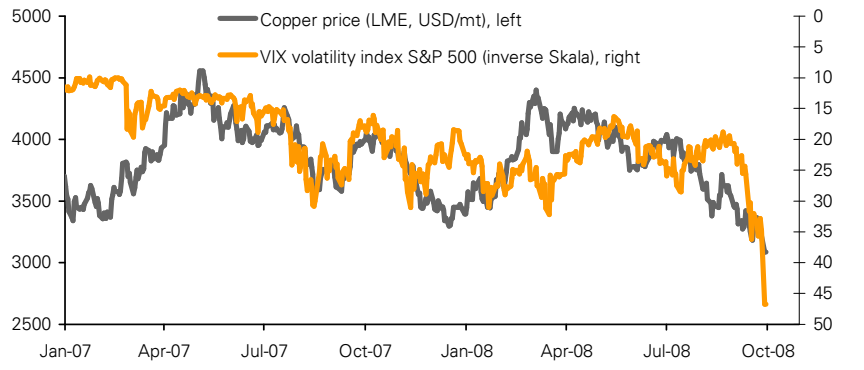



**Economic &
Commodity Research**

Commodities Daily

Gold – a rock in stormy seas

Copper: The "Economic barometer" suffers from nervous markets



Sources: Bloomberg, Commerzbank Corporates and Markets

Prices

| Energy* | current | 1 day | 1 week | 1 month | 1 year |
|---------------|---------|-------|--------|---------|--------|
| Brent Blend | 94.0 | 1.7% | -7.3% | -16.2% | 21% |
| WTI | 96.4 | 1.0% | -8.7% | -15.7% | 19% |
| Gasoline RBOB | 889.0 | -0.9% | -3.6% | -11.4% | 22% |
| Gasoil | 919.8 | -1.1% | -6.1% | -11.7% | 28% |
| Diesel | 912.8 | 2.3% | -6.5% | -10.3% | 24% |
| Jet fuel | 987.8 | 1.7% | -6.1% | -13.2% | 31% |
| Natural gas | 7.2 | 1.0% | -8.1% | -8.2% | 6% |

Industrial metals**

| | | | | | |
|----------|-------|-------|--------|--------|------|
| Aluminum | 2441 | 0.2% | -2.6% | -9.9% | -3% |
| Copper | 6440 | -1.0% | -8.7% | -15.1% | -21% |
| Lead | 1825 | -1.4% | -10.0% | -8.9% | -47% |
| Nickel | 16400 | -1.8% | -6.4% | -20.4% | -47% |
| Tin | 17900 | -3.9% | -1.1% | -14.0% | 12% |
| Zinc | 1692 | -0.7% | -5.1% | -7.2% | -45% |

Precious metals***

| | | | | | |
|-----------|--------|-------|--------|--------|------|
| Gold | 909.5 | -1.5% | 0.4% | 7.8% | 20% |
| Silver | 13.1 | -0.9% | -2.0% | -4.4% | -5% |
| Platinum | 1090.0 | -3.9% | -14.2% | -29.5% | -24% |
| Palladium | 213.5 | -2.2% | -18.9% | -31.9% | -40% |

Agriculturals*

| | | | | | |
|----------|--------|-------|-------|--------|------|
| Wheat | 668.0 | 1.9% | -9.3% | -12.7% | -28% |
| Corn | 513.0 | 1.5% | -7.1% | -8.4% | 40% |
| Soybeans | 1094.0 | -0.5% | -8.3% | -18.2% | 10% |
| Sugar | 12.6 | -1.9% | 4.4% | -3.2% | 29% |
| Coffee | 130.3 | 0.6% | -2.9% | -7.7% | 1.8% |
| Cocoa | 2557.0 | 0.7% | -4.7% | -10.1% | 26% |

Currencies***

| | | | | | |
|---------|-------|--------|--------|--------|-------|
| EUR/USD | 1.444 | -0.53% | -1.98% | -1.76% | 0.90% |
|---------|-------|--------|--------|--------|-------|

