to reach (USDA) targets.
- Curve and positioning:** Tighter balances caused the curve to shift into steep backwardation, incentivizing producers to use the rally to step up hedging programs. In turn, non-commercial positioning has risen to record long levels (facilitating producer hedges).
- View:** Fundamentals have tightened significantly and may not loosen meaningfully near-term, supporting prices and spreads. Demand prospects remain constructive (cyclical recovery, more mobility), although higher prices might start to weigh on the feed segment. Supply is set to respond eventually, with focus on Latam harvests, and US plantings in spring but stocks may not lift.

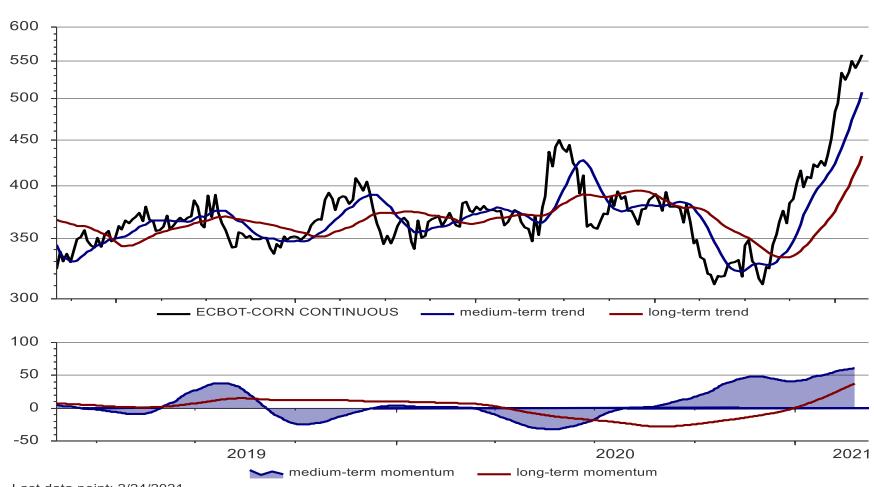
Corn revisions to year-end ending stocks



Global corn supply / demand

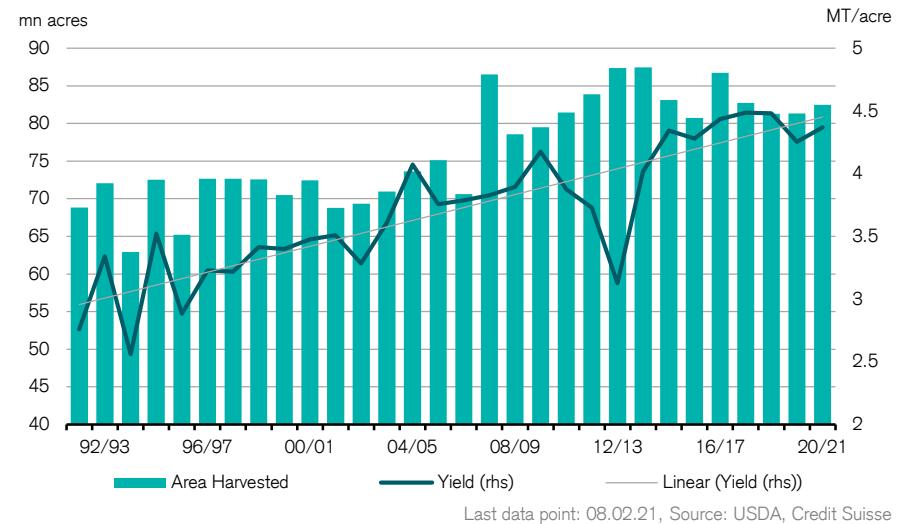


Technicals: Moving averages and momentum

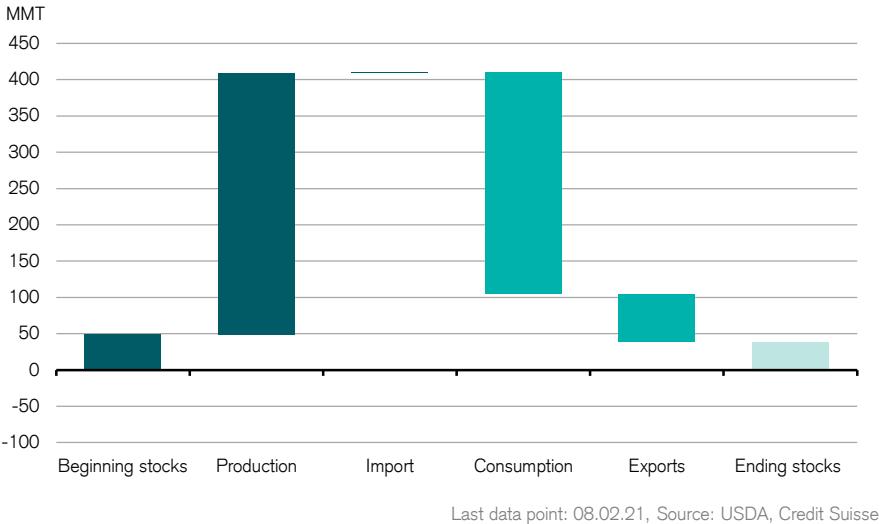


Corn: Overview

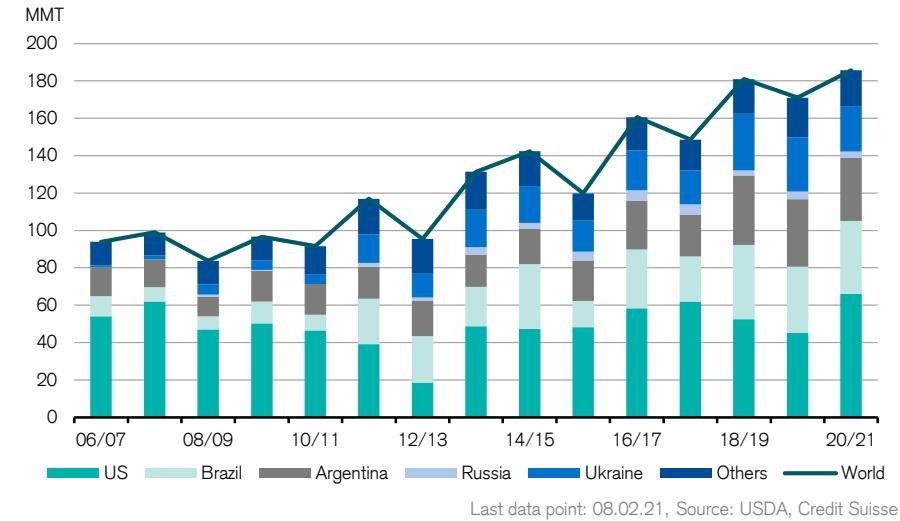
US corn area harvested and crop yield



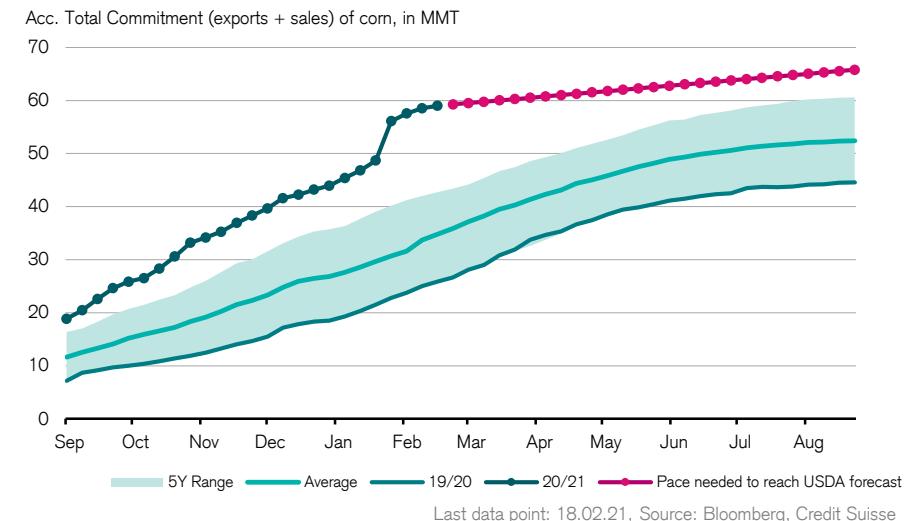
US supply and demand breakdown



Global corn exports, selected countries

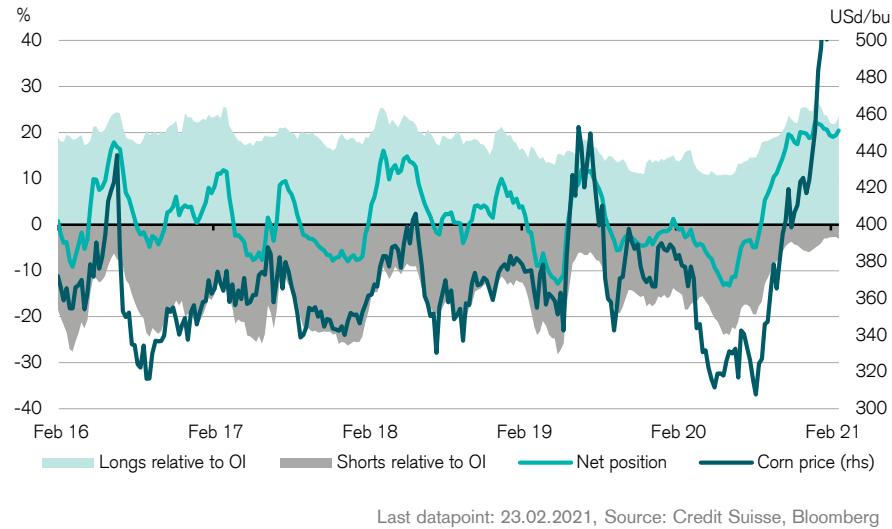


US corn, total commitment

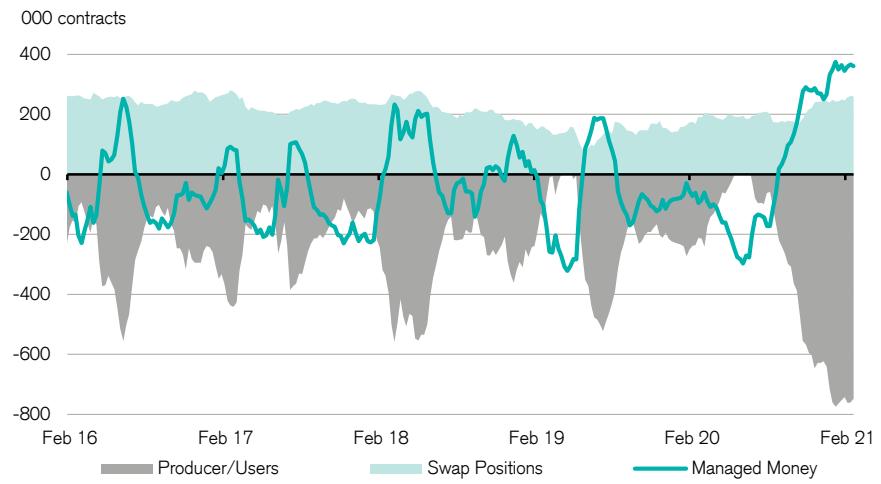


Corn: Overview

Positioning: Non-commercials



Positioning: Producers/users, swaps, managed money



Corn world supply and demand (USDA)

| | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 |
|-------------------------------|--------|--------|--------|--------|--------|--------|
| Area Harvested (mn HA) | | | | | | |
| World | 188.1 | 195.0 | 191.5 | 192.1 | 193.3 | 196.6 |
| US | 32.7 | 35.1 | 33.5 | 32.9 | 32.9 | 33.4 |
| China | 45.0 | 44.2 | 42.4 | 42.1 | 41.3 | 41.3 |
| Brazil | 16.0 | 17.6 | 16.6 | 17.5 | 18.5 | 19.7 |
| EU | 9.3 | 8.6 | 8.3 | 8.3 | 8.9 | 9.0 |
| Argentina | 3.7 | 4.9 | 5.2 | 6.1 | 6.3 | 6.1 |
| Yield | | | | | | |
| World | 5.4 | 5.8 | 5.6 | 5.9 | 5.8 | 5.8 |
| US | 10.6 | 11.0 | 11.1 | 11.1 | 10.5 | 10.8 |
| China | 5.9 | 6.0 | 6.1 | 6.1 | 6.3 | 6.3 |
| Brazil | 4.2 | 5.6 | 4.9 | 5.8 | 5.5 | 5.5 |
| EU | 6.3 | 7.2 | 7.5 | 7.8 | 7.5 | 7.1 |
| Argentina | 8.0 | 8.4 | 6.2 | 8.4 | 8.1 | 7.8 |
| Production (mn MT) | | | | | | |
| World | 1013.2 | 1127.6 | 1078.6 | 1123.8 | 1116.6 | 1134.1 |
| US | 345.5 | 384.8 | 371.1 | 364.3 | 346.0 | 360.3 |
| China | 265.0 | 263.6 | 259.1 | 257.2 | 260.8 | 260.7 |
| Brazil | 67.0 | 98.5 | 82.0 | 101.0 | 102.0 | 109.0 |
| EU | 58.7 | 61.9 | 62.0 | 64.4 | 66.7 | 63.6 |
| Argentina | 29.5 | 41.0 | 32.0 | 51.0 | 51.0 | 47.5 |
| Consumption (mn MT) | | | | | | |
| World | 1000.4 | 1062.7 | 1092.3 | 1016.1 | 1128.0 | 1143.8 |
| US | 298.8 | 313.8 | 314.0 | 310.4 | 309.5 | 305.5 |
| China | 229.0 | 255.0 | 263.0 | 274.0 | 278.0 | 289.0 |
| EU | 73.5 | 74.0 | 77.2 | 87.5 | 81.0 | 77.0 |
| Brazil | 57.5 | 60.5 | 63.5 | 67.0 | 68.5 | 70.0 |
| Mexico | 37.3 | 40.4 | 42.5 | 44.1 | 43.8 | 43.9 |
| Import (mn MT) | | | | | | |
| World | 139.2 | 135.6 | 151.0 | 146.1 | 165.3 | 179.0 |
| EU | 14.0 | 15.0 | 18.5 | 25.3 | 18.6 | 15.5 |
| Mexico | 14.0 | 14.6 | 16.1 | 16.7 | 16.5 | 16.5 |
| Japan | 15.2 | 15.2 | 15.7 | 16.1 | 15.9 | 15.6 |
| Korea, South | 10.1 | 9.2 | 10.0 | 10.9 | 11.9 | 11.5 |
| Vietnam | 8.0 | 8.1 | 8.6 | 10.1 | 10.7 | 11.5 |
| Exports (mn MT) | | | | | | |
| World | 119.8 | 160.6 | 148.6 | 141.3 | 171.0 | 185.7 |
| US | 48.2 | 58.3 | 61.9 | 52.5 | 45.2 | 66.0 |
| Brazil | 14.0 | 31.6 | 24.1 | 39.7 | 35.5 | 39.0 |
| Argentina | 21.7 | 26.0 | 22.5 | 37.2 | 36.0 | 34.0 |
| Ukraine | 16.6 | 21.3 | 18.0 | 30.3 | 28.9 | 24.0 |
| Russia | 4.7 | 5.6 | 5.5 | 2.8 | 4.1 | 3.1 |
| Ending stocks (mn MT) | | | | | | |
| World | 311.4 | 351.8 | 340.8 | 320.1 | 303.0 | 286.5 |
| China | 212.0 | 223.0 | 222.5 | 210.2 | 200.5 | 196.2 |
| US | 44.1 | 58.3 | 54.4 | 56.4 | 48.8 | 38.2 |
| Brazil | 6.8 | 14.0 | 9.3 | 5.3 | 4.8 | 6.3 |
| EU | 6.9 | 7.6 | 9.2 | 7.7 | 7.2 | 7.1 |
| Argentina | 1.4 | 5.3 | 2.4 | 2.4 | 3.9 | 2.4 |

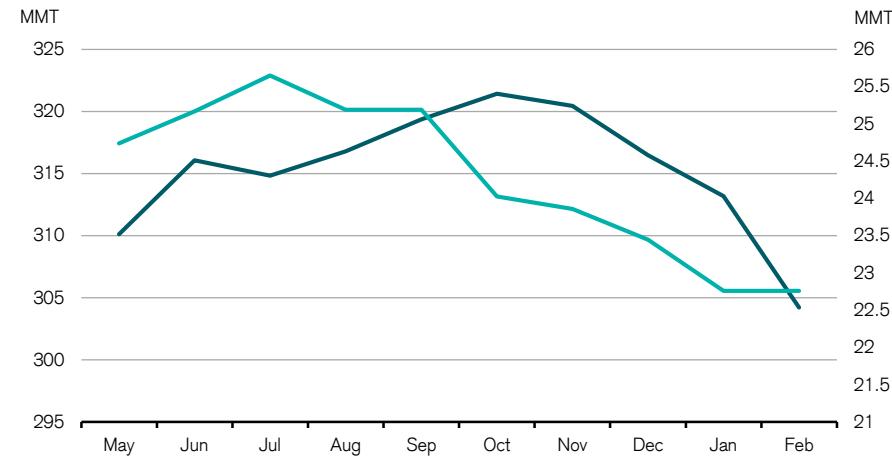
Last data point: 09.02.21, Source: USDA, Credit Suisse

Wheat: Tight US market vs. ample global supplies

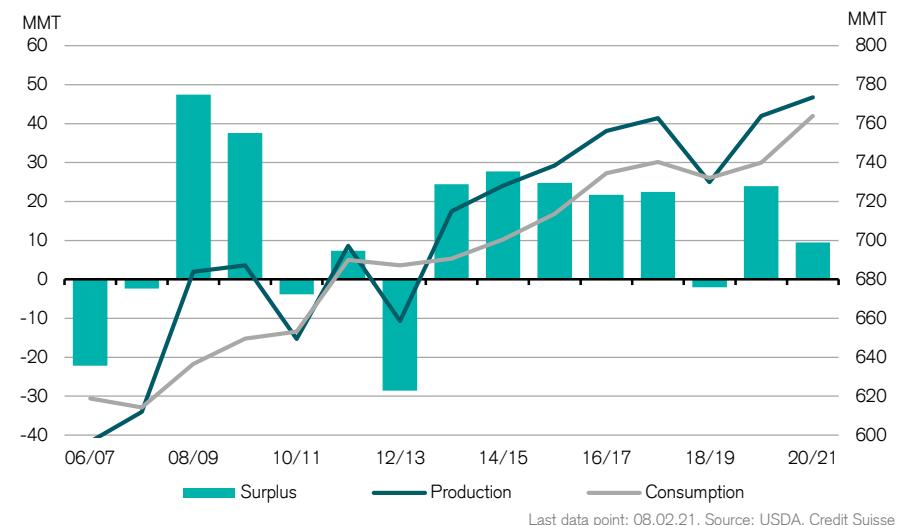
Summary

- Prices:** Wheat quotations rose along with a broader rally across the agricultural complex, but underperformed corn and soybeans on a relative basis since global balances are heavier.
- Stocks:** The 20/21 season will end with a surplus and early estimates point to a similar situation in 21/22. Hence, global balances are comfortable, but stocks keep declining in the US and reached multi-year lows. Availability of high-grade/quality wheat remains in issue.
- Supply:** Global production steadily rose in 20/21 and should continue to do so in 21/22. After years of declines, US winter wheat acreage ticked higher, but cold weather is likely to weigh on yields, keeping production estimates steady for 21/22 (at this stage). Elsewhere, Russia planted record winter wheat acreage, but new export taxes are a downside risk to spring plantings.
- Demand:** Wheat demand for food (bread, pasta) has proven resilient to the Covid-crisis. Meanwhile, feed demand has been gradually revised higher since corn and soy feed have become more expensive in relative comparison. This trend is likely to continue in 21/22. Regionally, most of the growth is coming from Asia, China in particular.
- Trade:** Global flows ticked modestly higher in 20/21. Growth mostly came from Russia (exports), while US flows remained strong thanks to the weaker USD and smaller competition from Europe and Ukraine. In 21/22, recently announced export taxes in Russia are likely to weigh on volumes.
- Curve and positioning:** The tightness in the US market allowed the curve to flip into backwardation. The net non-commercial positioning has risen to rather long overall position, facilitating increased producer hedging activity.
- View:** Tight US balances appear to have greater impact pricing currently as global balances are heavier. This situation/dynamic might persist if the USD stays weak, especially if Russia loses relative competitiveness. Winter wheat harvests and spring wheat plantings are next in focus.

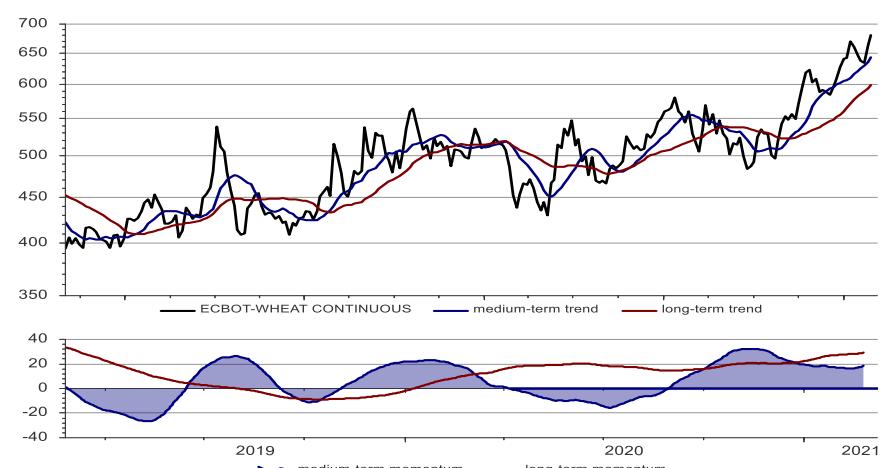
Wheat revisions to year-end ending stocks



Global wheat supply / demand

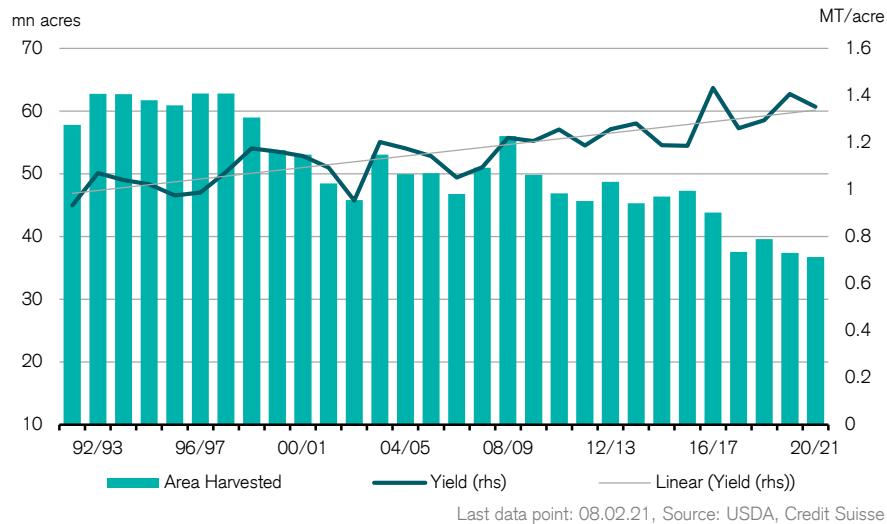


Technicals: Moving averages and momentum

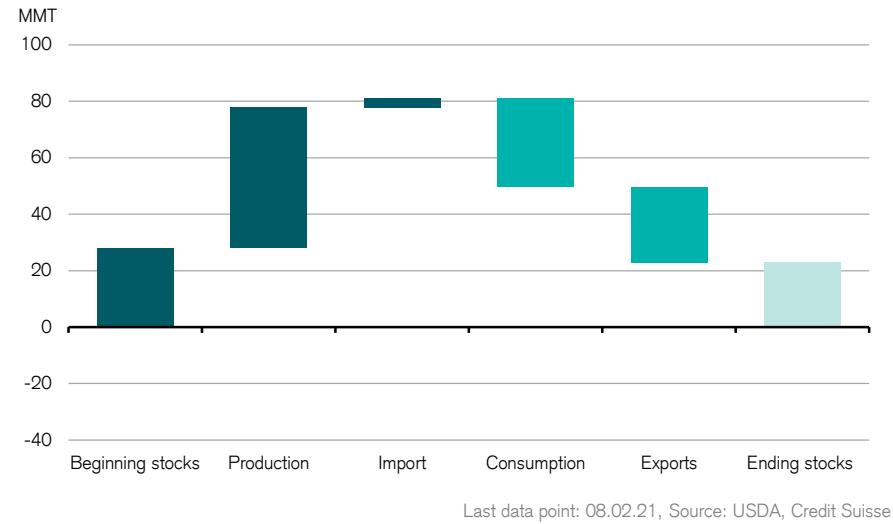


Wheat: Overview

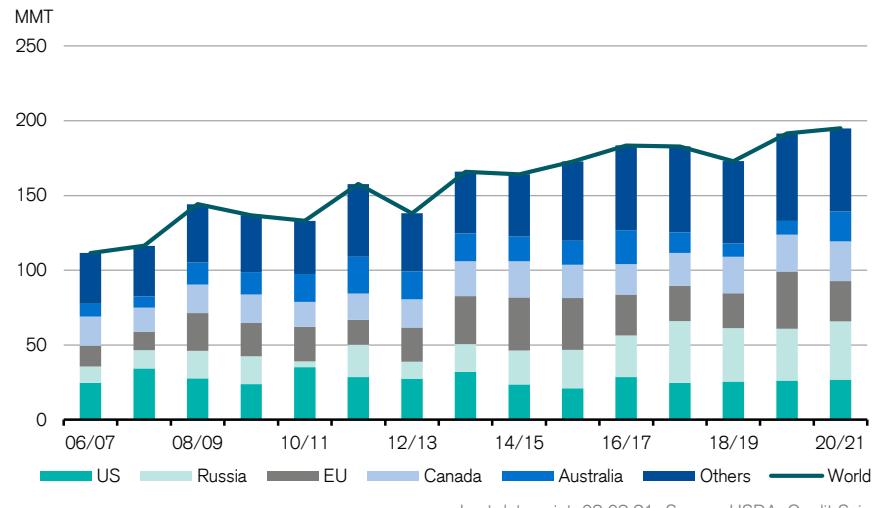
US wheat area harvested and crop yield



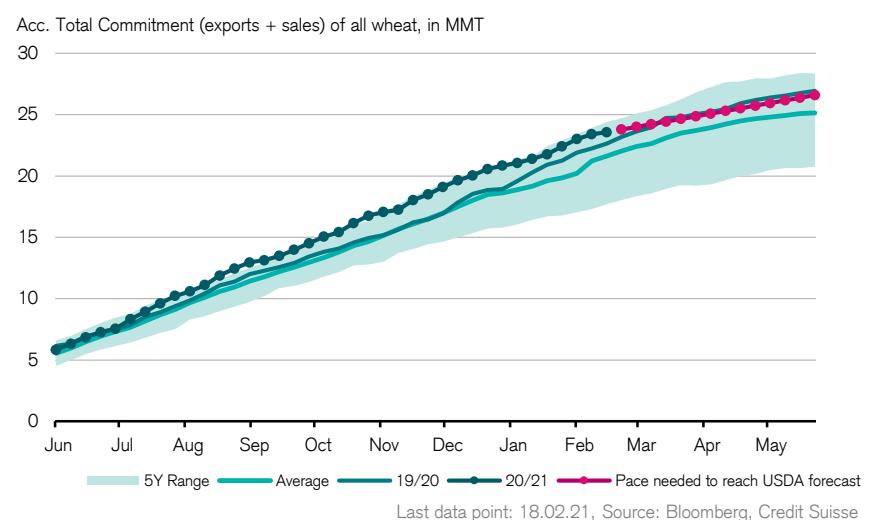
US supply and demand breakdown



Global wheat exports

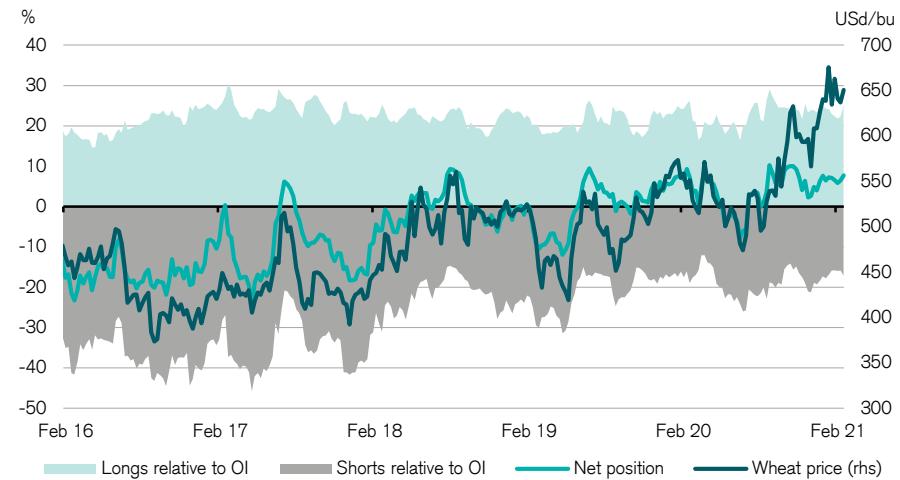


US wheat total commitments

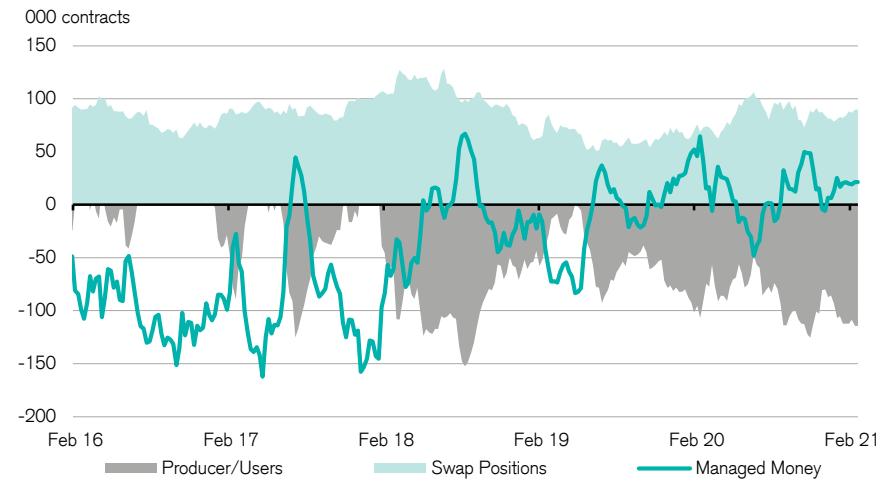


Wheat: Overview

Positioning: Non-commercials



Positioning: Producers/users, swaps, managed money



All wheat supply and demand (USDA)

| | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 |
|-------------------------------|-------|-------|-------|-------|-------|-------|
| Area Harvested (mn HA) | | | | | | |
| World | 224.0 | 222.4 | 218.5 | 215.5 | 216.9 | 222.0 |
| China | 24.6 | 24.7 | 24.5 | 24.3 | 23.7 | 23.4 |
| EU | 26.8 | 27.2 | 26.2 | 25.5 | 26.1 | 24.6 |
| India | 31.5 | 30.2 | 30.8 | 29.7 | 29.3 | 31.5 |
| Russia | 25.6 | 27.0 | 27.4 | 26.3 | 27.3 | 28.6 |
| US | 19.1 | 17.7 | 15.2 | 16.0 | 15.1 | 14.9 |
| Yield | | | | | | |
| World | 3.3 | 3.4 | 3.5 | 3.2 | 3.5 | 3.5 |
| China | 5.4 | 5.4 | 5.5 | 5.4 | 5.6 | 5.7 |
| EU | 6.0 | 5.3 | 5.8 | 5.4 | 5.9 | 5.5 |
| India | 2.7 | 2.9 | 3.2 | 3.4 | 3.5 | 3.4 |
| Russia | 2.4 | 2.7 | 3.1 | 2.7 | 2.7 | 3.0 |
| US | 2.9 | 3.5 | 3.1 | 3.2 | 3.5 | 3.3 |
| Production (mn MT) | | | | | | |
| World | 738.4 | 756.3 | 762.8 | 697.4 | 763.9 | 773.4 |
| China | 132.6 | 133.3 | 134.3 | 131.4 | 133.6 | 134.3 |
| EU | 160.5 | 145.4 | 151.1 | 136.6 | 154.5 | 135.8 |
| India | 86.5 | 87.0 | 98.5 | 99.9 | 103.6 | 107.6 |
| Russia | 61.0 | 72.5 | 85.2 | 71.7 | 73.6 | 85.3 |
| US | 56.1 | 62.8 | 47.4 | 51.3 | 52.6 | 49.7 |
| Consumption (mn MT) | | | | | | |
| World | 713.7 | 734.6 | 740.3 | 719.0 | 708.5 | 764.0 |
| China | 117.5 | 119.0 | 121.0 | 125.0 | 126.0 | 140.0 |
| EU | 129.9 | 128.0 | 130.4 | 121.1 | 122.5 | 118.5 |
| India | 88.6 | 97.2 | 95.7 | 95.6 | 95.4 | 103.0 |
| Russia | 37.0 | 40.0 | 43.0 | 40.5 | 40.0 | 41.5 |
| US | 31.9 | 31.9 | 29.2 | 30.0 | 30.6 | 31.4 |
| Import (mn MT) | | | | | | |
| World | 170.1 | 179.6 | 181.3 | 167.7 | 174.1 | 189.5 |
| Egypt | 11.9 | 11.2 | 12.4 | 12.4 | 12.8 | 13.0 |
| Indonesia | 10.0 | 10.2 | 10.8 | 10.9 | 10.6 | 10.5 |
| Turkey | 4.4 | 4.5 | 6.2 | 6.4 | 10.9 | 8.0 |
| Philippines | 4.9 | 5.7 | 6.1 | 7.5 | 7.1 | 6.9 |
| Algeria | 8.2 | 8.4 | 8.2 | 7.5 | 7.1 | 6.5 |
| Exports (mn MT) | | | | | | |
| World | 172.8 | 183.5 | 182.8 | 148.6 | 191.5 | 194.8 |
| Russia | 25.5 | 27.8 | 41.4 | 35.9 | 34.5 | 39.0 |
| US | 21.2 | 28.6 | 24.7 | 25.5 | 26.3 | 26.8 |
| EU | 34.8 | 27.4 | 23.4 | 23.3 | 38.4 | 27.0 |
| Canada | 22.1 | 20.2 | 22.0 | 24.4 | 24.6 | 26.5 |
| Ukraine | 17.4 | 18.1 | 17.8 | 16.0 | 21.0 | 17.5 |
| Ending stocks (mn MT) | | | | | | |
| World | 244.4 | 262.7 | 288.0 | 273.8 | 300.1 | 304.2 |
| China | 97.0 | 114.9 | 131.2 | 139.8 | 151.7 | 154.9 |
| India | 14.5 | 9.8 | 13.2 | 17.0 | 24.7 | 27.5 |
| US | 26.6 | 32.1 | 29.9 | 29.4 | 28.0 | 22.8 |
| EU | 15.5 | 10.7 | 17.9 | 15.9 | 14.3 | 10.6 |
| Russia | 5.6 | 10.8 | 12.0 | 7.8 | 7.2 | 12.5 |

