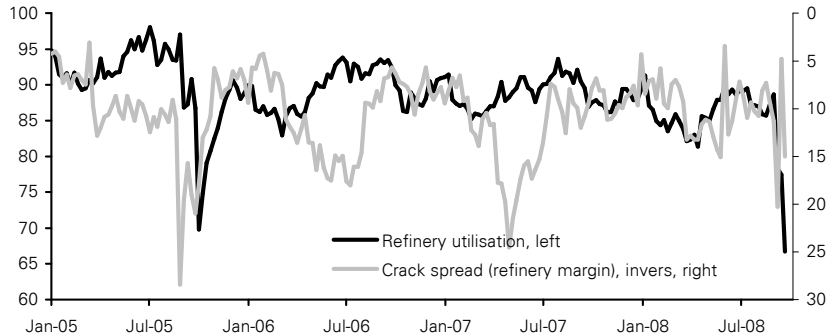



**Economic &
Commodity Research**

Commodities Daily

Commodity markets take a breather

Low refinery utilisation lifts prices of oil products



Sources: Bloomberg, Commerzbank Corporates and Markets

Energy: WTI crude oil fell below \$105 this morning as US President Bush warned in a television address of a long and painful recession. He also urged the US Congress to pass the \$700bn rescue package quickly. On top of this, the US Department of Energy reported that demand for oil in the US over the past four weeks was down 5.3% on a year ago. The general bearish market sentiment and the 200-day moving average at \$112 are also preventing oil from reaping any benefit from mounting supply risks. Crude stocks fell 1.5 million barrels last week, which was somewhat less than expected, but this was largely because of 1.7 million barrels lower crude runs. Refinery utilisation last week dropped 10.7 percentage points to 66.7%, almost 2 percentage points lower than in September 2005. This was when the previous record low was hit in the wake of the devastating hurricanes Katrina and Rita. As a result, gasoline stocks were down 5.9 million barrels, which was much worse than expected. They are now at their lowest level for more than 40 years. Distillate stocks are tight as well, falling another 4.2 million barrels. Just a few weeks before the start of the heating season, they are now below their five-year corridor. It is becoming increasingly evident that the disruptions to production caused by hurricane like have been underestimated, and the situation is returning to normal at only a very slow pace. More than 60% of the US oil facilities in the Gulf of Mexico are still shut down, and Mexico's state-run oil concern Pemex has had to scale down production by 250 thousand barrels a day in response to the continuing difficulties facing US refineries. All of this should favour prices, especially of oil products. Petrologistics also report that OPEC crude supplies this month will be down 800 thousand barrels a day compared with August, owing mainly to a drop in supplies from Iran. The rest of the shortfall is accounted for by Saudi Arabia, Nigeria and Iraq. The oil market will closely watch on whether the forthcoming US rescue package includes stricter regulation of speculative commodity trading. This would have a negative impact on oil prices in the long term, since investor demand would wane.

Precious metals: Gold is trading barely changed at around \$890 a Troy ounce. There was no impetus coming from the currency front yesterday, as the dollar did not come under additional pressure. Right now there are massive inflows into gold ETFs in the current climate of widespread market uncertainty, but at the same time physical demand appears to be easing at the present higher price level. However, generous liquidity injections by the major central banks and the proposed US rescue package should give further support to gold. Both Fed chairman Bernanke and US President Bush have painted a dire picture of the US economy in their attempts to drum up support for the bill. Today's figures for the labour market, durable goods and the housing market will confirm their bearish view, so speculation on Fed rate cuts will no doubt persist, keeping the dollar on the defensive. This all points to rising gold prices.

Base metals: These basically trod water yesterday. Copper lost a little ground, with the 3-month contract falling to below \$7,000 a ton. News affecting the market is mixed: On the one hand, LME inventories fell by a total of 4% on two consecutive days, fuelling expectations of a turnaround in stocks. Moreover, Rio Tinto, a leading copper producer, still sees the market as tight while supplies continue to be interrupted. On the other hand, it is reported that demand for copper for making cables is falling substantially. This comes from the Vice Chairman of a Taiwanese business association and is based largely on the fact that demand in the US is cooling off. As a result, he said, China now has to produce much less copper for export. China's customs authorities report that in August only minimal quantities of lead were exported for the second month running, as domestic sales are now far more attractive, thanks to a price advantage. Consequently, exports from January to August were down roughly 83% on a year ago. China accounted for 34% of global lead output in 2007. The shortage on the world market should help prices recover, as we expect them to do.