* 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 | 3258 | - | -14.3% | -26.0% | -21% |
| Jet fuel | 125449 | - | -3.2% | -5.0% | -8% |
| Natural gas | 3023 | - | 1.7% | 13.9% | -6% |

Industrial metals**

| | | | | | |
|-----------------|---------|-------|-------|--------|------|
| Aluminum LME | 1376400 | 0.3% | 1.1% | 17.7% | 47% |
| Aluminum COMEX | 10924 | 0.0% | 0.0% | 0.0% | -38% |
| Aluminum Shang. | 190134 | - | -2.4% | -1.8% | 185% |
| Copper LME | 198600 | -0.2% | -1.7% | 14.5% | 52% |
| Copper COMEX | 9921 | 0.0% | 14.1% | 84.1% | -51% |
| Copper Shanghai | 16130 | - | -5.5% | -26.0% | -66% |
| Lead LME | 64250 | -0.4% | -6.1% | -21.5% | 190% |
| Nickel LME | 56070 | 0.9% | 6.3% | 19.2% | 73% |
| Tin LME | 5835 | -3.1% | -0.9% | -0.2% | -59% |
| Zinc LME | 155125 | -0.2% | -1.1% | -3.3% | 153% |
| Zinc Shanghai | 71356 | - | 0.2% | -1.3% | - |

Precious metals***

| | | | | | |
|-----------|---------|-------|-------|-------|------|
| Gold | 8591898 | -0.1% | -0.6% | -0.3% | 21% |
| Silver | 136283 | 0.5% | 0.1% | -1.7% | 3% |
| Platinum | 1058 | -0.1% | -0.1% | -0.1% | 34% |
| Palladium | 4332 | -0.7% | -2.2% | -3.0% | -32% |

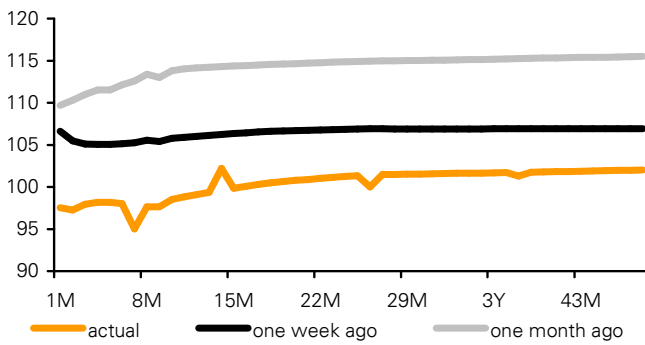
*'000 barrels (DOE), ** metric tons, *** gold – oz., silver – '000 oz.

Energy: WTI crude oil shed some 10% yesterday, falling to \$95 a barrel. It was the biggest percentage loss for seven years and the worst absolute retreat since January 1991 – apart from the upsets last week at the contract roll-over. Moreover, most of yesterday's losses came *before* the US Congress unexpectedly turned down the rescue plan. The surprise rejection of the package leaves the markets in even more despondent mood. The Dow Jones took the worst point nosedive of all time, and the S&P suffered the biggest percentage losses since the market crashed in October 1987. Oil prices are bound to be affected accordingly, even though Washington is still working on a new rescue package. The market is still focusing on crumbling demand, and falling equity markets are fuelling fears of a severe global slowdown. Oil could therefore test the lows of two weeks ago at \$91 in the next few days, even though there are still ample supply-side risks. Almost 50% of US oil and gas facilities in the Gulf of Mexico were still shut down yesterday, for example. Therefore, a sudden rise in prices cannot be ruled out, especially since in our view yesterday's slide was excessive, and probably the result of positions being liquidated once the \$100 mark had been breached.