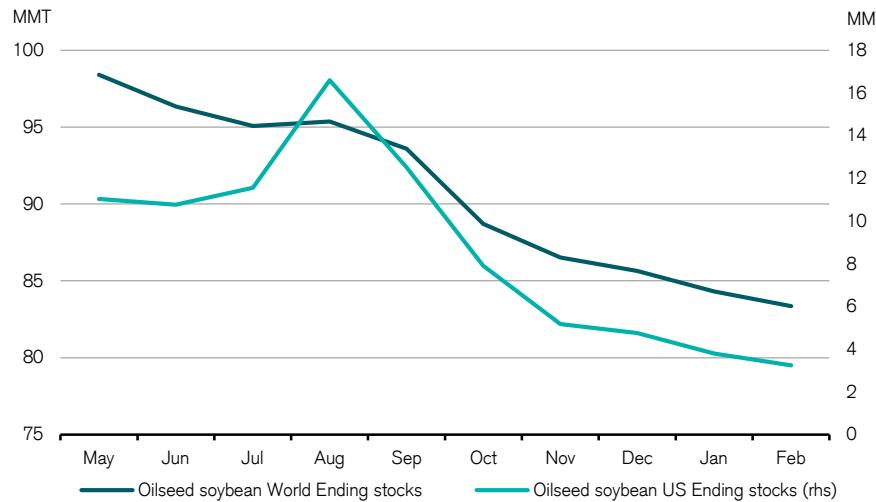
Last data point: 09.02.21, Source: USDA, Credit Suisse

Soybeans: China keeps buying

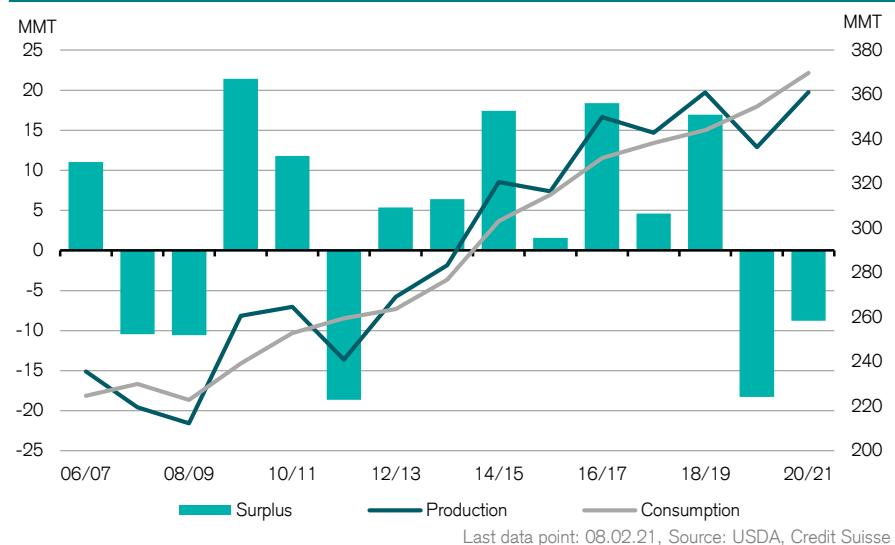
Summary

- Prices:** Soybean prices rallied in 2H20 and extended gains in early 2021. Similar to corn, the main drivers have been disappointing crops in the US / Latam, as well as strong Chinese purchases.
- Stocks:** 20/21 should end with another deficit, which has been revised higher to 9 mmt (USDA). Stocks are declining very rapidly in the US and are now close to record lows. Reserves are stable in Latam and modestly higher in China. A more balanced market should follow in 21/22.
- Supply:** Production rose in 20/21 from a low base, but has been steadily revised lower throughout the season. Brazil should see growth, although suboptimal weather and harvest delays are downside risks. Similar issues likely to weigh on the Argentinean crop. During 21/22, supply should respond, especially in the US, where preliminary estimates point to plantings of 90 m acres (+6.9 m acres).
- Demand:** Global demand is set to rebound in 20/21 after being gradually revised higher throughout the year. This has been particularly the case in China, where herds have recovered faster than expected after being hard hit by the African Swine Fever (ASF) in previous years.
- Trade:** Chinese imports (>60% of traded flows) should keep grinding higher, but the origin is shifting. As part of the trade deal, purchases from the US are expected to jump. Sales are at record levels and actual exports are keeping up with the pace. Latam should lose market share as a result.
- Curve and positioning:** Tighter balances made the curve flip into extreme backwardation. Producer hedging activity increased amid rallying prices, while non-commercial net length has risen close to records to accommodate these flows. That said, we have seen some normalization lately.
- View:** Bullish news accumulated in recent months and soy balances now look tight, especially in the US. This backdrop is unlikely to change materially in the near-term but catalysts are now in the rear mirror (US harvest) or increasingly priced in (large Chinese imports). Focus shifts on supply again (Latam harvest, US plantings), which will lift the importance of weather patterns.

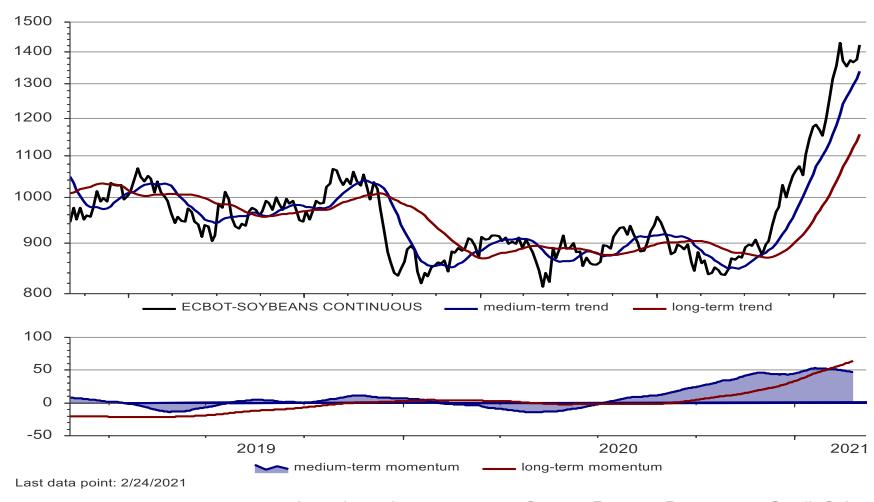
Soybeans revisions to year-end ending stocks



Global soybean supply and demand

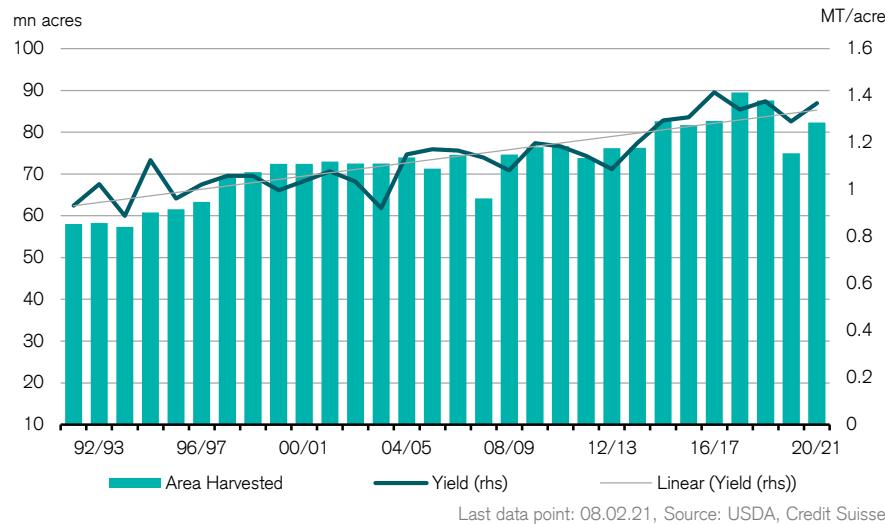


Technicals: Moving averages and momentum

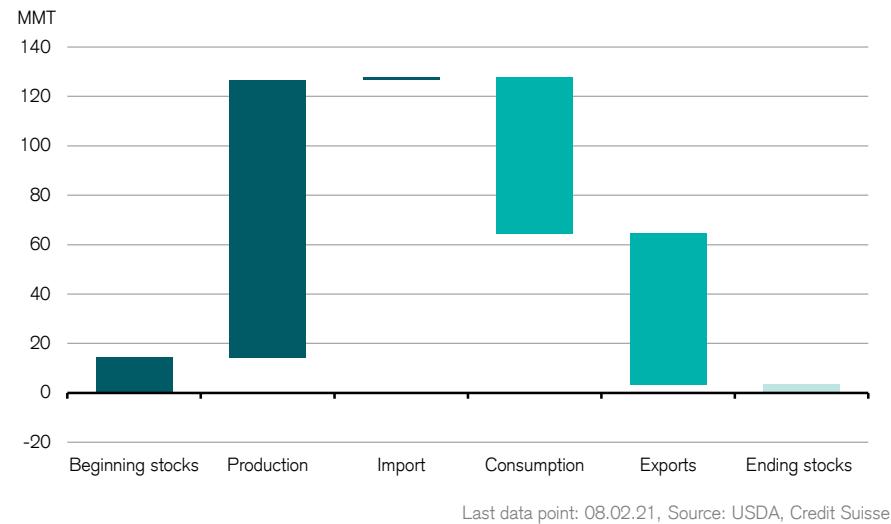


Soybeans: Overview

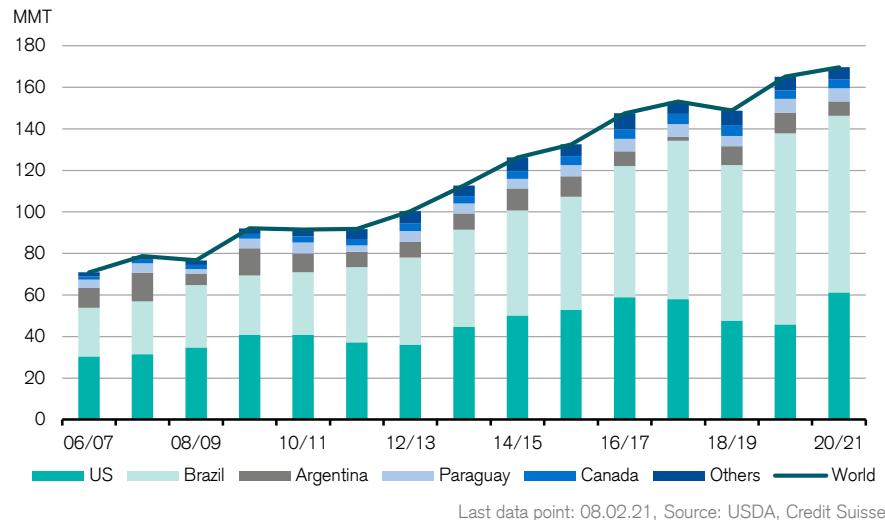
US soybean acreage and crop yields



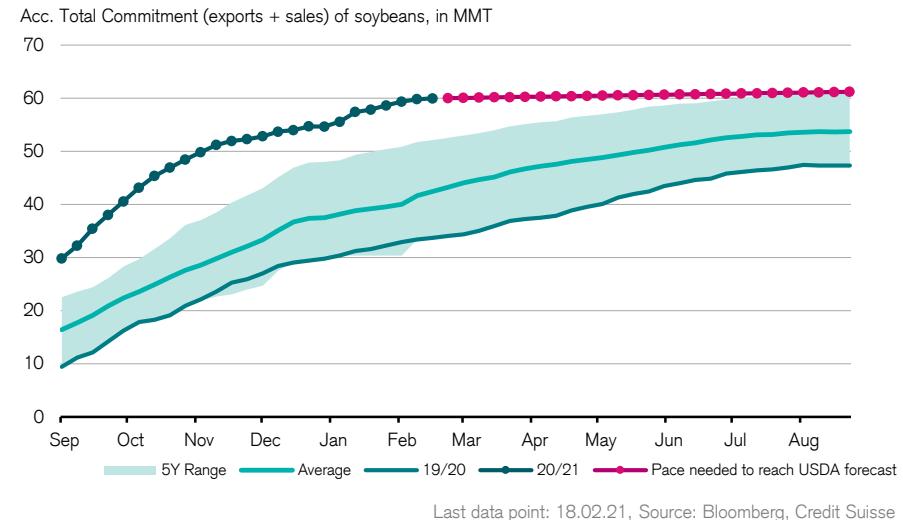
US soybean supply and demand breakdown



Global soybean exports

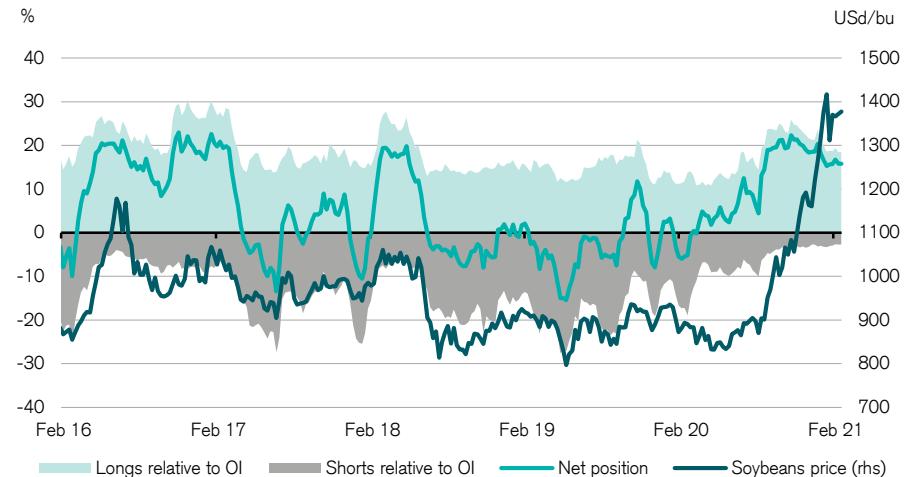


US soybeans total commitments



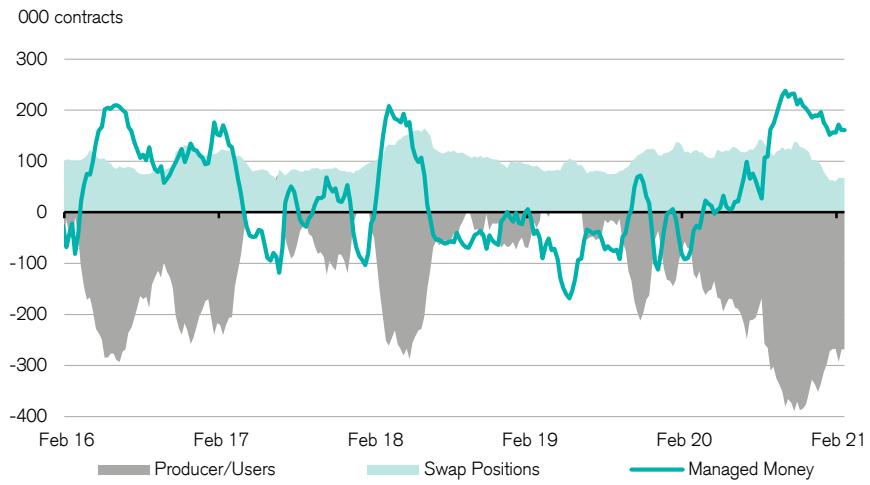
Soybeans: Overview

Positioning: Non-commercials



Last datapoint: 23.02.2021, Source: Credit Suisse, Bloomberg

Positioning: Producers/users, swaps, managed money



Last datapoint: 23.02.2021, Source: Credit Suisse, Bloomberg

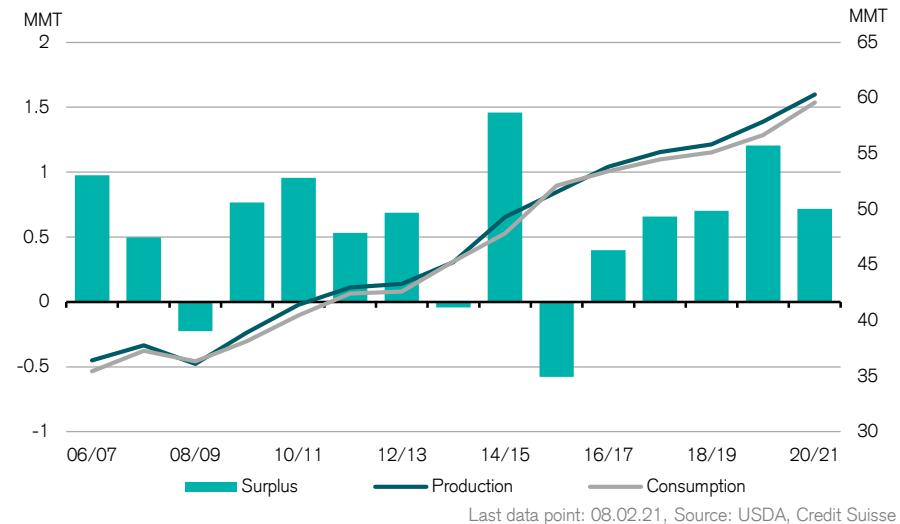
Soybean supply and demand

| | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 |
|-------------------------------|-------|-------|-------|-------|-------|-------|
| Area Harvested (mn HA) | | | | | | |
| World | 120.4 | 119.6 | 124.3 | 125.0 | 122.4 | 127.5 |
| Brazil | 33.3 | 33.9 | 35.2 | 35.9 | 36.9 | 38.6 |
| US | 33.1 | 33.5 | 36.2 | 35.4 | 30.3 | 33.3 |
| Argentina | 19.4 | 17.3 | 16.3 | 16.6 | 16.7 | 16.7 |
| China | 6.8 | 7.6 | 8.2 | 8.4 | 9.3 | 9.9 |
| India | 11.6 | 11.2 | 10.3 | 11.1 | 12.0 | 12.2 |
| Yield | | | | | | |
| World | 2.6 | 2.9 | 2.8 | 2.9 | 2.7 | 2.8 |
| Brazil | 0.8 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| US | 3.2 | 3.5 | 3.3 | 3.4 | 3.2 | 3.4 |
| Argentina | 3.0 | 3.2 | 2.3 | 3.3 | 2.9 | 2.9 |
| China | 1.8 | 1.8 | 1.9 | 1.9 | 1.9 | 2.0 |
| India | 0.6 | 1.0 | 0.8 | 1.0 | 0.8 | 0.9 |
| Production (mn MT) | | | | | | |
| World | 316.6 | 349.9 | 342.9 | 361.0 | 336.5 | 361.1 |
| Brazil | 96.5 | 114.6 | 123.4 | 119.7 | 126.0 | 133.0 |
| US | 106.9 | 116.9 | 120.1 | 120.5 | 96.7 | 112.5 |
| Argentina | 58.8 | 55.0 | 37.8 | 55.3 | 48.8 | 48.0 |
| China | 12.4 | 13.6 | 15.3 | 16.0 | 18.1 | 19.6 |
| India | 6.9 | 11.0 | 8.4 | 10.9 | 9.3 | 10.5 |
| Consumption (mn MT) | | | | | | |
| World | 315.0 | 331.5 | 338.3 | 344.1 | 354.7 | 369.8 |
| China | 95.9 | 103.5 | 106.3 | 102.0 | 109.2 | 117.7 |
| US | 54.5 | 55.7 | 58.9 | 60.4 | 61.8 | 63.3 |
| Argentina | 47.5 | 47.4 | 43.1 | 48.1 | 44.0 | 46.3 |
| Brazil | 43.2 | 44.8 | 46.0 | 46.2 | 46.6 | 48.1 |
| EU | 16.6 | 16.0 | 16.6 | 17.3 | 18.0 | 18.5 |
| Import (mn MT) | | | | | | |
| World | 133.3 | 144.2 | 153.3 | 145.8 | 165.4 | 167.0 |
| China | 83.2 | 93.5 | 94.1 | 82.5 | 98.5 | 100.0 |
| EU | 15.1 | 13.4 | 14.6 | 15.0 | 15.7 | 15.2 |
| Mexico | 4.1 | 4.1 | 4.9 | 5.9 | 6.0 | 6.2 |
| Argentina | 0.7 | 1.7 | 4.7 | 6.4 | 4.9 | 4.5 |
| Egypt | 1.3 | 2.1 | 3.3 | 3.7 | 4.9 | 4.2 |
| Exports (mn MT) | | | | | | |
| World | 132.6 | 147.5 | 153.1 | 148.8 | 165.2 | 169.7 |
| Brazil | 54.4 | 63.1 | 76.1 | 74.9 | 92.1 | 85.0 |
| US | 52.9 | 59.0 | 58.1 | 47.7 | 45.8 | 61.2 |
| Argentina | 9.9 | 7.0 | 2.1 | 9.1 | 10.0 | 7.0 |
| Paraguay | 5.4 | 6.1 | 6.0 | 4.9 | 6.6 | 6.3 |
| Canada | 4.2 | 4.6 | 4.9 | 5.3 | 3.9 | 4.2 |
| Ending stocks (mn MT) | | | | | | |
| World | 81.0 | 95.0 | 98.8 | 112.9 | 94.9 | 83.4 |
| China | 17.1 | 20.1 | 23.1 | 19.5 | 26.8 | 28.6 |
| Argentina | 14.4 | 10.9 | 9.1 | 9.9 | 12.8 | 12.0 |
| Brazil | 2.5 | 9.9 | 2.6 | 2.9 | 1.5 | 1.6 |
| EU | 1.6 | 1.2 | 1.4 | 1.6 | 1.7 | 0.8 |
| US | 5.4 | 8.2 | 11.9 | 24.7 | 14.3 | 3.3 |

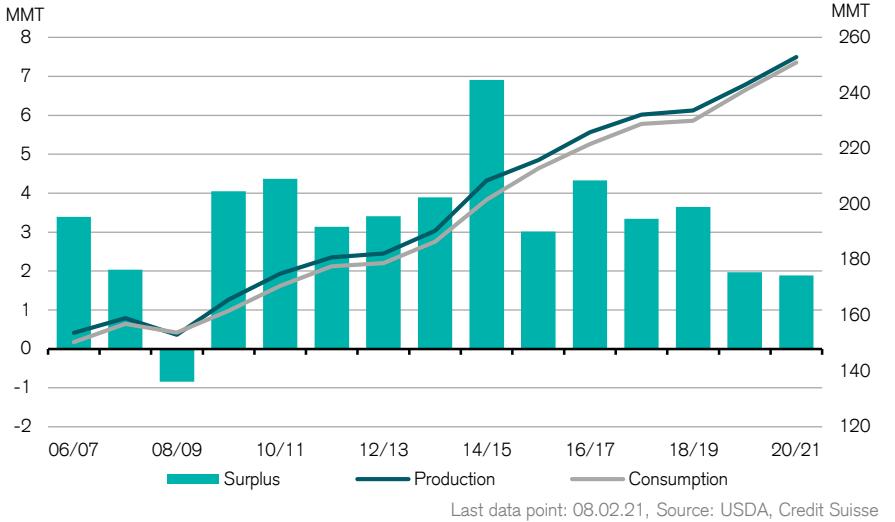
Last data point: 09.02.21, Source: USDA, Credit Suisse

Soy oil and meal: Overview

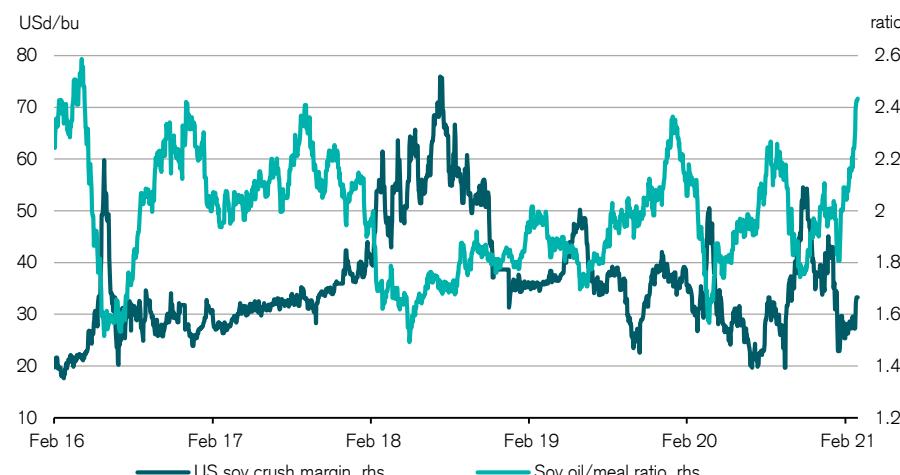
Global soy oil supply and demand



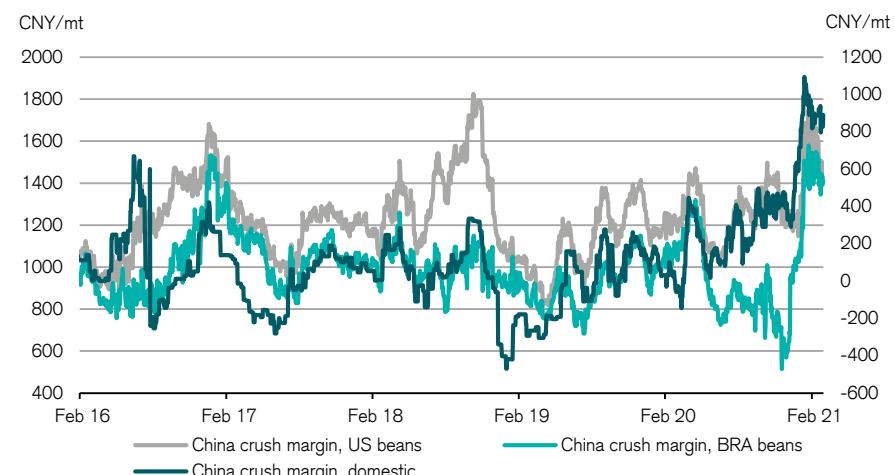
Global soy meal supply and demand



US soy crush margins vs. soy oil/meal ratio



China soy crush margins



Cotton: Still driven by Asian demand

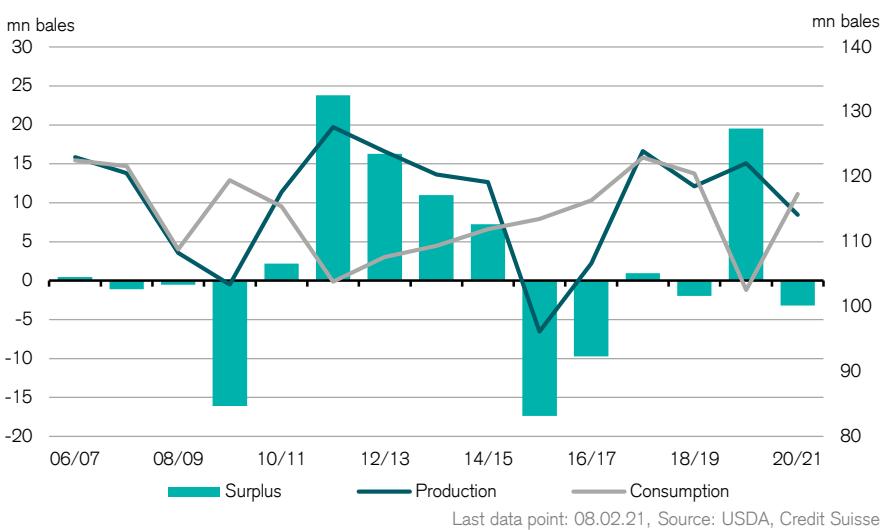
Summary

- Prices:** Cotton prices recorded a strong start to the year. The ongoing cyclical recovery, led by Asia, proved the main catalyst, while suboptimal weather in key growing regions (mostly US) also helped.
- Stocks:** Stocks jumped in 19/20, creating a comfortable supply situation prior to the 20/21 season, which is likely to end with a small 3 mmt deficit. Stocks are rising in Asia (mostly in China and India), but tightening in the US. Early projections for 21/22 point to another small deficit.
- Supply:** 20/21 output declined significantly, dragged by lower acreage but also weather issues in main producing areas, especially in the US. Focus is now shifting to Northern hemisphere plantings, where a supply response is likely given strong current prices. China is the exception as acreage is unlikely to increase much, while the strong yields of 20/21 may prove difficult to repeat.
- Demand:** Cotton consumption has been gradually revised higher throughout the season, but should still fall short of pre-Covid levels. This might change in 21/22, in part because of pent-up demand. The recovery has been stronger in Asia so far, especially in China where activity resumed earlier.
- Trade:** Trade flows have been less impacted by the pandemic than actual consumption and should already reach pre-Covid levels this year. Despite a lower crop, US exports are resisting well thanks to very strong purchases from China, which sought to replenish stocks. Brazil is also gaining market share as its crop grows each year amid higher acreage.
- Curve and positioning:** Tightness in the US market caused the curve to flip into backwardation. Investor flows have been substantial, lifting the net positioning close to record long levels, prompting producers to step up hedging activities into current price strength.
- View:** The cyclical recovery should continue to support prices in the short- to medium-term. Under normal weather conditions, supply is unlikely to rise enough to result in meaningful surpluses, but volatility may rise during the planting/growing season.

