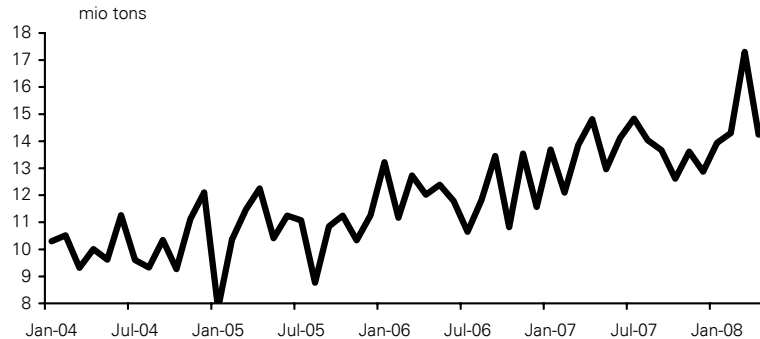



**Economic &
Commodity Research**

Commodities Daily

Oil takes a breather

Chinese oil imports still moving sideways



Sources: Chinas Customs Office, Bloomberg, Commerzbank Corporates and Markets

Prices

Energy*	current	1 day	1 week	1 month	1 yr
Brent Blend	122.9	-0.2%	2.0%	12.8%	84%
WTI	124.2	-0.5%	1.5%	12.3%	98%
Gasoline RBOB	1042.0	-0.3%	6.7%	10.1%	37%
Gasoil	1177.5	-0.1%	7.2%	16.1%	99%
Diesel	1228.5	-2.4%	4.8%	11.7%	93%
Jet fuel	1283.5	-2.6%	1.9%	8.1%	90%
Natural gas	11.3	-0.3%	1.0%	13.8%	43%

Industrial metals**

Aluminium	2928	0.1%	-1.4%	-5.2%	2%
Copper	8260	-0.1%	-3.1%	-4.6%	5%
Lead	2245	0.9%	-11.4%	-23.7%	9%
Nickel	26550	0.0%	-8.1%	-6.8%	-47%
Tin	24950	-0.7%	2.5%	19.4%	76%
Zinc	2178	2.4%	-2.2%	-3.6%	-45%

Precious metals***

Gold	882.7	-0.7%	0.0%	-5.2%	31%
Silver	17.2	-0.7%	1.1%	-4.0%	29%
Platinum	2102.5	-1.3%	6.0%	3.3%	56%
Palladium	440.0	-0.2%	1.8%	-6.1%	20%

Agriculturals*

Wheat	805.5	-0.2%	-1.8%	-10.4%	63%
Corn	614.8	-0.7%	0.7%	4.5%	65%
Soybeans	1342.5	1.1%	6.2%	1.8%	78%
Sugar	11.7	-0.8%	-2.2%	-6.3%	24%
Coffee	138.6	-0.9%	2.8%	4.9%	30%
Cocoa	2751.0	-0.5%	0.4%	7.7%	41%

* 1-month forward, ** 3-month forward, *** spot

Inventory data

Energy*	current	1 day	1 week	1 month	1 yr
Crude oil	325583	-	1.8%	2.0%	-5%
Gasoline	211883	-	0.4%	-5.7%	10%
Destillates	4239	-	0.0%	9.9%	1%
Jet fuel	105724	-	-0.1%	-3.6%	-11%
Natural gas	1436	-	4.7%	15.1%	-18%

Industrial metals**

Aluminum LME	1033800	-0.2%	-0.2%	1.0%	24%
Aluminum COMEX	10924	0.0%	0.0%	-13.1%	-13%
Aluminum Shang.	182196	-	0.8%	2.7%	439%
Copper LME	121775	0.1%	11.1%	5.8%	-14%
Copper COMEX	10827	0.0%	0.0%	-9.3%	-66%
Copper Shanghai	51119	-	10.0%	-12.2%	-40%
Lead LME	61075	4.2%	4.9%	20.4%	37%
Nickel LME	49734	-0.8%	-3.2%	-3.5%	959%
Tin LME	7545	-2.1%	-2.4%	-7.8%	-6%
Zinc LME	124775	-0.6%	-1.7%	-3.5%	43%
Zinc Shanghai	70384	-	0.1%	-1.0%	-

Precious metals***

Gold	7692182	0.0%	-0.9%	0.7%	0%
Silver	133753	-0.1%	0.1%	-1.8%	2%
Platinum	1068	0.0%	0.0%	-0.3%	63%
Palladium	4666	0.0%	-0.3%	-1.6%	-28%

*'000 barrels (DOE), ** metric tons, *** gold – oz., silver – '000 oz.

Energy: Oil hit yet another record last Friday at \$126 a barrel of WTI, but lost considerable ground in yesterday's trading. The correction was prompted by news that for the first time in 18 months China's crude imports had fallen year on year. However, the April figure clearly has to be seen in the light of the high level of imports in March, when the country's refineries replenished their stocks on a generous scale. Imports in the first four months of the year rose more than 9% on the prior-year period, and are still expanding rapidly. Likewise, the current lull in Nigeria might prove to be short-lived. True, Exxon Mobil announced at the end of last week that work was being resumed after an eight-day strike, and Royal Dutch Shell is expecting production to be back to normal in two weeks' time. However, the Nigerian liberation organisation MEND, responsible for most of the recent attacks, has threatened to step up action against the oil companies. The IEA monthly report published this morning shows a mixed picture: The agency's global demand forecast has been cut again in response to falling demand in the OECD countries, and global demand has been revised downward by 400 thousand barrels a day. To some extent, this can be accounted for by the 2007 figures being revised. Nevertheless, the situation remains strained, as non-OPEC supplies are being increased at a far slower pace than envisaged. OECD inventories dipped by 1.3 million barrels by the end of March in comparison to last month. All in all, therefore, we envisage no more than a short breather on the oil market, and expect keen investor interest to propel prices on to new highs. Speculative interest, too, could grow stronger following its retreat in the week to 2 May. The number of net long positions has fallen by 17 thousand contracts week on week and is now only half the number in mid-March.

Henry Hub gas also suffered quite a setback yesterday. There are a strikingly large number of net short positions held on the gas market, despite a rally since the start of the year. They fell a little in the week to 2 May, following a surprise increase the previous week.

Precious metals: Precious metals managed to buck the trend on the oil market, thanks to the weaker dollar. However, speculative interest on the gold market is waning: The number of net long positions fell in the week to 2 May for the third successive week. It is still only 16 thousand contracts short of the mid-April level, though. In contrast, platinum is faring better, and speculative interest has been rising in recent weeks. At some 8,000 contracts, the number of net long positions at the beginning of May was more than 70% higher than in mid-March. Platinum retook the \$2,100 hurdle yesterday, boosted by news of a new Exchange Traded Note. The ETN does not have to deposit any actual platinum reserves, though, so it is likely to have any lasting effect.

Base metals: The severe earthquake in south-western China seems likely to have only a limited impact on the region's production facilities. Sichuan Aostar Aluminium, the biggest local producer, reports that work has already been resumed. Chalco, too, says that there have been no interruptions to production. Moreover, the provisional figures provided by the Chinese customs authorities show aluminium exports continuing to rise in April and topping March exports by 20%. There is thus little scope in the short term for aluminium prices to make a speedy recovery, but in the medium term we see definite scope for further gains.

Initial figures show Chinese copper imports at an unexpectedly high level, which could support prices which have been under pressure recently, especially with labour relations still strained in Chilean and Peruvian copper mines.

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