

AMC ALTERNATIVE FUND – BCV DIAPASON Commodity Fund (CHF) / (EUR) / (USD)

Review

The second quarter of the year has been very volatile and overall fairly negative (-7.80%) for commodities. By the end of the period, the sentiment had recovered somehow since the terrible performance of tangible assets posted in May, helped by a weakening US dollar and a comeback from investors looking for risky assets. The trade has been concerned about lower than anticipated industrial output around the world and bad US economic statistics. That situation penalized industrial metals and energy, with the RICI® Metals (-10.47%) and the RICI® Energy (-11.30%) posting some of their worst performances on record. The RICI® Agriculture (-1.79%) finished slightly negative over the same period.

Crude oil prices lost 10.9% this quarter. After suffering from losses of more than 16% in May, oil rose in June on concern that the first tropical storm of the hurricane season may disrupt production in the Gulf of Mexico. The market remains worried about the fact that according to the IEA, the rate of annual demand growth for oil could shrink each year between now and 2015. Natural gas was one of the very few commodities to gain this quarter (+10.9%). Prices followed a seasonal trend as weather forces utilities to use more gas to produce electricity and keep homes and businesses cool.

Base metals finished lower as market participants worry about deteriorating economic outlook in China and the US. According to figures released by the National Association of Realtors, purchases of previously owned homes in the US decreased by 2.2% in May to a 5.66 million annual rate. Construction accounts for a quarter of copper demand in the US. The lower imports of refined copper by China added to the negative tone. They came at 279,690 tonnes in May, 9.2% lower than a month earlier. Copper and nickel prices lost 16.4% and 21% respectively this quarter. Precious metals played their role as “safe haven” assets this month as gold and silver prices gained 11.9% and 6.6%.

It has been a relatively quiet period for grains and oilseeds despite increased commercial selling, indications that elevators were still holding substantial inventories and improvement in weather conditions across the Midwest. Wheat (+3.2%), corn (+2.7%) and soybean (+0.8%) prices were fairly stable. Corn values in Chicago recovered in the final day of trading after the acreage survey showed much lower corn planting than expected. Farmers sowed 87.872 million acres, below a March forecast.

Diapason Commodities Management SA
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