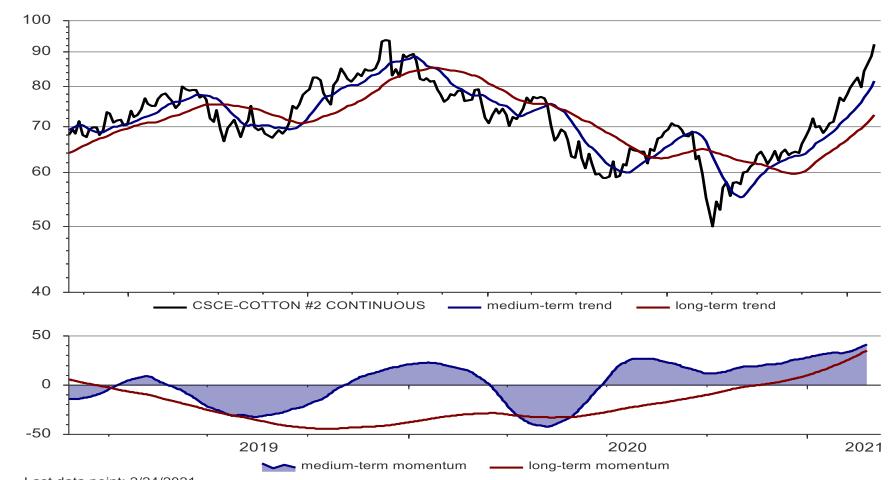
Cotton revisions to year-end ending stocks



Global cotton supply and demand

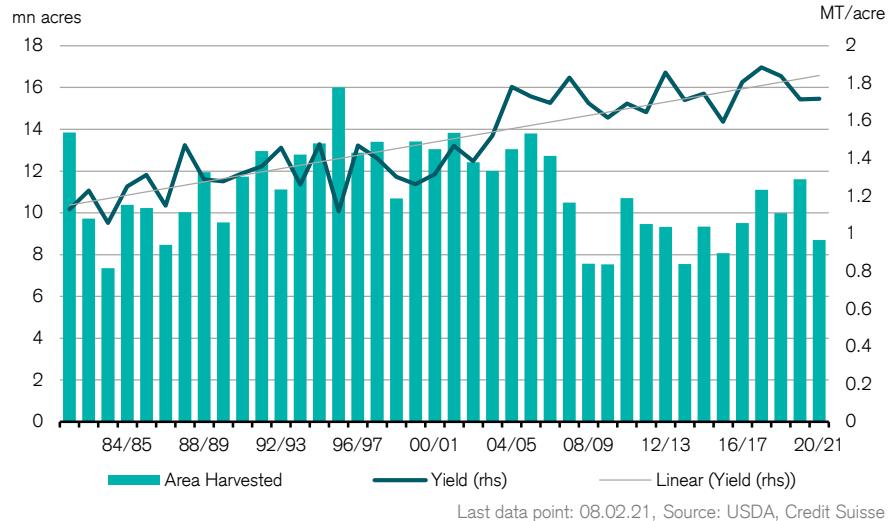


Technicals: Moving averages and momentum

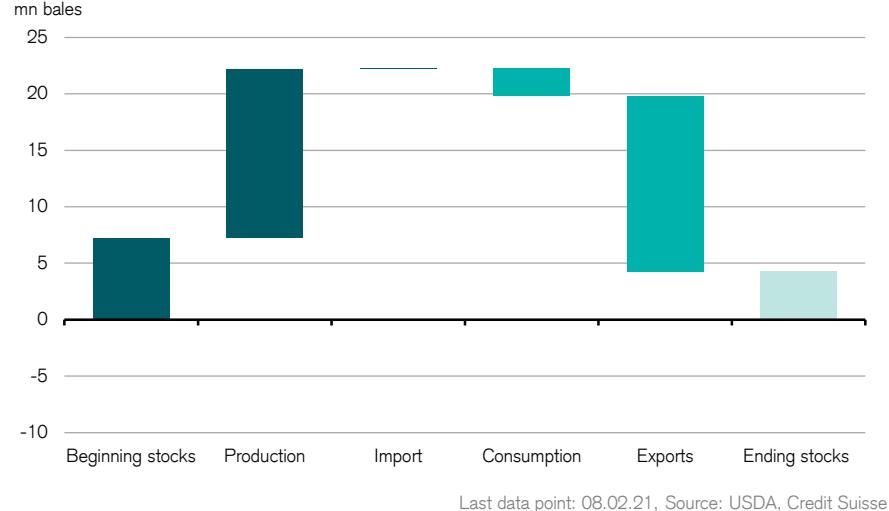


Cotton: Overview

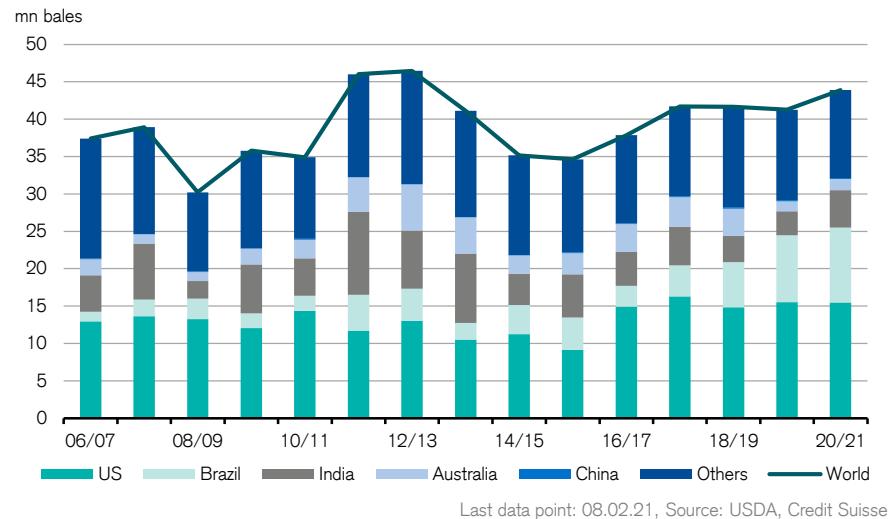
US cotton acreage and crop yields



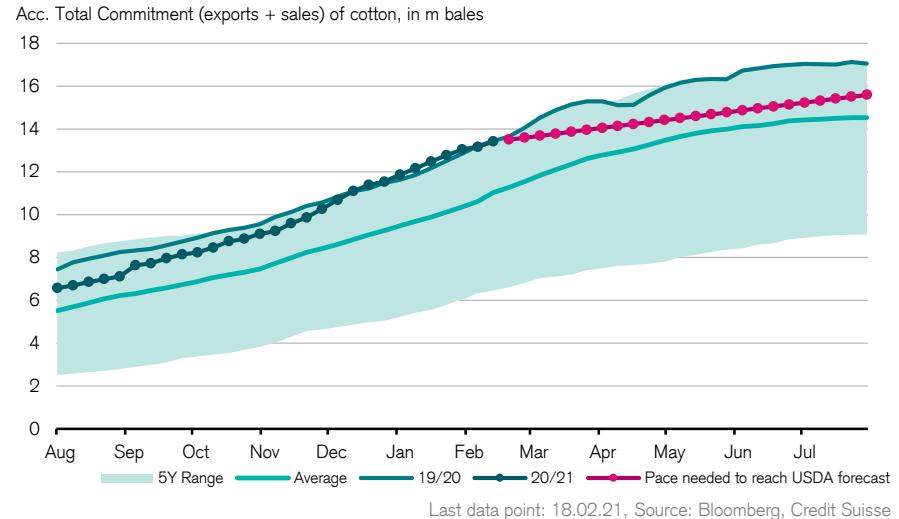
US cotton supply and demand breakdown



Global cotton exports

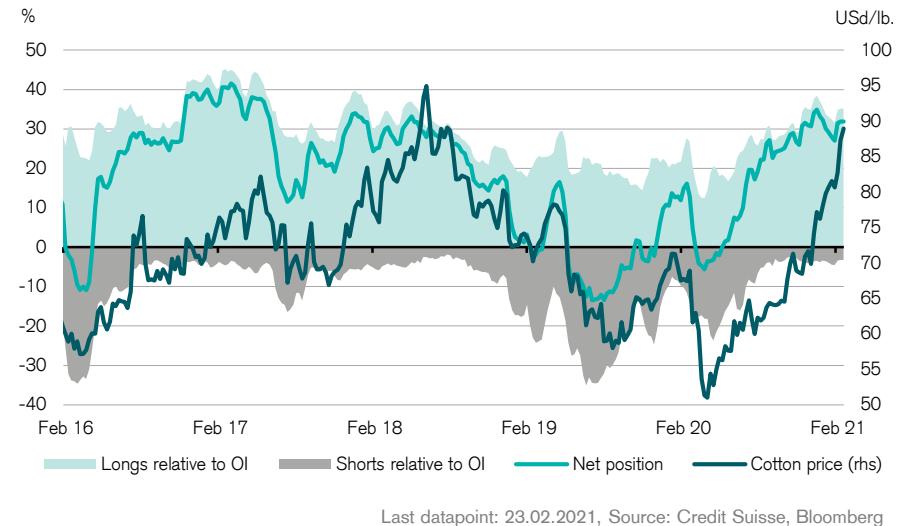


US export, total commitment



Cotton: Overview

Positioning: Non-commercials



Positioning: Producers/users, swaps, managed money



Cotton supply and demand

| | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 |
|---|-------|-------|-------|-------|-------|-------|
| Area Harvested (mn hectares) | | | | | | |
| World | 30.7 | 29.8 | 33.8 | 33.3 | 35.0 | 32.3 |
| India | 12.3 | 10.9 | 12.6 | 12.6 | 13.4 | 13.3 |
| China | 3.1 | 2.9 | 3.4 | 3.5 | 3.5 | 3.3 |
| US | 3.3 | 3.8 | 4.5 | 4.0 | 4.7 | 3.5 |
| Brazil | 1.0 | 0.9 | 1.2 | 1.6 | 1.7 | 1.6 |
| Pakistan | 2.9 | 2.5 | 2.7 | 2.3 | 2.5 | 2.2 |
| Yield | | | | | | |
| World | 3.1 | 3.6 | 3.7 | 3.6 | 3.5 | 3.5 |
| India | 2.1 | 2.5 | 2.3 | 2.0 | 2.2 | 2.2 |
| China | 7.2 | 7.8 | 8.1 | 7.9 | 7.9 | 8.9 |
| US | 3.9 | 4.5 | 4.7 | 4.5 | 4.2 | 4.2 |
| Brazil | 6.2 | 7.5 | 7.8 | 7.9 | 8.3 | 7.7 |
| Pakistan | 2.4 | 3.1 | 3.0 | 3.3 | 2.5 | 2.0 |
| Production (mn 480 lb. Bales) | | | | | | |
| World | 96.2 | 106.7 | 124.0 | 118.6 | 122.1 | 114.1 |
| India | 25.9 | 27.0 | 29.0 | 25.8 | 29.5 | 29.0 |
| China | 22.0 | 22.8 | 27.5 | 27.8 | 27.3 | 29.0 |
| US | 12.9 | 17.2 | 20.9 | 18.4 | 19.9 | 15.0 |
| Brazil | 5.9 | 7.0 | 9.2 | 13.0 | 13.8 | 12.0 |
| Pakistan | 7.0 | 7.7 | 8.2 | 7.6 | 6.2 | 4.5 |
| Consumption (mn 480 lb. Bales) | | | | | | |
| World | 113.5 | 116.4 | 123.0 | 120.5 | 102.6 | 117.3 |
| China | 36.0 | 38.5 | 41.0 | 39.5 | 33.0 | 39.5 |
| India | 24.8 | 24.4 | 24.2 | 24.3 | 20.0 | 24.3 |
| Pakistan | 10.3 | 10.3 | 10.9 | 10.7 | 9.2 | 10.2 |
| Turkey | 6.7 | | | | | |
| Bangladesh | 5.8 | 6.3 | 6.8 | 7.5 | 7.2 | 6.5 |
| Import (mn 480 lb. Bales) | | | | | | |
| World | 35.4 | 37.7 | 41.6 | 42.4 | 40.7 | 43.9 |
| China | 4.4 | 5.0 | 5.7 | 9.6 | 7.1 | 11.0 |
| Bangladesh | 6.3 | 6.8 | 7.6 | 7.0 | 7.5 | 7.0 |
| Vietnam | 4.6 | 5.5 | 7.0 | 7.0 | 6.5 | 6.7 |
| Turkey | 4.2 | 3.7 | 4.4 | 3.6 | 4.7 | 4.6 |
| Pakistan | 3.3 | 2.5 | 3.4 | 2.9 | 4.0 | 5.0 |
| Exports (mn 480 lb. Bales) | | | | | | |
| World | 34.6 | 37.9 | 41.7 | 41.6 | 41.3 | 43.9 |
| US | 9.2 | 14.9 | 16.3 | 14.8 | 15.5 | 15.5 |
| Brazil | 4.3 | 2.8 | 4.2 | 6.0 | 8.9 | 10.0 |
| India | 5.8 | 4.6 | 5.2 | 3.5 | 3.2 | 5.0 |
| Greece | 1.0 | 1.0 | 1.1 | 1.4 | 1.5 | 1.4 |
| Australia | 2.8 | 3.7 | 3.9 | 3.6 | 1.4 | 1.5 |
| Ending stocks (mn 480 lb. Bales) | | | | | | |
| World | 90.3 | 80.3 | 81.1 | 80.0 | 98.9 | 95.7 |
| China | 56.7 | 45.9 | 38.0 | 35.7 | 36.9 | 37.3 |
| India | 7.0 | 7.9 | 9.2 | 9.0 | 17.6 | 18.1 |
| Brazil | 5.7 | 6.9 | 8.7 | 12.3 | 14.4 | 13.4 |
| US | 3.8 | 2.8 | 4.2 | 4.9 | 7.3 | 4.3 |
| Pakistan | 2.6 | 2.3 | 2.8 | 2.5 | 3.4 | 2.6 |

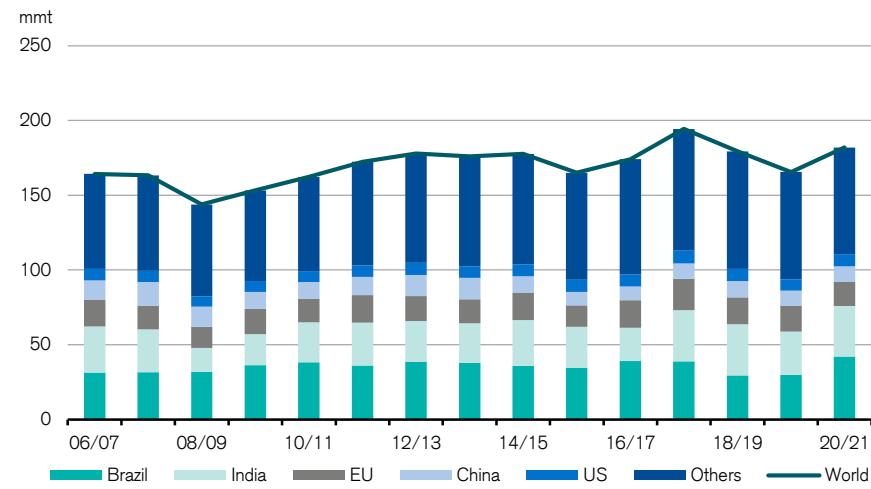
Last data point: 09.02.21, Source: USDA, Credit Suisse

Sugar: Rising alongside oil/ethanol prices

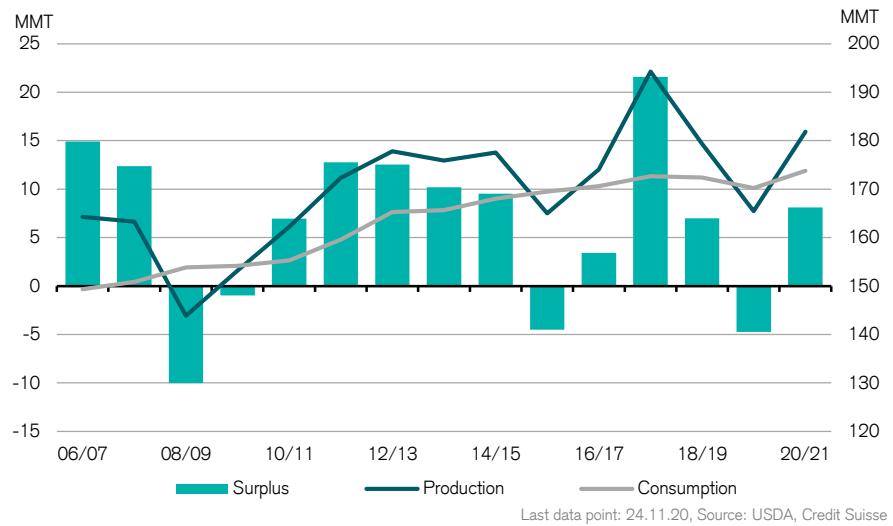
Summary

- Prices:** Sugar prices recovered strongly in 2H20, and gains have accelerated further so far in 2021, driven by higher oil/ethanol prices. Container shortages also played some role.
- Stocks:** Global stocks appear comfortable but a large portion is held in India. Elsewhere, despite improving in 20/21, stocks are tighter. The current USDA estimate of 10 a mmt surplus in 20/21 appears too high, in our opinion, and deficits might return in 21/22.
- Supply:** Sugar production shot up in 20/21, with the sugar mix rising to almost 50% in Brazil (vs. 35% in 19/20). That said, with ethanol prices recovering strongly, the ratio is gradually normalizing, which should pave the way for significantly lower production in 21/22. This might be exacerbated by recently dry weather, which risks reducing sugarcane supplies.
- Demand:** Consumption initially fell in the early stage of the Covid crisis, but was less impacted by lockdowns than other commodities. In addition, lower prices helped cushion the initial shock and in total consumption is even likely to rise in 20/21 in a full-year comparison. Growth is almost exclusively coming from EM. DM demand is plateauing amid persisting health concerns.
- Trade:** Brazilian exports are set to reach record levels amid large output and a soft BRL. Meanwhile, India rolled over its 6 mmt export subsidy, but logistical bottlenecks (container shortages) had led to a disappointing export campaign so far.
- Curve and positioning:** Currently tight export markets have flipped term spreads into backwardation. Non-commercial positioning is still very long but some signs of position squaring have emerged recently. Producer selling activity has been quite evident at the moment.
- View:** Markets are tight, and might become even tighter if oil/ethanol prices keep improving. That said, exporters seem to have comfortable stocks that could be exported if currency dynamics stay supportive. Logistical bottlenecks will eventually ease. We keep a positive bias but risks are rising.

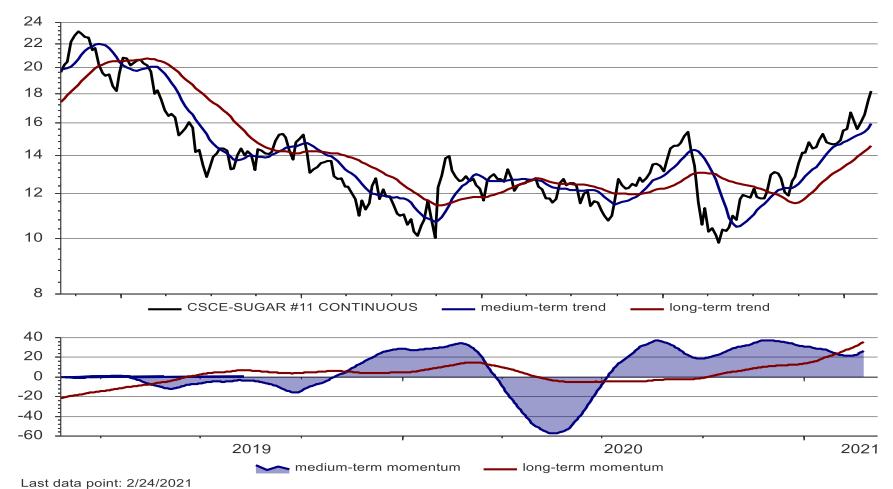
Sugar production breakdown



Global sugar supply and demand

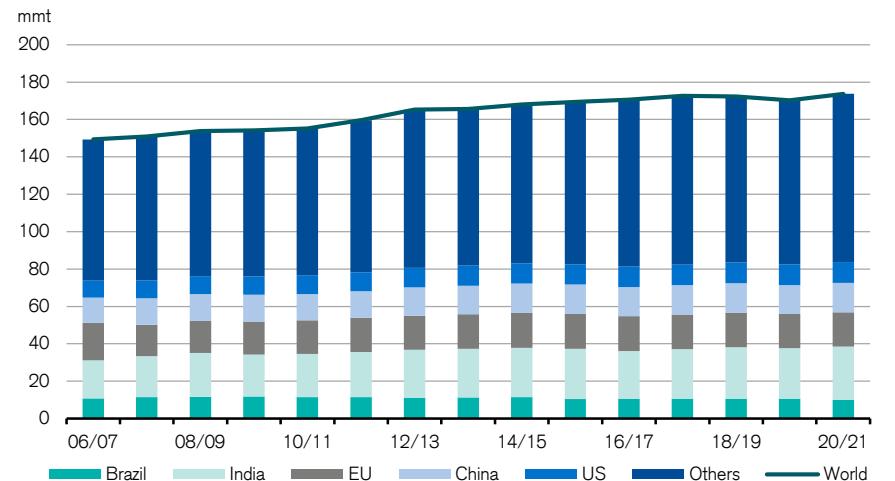


Technicals: Moving averages and momentum

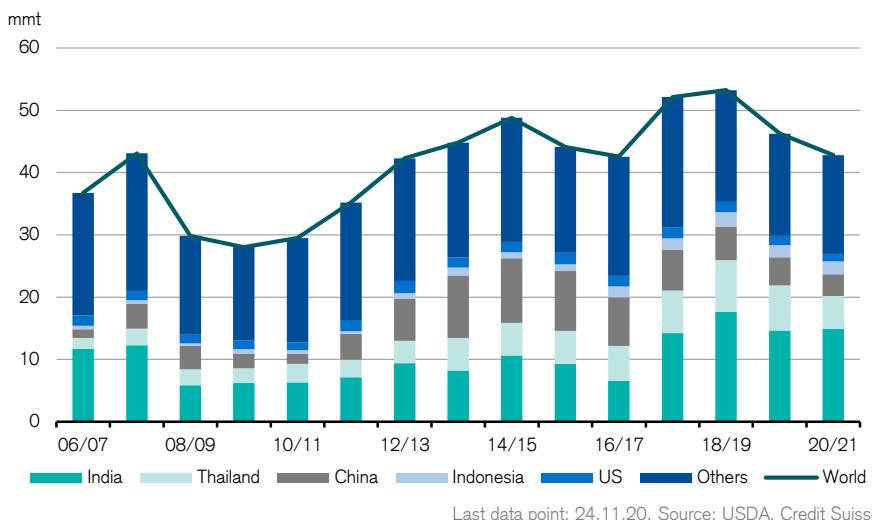


Sugar: Overview

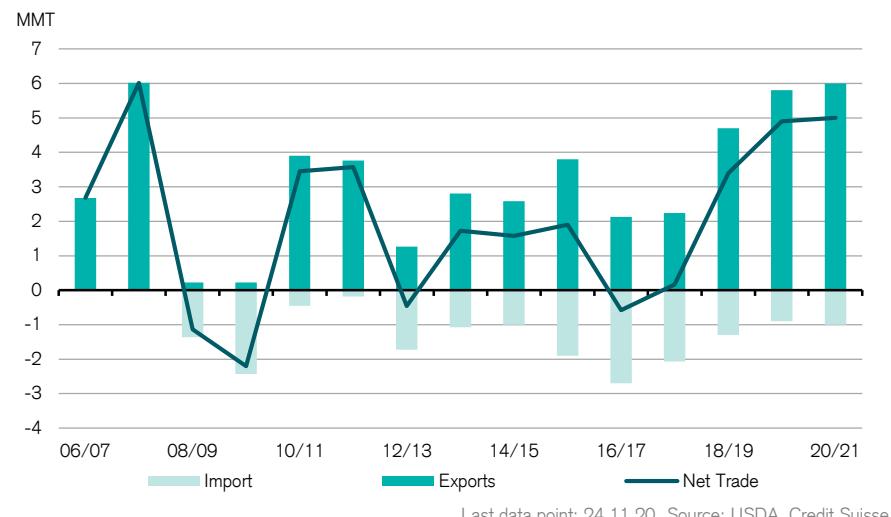
Sugar consumption breakdown



Sugar ending stocks breakdown

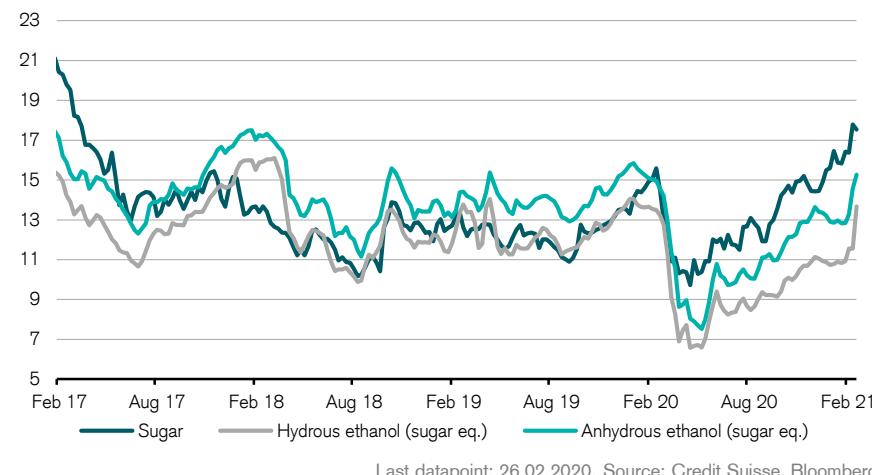


Indian sugar trade



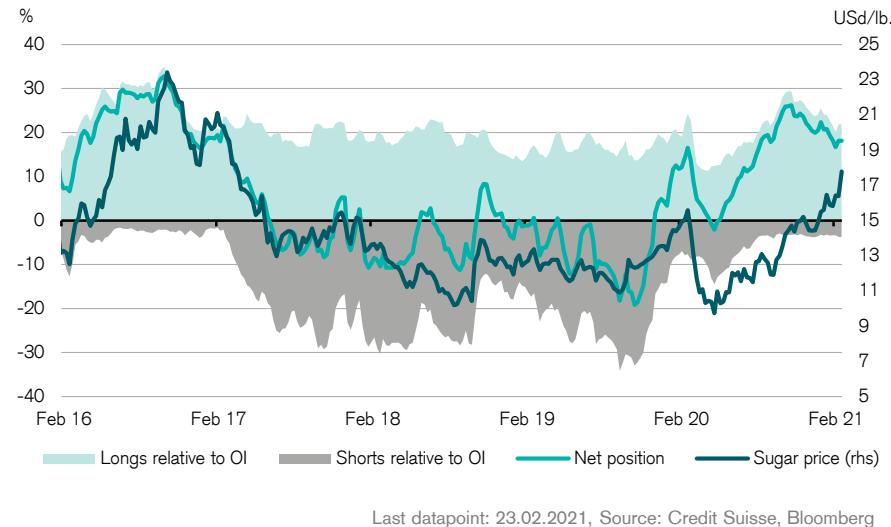
Brazilian sugar-ethanol parity

Brazilian sugar/ethanol price equivalency, in Usd/lb.

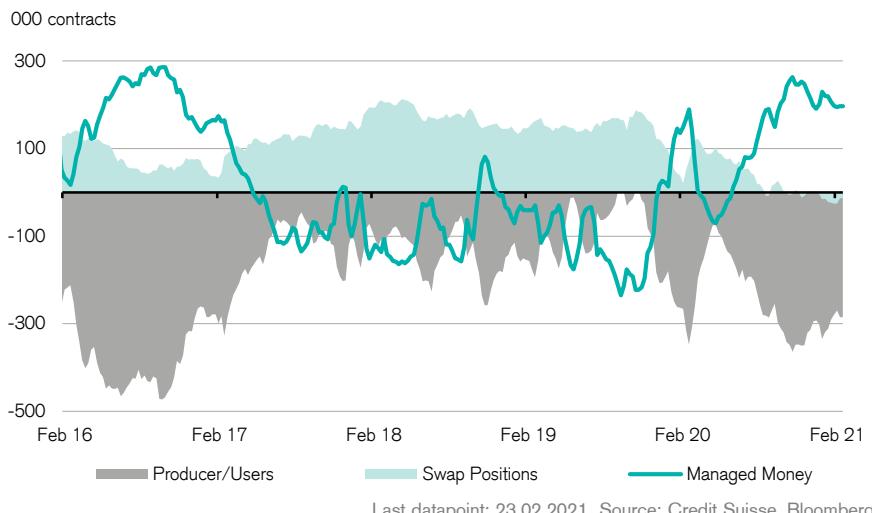


Sugar: Overview

Positioning: Non-commercials



Positioning: Producers/users, swaps, managed money



Sugar supply and demand

| | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 |
|------------------------------|-------|-------|-------|-------|-------|-------|
| Production (mn MT) | | | | | | |
| World | 165.0 | 174.1 | 194.3 | 179.3 | 165.5 | 181.9 |
| Brazil | 34.7 | 39.2 | 38.9 | 29.5 | 29.9 | 42.1 |
| India | 27.4 | 22.2 | 34.3 | 34.3 | 28.9 | 33.8 |
| EU | 14.3 | 18.3 | 20.9 | 18.0 | 17.0 | 16.1 |
| Thailand | 9.7 | 10.0 | 14.7 | 14.6 | 8.3 | 7.9 |
| China | 9.1 | 9.3 | 10.3 | 10.8 | 10.4 | 10.5 |
| Consumption (mn MT) | | | | | | |
| World | 169.5 | 170.6 | 172.7 | 172.4 | 170.2 | 173.8 |
| EU | 18.7 | 18.8 | 18.6 | 18.6 | 18.3 | 18.3 |
| Brazil | 10.5 | 10.6 | 10.6 | 10.6 | 10.7 | 10.0 |
| India | 26.8 | 25.5 | 26.5 | 27.5 | 27.0 | 28.5 |
| US | 10.8 | 11.0 | 10.9 | 11.0 | 11.1 | 11.1 |
| Argentina | 1.8 | 1.6 | 1.6 | 1.5 | 1.5 | 1.5 |
| Import (mn MT) | | | | | | |
| World | 54.8 | 54.4 | 54.2 | 52.0 | 51.7 | 54.5 |
| China | 6.1 | 4.6 | 4.4 | 4.1 | 4.4 | 4.4 |
| Indonesia | 3.7 | 4.8 | 4.3 | 5.4 | 4.8 | 5.7 |
| US | 3.0 | 2.9 | 3.0 | 2.8 | 3.7 | 2.7 |
| Algeria | 1.8 | 2.1 | 2.3 | 2.3 | 2.5 | 2.3 |
| Bangladesh | 2.3 | 2.1 | 2.7 | 2.4 | 2.3 | 2.6 |
| Exports (mn MT) | | | | | | |
| World | 54.0 | 59.0 | 65.1 | 57.1 | 53.3 | 65.3 |
| Brazil | 24.4 | 28.5 | 28.2 | 19.6 | 19.3 | 32.0 |
| Thailand | 7.1 | 7.0 | 10.9 | 10.6 | 7.0 | 7.3 |
| India | 3.8 | 2.1 | 2.2 | 4.7 | 5.8 | 6.0 |
| Australia | 3.7 | 4.0 | 3.6 | 3.7 | 3.6 | 3.4 |
| EU | 1.5 | 1.5 | 3.9 | 1.9 | 1.2 | 1.0 |
| Ending stocks (mn MT) | | | | | | |
| World | 44.1 | 42.6 | 52.1 | 53.2 | 46.2 | 42.8 |
| India | 9.3 | 6.6 | 14.2 | 17.6 | 14.6 | 14.9 |
| China | 9.6 | 7.8 | 6.6 | 5.4 | 4.5 | 3.5 |
| Thailand | 5.3 | 5.6 | 6.8 | 8.3 | 7.3 | 5.3 |
| Pakistan | 1.5 | 2.8 | 3.1 | 1.9 | 1.4 | 1.4 |
| US | 1.9 | 1.7 | 1.8 | 1.6 | 1.5 | 1.2 |

Last data point: 24.11.20, Source: USDA, Credit Suisse

Coffee: Ample supplies but tighter balances ahead

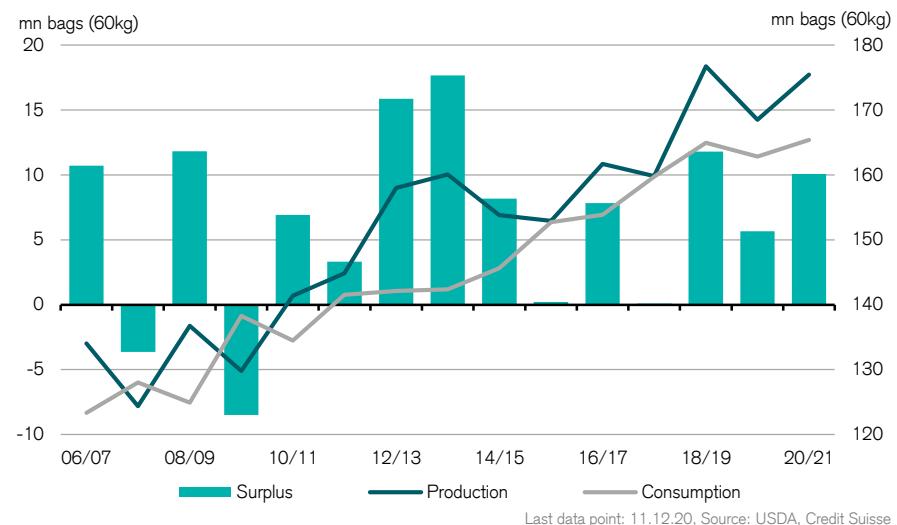
Summary

- Prices:** Coffee finished last year strongly and saw further upward pressure year-to-date, lifted by a broad up-move across agriculture and dry conditions in Brazil. That said, supply buffers seem ample.
- Stocks:** A 10 mn bag surplus is expected for 20/21, which should help improve the global supply situation and lift the implied stock-to-use ratio to 25%. Tighter balances are likely to return in 21/22.
- Supply:** Global production rebounded in 20/21, mostly in Brazil where trees were in an 'on-year' of their biennial cycle. In addition, early rainfall followed by dry weather during harvests boosted both yields and quality. Conditions also proved favorable in Latam countries, less so in Vietnam. 21/22 output likely to be lower (as trees are in an 'off-year'), especially if dry weather persists in Brazil.
- Demand:** The Covid-19 outbreak disrupted traditional consumption patterns. Consumption at home has risen, while consumption at restaurants and coffee shops has been under pressure. The net impact was negative in 19/20 and although the recovery has been less steep than initially expected, demand is set to regain and potentially rise above pre-Covid levels this year already. Easing lockdowns and re-opening of services should help going forward.
- Trade:** Covid-linked supply chain disruptions weighed at the beginning of the marketing year, but easing restrictions, a large crop and BRL softness have led to a strong pick-up in Brazilian exports in recent months. Hence, global trade should rebound, but still fall short of 18/19 record levels.
- Curve and positioning:** Non-commercial positioning rose alongside prices, but is not at extreme levels yet. However, producers are actively hedging at the moment. The curve is still contangoed, which suggests sufficient physical availability – unlike in some other soft commodities.
- View:** Balances are heavy but well priced in by now. A consolidation phase is likely, especially if the BRL were to weaken further. Some upside risks might resume in 2H21 amid a likely smaller crop in Latam and gradually recovering demand.