Precious metals: Gold gained yesterday despite the stronger dollar, thanks to rising risk aversion. It reached \$925 at its day high. The US Congress shocked expectations yesterday evening by rejecting by 228 to 205 the compromise rescue package for the US banking sector hammered out at the weekend. This sent the equity markets into free fall. Gold's subsequent retreat to the present \$900 can be explained primarily by the firmer dollar, which has benefitted from capital repatriation and a stampede to US Treasuries. The Fed and other big central banks again provided generous liquidity injections yesterday. Foreign central banks' dollar swap lines with the Fed were increased by \$330bn to \$620bn and extended until 30 April 2009. The Fed also tripled the total volume of 84-day maturity Term Auction Facility (TAF) to \$225bn. In the short term, these steps should stabilise the dollar, but as they clearly reflect a serious crisis of confidence, gold will no doubt benefit now and later and continue its advance. The volume held by the biggest ETF, SPDR Gold Trust, appears to have increased by 30 tons on Monday alone to over 750 tons. The fund is now almost the size of Bank of Japan's gold reserves, and bigger than the ECB's reserves. The Bundesbank has announced plans to sell off only 6.5 tons in the current business year of the CBGA (Central Bank Gold Agreement), which is well short of the annual quota of 120 tons allowed.

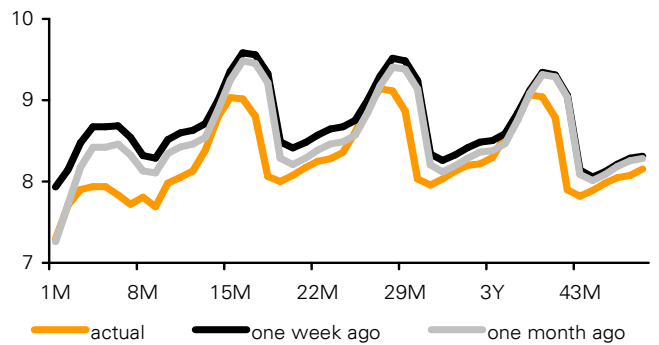
Base metals: The equity markets' woes were felt here as well: The LME metal price index lost an additional 4%, and Congress's rejection for the time being at least of the rescue package has put metal prices under further pressure today. Copper is now trading at only just over \$6,200 a ton. It has lost more than 25%, the worst quarterly decline since this contract was launched on the LME in 1986. With so many threats to economic activity, market players remain unmoved by news that Mexico's copper output was down 12% year on year in July on account of strikes. Their indifference is explained by global demand being seen as falling even more rapidly than supplies. However, the present price is an incentive for the Chinese to start buying. This has been the country's opportunistic approach in the past. Nor has there been undue concern about LME inventories falling 5% in the past few days. The Shanghai Future Exchange is closed for national holidays this week, though. Nickel fared even worse than copper in the last quarter, shedding roughly 27%. It has been hit by weak demand from the stainless steel industry, and in fact the steel industry as a whole is passing through a very difficult phase. Crude steel output in the US, at under 2 million tons in the week to 27 September, was down 2% week on week and 3% year on year. The industry's problems are also reflected in lower steel prices. Price cuts have been announced in recent weeks by 25 Chinese steel manufacturers, among them leading producer Baosteel. Prices for hot-rolled steel in China have plummeted more than 20% since mid-July.

GRAPH 1: Forward curve oil market (WTI)



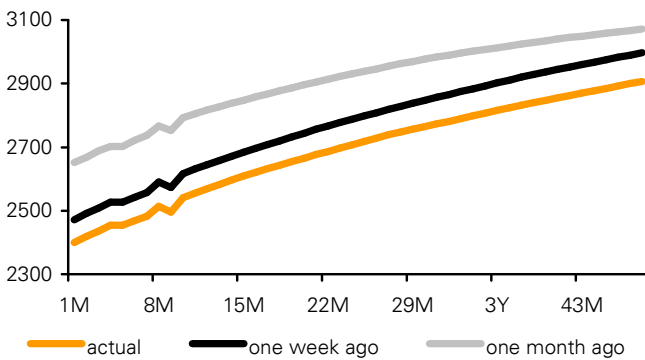
Source: NYMEX; Bloomberg, Commerzbank Corporates & Markets

GRAPH 2: Forward curve gas market (Henry Hub)