Prices

Energy*	current	1 day	1 week	1 month	1 year
Brent Blend	102.5	-1.4%	6.1%	-11.4%	30%
WTI	105.7	-1.0%	6.9%	-9.1%	32%
Gasoline RBOB	915.0	-1.8%	9.5%	-8.4%	25%
Gasoil	986.3	-2.1%	7.3%	-5.4%	39%
Diesel	992.5	-0.6%	6.8%	-3.9%	35%
Jet fuel	1073.5	0.4%	6.6%	-5.2%	45%
Natural gas	7.7	-0.2%	0.5%	-2.1%	20%

Industrial metals**

Aluminum	2503	-0.9%	-0.6%	-11.1%	1%
Copper	6910	-0.4%	2.0%	-10.1%	-14%
Lead	1995	-1.5%	8.9%	4.5%	-42%
Nickel	17200	-0.8%	1.9%	-18.2%	-48%
Tin	17300	-0.3%	2.7%	-17.5%	13%
Zinc	1790	-0.3%	4.0%	-2.5%	-39%

Precious metals***

Gold	882.6	0.9%	4.7%	8.4%	22%
Silver	13.3	1.8%	12.8%	0.0%	0%
Platinum	1202.5	-0.5%	8.5%	-16.5%	-11%
Palladium	251.0	-0.2%	6.1%	-13.4%	-26%

Agriculturals*

Wheat	730.3	-0.3%	5.1%	-13.4%	-18%
Corn	563.0	-0.9%	5.8%	-3.9%	50%
Soybeans	1187.0	-0.8%	5.6%	-12.0%	21%
Sugar	12.1	1.3%	5.4%	-12.1%	25%
Coffee	135.7	-0.4%	6.9%	-2.8%	1.5%
Cocoa	2757.0	0.2%	4.0%	-2.6%	35%

Currencies***

EUR/USD	1.462	0.60%	2.51%	-0.31%	4.03%
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* 1-month forward, ** 3-month forward, *** spot

Inventory data

Energy*	current	1 day	1 week	1 month	1 year
Crude oil	290186	-	-0.5%	-5.2%	-9%
Gasoline	178739	-	-3.2%	-9.1%	-7%
Distillates	32548	-	-14.3%	-26.0%	-21%
Jet fuel	125449	-	-3.2%	-5.0%	-8%
Natural gas	2972	-	2.3%	15.8%	-5%

Industrial metals**

Aluminum LME	1369050	0.4%	2.2%	17.5%	47%
Aluminum COMEX	10924	0.0%	0.0%	0.0%	-39%
Aluminum Shang.	194765	-	0.8%	-0.7%	186%
Copper LME	200525	-0.3%	-1.8%	22.4%	53%
Copper COMEX	9946	0.3%	30.9%	84.5%	-51%
Copper Shanghai	17072	-	26.0%	-31.2%	-70%
Lead LME	66575	-1.5%	-5.6%	-24.4%	219%
Nickel LME	53796	0.8%	3.7%	14.9%	74%
Tin LME	5885	0.3%	-0.9%	1.7%	-55%
Zinc LME	156600	0.0%	-0.7%	-3.9%	149%
Zinc Shanghai	71214	-	0.1%	-0.8%	-

Precious metals***

Gold	8589093	-0.6%	0.0%	1.2%	23%
Silver	136107	0.1%	-0.8%	-2.0%	2%
Platinum	1059	0.0%	0.0%	0.0%	34%
Palladium	4431	0.0%	-0.3%	-0.6%	-32%

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

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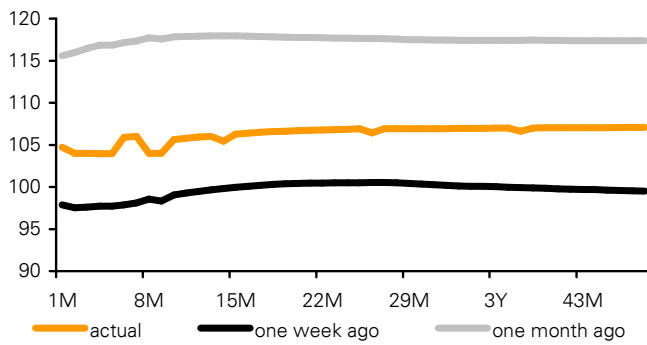
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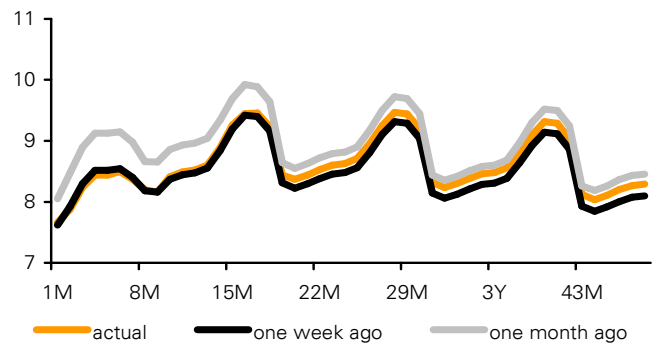
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GRAPH 1: Forward curve oil market (WTI)