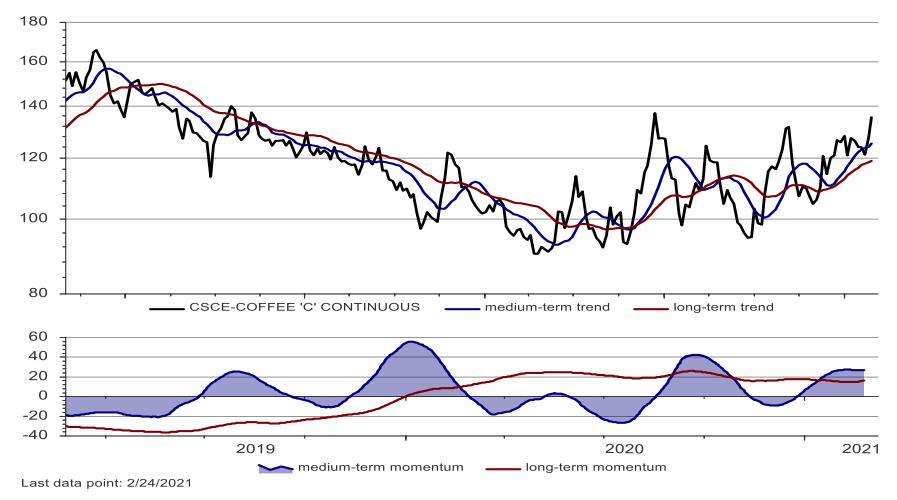
Arabica vs. Robusta prices



Global coffee supply / demand

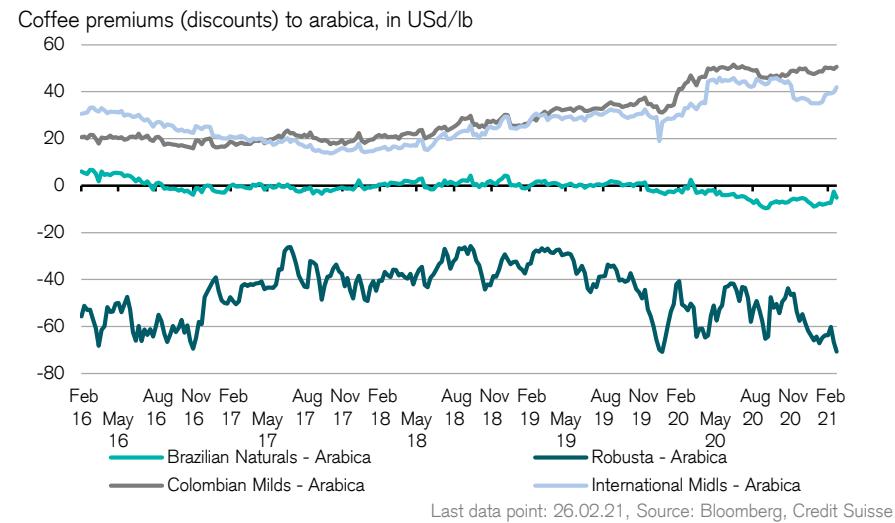


Technicals: Moving averages and momentum

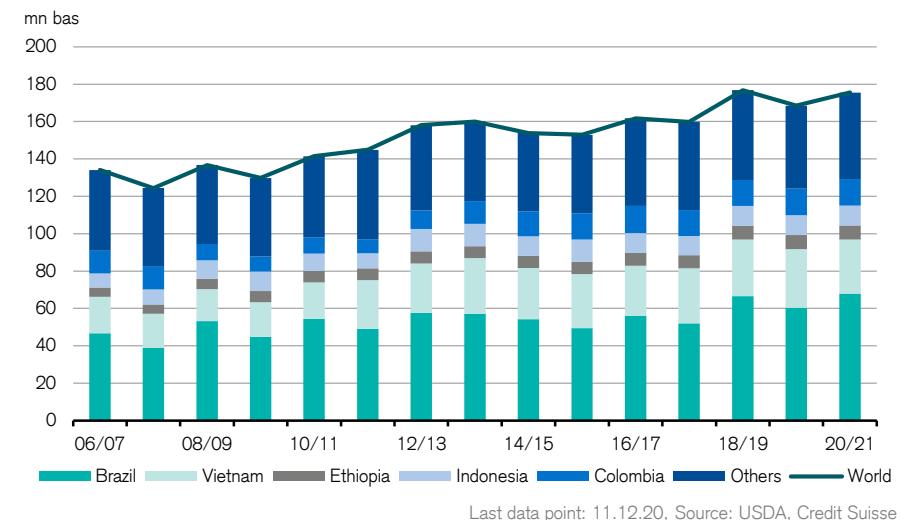


Coffee: Overview

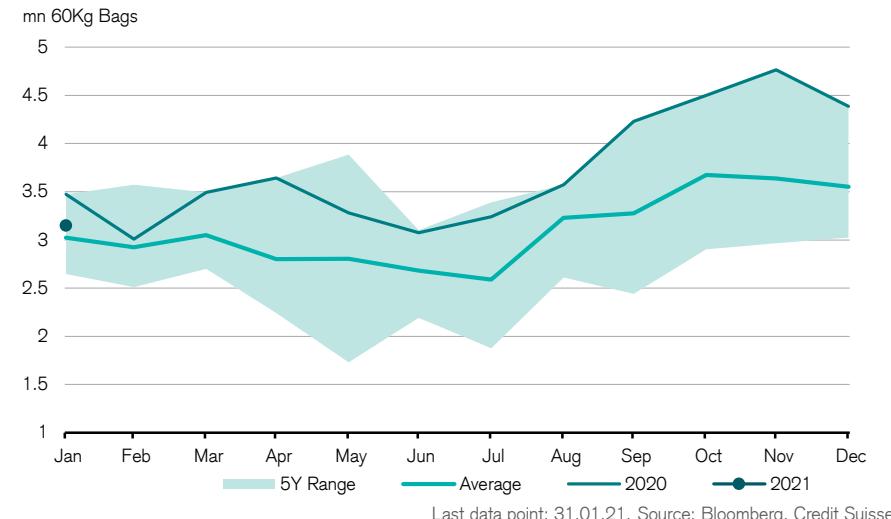
Regional coffee cash price differentials



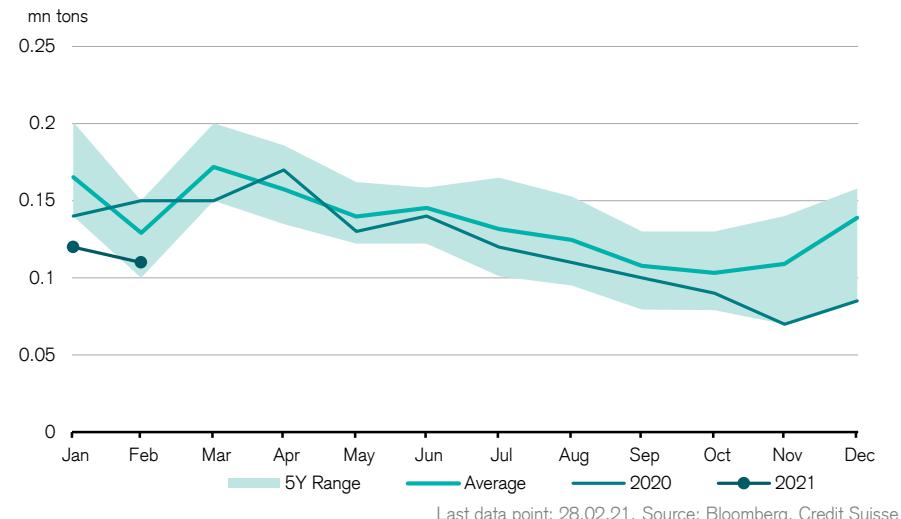
Coffee production breakdown



Brazilian coffee exports

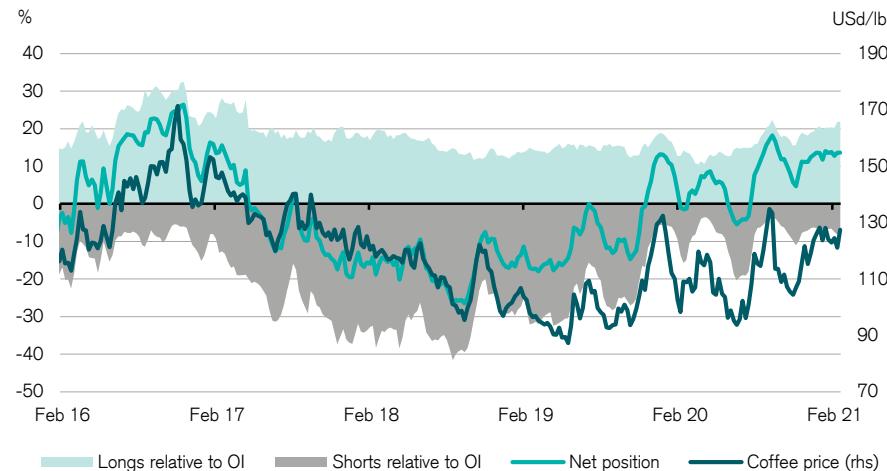


Vietnamese coffee exports



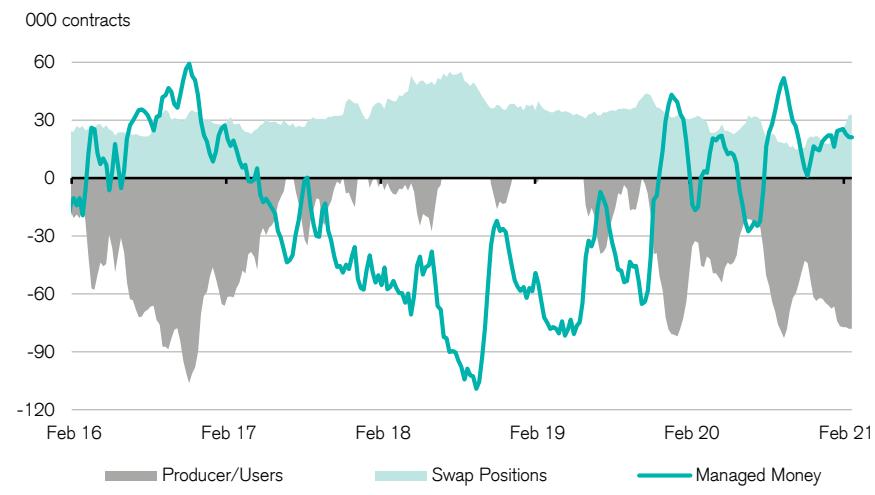
Coffee: Overview

Positioning: Non-commercials



Last datapoint: 23.02.2021, Source: Credit Suisse, Bloomberg

Positioning: Producers/users, swaps, managed money



Last datapoint: 23.02.2021, Source: Credit Suisse, Bloomberg

Coffee supply and demand

| | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 |
|--------------------------------------|-------|-------|-------|-------|-------|-------|
| Production (mn 60 kg bags) | | | | | | |
| World | 152.9 | 161.7 | 159.8 | 176.8 | 168.5 | 175.5 |
| Brazil | 49.4 | 56.1 | 52.1 | 66.5 | 60.5 | 67.9 |
| Vietnam | 28.9 | 26.7 | 29.3 | 30.4 | 31.3 | 29.0 |
| Colombia | 14.0 | 14.6 | 13.8 | 13.9 | 14.1 | 14.1 |
| Indonesia | 12.1 | 10.6 | 10.4 | 10.6 | 10.7 | 10.7 |
| Ethiopia | 6.5 | 6.9 | 7.1 | 7.4 | 7.5 | 7.5 |
| Consumption (mn 60 kg bags) | | | | | | |
| World | 152.7 | 153.9 | 159.8 | 165.0 | 162.8 | 165.4 |
| EU | 44.5 | 42.3 | 45.7 | 46.2 | 45.5 | 45.8 |
| US | 25.1 | 25.5 | 25.6 | 27.1 | 26.0 | 26.6 |
| Brazil | 20.9 | 21.6 | 22.4 | 23.2 | 23.5 | 23.5 |
| Japan | 8.1 | 8.2 | 8.2 | 7.9 | 7.6 | 8.0 |
| Philippines | 6.2 | 7.0 | 6.6 | 6.1 | 6.1 | 6.1 |
| Import (mn 60 kg bags) | | | | | | |
| World | 124.5 | 126.6 | 128.0 | 135.7 | 127.6 | 133.0 |
| EU | 46.2 | 46.1 | 47.4 | 49.1 | 47.2 | 49.0 |
| US | 25.2 | 26.5 | 24.8 | 28.0 | 25.1 | 27.2 |
| Japan | 8.2 | 8.0 | 7.7 | 8.3 | 7.3 | 7.8 |
| Philippines | 6.2 | 6.4 | 6.1 | 6.1 | 5.7 | 5.7 |
| Russia | 4.4 | 4.7 | 4.5 | 4.9 | 4.6 | 4.9 |
| Exports (mn 60 kg bags) | | | | | | |
| World | 133.4 | 133.6 | 131.2 | 141.2 | 135.2 | 138.4 |
| Brazil | 35.5 | 33.1 | 30.5 | 41.4 | 40.2 | 41.0 |
| Vietnam | 29.5 | 27.6 | 27.9 | 27.4 | 26.4 | 26.7 |
| Colombia | 12.4 | 13.8 | 12.7 | 13.7 | 13.0 | 13.6 |
| Indonesia | 9.9 | 8.2 | 8.0 | 6.2 | 7.2 | 7.1 |
| Honduras | 5.0 | 7.2 | 7.2 | 6.9 | 4.9 | 5.6 |
| Ending stocks (mn 60 kg bags) | | | | | | |
| World | 34.4 | 35.3 | 32.2 | 38.5 | 36.7 | 41.3 |
| EU | 12.1 | 13.9 | 13.5 | 14.3 | 13.5 | 14.5 |
| US | 6.2 | 7.2 | 6.4 | 7.4 | 6.4 | 7.0 |
| Vietnam | 3.8 | 1.2 | 0.8 | 2.0 | 4.5 | 4.1 |
| Brazil | 2.4 | | | | | |
| Japan | 3.5 | 3.3 | 2.8 | 3.2 | 2.9 | 2.7 |

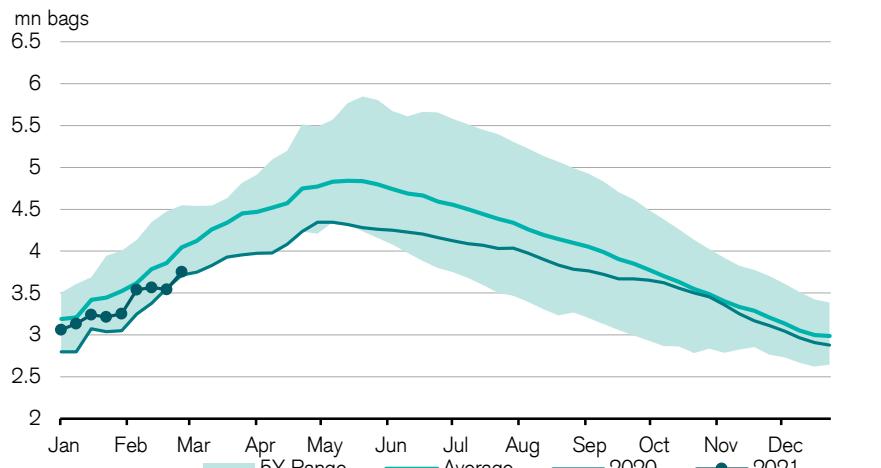
Last data point: 11.12.20, Source: USDA, Credit Suisse

Cocoa: Surplus ahead

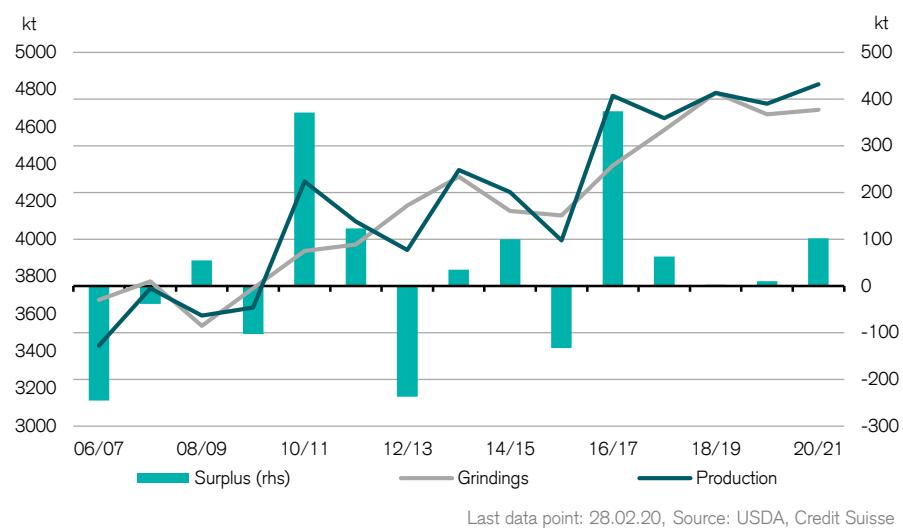
Summary

- Prices:** Cocoa prices have been trading in a volatile range around 2600 USD/MT over the last 18 months (with the trend being sideways). While macro factors prove supportive (such as USD dynamics, rising inflation risks), bottom-up fundamentals appear more fragile.
- Stocks:** Global stocks were broadly stable in 19/20 following a balanced market. The ICCO sees a surplus coming back in 20/21 (+102 kt), slightly smaller than feared but still lifting stocks.
- Supply:** After declining in 19/20 due to dry weather and Covid-linked labor shortages, production is set to rebound by ~2.5% in 20/21. La Niña proved beneficial to the main crop, while recent rains in Ivory Coast have improved prospects for the mid-crop. That said, bean arrivals at ports are trailing last year's volumes, which contributes to some perception of market tightness currently.
- Policy makers continue to try to control aggregate supply. Ghana and Ivory Coast recently increased minimum prices for farmers, but also introduced the (USD 400/ton) living income differential (LID). Although this is accompanied by an output cap, it may be difficult to be enforced.
- Demand:** Although cocoa grindings surprised positively in Q420, consumption remains well below pre-Covid levels. Looking forward, sales guidance of major chocolate makers suggests the recovery will be slow. In addition, the introduction of the LID might lead to some additional demand destruction going forward (exporters have started to slash origin premia to cushion the impact).
- Curve/Positioning:** The relatively steeply backwardated futures curve flags some tightness in physical markets, attracting significant non-commercial longs (the net position is rather stretched). Meanwhile, producers have been using recent price increases to step up forward sales.
- View:** Inventories should improve in the months ahead (and keep prices in check) but some supply concerns may persist. The industry is still debating the feasibility of the LID and how the accountability may be raised.