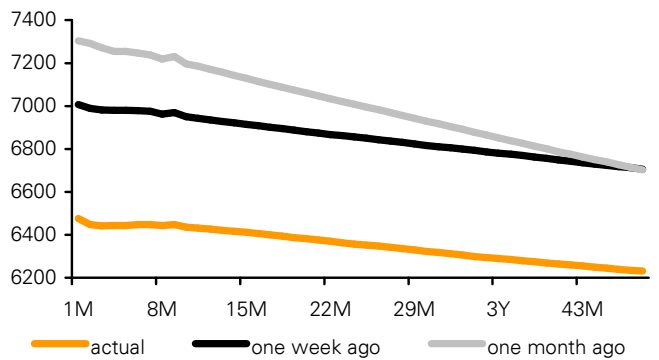
Source: NYMEX, Bloomberg, Commerzbank Corporates & Markets

GRAPH 3: Forward curve aluminium (LME)



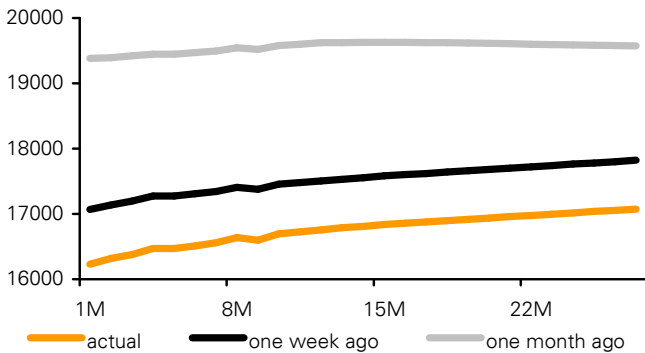
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 4: Forward curve copper (LME)



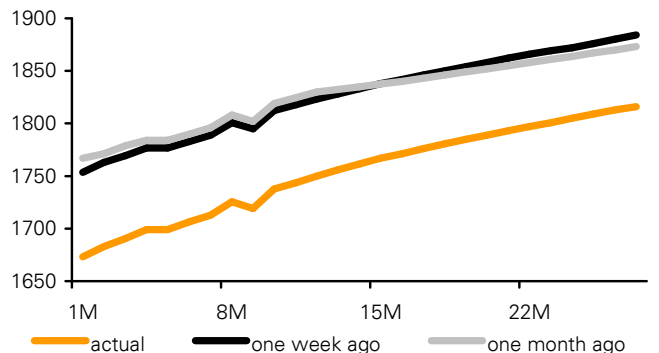
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 5: Forward curve Nickel (LME)



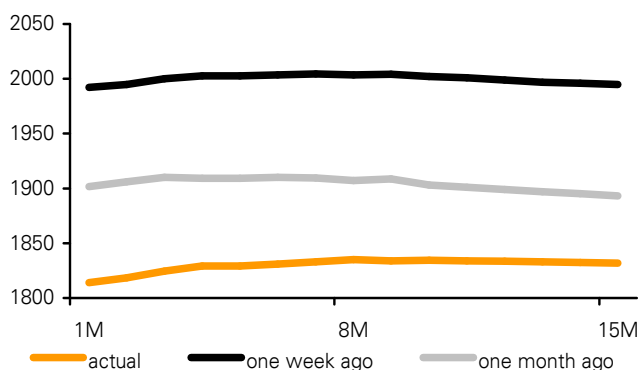
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 6: Forward curve zinc (LME)



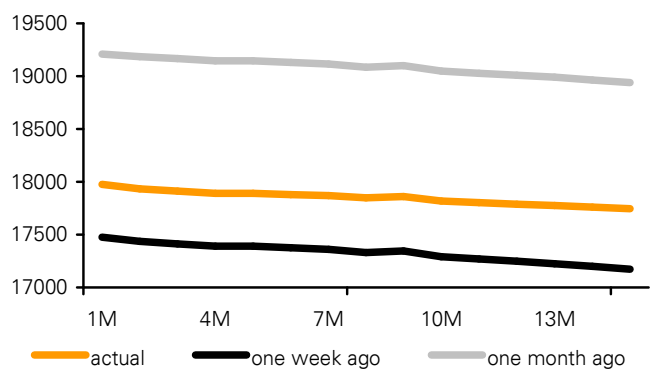
Source: LME; Bloomberg, Commerzbank Corporates & Markets

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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