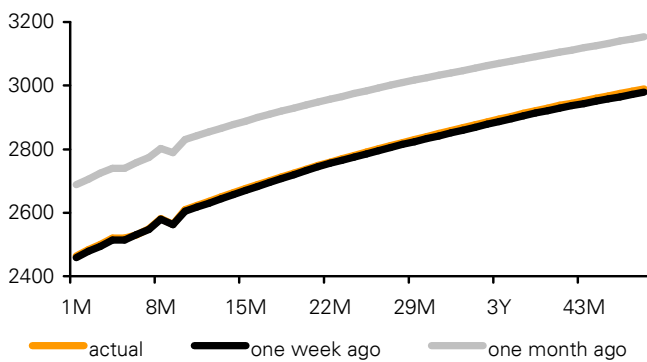
Source: NYMEX; Bloomberg, Commerzbank Corporates & Markets

GRAPH 2: Forward curve gas market (Henry Hub)



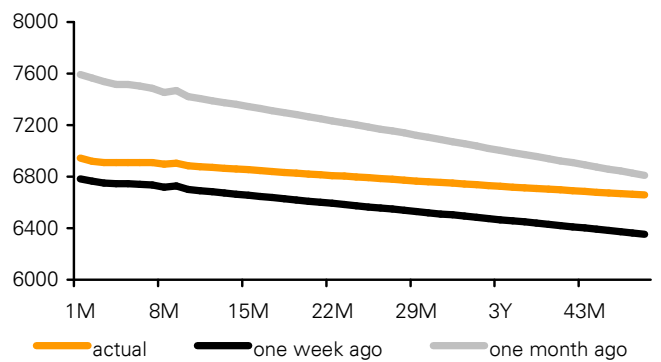
Source: NYMEX, Bloomberg, Commerzbank Corporates & Markets

GRAPH 3: Forward curve aluminium (LME)



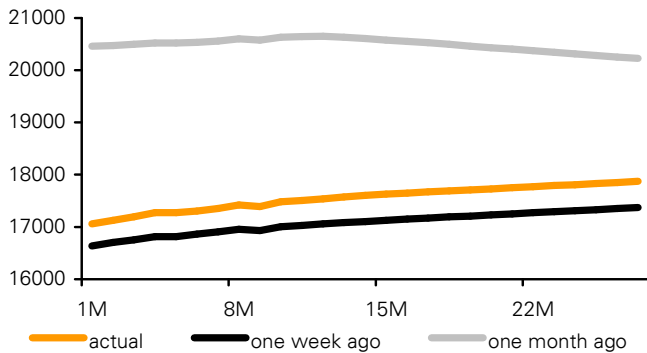
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 4: Forward curve copper (LME)



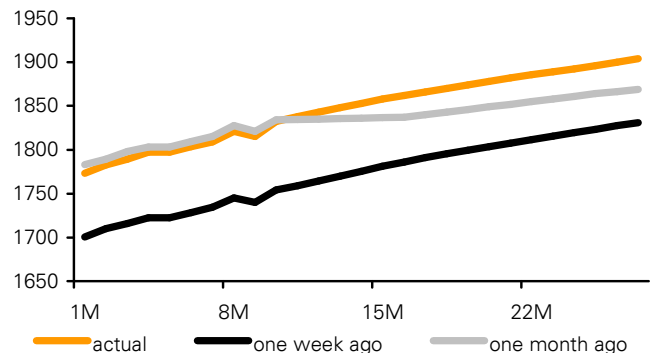
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 5: Forward curve Nickel (LME)



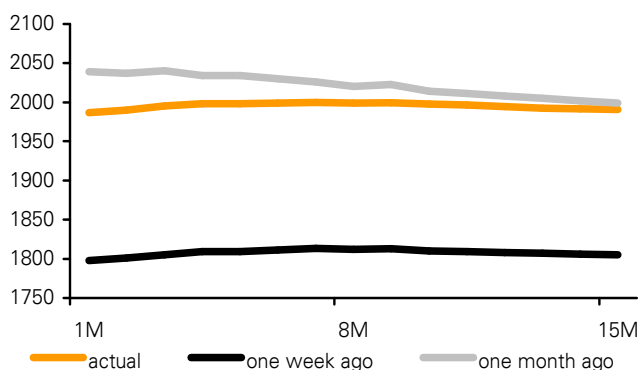
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 6: Forward curve zinc (LME)



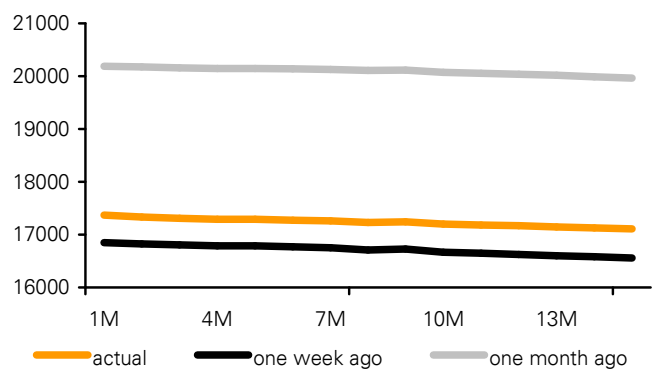
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 7: Forward curve lead (LME)



Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 8: Forward curve tin (LME)



Source: LME; Bloomberg, Commerzbank Corporates & Markets

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