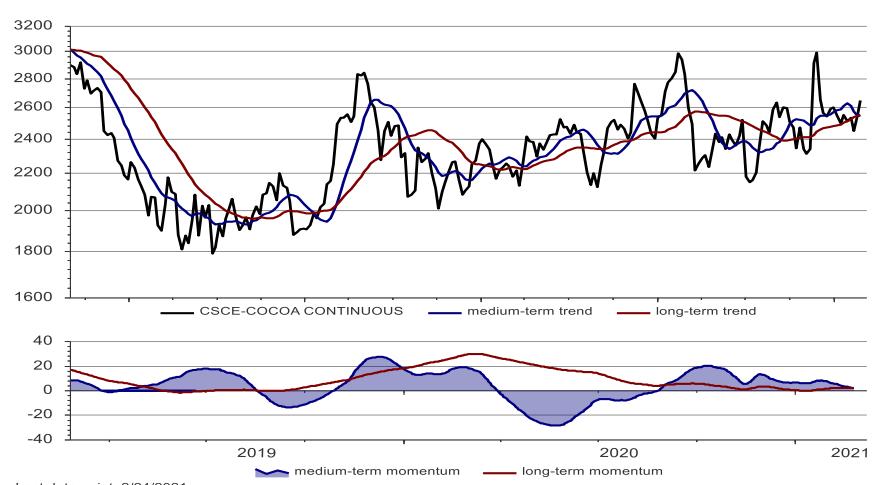
Cocoa inventories at ICE



Global cocoa supply / demand

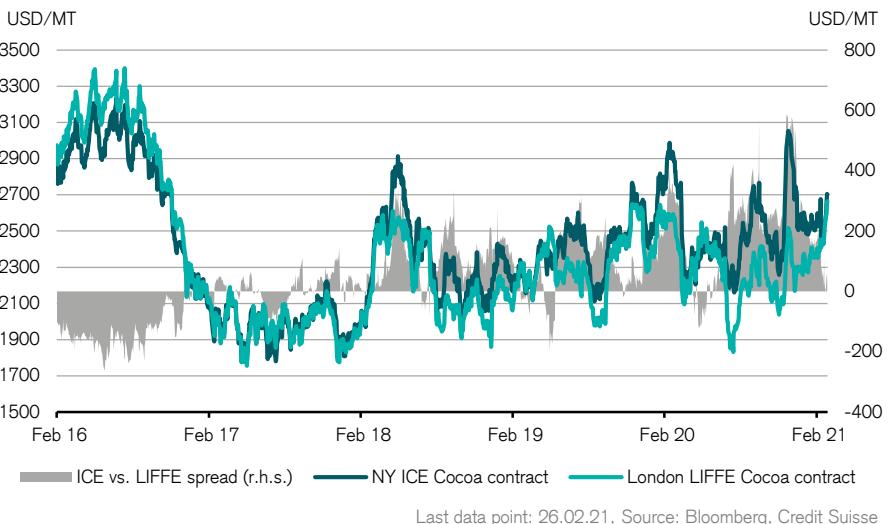


Technicals: Moving averages and momentum

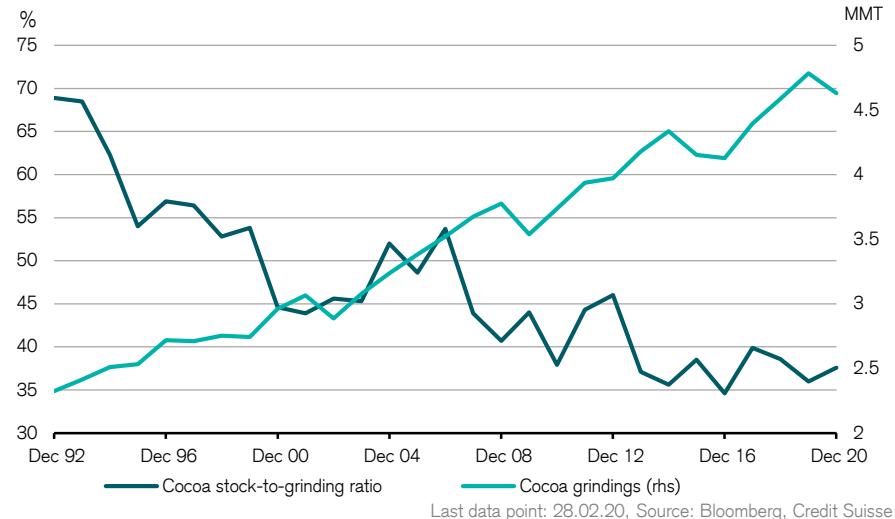


Cocoa: Overview

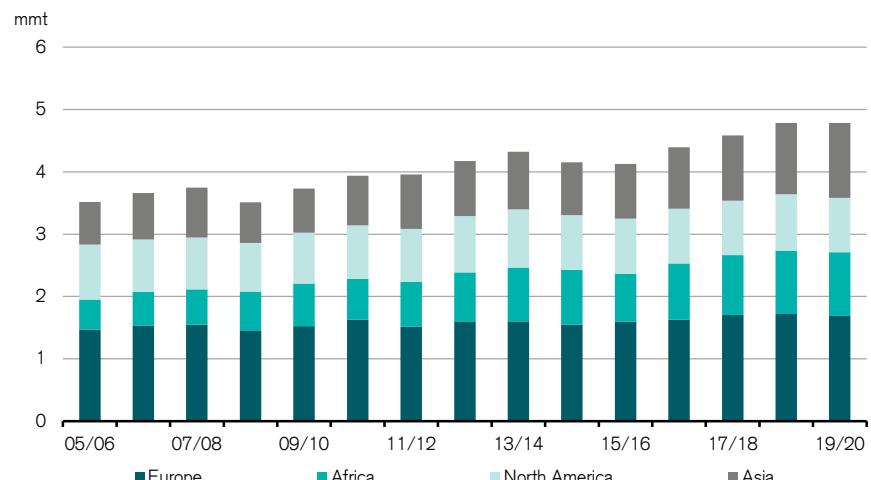
New York vs. London cocoa prices



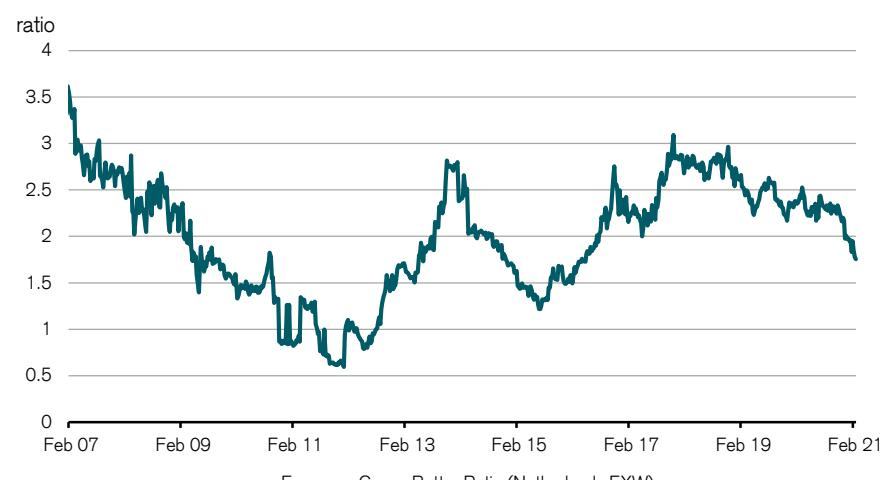
Global cocoa stock-to-use ratio



Cocoa grinding by region



European cocoa butter ratio



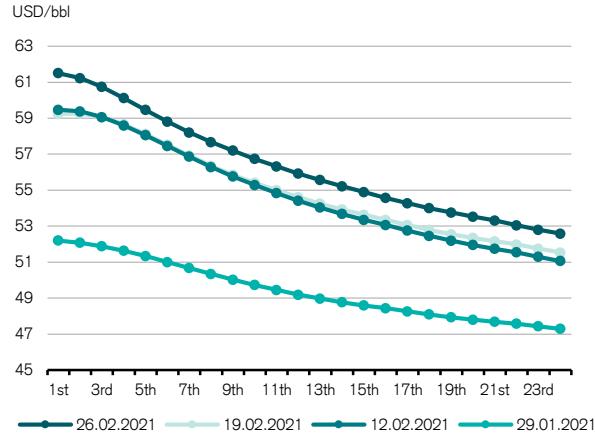
Appendix

Curves, volatility, positioning, correlations

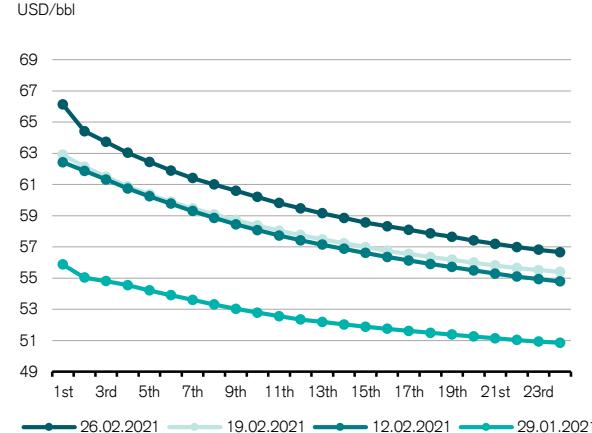
Futures Curves – Energy



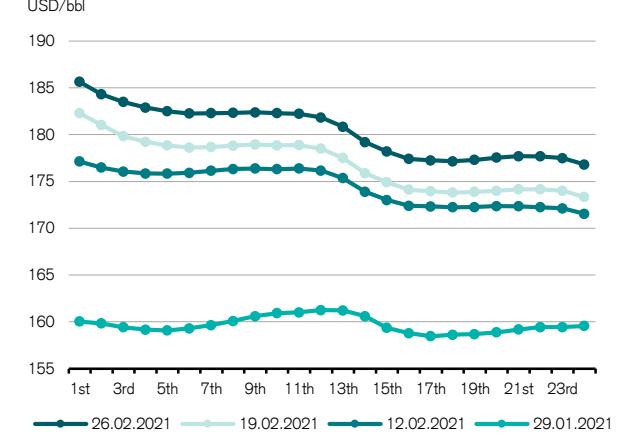
NYMEX WTI



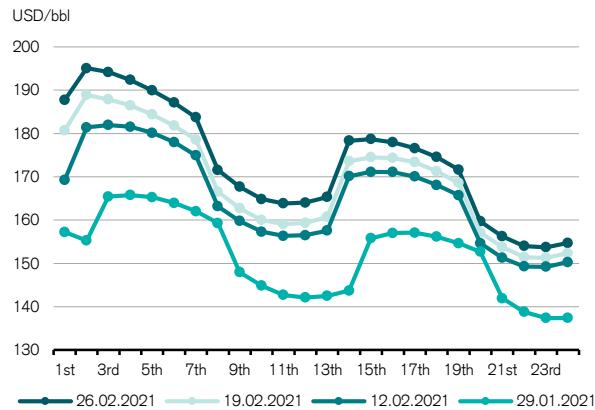
ICE Brent



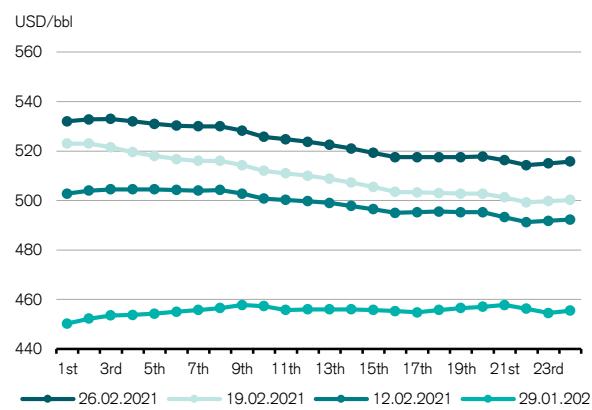
NYMEX Heating oil



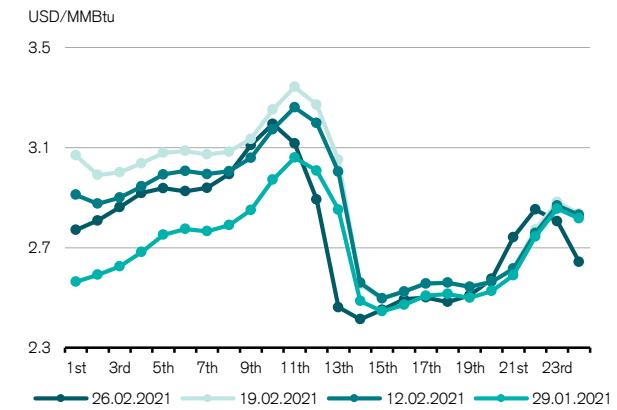
NYMEX RBOB Gasoline



ICE Gasoil



NYMEX Hub US Natural gas

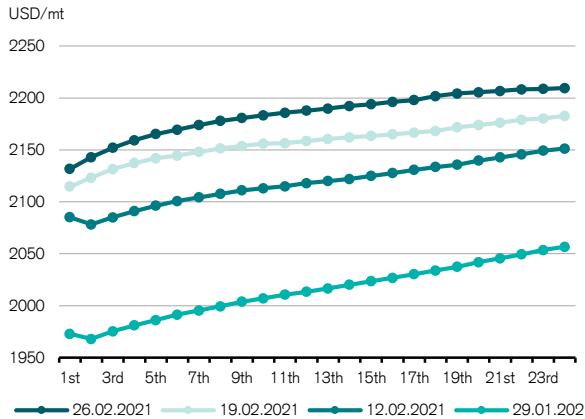


Last datapoints: 26.02.2021, Source: Bloomberg, Credit Suisse

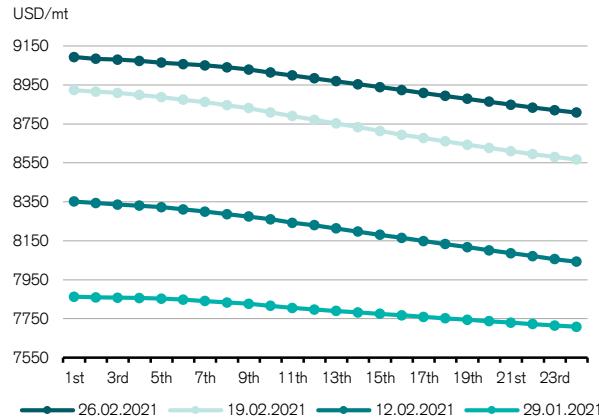
Futures Curves – Base Metals



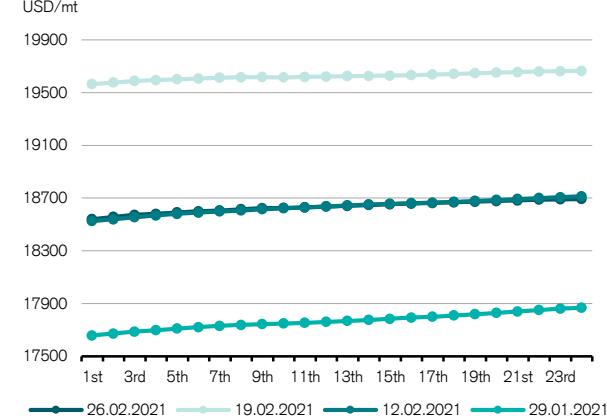
LME Aluminum



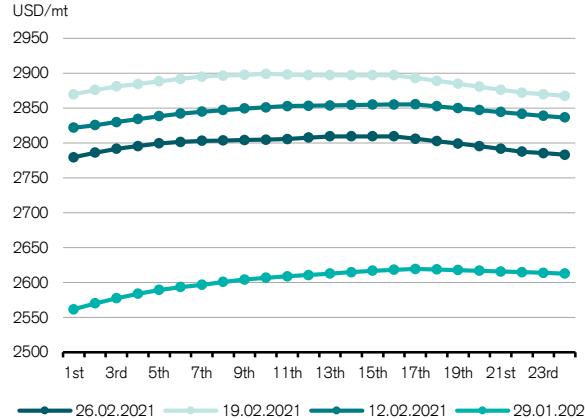
LME Copper



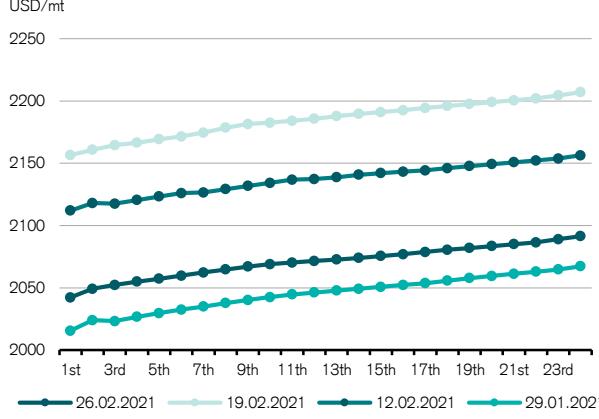
LME Nickel



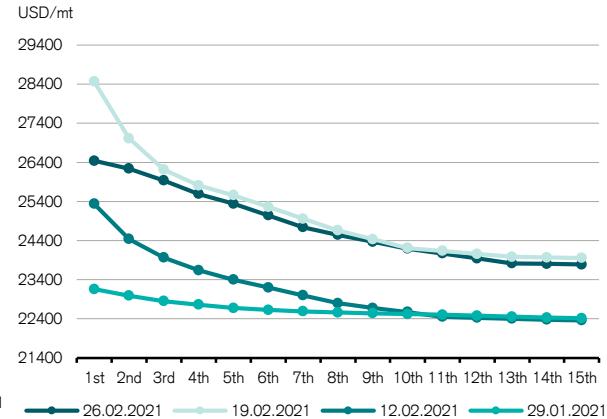
LME Zinc



LME Lead



LME Tin

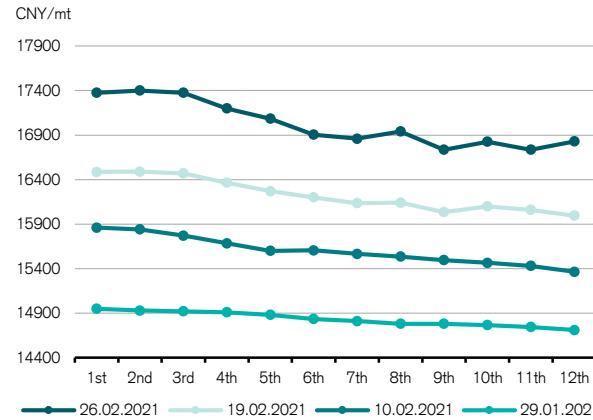


Last datapoints: 26.02.2021, Source: Bloomberg, Credit Suisse

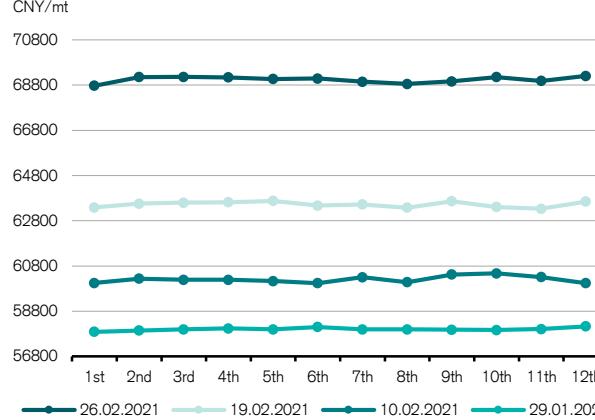
Futures Curves – Base Metals & Bulks



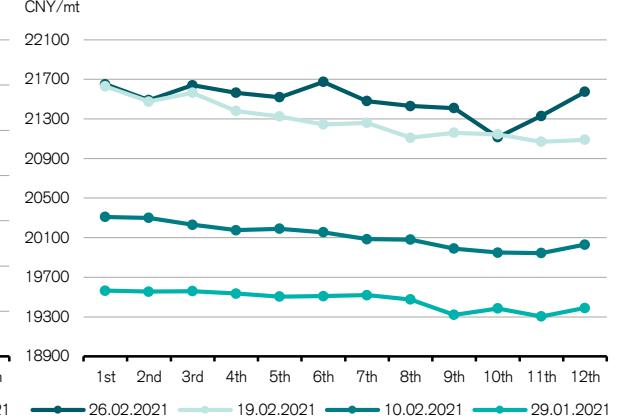
SHFE Aluminum



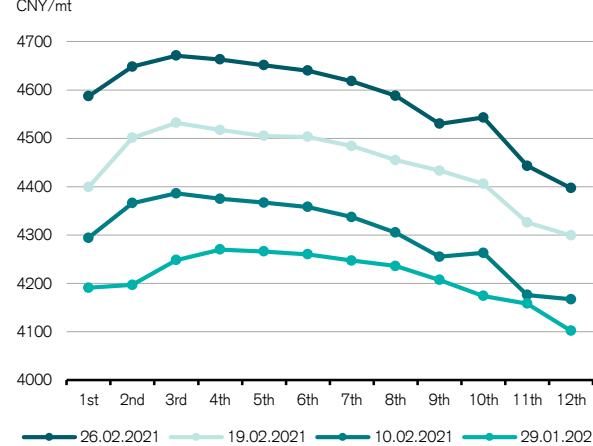
SHFE Copper



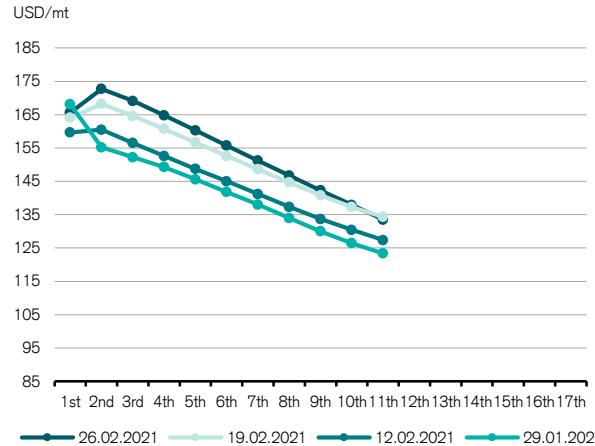
SHFE Zinc



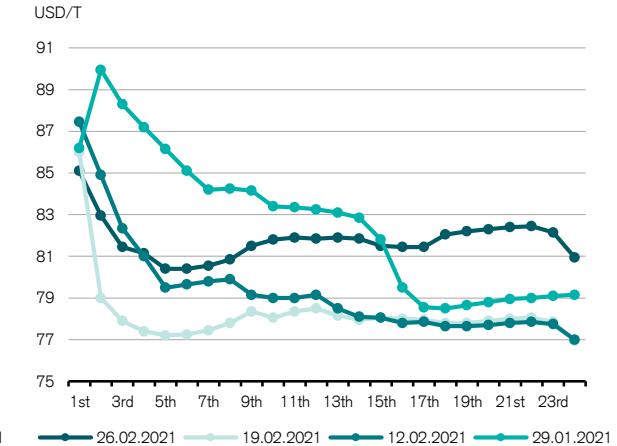
SHFE Steel



NYMEX Iron Ore Swap



Newcastle Coal

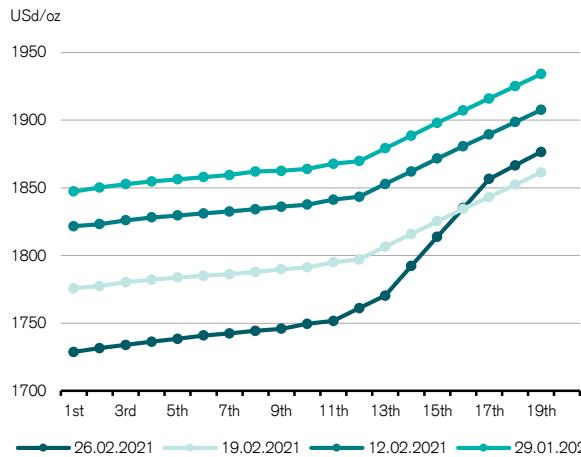


Last datapoints: 26.02.2021, Source: Bloomberg, Credit Suisse

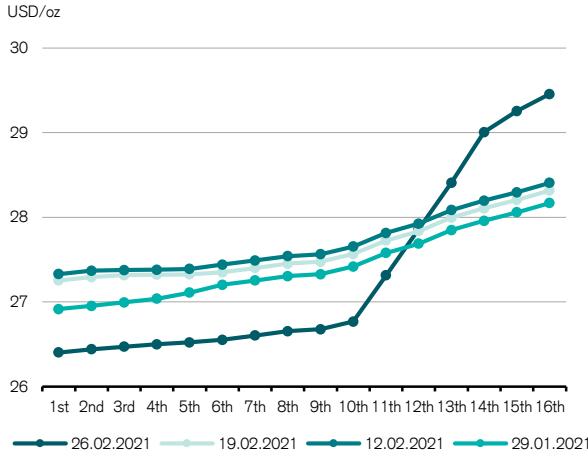
Futures Curves – Precious Metals



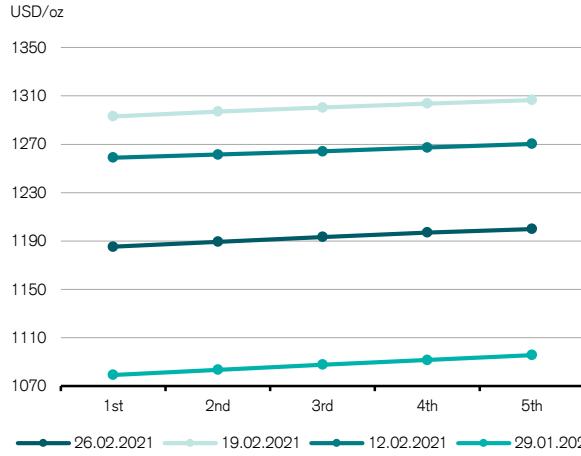
Comex Gold



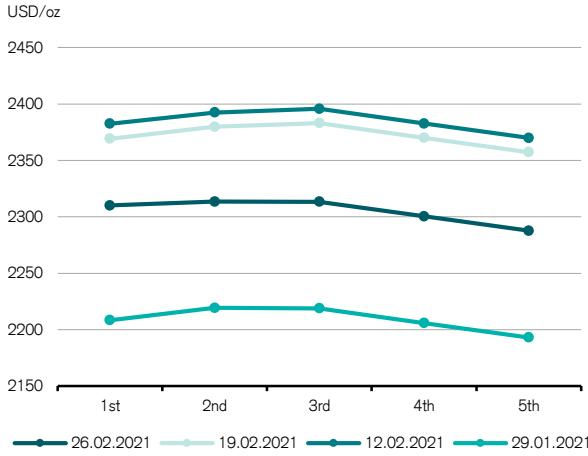
COMEX Silver



NYMEX Platinum



NYMEX Palladium

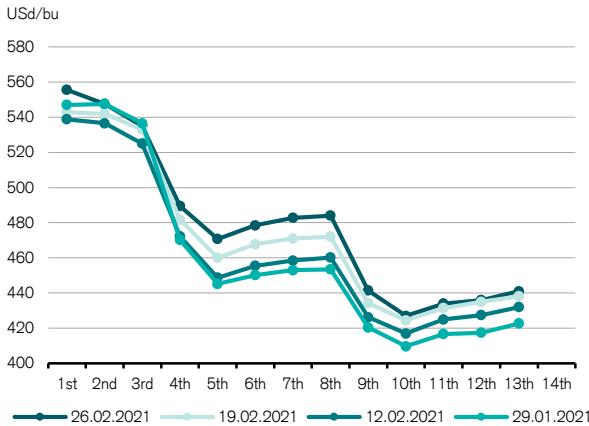


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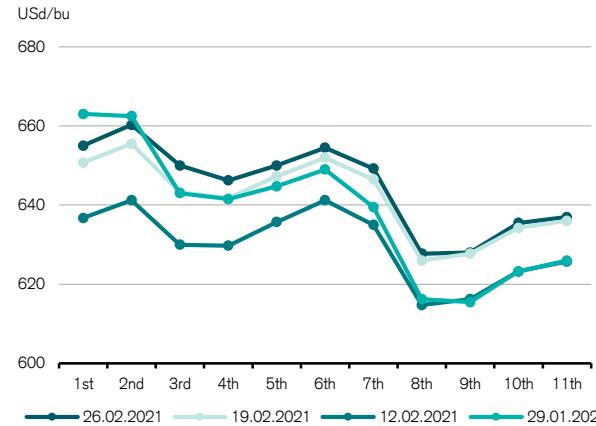
Futures Curves – Agriculture



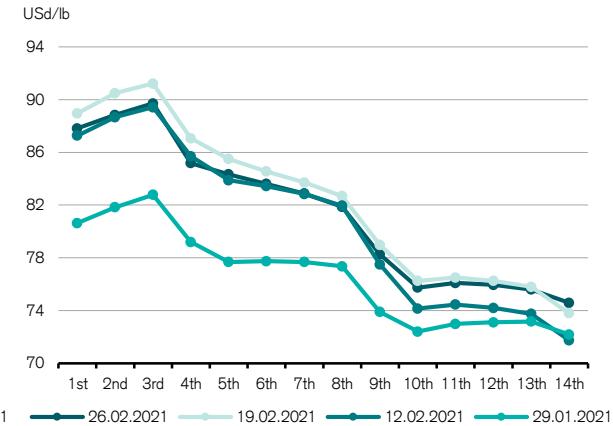
CBOT Corn



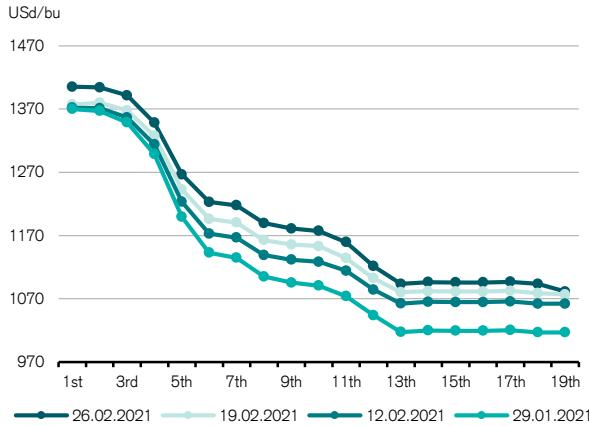
CBOT Wheat



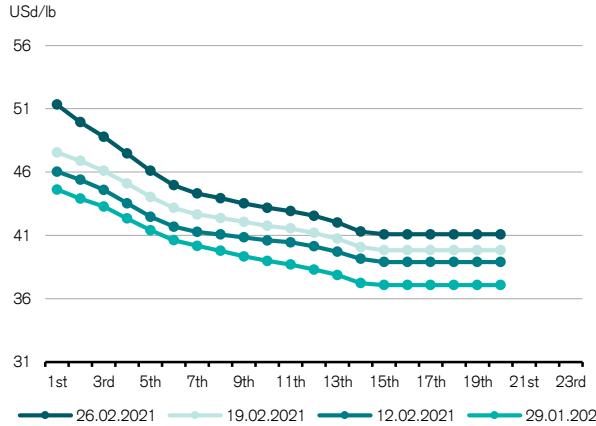
ICE Cotton No. 2



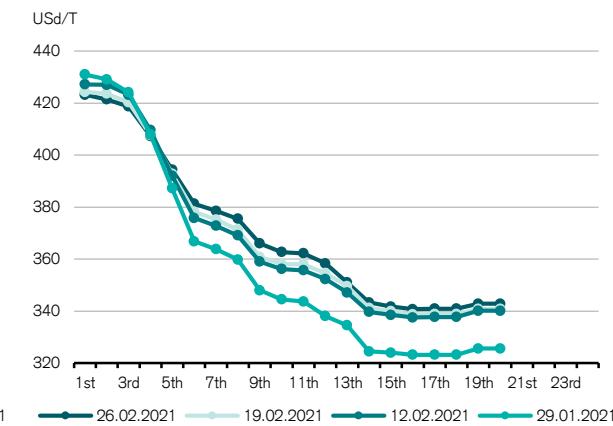
CBOT Soybeans



CBOT Soy Oil



CBOT Soy Meal

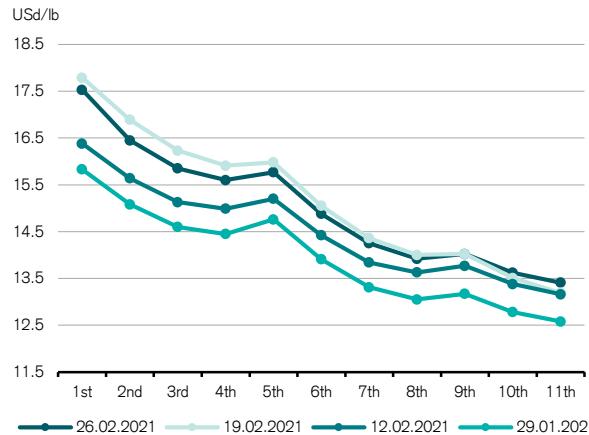


Last datapoints: 26.02.2021, Source: Bloomberg, Credit Suisse

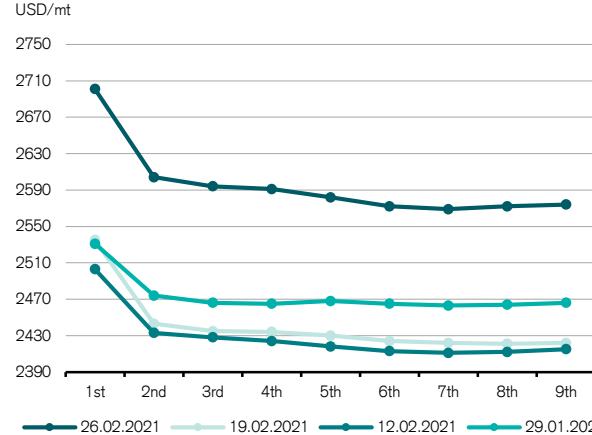
Futures Curves – Agriculture & Livestock



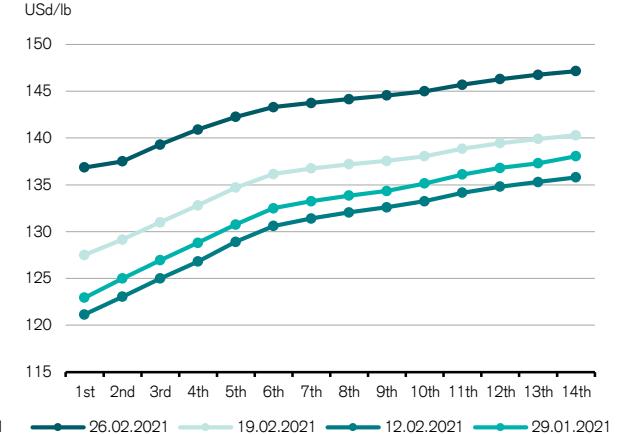
ICE Sugar No. 11



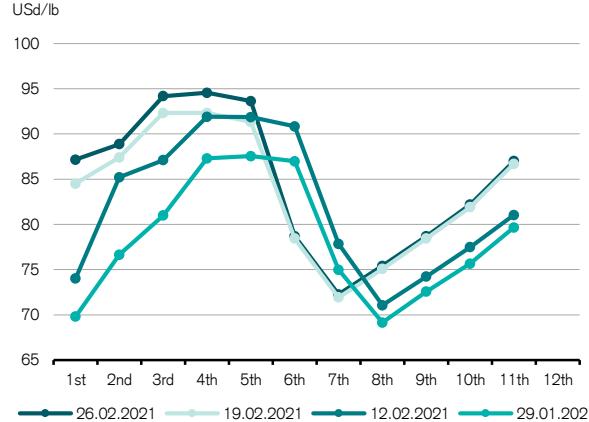
ICE Cocoa



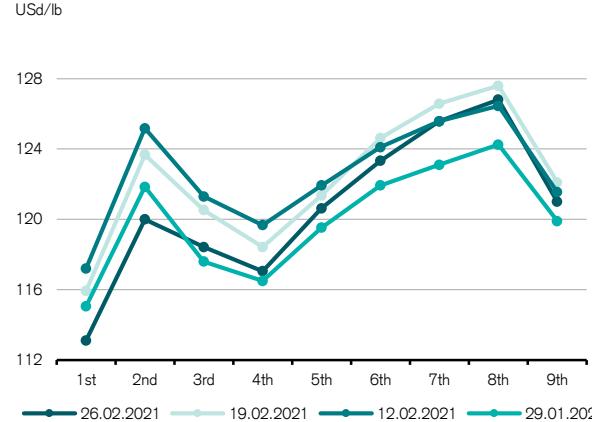
ICE Coffee 'C' (Arabica)



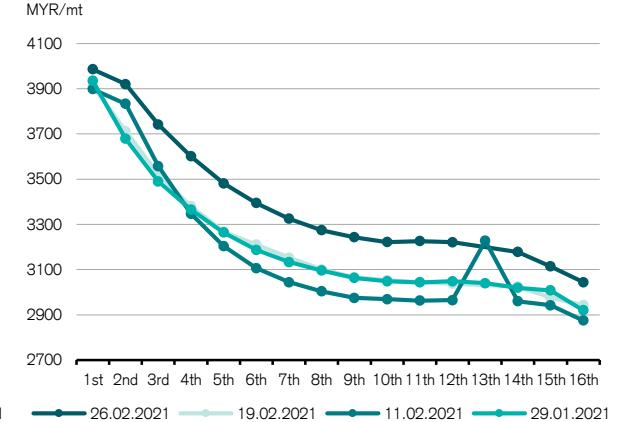
CME Lean Hogs



CME Live Cattle



MDE Palm Oil

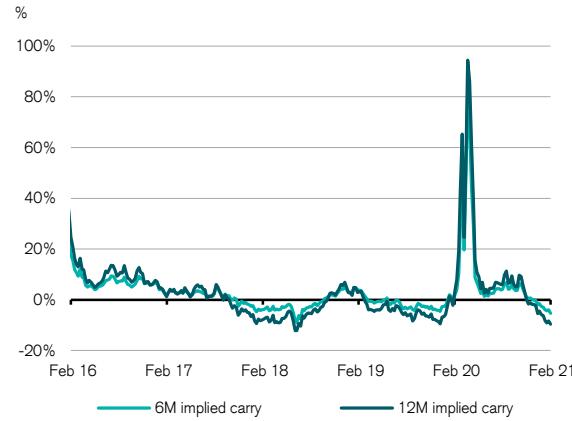


Last datapoints: 26.02.2021, Source: Bloomberg, Credit Suisse

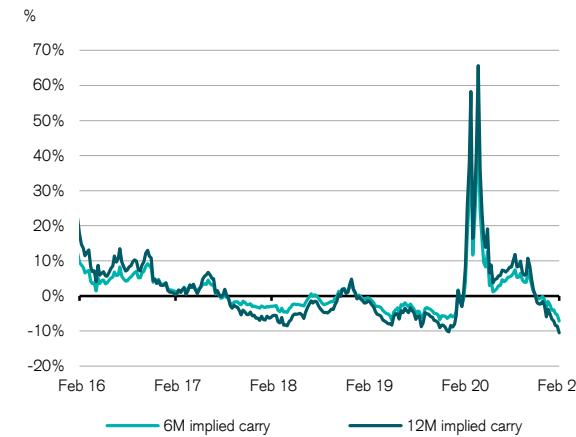
Implied Carry – Energy



NYMEX WTI



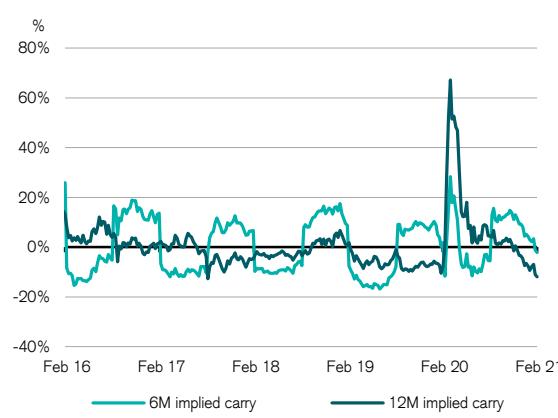
ICE Brent



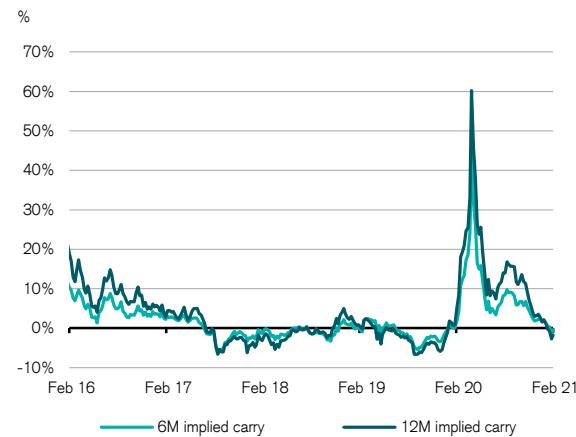
NYMEX Heating oil



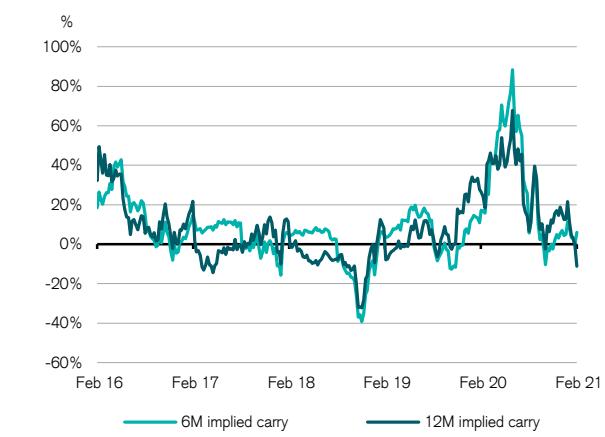
NYMEX RBOB Gasoline



ICE Gasoil



NYMEX HHub US Natural gas

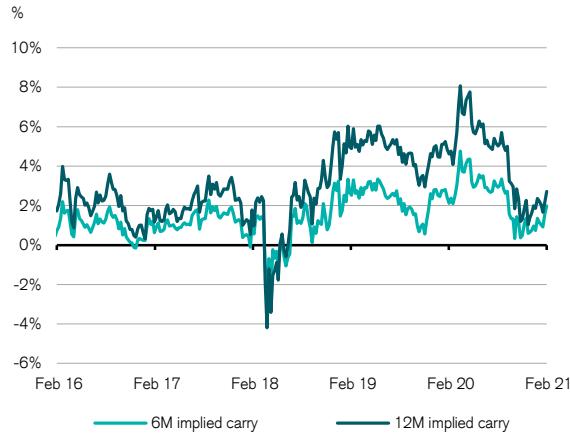


Last datapoints: 26.02.2021, Source: Bloomberg, Credit Suisse

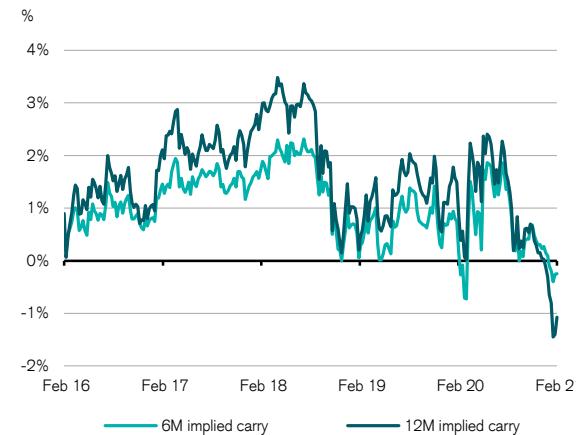
Implied Carry – Metals



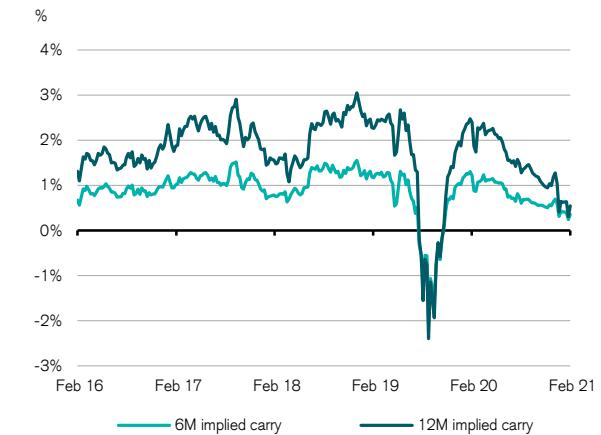
LME Aluminum



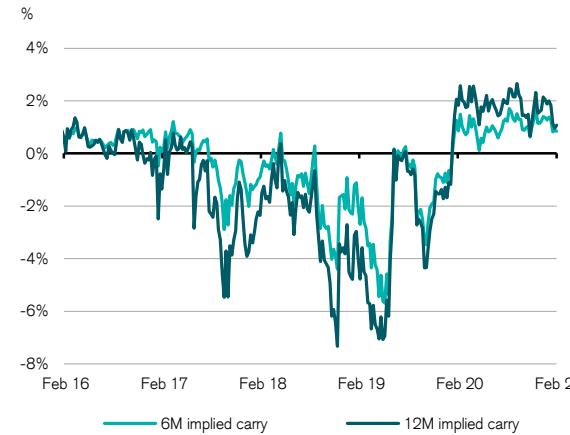
LME Copper



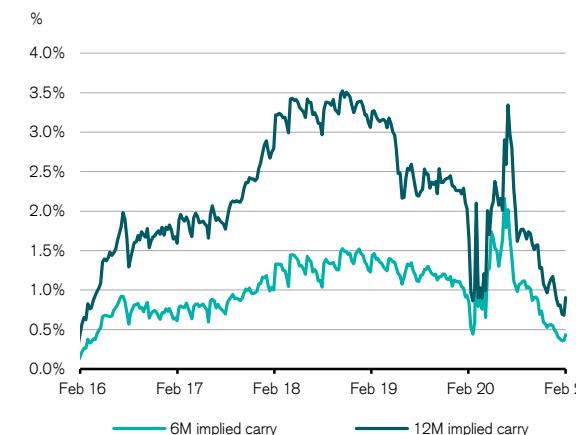
LME Nickel



LME Zinc



COMEX Gold



COMEX Silver

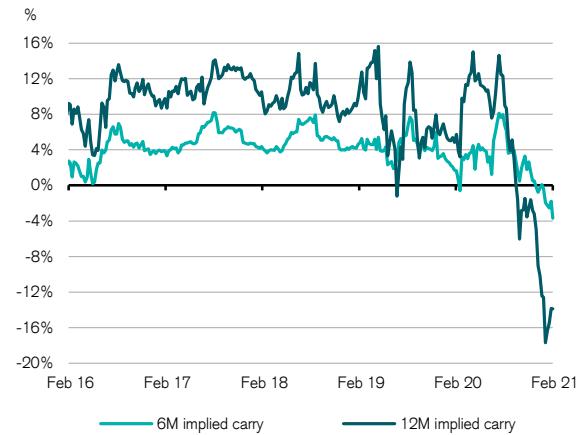


Last datapoints: 26.02.2021, Source: Bloomberg, Credit Suisse

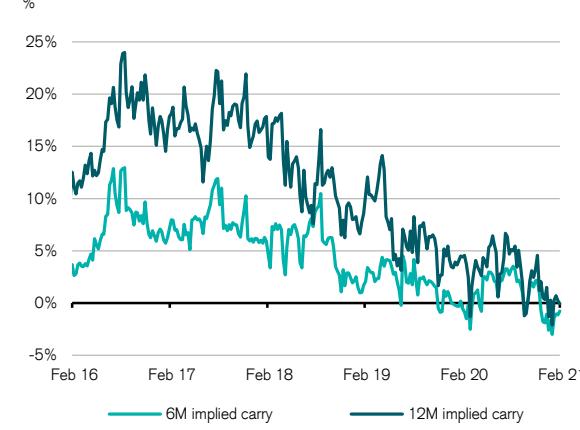
Implied Carry – Agriculture



CBOT Corn



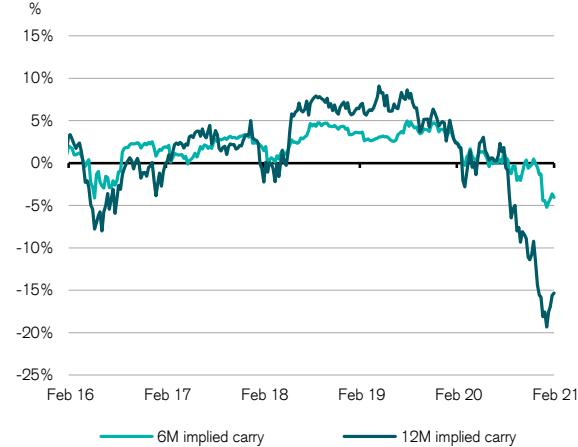
CBOT Wheat



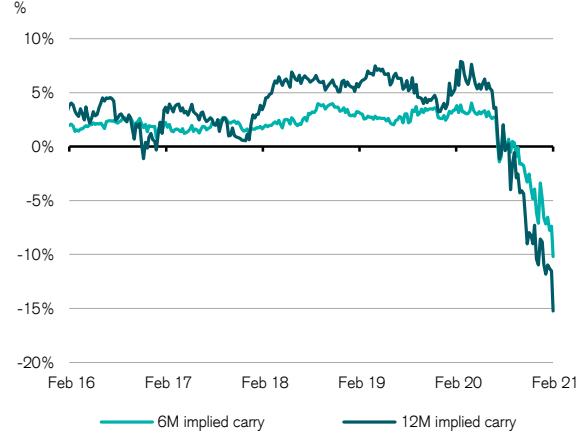
ICE Cotton No. 2



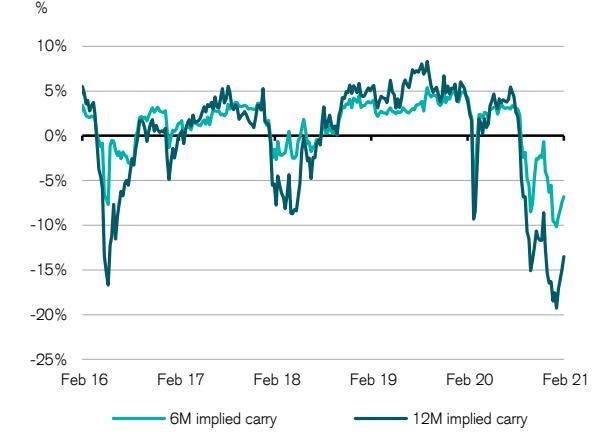
CBOT Soybeans



CBOT Soy Oil



CBOT Soy Meal

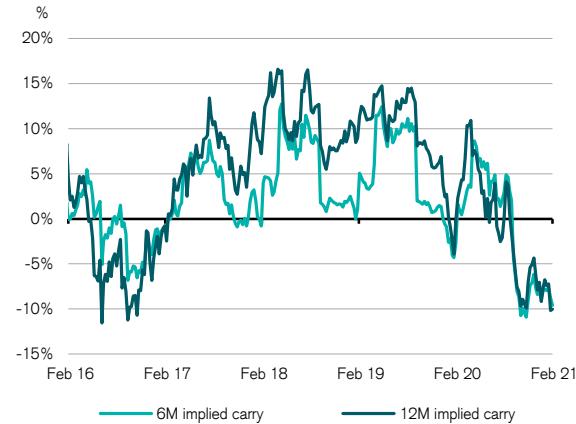


Last datapoints: 26.02.2021, Source: Bloomberg, Credit Suisse

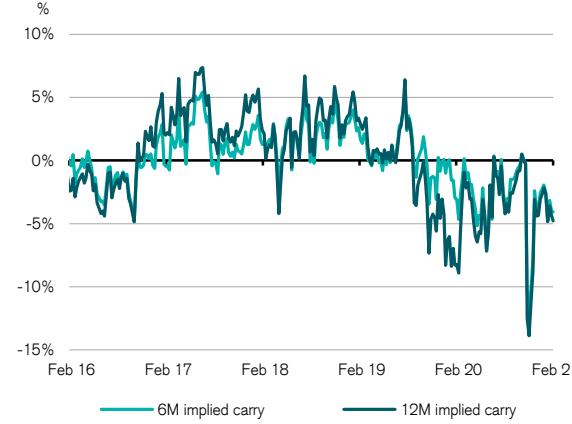
Implied Carry – Agriculture & Livestock



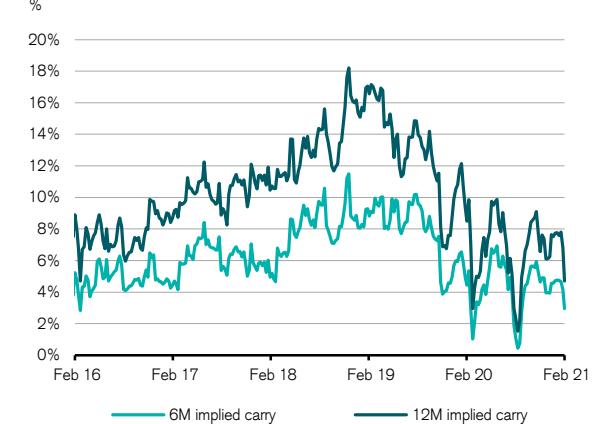
ICE Sugar No. 11



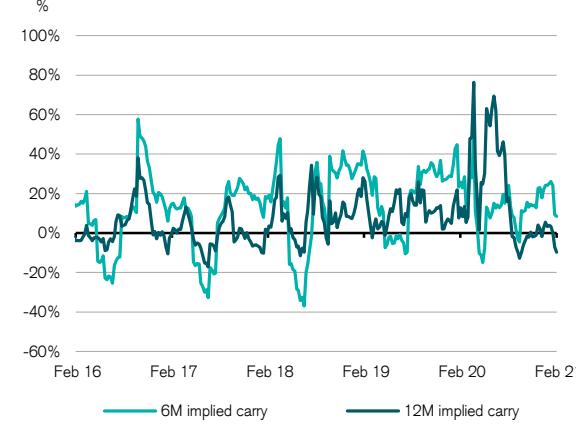
ICE Cocoa



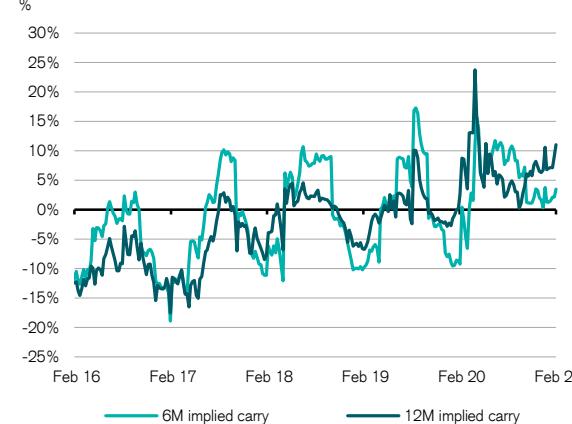
ICE Coffee 'C' (Arabica)



CME Lean Hogs



CME Live Cattle



MDE Palm Oil



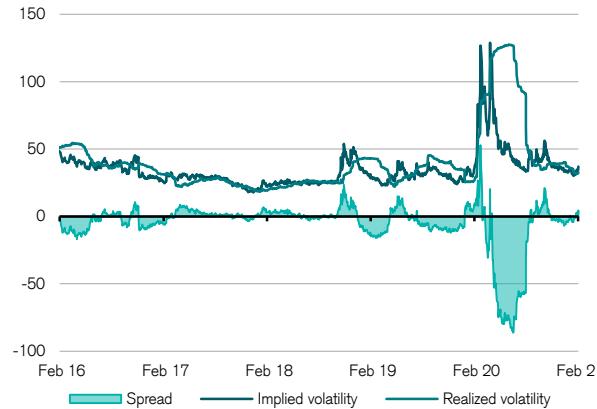
Last datapoints: 26.02.2021, Source: Bloomberg, Credit Suisse

Implied & Realized Volatility – Energy



NYMEX WTI

3rd-nearby WTI crude ATM implied and realized volatility, %



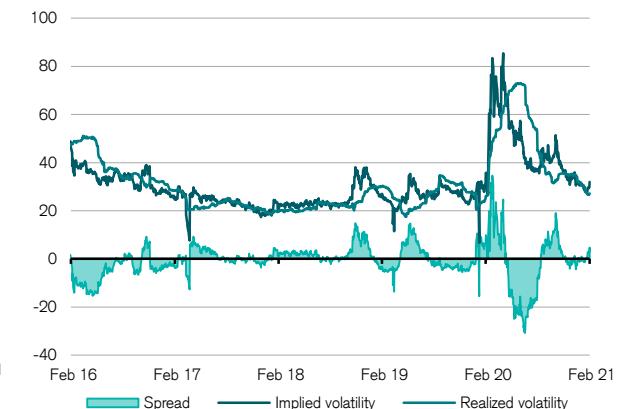
ICE Brent

3rd-nearby Brent crude ATM implied and realized volatility, %



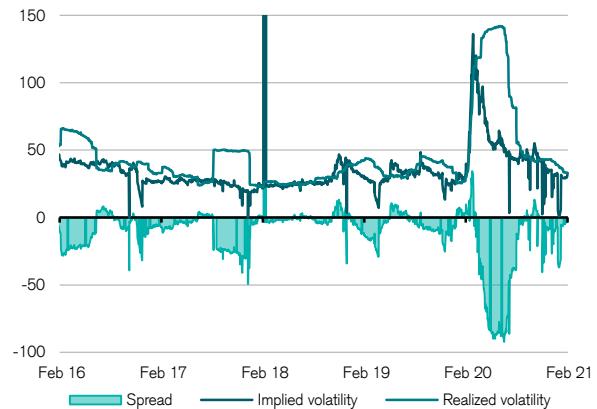
NYMEX Heating Oil

3rd-nearby heating oil ATM implied and realized volatility, %



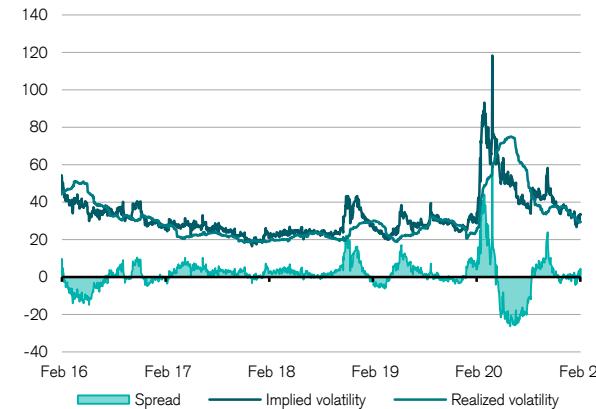
NYMEX RBOB Gasoline

3rd-nearby gasoline ATM implied and realized volatility, %



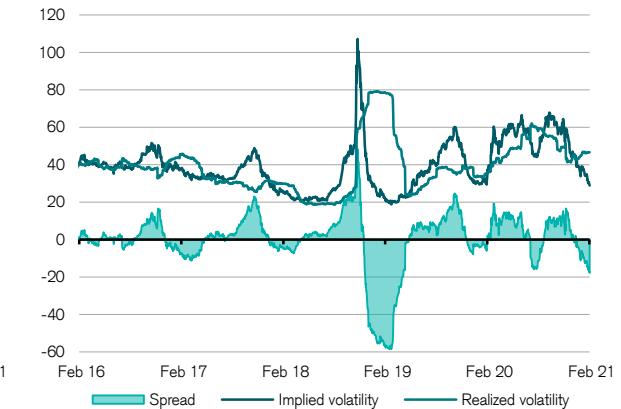
ICE Gasoil

3rd-nearby gasoil ATM implied and realized volatility, %



NYMEX HHub US Natural Gas

3rd-nearby natural gas ATM implied and realized volatility, %

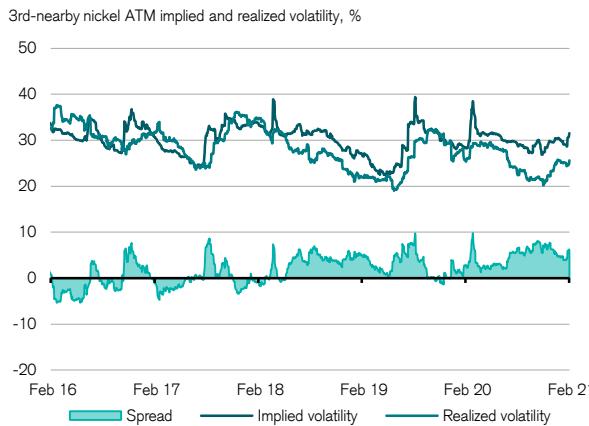


Last datapoints: 26.02.2021, Source: Bloomberg, Credit Suisse

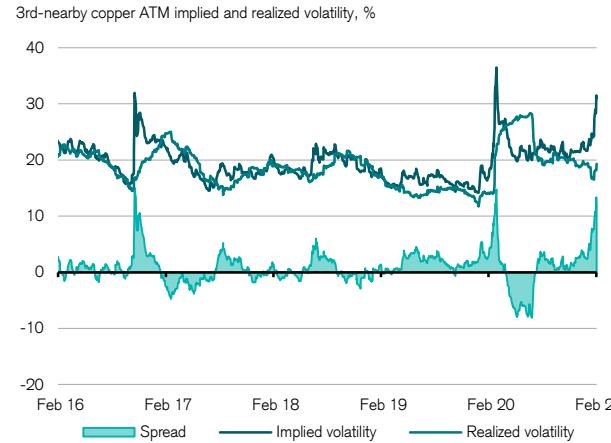
Implied & Realized Volatility – Base Metals



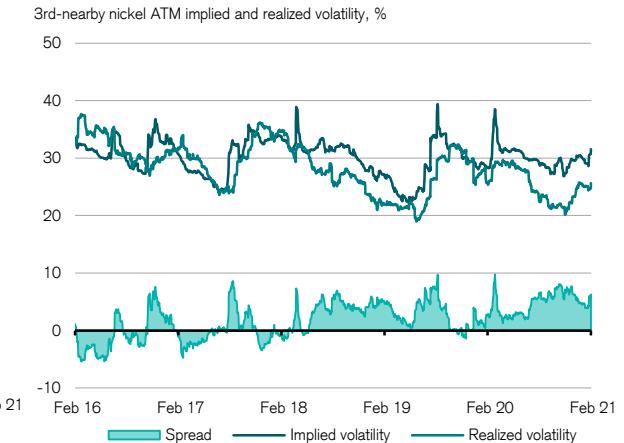
LME Aluminum



LME Copper



LME Nickel



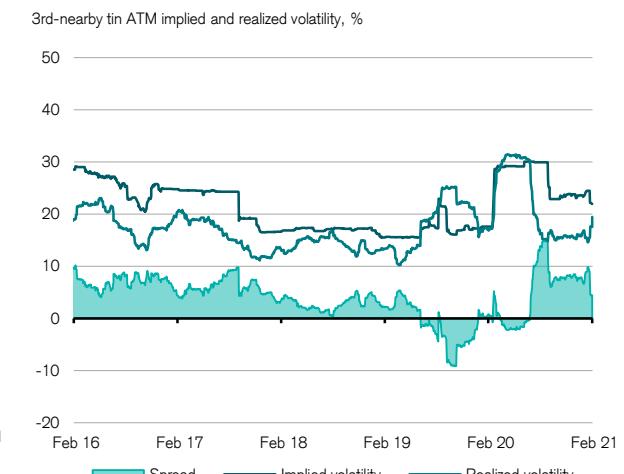
LME Zinc



LME Lead



LME Tin



Last datapoints: 26.02.2021, Source: Bloomberg, Credit Suisse

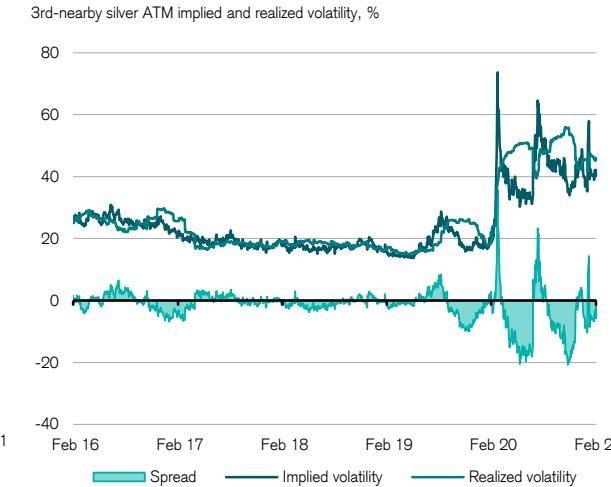


Implied & Realized Volatility – Precious Metals

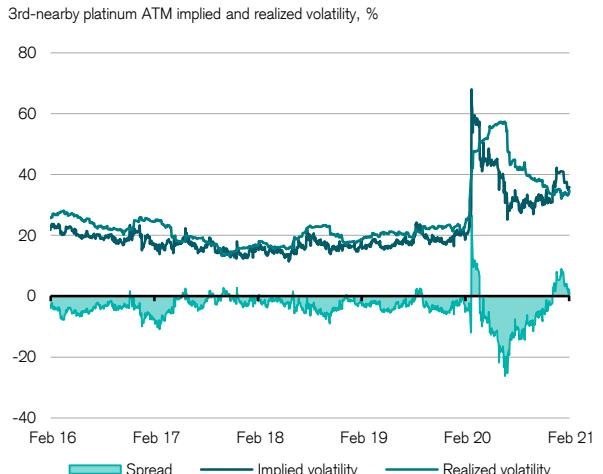
Gold



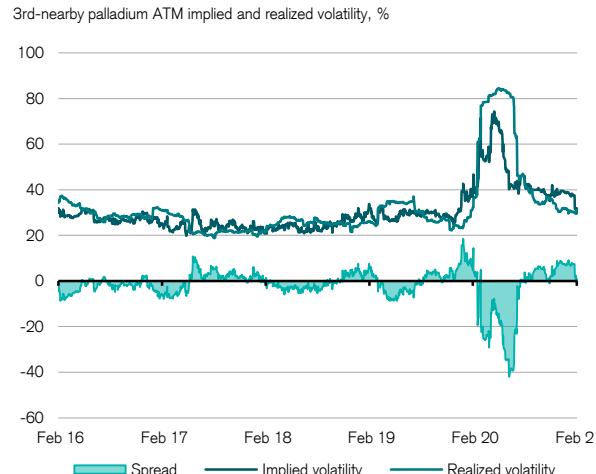
Silver



Platinum



Palladium

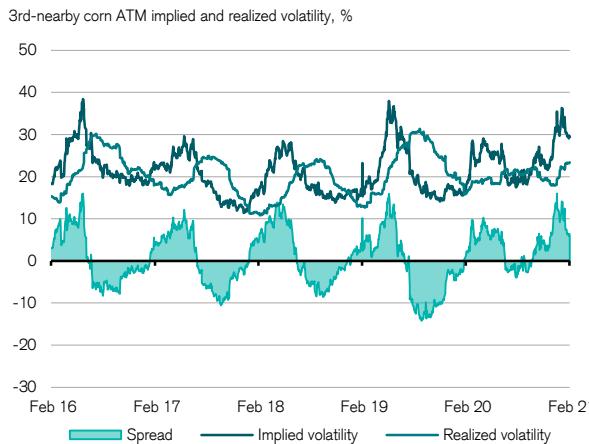


Last datapoints: 26.02.2021, Source: Bloomberg, Credit Suisse

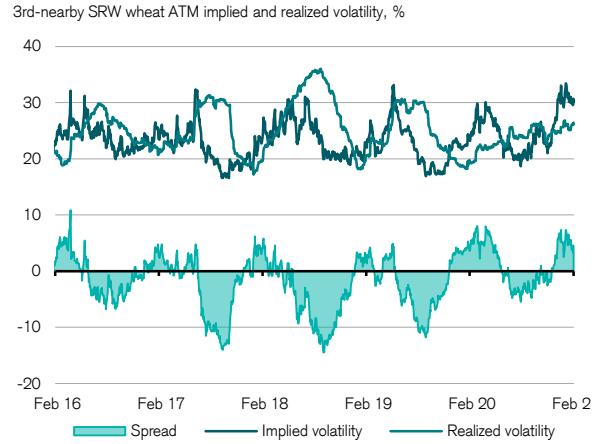
Implied & Realized Volatility – Agriculture



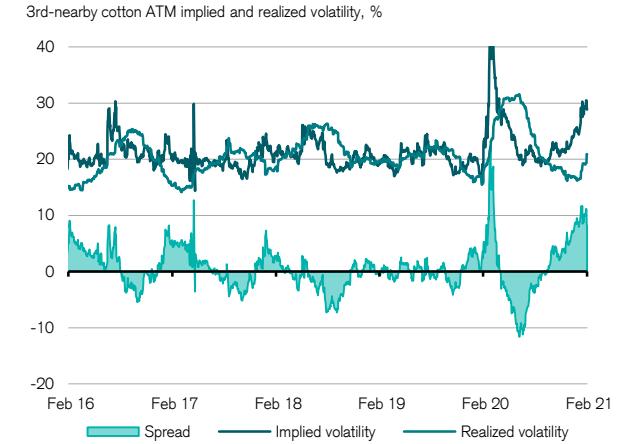
CBOT Corn



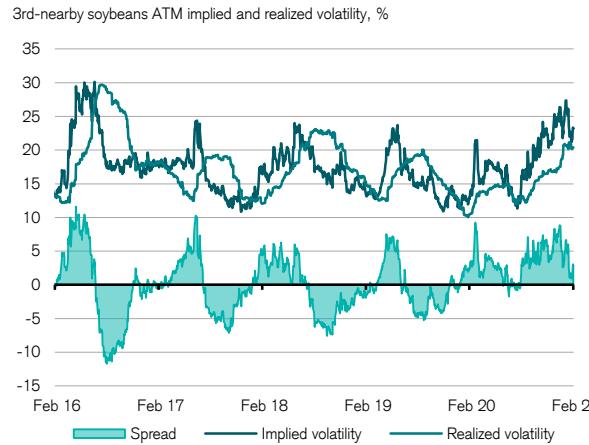
CBOT Wheat



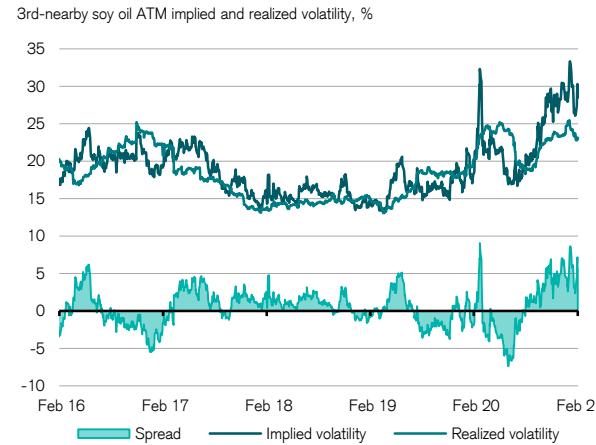
ICE Cotton No. 2



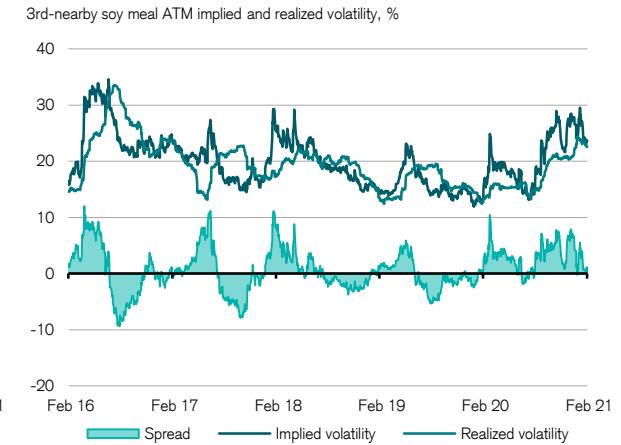
CBOT Soybeans



CBOT Soy Oil



CBOT Soy Meal

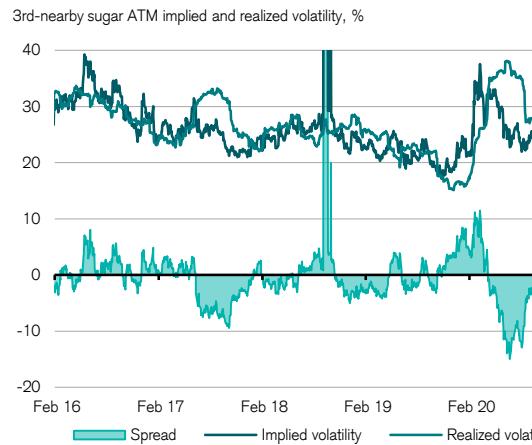


Last datapoints: 26.02.2021, Source: Bloomberg, Credit Suisse

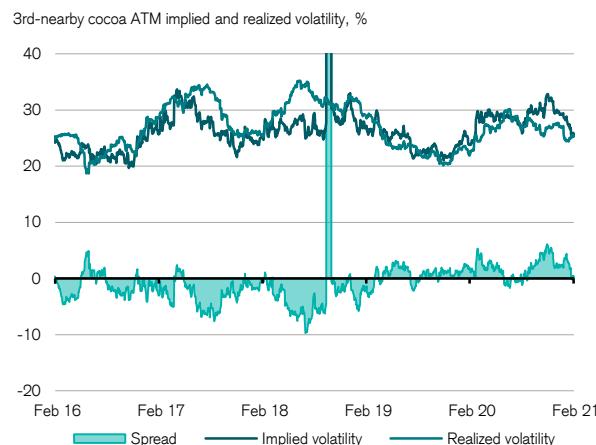
Implied & Realized Volatility – Agriculture & Livestock



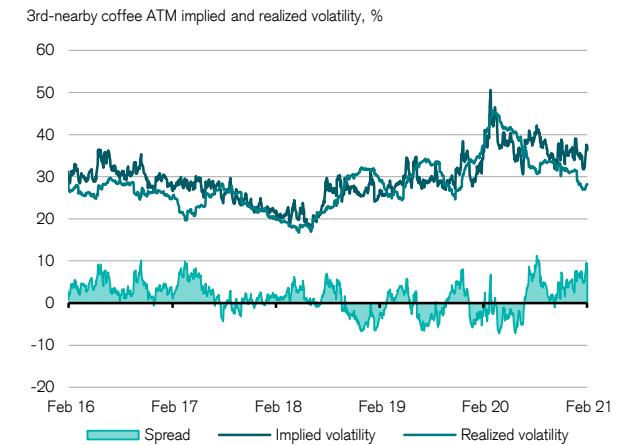
ICE Sugar No. 11



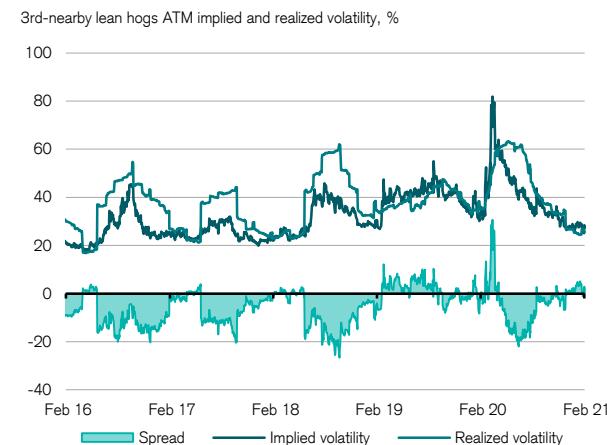
ICE Cocoa



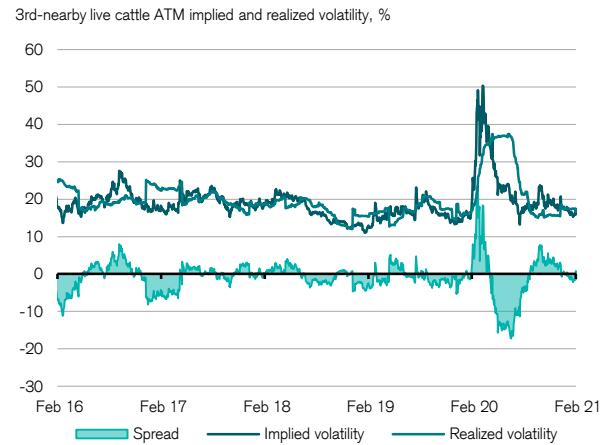
ICE Coffee 'C' (Arabica)



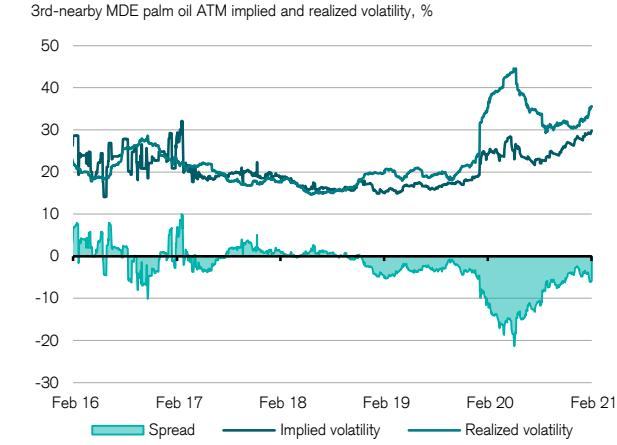
CME Lean Hogs



CME Live Cattle



MDE Palm Oil

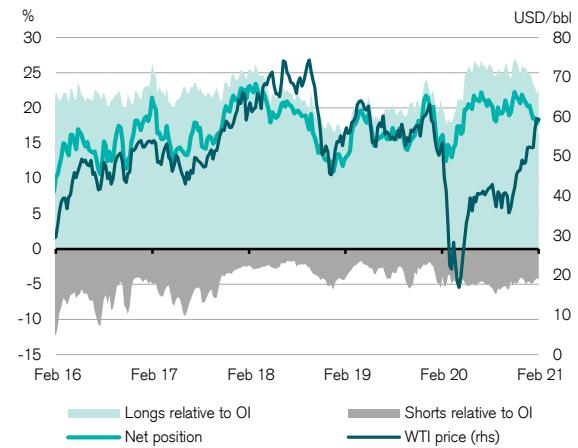


Last datapoints: 26.02.2021, Source: Bloomberg, Credit Suisse

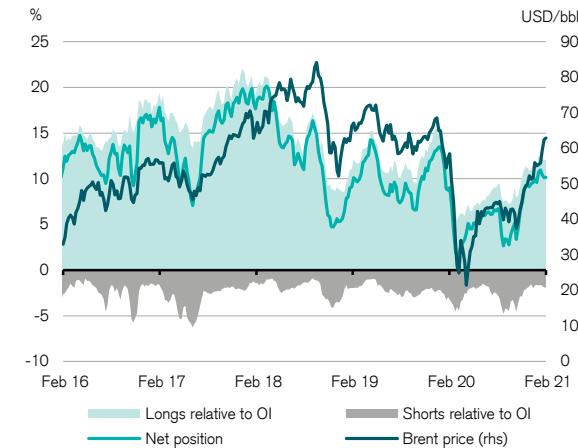
Futures & Options Positioning (non-commercials) – Energy



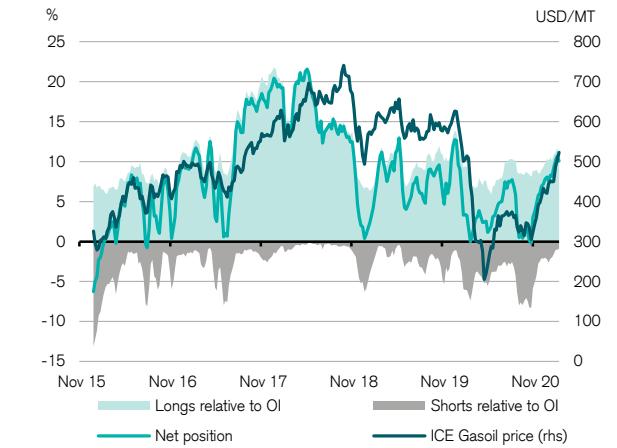
NYMEX WTI



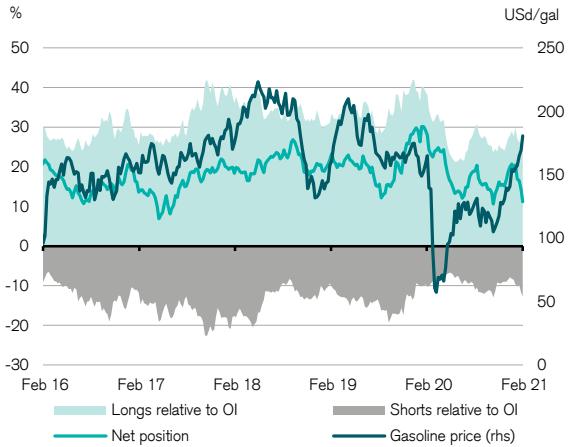
ICE Brent



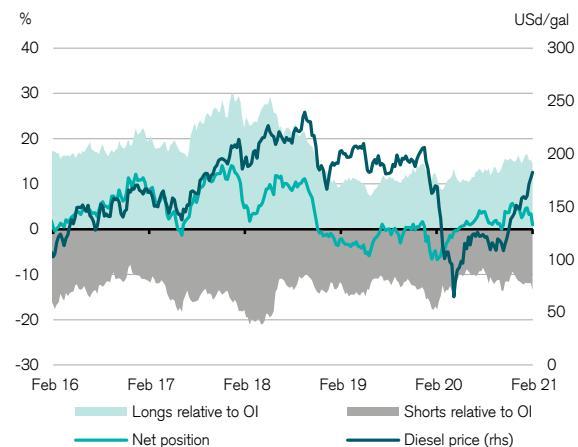
ICE Gasoil



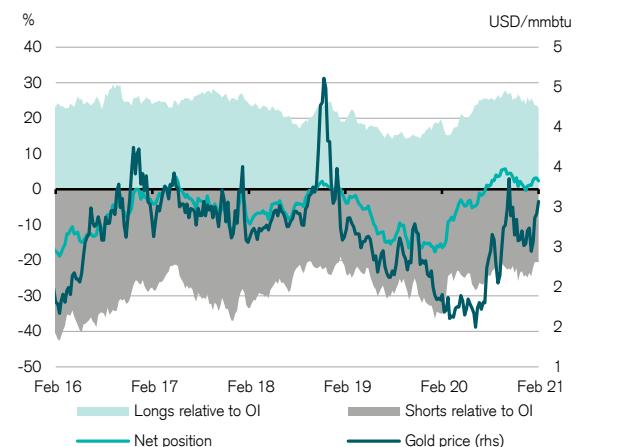
NYMEX RBOB Gasoline



NYMEX Heating Oil



NYMEX HHub US Natural Gas

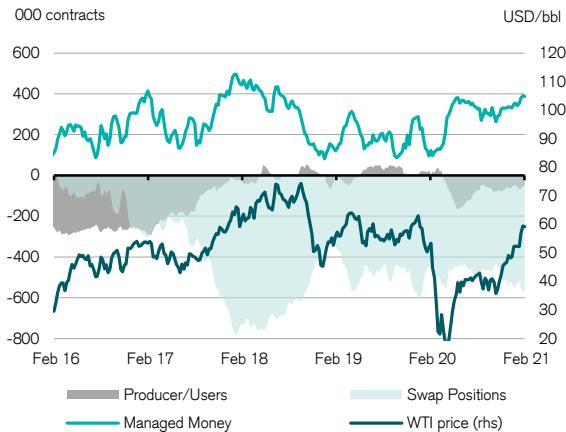


Last datapoints: 23.02.2021, Source: CFTC, ICE, Bloomberg, Credit Suisse

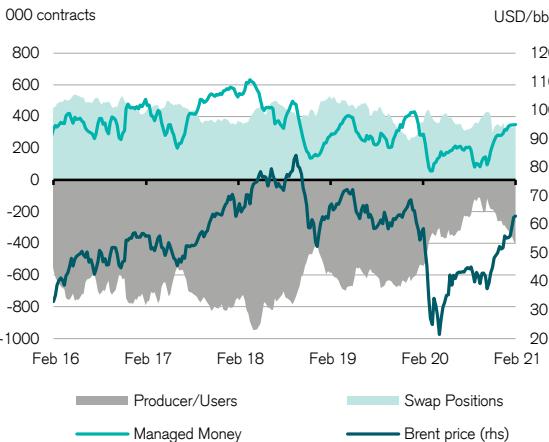
Futures & Options Positioning (disaggregated) – Energy



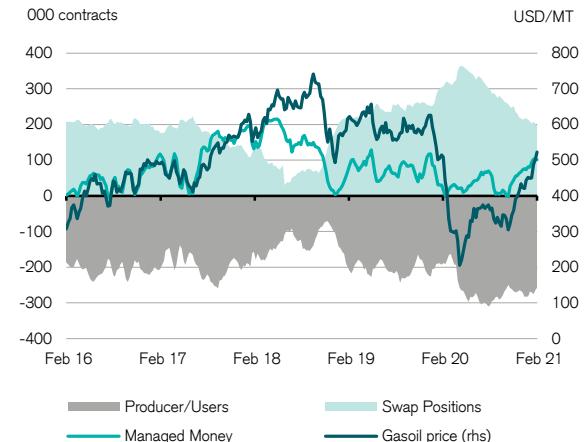
NYMEX WTI



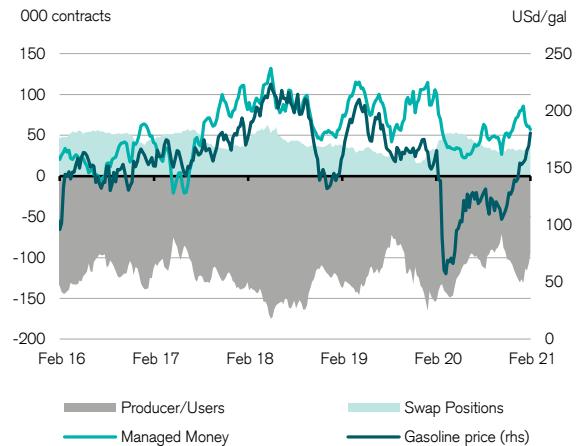
ICE Brent



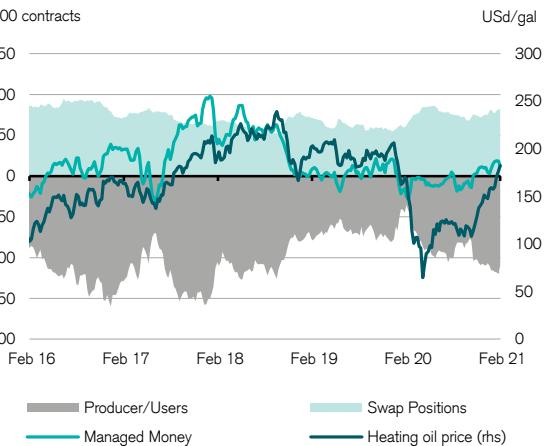
ICE Gasoil



NYMEX RBOB Gasoline



NYMEX Heating Oil



NYMEX HHub US Natural Gas

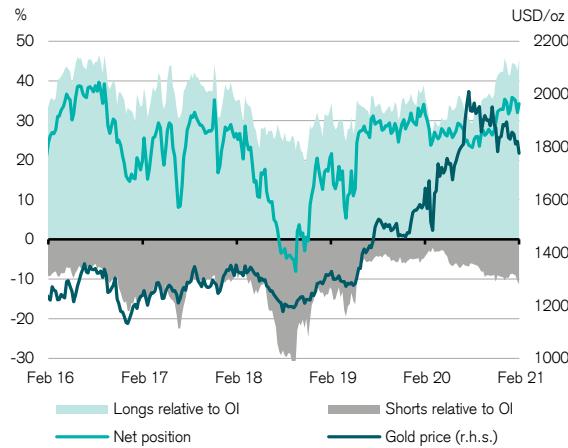


Last datapoints: 23.02.2021, Source: CFTC, ICE, Bloomberg, Credit Suisse

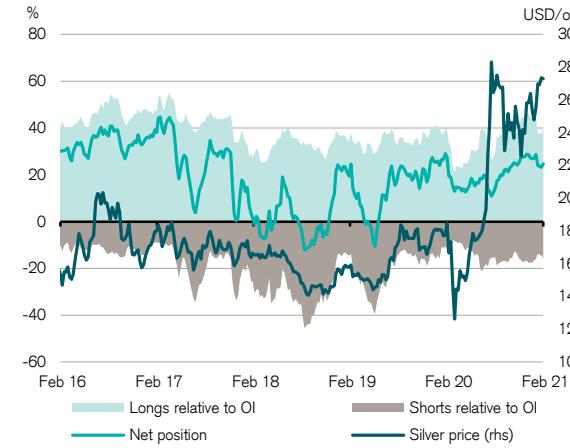
Futures & Options Positioning (non-commercials) – Metals



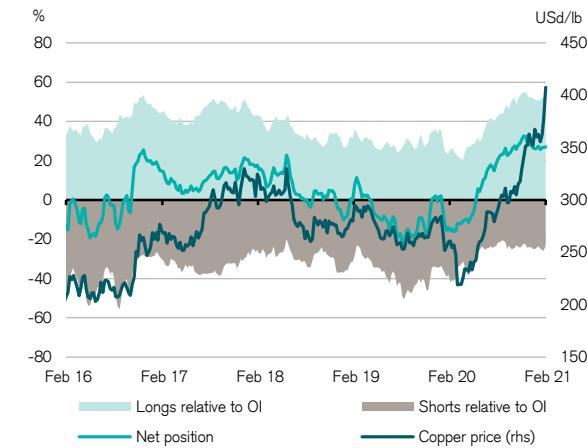
COMEX Gold



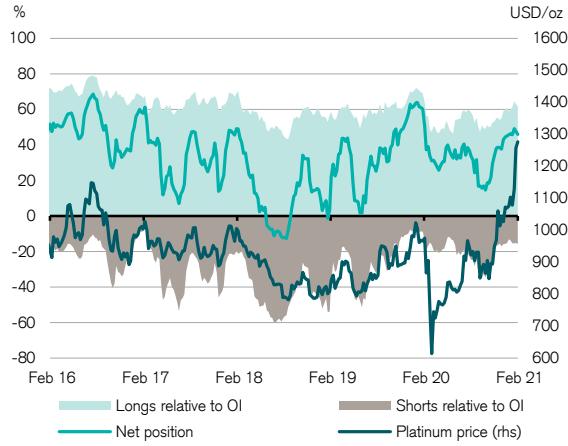
COMEX Silver



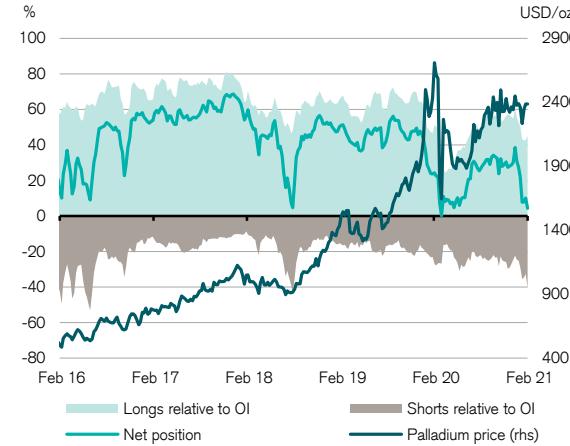
COMEX Copper



COMEX Platinum



COMEX Palladium

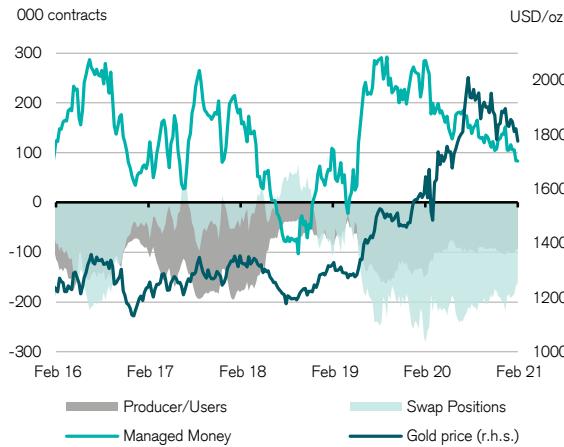


Last datapoints: 23.02.2021, Source: CFTC, Bloomberg, Credit Suisse

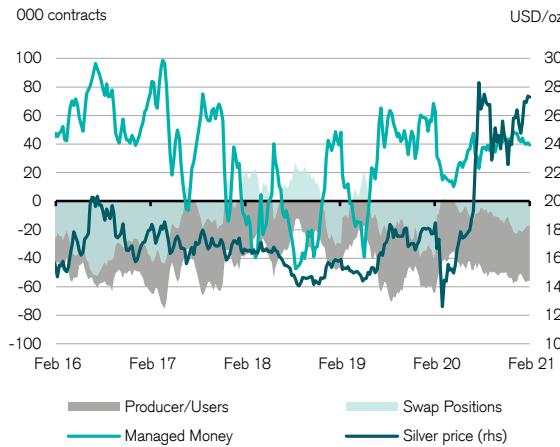
Futures & Options Positioning (disaggregated) – Metals



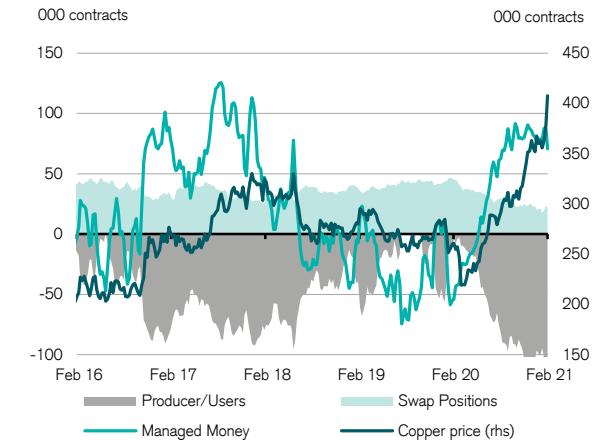
COMEX Gold



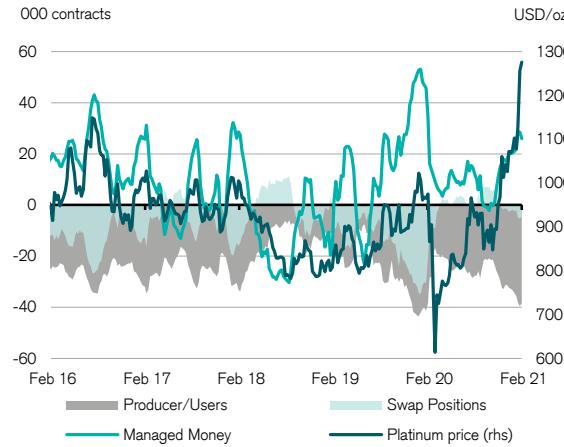
COMEX Silver



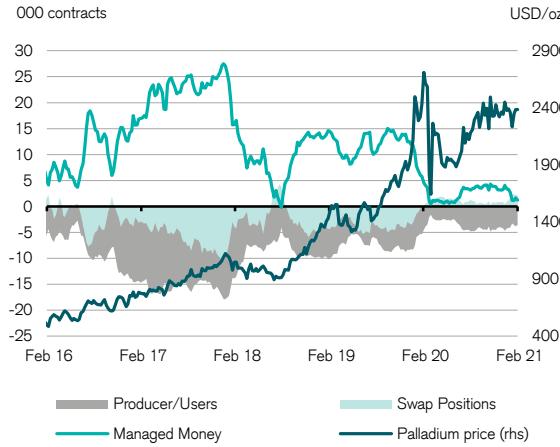
COMEX Copper



COMEX Platinum



COMEX Palladium

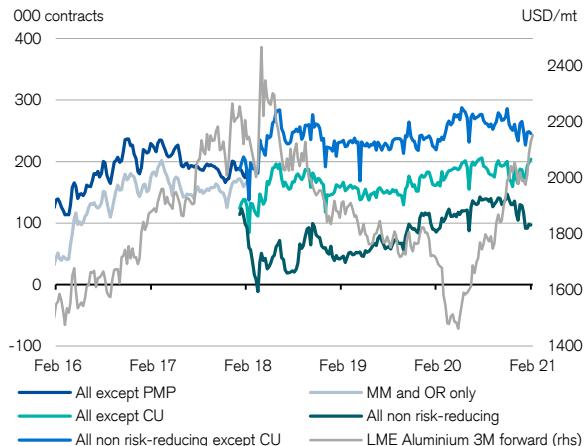


Last datapoints: 23.02.2021, Source: CFTC, Bloomberg, Credit Suisse

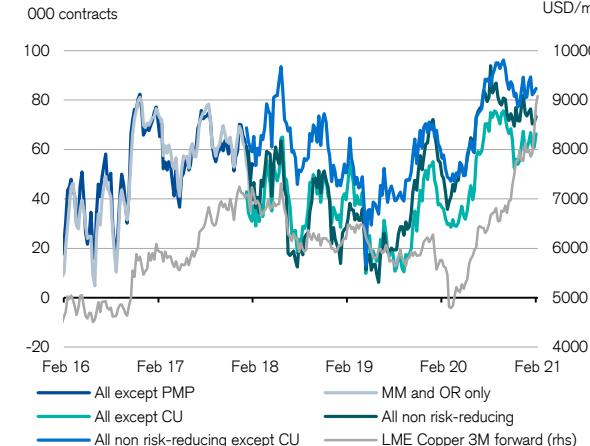
Futures & Options Positioning (LME) – Base Metals



LME Aluminum



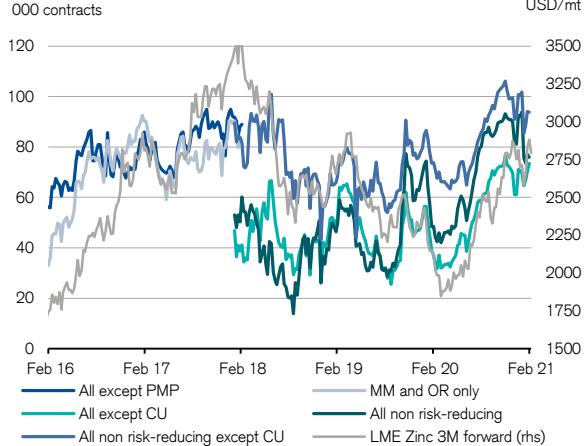
LME Copper



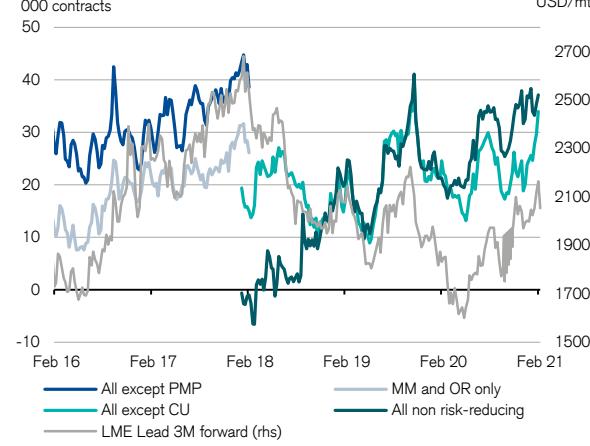
LME Nickel



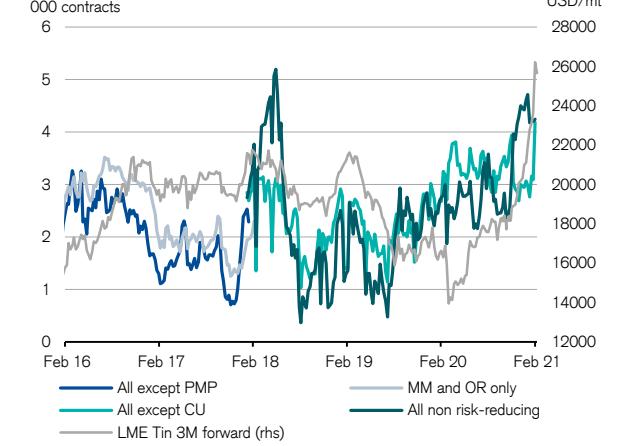
LME Zinc



LME Lead



LME Tin



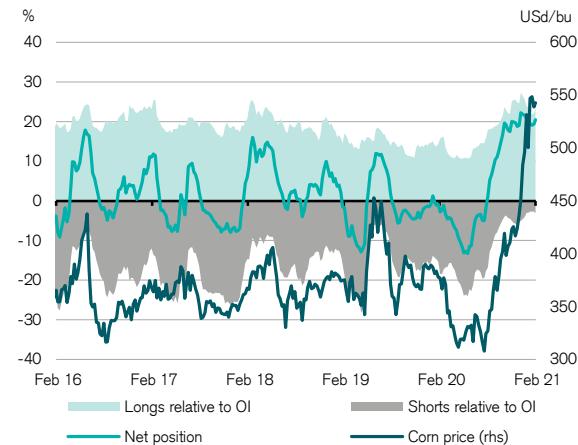
Last datapoints: 19.02.2021, Source: LME, Bloomberg, Credit Suisse, Note: Abbreviations refer to different reportable entities in LME COT reports
Pre-Mifid: PMP: Producer, merchant, processor. MM: Money manager. OR: Other reportables. Post-Mifid: CU: Commercial undertakings

The post-Mifid COT-report discriminates between positions held in order to hedge risk and speculative ones, dividing them into risk reducing and non risk-reducing positions

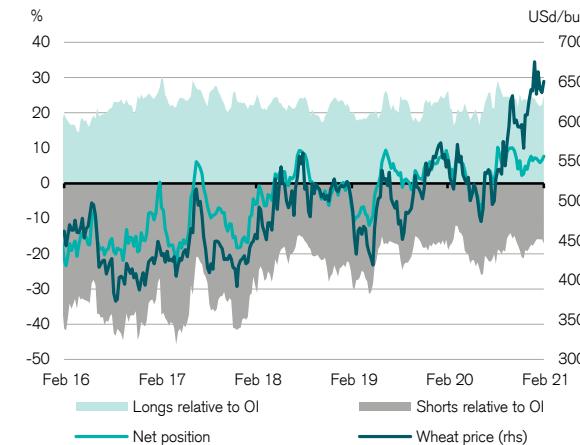
Futures & Options Positioning (non-commercials) – Agriculture



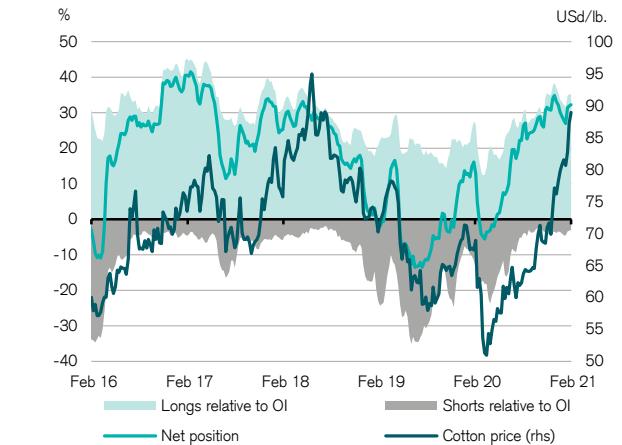
CBOT Corn



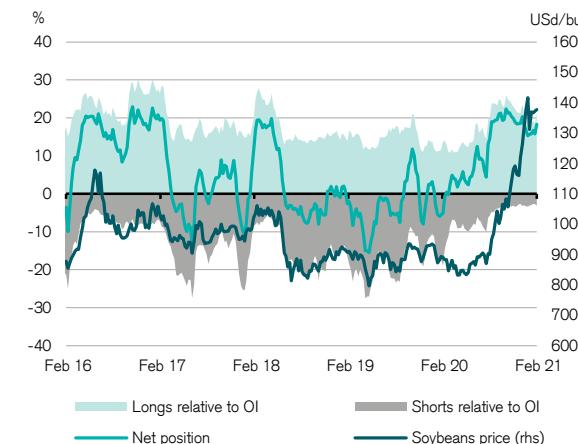
CBOT Wheat



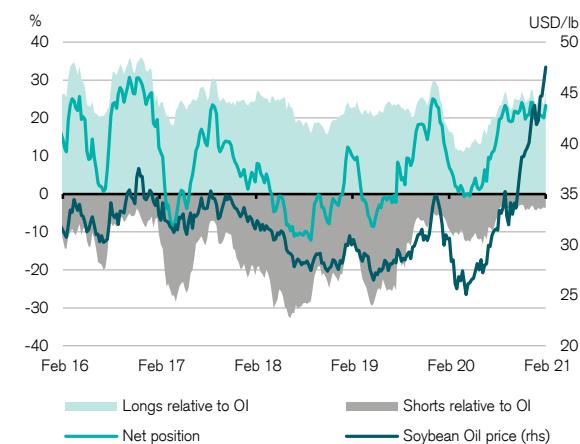
ICE Cotton No. 2



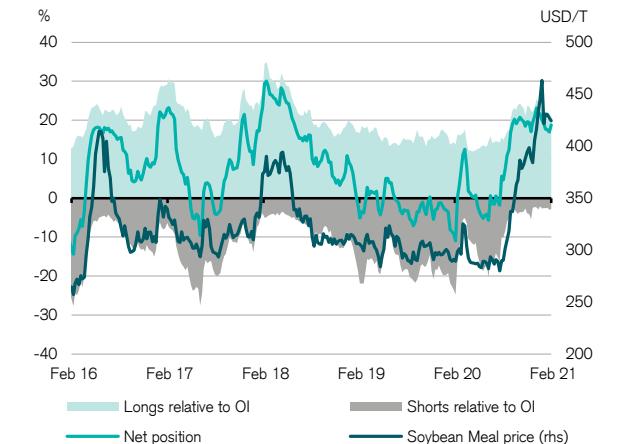
CBOT Soybeans



CBOT Soy Oil



CBOT Soy Meal

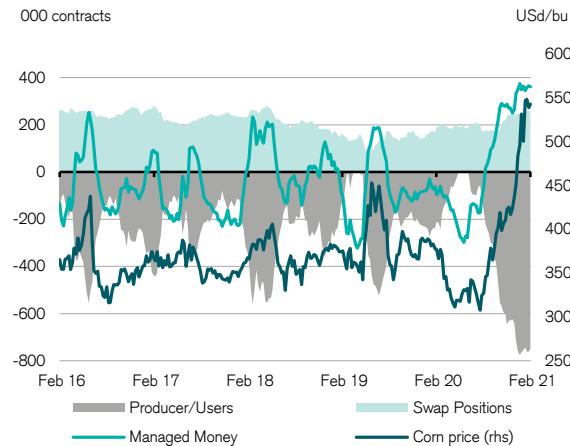


Last datapoints: 23.02.2021, Source: CFTC, Bloomberg, Credit Suisse

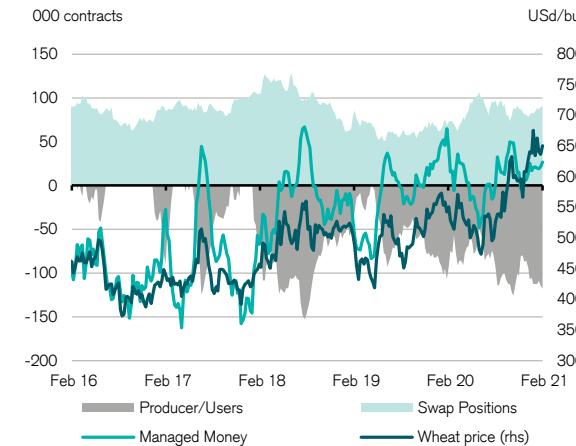
Futures & Options Positioning (disaggregated) – Agriculture



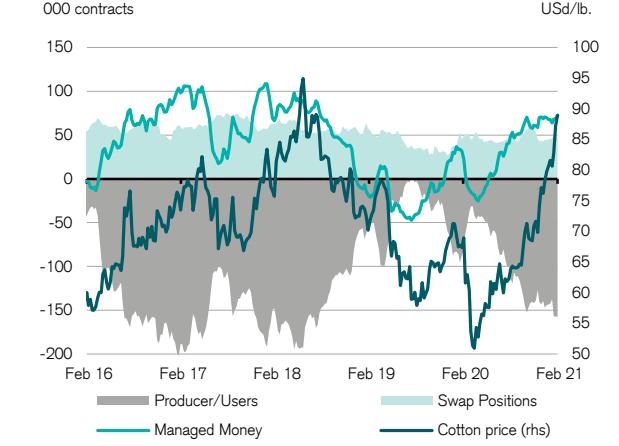
CBOT Corn



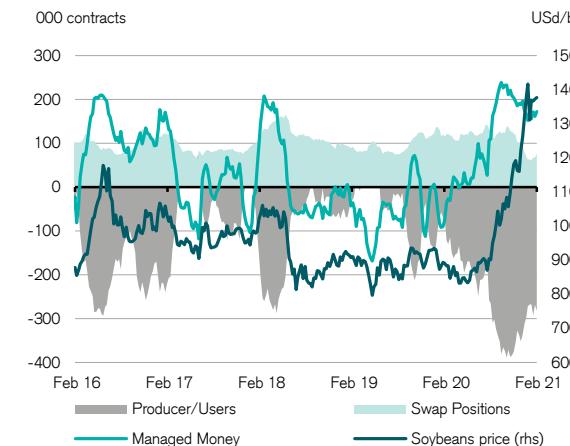
CBOT Wheat



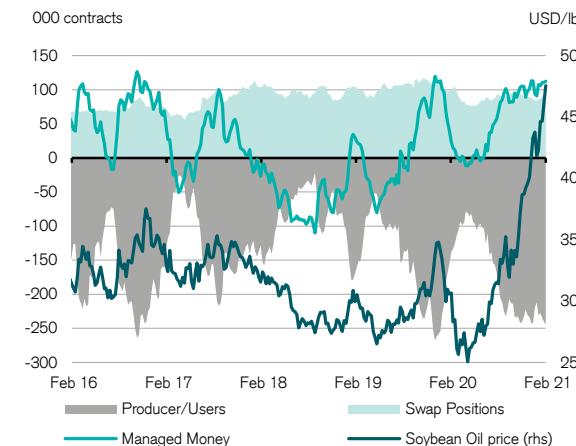
ICE Cotton No. 2



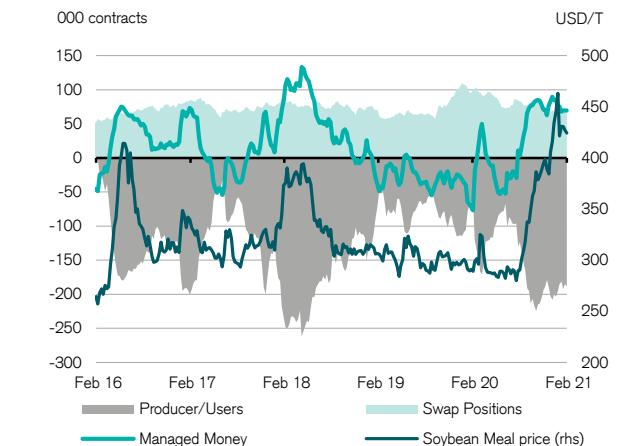
CBOT Soybeans



CBOT Soy Oil



CBOT Soy Meal

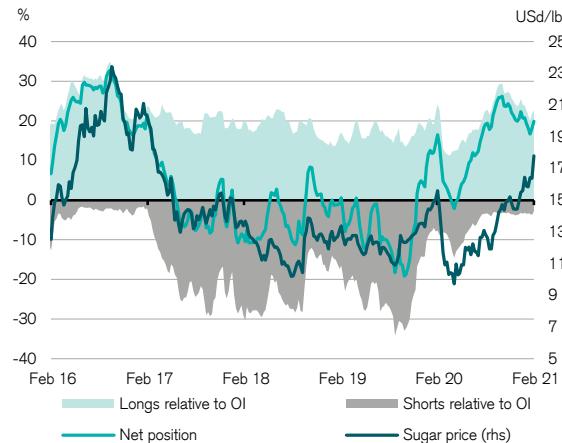


Last datapoints: 23.02.2021, Source: CFTC, Bloomberg, Credit Suisse

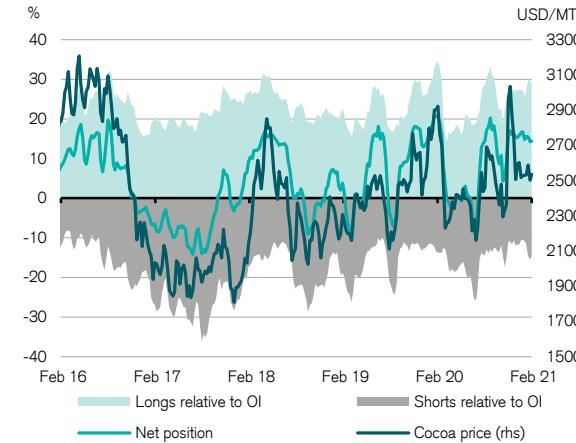
Futures & Options Positioning (non-commercials) – Agriculture



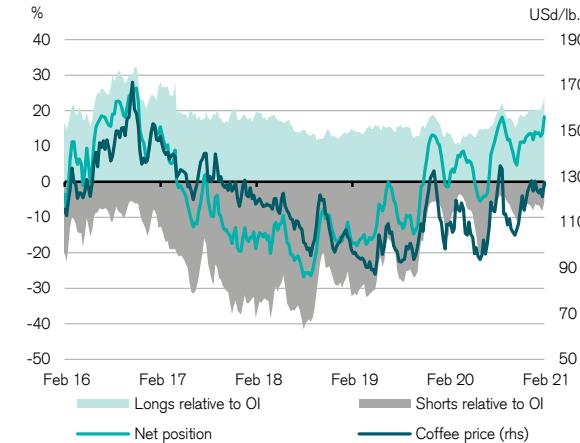
ICE Sugar No. 11



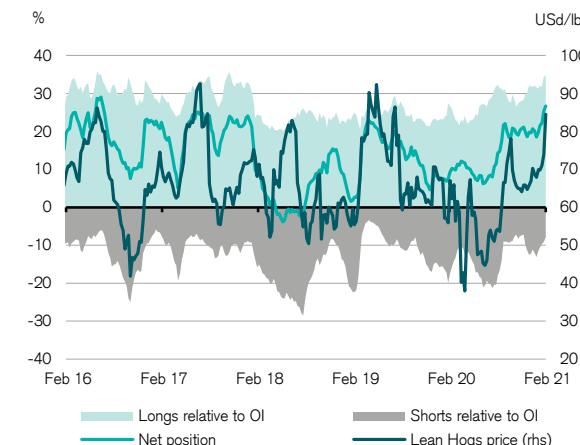
ICE Cocoa



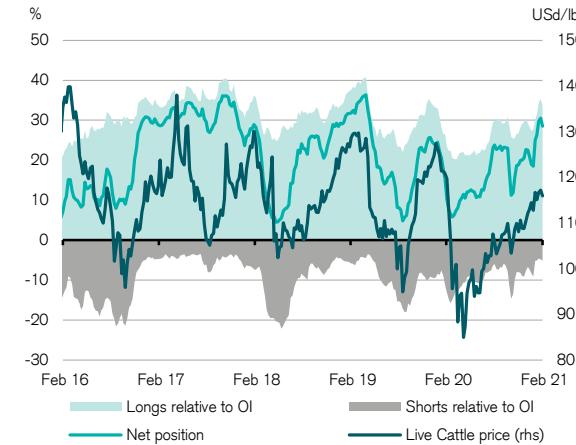
ICE Coffee 'C' (Arabica)



CME Lean Hogs



CME Live Cattle

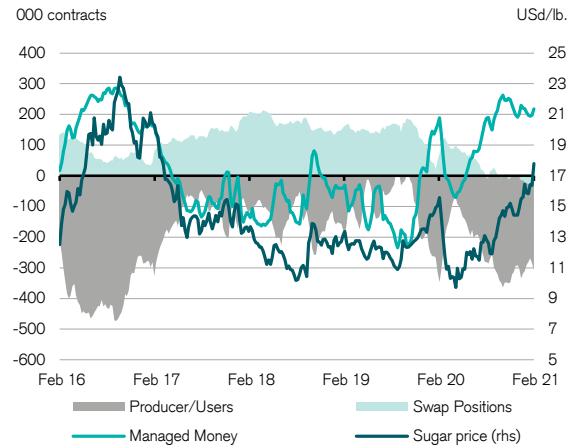


Last datapoints: 23.02.2021, Source: CFTC, Bloomberg, Credit Suisse

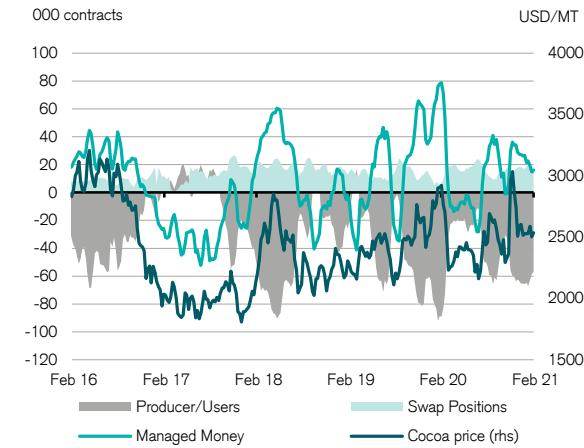
Futures & Options Positioning (disaggregated) – Agriculture



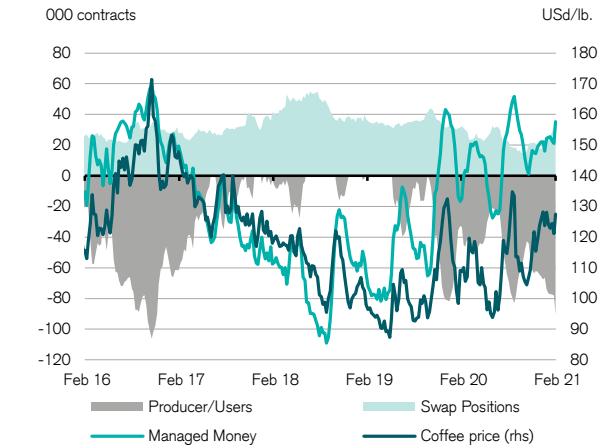
ICE Sugar No. 11



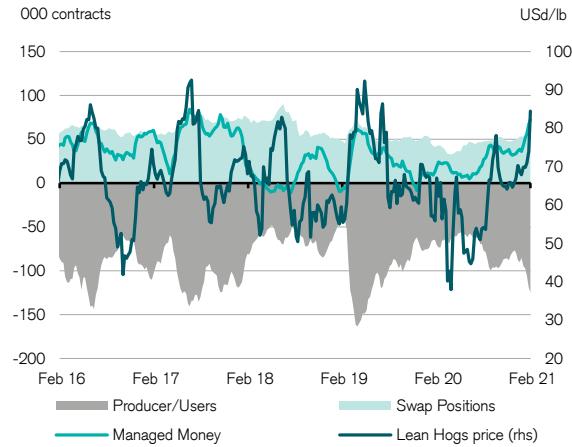
ICE Cocoa



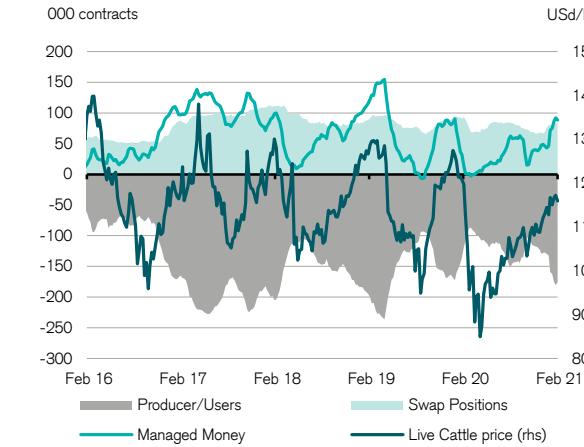
ICE Coffee 'C' (Arabica)



CME Lean Hogs



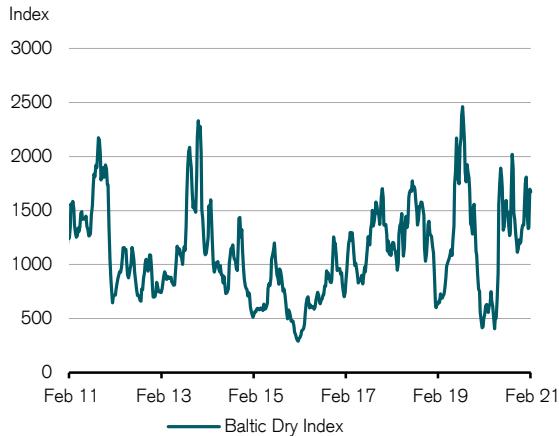
CME Live Cattle



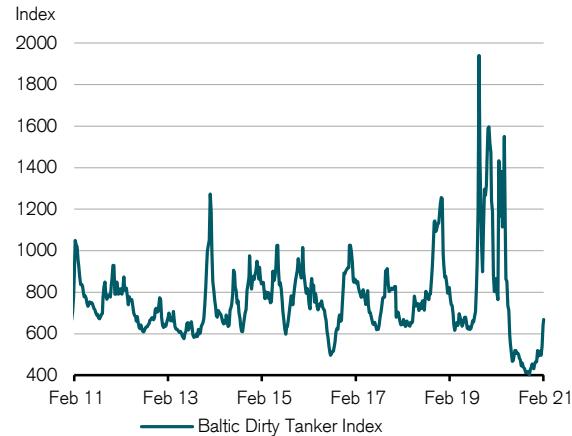
Last datapoints: 23.02.2021, Source: CFTC, Bloomberg, Credit Suisse

Freight rates – Baltic Exchange

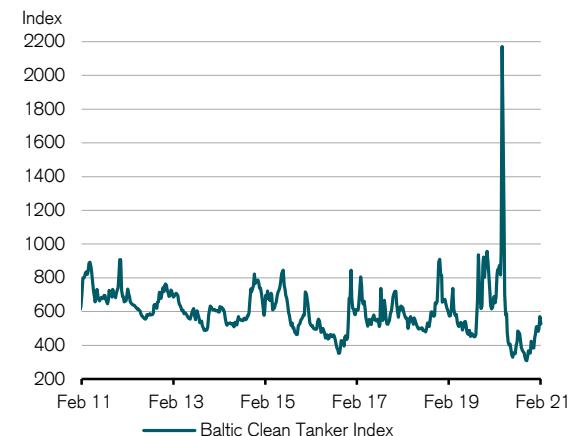
Baltic Dry



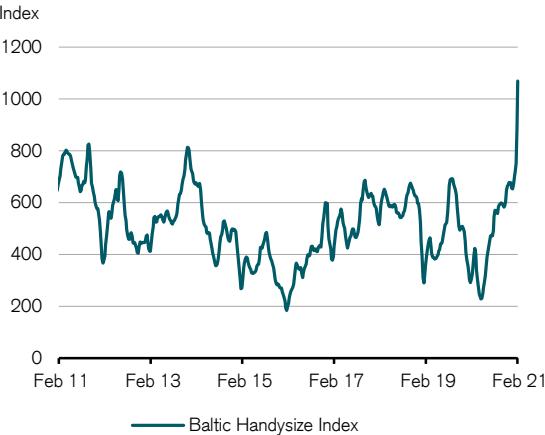
Baltic Dirty Tanker



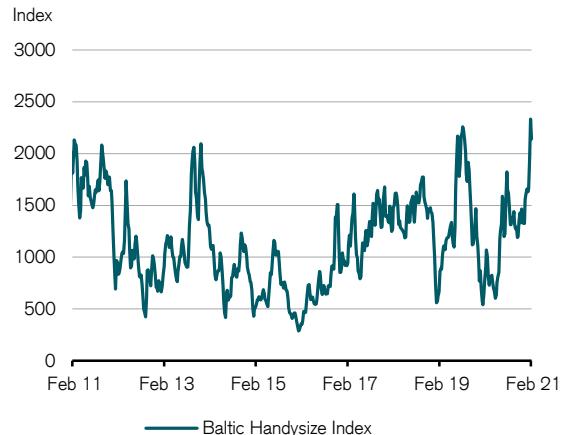
Baltic Clean Tanker



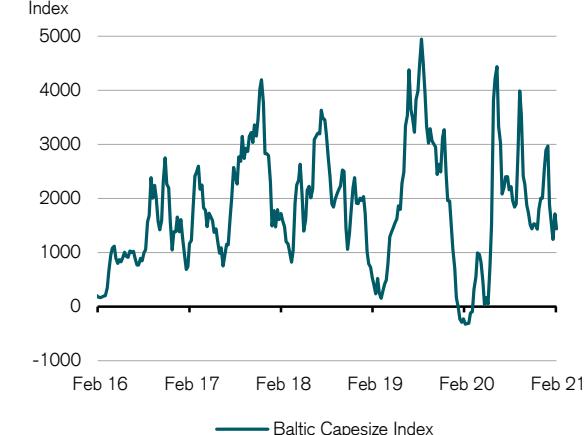
Baltic Handysize



Baltic Panamax



Baltic Capesize



Last datapoints: 26.02.2021, Source: Bloomberg, Credit Suisse

Correlations – Intra-Commodities/Cross-Asset

5-year correlations of weekly returns in USD

as of 26-Feb-2021

| | BCOM | Gold | Silver | Platinum | Palladium | Natural Gas | WTI | Brent | Gasoil | Gasoline | Diesel | Copper | Aluminum | Zinc | Nickel | Coal ARA | Coal HCC | Steel HRC | Iron ore 62 | Corn | Wheat | HRW Wheat | Soy-beans | Soy Meal | Soy Oil | Sugar | Coffee | Cotton | Cocoa | Live Cattle | Lean Hogs | |
|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------|
| BCOM | 1.00 | 0.31 | 0.48 | 0.47 | 0.43 | 0.41 | 0.64 | 0.64 | 0.72 | 0.66 | 0.69 | 0.46 | 0.42 | 0.44 | 0.47 | 0.11 | 0.00 | 0.14 | 0.04 | 0.40 | 0.29 | 0.23 | 0.50 | 0.26 | 0.54 | 0.39 | 0.14 | 0.31 | 0.19 | 0.17 | 0.10 | |
| Gold | 0.31 | 1.00 | 0.81 | 0.62 | 0.44 | -0.07 | 0.05 | 0.01 | 0.06 | 0.03 | 0.07 | 0.15 | 0.12 | 0.21 | -0.05 | 0.00 | -0.08 | 0.00 | 0.00 | 0.01 | -0.03 | -0.05 | 0.16 | 0.08 | 0.03 | 0.01 | 0.14 | 0.09 | -0.03 | 0.09 | | |
| Silver | 0.48 | 0.81 | 1.00 | 0.72 | 0.49 | 0.07 | 0.22 | 0.17 | 0.21 | 0.20 | 0.18 | 0.26 | 0.28 | 0.26 | 0.36 | 0.00 | 0.04 | 0.08 | 0.03 | 0.04 | -0.01 | -0.04 | 0.10 | -0.06 | 0.29 | 0.12 | 0.04 | 0.11 | 0.16 | 0.07 | 0.03 | |
| Platinum | 0.47 | 0.62 | 0.72 | 1.00 | 0.60 | 0.05 | 0.25 | 0.21 | 0.26 | 0.27 | 0.27 | 0.36 | 0.27 | 0.34 | 0.36 | -0.01 | 0.02 | 0.03 | 0.05 | 0.04 | -0.03 | -0.05 | 0.13 | -0.05 | 0.26 | 0.13 | -0.03 | 0.21 | 0.21 | 0.15 | 0.05 | |
| Palladium | 0.43 | 0.44 | 0.49 | 0.60 | 1.00 | 0.06 | 0.17 | 0.16 | 0.21 | 0.23 | 0.24 | 0.33 | 0.20 | 0.28 | 0.26 | 0.09 | 0.03 | 0.01 | 0.06 | 0.07 | 0.10 | 0.06 | 0.18 | 0.03 | 0.24 | 0.14 | -0.01 | 0.12 | 0.17 | 0.19 | 0.06 | |
| Natural Gas | 0.41 | -0.07 | 0.07 | 0.05 | 0.06 | 1.00 | 0.00 | 0.09 | 0.13 | 0.16 | 0.15 | 0.09 | 0.19 | 0.15 | 0.17 | 0.03 | 0.01 | -0.02 | 0.02 | 0.04 | 0.02 | 0.00 | 0.11 | 0.04 | 0.06 | 0.10 | 0.08 | 0.14 | -0.02 | -0.01 | 0.03 | |
| WTI | 0.64 | 0.05 | 0.22 | 0.25 | 0.17 | 0.09 | 1.00 | 0.92 | 0.76 | 0.80 | 0.76 | 0.23 | 0.14 | 0.20 | 0.19 | -0.01 | 0.04 | 0.10 | 0.03 | 0.13 | 0.00 | -0.08 | 0.11 | -0.04 | 0.30 | 0.20 | -0.06 | 0.17 | 0.20 | 0.00 | -0.08 | |
| Brent | 0.64 | 0.01 | 0.17 | 0.21 | 0.16 | 0.09 | 0.92 | 1.00 | 0.81 | 0.82 | 0.85 | 0.24 | 0.13 | 0.23 | 0.19 | 0.01 | 0.04 | 0.12 | 0.01 | -0.01 | -0.05 | 0.13 | -0.04 | 0.32 | 0.26 | 0.01 | 0.18 | 0.20 | 0.02 | -0.13 | | |
| Gasoil | 0.72 | 0.06 | 0.21 | 0.26 | 0.21 | 0.13 | 0.76 | 0.81 | 1.00 | 0.72 | 0.92 | 0.24 | 0.17 | 0.24 | 0.19 | 0.16 | 0.02 | 0.18 | 0.02 | 0.01 | 0.02 | 0.06 | 0.01 | 0.22 | 0.06 | 0.42 | 0.30 | 0.05 | 0.18 | 0.19 | -0.15 | |
| Gasoline | 0.66 | 0.06 | 0.20 | 0.27 | 0.23 | 0.16 | 0.80 | 0.82 | 0.72 | 1.00 | 0.75 | 0.30 | 0.17 | 0.20 | 0.21 | 0.01 | 0.04 | 0.10 | 0.01 | 0.17 | 0.04 | 0.00 | 0.13 | -0.04 | 0.32 | 0.23 | -0.07 | 0.25 | 0.22 | 0.06 | -0.05 | |
| Diesel | 0.69 | 0.03 | 0.18 | 0.27 | 0.24 | 0.15 | 0.76 | 0.85 | 0.92 | 0.75 | 1.00 | 0.23 | 0.18 | 0.25 | 0.20 | 0.15 | 0.03 | 0.14 | 0.03 | 0.05 | 0.06 | 0.07 | 0.04 | 0.09 | 0.20 | 0.08 | 0.33 | 0.05 | 0.12 | -0.09 | | |
| Copper | 0.46 | 0.07 | 0.26 | 0.36 | 0.33 | 0.09 | 0.23 | 0.24 | 0.24 | 0.30 | 0.23 | 1.00 | 0.51 | 0.59 | 0.55 | 0.13 | 0.07 | 0.24 | 0.03 | 0.05 | 0.03 | 0.17 | 0.00 | 0.29 | 0.12 | 0.01 | 0.27 | 0.10 | 0.09 | 0.09 | | |
| Aluminum | 0.42 | 0.15 | 0.28 | 0.27 | 0.20 | 0.19 | 0.14 | 0.13 | 0.17 | 0.18 | 0.51 | 1.00 | 0.43 | 0.44 | 0.20 | 0.02 | 0.24 | 0.03 | 0.05 | 0.07 | 0.04 | 0.14 | 0.03 | 0.21 | 0.03 | 0.19 | -0.01 | 0.14 | | | | |
| Zinc | 0.44 | 0.12 | 0.26 | 0.34 | 0.28 | 0.15 | 0.20 | 0.23 | 0.24 | 0.20 | 0.59 | 0.43 | 1.00 | 0.40 | 0.10 | 0.07 | 0.18 | -0.01 | 0.02 | 0.08 | 0.09 | 0.15 | 0.11 | 0.04 | 0.11 | 0.01 | -0.02 | 0.05 | 0.00 | | | |
| Nickel | 0.47 | 0.21 | 0.36 | 0.36 | 0.26 | 0.17 | 0.19 | 0.19 | 0.21 | 0.20 | 0.55 | 0.44 | 0.40 | 1.00 | 0.04 | 0.03 | 0.18 | -0.02 | 0.06 | -0.02 | 0.02 | 0.16 | 0.00 | 0.23 | 0.09 | 0.04 | 0.21 | 0.05 | 0.01 | 0.10 | | |
| Coal ARA | 0.11 | -0.05 | 0.00 | -0.01 | 0.09 | 0.03 | -0.01 | 0.01 | 0.16 | 0.01 | 0.15 | 0.20 | 0.10 | 0.04 | 1.00 | 0.02 | 0.15 | 0.02 | 0.06 | 0.06 | 0.09 | 0.15 | 0.11 | 0.04 | 0.11 | -0.01 | 0.05 | 0.00 | | | | |
| Coal HCC | 0.00 | 0.00 | 0.04 | 0.02 | 0.03 | 0.01 | 0.04 | 0.02 | 0.04 | 0.03 | 0.07 | 0.02 | 0.07 | 0.03 | 0.00 | 0.02 | 0.02 | 0.13 | 0.01 | -0.05 | -0.10 | -0.04 | -0.03 | 0.00 | -0.07 | 0.04 | 0.11 | -0.03 | -0.05 | | | |
| Steel HRC | 0.14 | -0.08 | 0.08 | 0.03 | 0.01 | -0.02 | 0.10 | 0.12 | 0.18 | 0.10 | 0.14 | 0.24 | 0.24 | 0.18 | 0.18 | 0.15 | 0.02 | 1.00 | 0.12 | -0.01 | 0.04 | 0.06 | 0.06 | 0.03 | 0.17 | 0.00 | 0.09 | 0.05 | 0.05 | -0.05 | | |
| Iron ore 62 | 0.04 | 0.00 | 0.03 | 0.05 | 0.06 | 0.02 | 0.03 | 0.01 | 0.02 | 0.01 | 0.03 | 0.03 | 0.03 | 0.03 | -0.01 | -0.02 | 0.02 | 0.13 | 0.12 | 1.00 | 0.09 | 0.04 | 0.05 | 0.04 | 0.03 | 0.01 | 0.02 | 0.01 | -0.01 | | | |
| Corn | 0.40 | 0.00 | 0.04 | 0.04 | 0.07 | 0.04 | 0.13 | 0.10 | 0.21 | 0.17 | 0.16 | 0.05 | 0.05 | 0.02 | 0.06 | 0.06 | 0.01 | -0.01 | 0.09 | 0.01 | 1.00 | 0.62 | 0.62 | 0.61 | 0.50 | 0.33 | 0.23 | 0.10 | 0.19 | 0.04 | 0.14 | |
| Wheat | 0.29 | 0.01 | -0.01 | -0.03 | 0.10 | 0.02 | 0.00 | -0.01 | 0.06 | 0.04 | 0.05 | 0.03 | 0.07 | 0.08 | -0.02 | 0.06 | -0.05 | 0.04 | 0.04 | 0.62 | 1.00 | 0.88 | 0.88 | 1.00 | 0.46 | 0.38 | 0.22 | 0.19 | 0.13 | 0.11 | 0.00 | |
| HRW Wheat | 0.23 | -0.03 | -0.04 | -0.05 | 0.06 | 0.00 | -0.08 | -0.05 | 0.01 | 0.00 | -0.01 | 0.03 | 0.04 | 0.09 | 0.02 | 0.09 | -0.10 | -0.06 | 0.06 | 0.05 | 0.06 | 0.05 | 0.02 | 0.01 | -0.01 | 0.00 | 0.09 | 0.04 | 0.11 | 0.14 | | |
| Soybeans | 0.50 | 0.05 | 0.10 | 0.13 | 0.18 | 0.11 | 0.11 | 0.13 | 0.22 | 0.13 | 0.19 | 0.17 | 0.14 | 0.20 | 0.16 | 0.15 | -0.04 | 0.06 | 0.04 | 0.61 | 0.41 | 0.46 | 1.00 | 0.81 | 0.53 | 0.27 | 0.24 | 0.14 | -0.01 | 0.15 | 0.11 | |
| Soy Meal | 0.26 | -0.05 | -0.06 | -0.05 | 0.03 | 0.04 | -0.04 | -0.04 | 0.06 | -0.04 | 0.05 | 0.00 | 0.03 | 0.08 | 0.00 | 0.15 | -0.03 | 0.03 | 0.08 | 0.50 | 0.34 | 0.38 | 0.81 | 1.00 | 0.15 | 0.20 | 0.11 | 0.04 | -0.08 | 0.10 | 0.12 | |
| Soy Oil | 0.54 | 0.16 | 0.29 | 0.26 | 0.24 | 0.06 | 0.30 | 0.32 | 0.42 | 0.32 | 0.38 | 0.29 | 0.21 | 0.27 | 0.23 | 0.11 | 0.00 | 0.17 | -0.01 | 0.33 | 0.22 | 0.24 | 0.53 | 0.15 | 1.00 | 0.25 | 0.19 | 0.15 | 0.13 | 0.08 | 0.06 | 0.06 |
| Coffee | 0.14 | 0.03 | 0.04 | -0.03 | -0.01 | 0.08 | -0.06 | 0.01 | 0.05 | -0.07 | 0.05 | 0.01 | 0.03 | 0.08 | 0.04 | 0.11 | 0.04 | 0.09 | 0.09 | 0.10 | 0.13 | 0.19 | 0.24 | 0.21 | 0.19 | 0.20 | -0.01 | 0.05 | 0.03 | 0.03 | | |
| Cotton | 0.31 | 0.09 | 0.07 | 0.15 | 0.19 | -0.01 | 0.00 | 0.02 | 0.15 | 0.06 | 0.02 | 0.12 | 0.09 | 0.05 | -0.01 | 0.02 | 0.05 | -0.09 | -0.05 | 0.08 | 0.06 | 0.11 | 0.15 | 0.10 | 0.08 | 0.13 | 0.05 | 0.04 | -0.01 | 0.10 | 0.15 | |
| Live Cattle | 0.17 | 0.09 | 0.07 | 0.15 | 0.19 | -0.01 | 0.00 | 0.02 | 0.15 | 0.06 | 0.02 | 0.12 | 0.09 | 0.05 | -0.01 | 0.02 | 0.05 | 0.06 | 0.01 | 0.08 | 0.06 | 0.01 | 0.15 | 0.10 | 0.08 | 0.13 | 0.05 | 0.04 | -0.01 | 0.10 | 0.15 | |
| Lean Hogs | 0.10 | -0.03 | 0.03 | 0.05 | 0.06 | 0.03 | -0.08 | -0.13 | -0.07 | -0.05 | -0.09 | 0.09 | 0.14 | 0.03 | 0.10 | 0.00 | -0.05 | 0.10 | 0.02 | 0.14 | 0.11 | 0.12 | 0.06 | 0.01 | 0.03 | 0.11 | -0.02 | 0.15 | 0.00 | 0.06 | 0.02 | 0.01 |
| | BCOM | BCOM | BCOM | BCOM | BCOM | BCOM | PR EN | IN AG | BCOM LI | DXY | EUR | CHF | GBP | AUD | NZD | CAD | NOK | BRL | ZAR | RUB | CNY | Global Aqq | US 10Y Real | US 10Y B.E. | US 10Y Real | MSCI EM | MSCI DM | MSCI S&P 500 | SHCOMP | | | |
| BCOM | 0.87 | 0.91 | 0.89 | 1.00 | 0.39 | 0.82 | 0.58 | 0.56 | 0.30 | -0.39 | 0.30 | -0.23 | 0.51 | 0.40 | 0.57 | -0.56 | -0.35 | -0.36 | -0.54 | -0.30 | -0.03 | 0.05 | 0.20 | -0.16 | 0.50 | 0.04 | 0.56 | 0.57 | 0.55 | 0.52 | 0.41 | |
| Gold | 0.12 | 0.14 | 0.16 | 0.31 | 0.96 | 0.01 | 0.16 | 0.05 | 0.00 | -0.57 | 0.49 | -0.55 | 0.35 | 0.45 | 0.44 | 0.37 | -0.44 | -0.20 | -0.30 | -0.26 | -0.31 | 0.57 | -0.47 | -0.65 | 0.26 | -0.03 | 0.18 | 0.25 | 0.17 | 0.19 | 0.19 | |
| Silver | 0.29 | 0.34 | 0.35 | 0.48 | 0.89 | 0.21 | 0.36 | 0.11 | 0.05 | -0.49 | 0.41 | -0.42 | 0.36 | 0.53 | 0.45 | 0.46 | -0.53 | -0.26 | -0.35 | -0.39 | -0.29 | 0.46 | -0.23 | -0.51 | 0.38 | 0.38 | 0.37 | 0.24 | | | | |
| Platinum | 0.35 | 0.40 | 0.41 | 0.47 | 0.69 | 0.25 | 0.42 | 0.11 | 0.16 | -0.54 | 0.46 | -0.44 | 0.44 | 0.59 | 0.51 | 0.49 | -0.64 | -0.31 | -0.42 | -0.46 | -0.29 | 0.35 | -0.10 | -0.36 | 0.45 | 0.14 | 0.52 | 0.52 | 0.51 | 0.35 | | |
| Palladium | 0.32 | 0.34 | 0.37 | 0.43 | 0.49 | 0.23 | 0.35 | 0.18 | 0.16 | -0.36 | 0.29 | -0.23 | 0.39 | 0.46 | 0.36 | 0.36 | -0.48 | -0.23 | -0.26 | -0.34 | -0.20 | 0.28 | -0.13 | -0.33 | 0.48 | 0.05 | 0.51 | 0.45 | 0.29 | | | |
| Natural Gas | 0.21 | 0.31 | 0.20 | 0.41 | -0.03 | 0.49 | 0.18 | 0.11 | 0.09 | -0.06 | 0.03 | 0.15 | 0.10 | 0.13 | 0.12 | 0.09 | -0.09 | 0.03 | 0.02 | -0.12 | -0.02 | | | | | | | | | | | |

Glossary – Commodities

| | | | | | | | |
|----------|-------------------------------|-------|---|-------|---|-------|-----------------------------|
| Bale | Bundle of cotton | API | American Petroleum Institute | API2 | European coal (ARA) | AG | Agriculture |
| bbl (/d) | Barrel (per day) | CBOT | Chicago Board of Trade | API4 | South African coal (Richards Bay) | avg. | Average |
| Bcf | Billion cubic feet | CRU | CRU Group / Commodity Research Unit | ARA | Amsterdam Rotterdam Antwerp | BM/IM | Base/industrial metals |
| Btu | British thermal unit | COMEX | New York Commodity Exchange | CRC | Cold rolled coils | capex | Capital expenditure |
| bu. | Bushel | EIA | Energy Information Administration | CTL | Coal-to-liquids | CFR | Cost freight |
| dmt | Dry metric ton | GFMS | Refinitiv / Thomson Reuters GFMS | FeCr | Ferrochrome | CIF | Cost insurance freight |
| gal | Gallon | IAI | International Aluminum Institute | GTL | Gas-to-liquids | CPI | Consumer Price Index |
| HA | Hectare | ICCO | International Cocoa Organization | Hhub | Henry Hub (US natural gas) | DM | Developed Markets |
| kcal | Kilo calories | ICE | Intercontinental Exchange | HRC | Hot rolled coils | EM | Emerging Markets |
| koz | Thousand ounces | ICSG | International Copper Study Group | HSFO | High sulfur fuel oil | EN | Energy |
| kt | 1000 tons | IEA | International Energy Association | IO | Iron ore | E&P | Exploration & Production |
| lb | Pound | ILZSG | International Lead & Zinc Study Group | LNG | Liquid natural gas | FAI | Fixed Assets Investments |
| M | Month | INSG | International Nickel Study Group | LPG | Liquefied petroleum gas | FOB | Free on board |
| mb | Million barrels | IMF | International Monetary Fund | LSFO | Low sulfur fuel oil | FSI | Food, seed and industrial |
| mn | Million | IMO | International Maritime Organisation | NBP | UK National Balancing point (gas) | GDP | Gross Domestic Product |
| Moz | Million ounces | ISO | International Sugar Organization | Newc. | Australian coal (Newcastle) | GoM | Gulf of Mexico |
| MT | Metric ton | JM | Johnson Matthey | NGL | Natural gas liquids | HPAL | High pressure acid leach |
| Mtoe | Million ton of oil equivalent | KCB | Kansas City Board of Trade | NPI | Nickel pig iron | IP | Industrial Production |
| oz | Ounces | LME | London Metal Exchange | PGM | Platinum group metals | JKT | Japan, South Korea, Taiwan |
| Tcf | Trillion cubic feet | MGE | Minneapolis Grain Exchange | RBOB | Reformulated gasoline (USA) | LI | Livestock |
| USd | US cents | NBS | National Bureau of Statistics (China) | Rebar | Reinforced steel bar | MA | Moving average |
| wmt | Wet metric ton | NDRC | National Development and Reform Commission | TTF | Netherlands Title Transfer Facility (gas) | OI | Open interest |
| | | NYMEX | New York Mercantile Exchange | WTI | West Texas Intermediate | OIS | Overnight Index Swap |
| | | OECD | Org. for economic cooperation and development | XPD | Palladium | PMI | Purchasing Managers' Index |
| | | OPEC | Org. of Petroleum Exporting Countries | XPT | Platinum | PPI | Producer Price Index |
| | | S&P | Standard & Poor's | | | PR/PM | Precious metals |
| | | SHFE | Shanghai Futures Exchange | | | PSM | Petroleum supply monthly |
| | | SHGE | Shanghai Gold Exchange | | | rhs | Right hand side |
| | | SI | Silver Institute | | | SEA | South East Asia |
| | | USDA | United States Department of Agriculture | | | TC/RC | Treatment/refinement charge |
| | | WGC | World Gold Council | | | TR | Total return |
| | | WPIC | World Platinum Investment Council | | | YoY | Year on Year |
| | | | | | | YTD | Year-to-date |

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