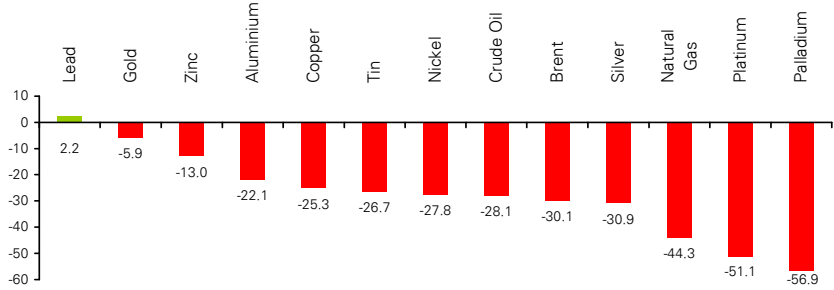



**Economic &
Commodity Research**

Commodities Daily

Hope of rescue shores up commodities

Performance of commodity prices in Q3 in percent – not a nice picture



Sources: Bloomberg, Commerzbank Corporates and Markets

As paradoxical as it might sound, the credit crisis could also have a positive effect on commodities prices in the longer term, as the planned financing of commodities projects is likely to prove much more difficult. The Swiss mining giant Xstrata has withdrawn its 5-billion-pound takeover bid citing market turmoil that has raised doubts about whether the deal can be successfully financed. And there are doubts that UTS Energy, co-owner of the Fort Hills Oil Sands project in Canada, can successfully raise its share of the project financing to the tune of 3 billion dollars, now that the estimated investment costs have risen by 50% to \$20 bn and the share price has plunged by around 80% since the beginning of July.

Energy: Oil yesterday made up for the bulk of its record losses on Monday and took the \$100 a barrel hurdle. The recovery continues this morning. WTI is now trading at \$102. This is all the more remarkable in the light of the dollar's largest absolute record daily gains against the euro yesterday. The hope that the failed rescue package for banks will be approved after all has evidently lent wings to oil. Furthermore, the price slump the day before was probably exaggerated in view of the tight supply situation, low inventories and the strong pessimism of market players. The inventory data on last week, due out this afternoon, should shed more light on the supply situation in the USA. An increase in stocks of 2.8 m barrels is expected for crude owing to the rise in imports. This would be the first increase in six weeks. Forecasts range from -2.5 million to +7.8 million barrels, which implies a high level of uncertainty two weeks after hurricane Ike and modifies the significance of the data. On Friday, when the survey was compiled, nearly 60% of US oil production in the Gulf of Mexico was still shut down, indicating downside risks to the forecast. The situation with oil products is particularly tight. Gasoline stocks, already at a 40-year low, should have fallen by 2.1 million barrels, while a decline of 1.5 million barrels is expected for distillates. Consequently, the inventory report is likely to support prices, especially for oil products, but also for crude oil. This will apply for as least as long as there is still hope for the US rescue package. The US Senate will vote today on the plan and the House of Representatives could take a second vote on it tomorrow.

Precious metals: Gold fell yesterday by 50 dollars at times to \$860 a Troy ounce, triggered partly by the strength of the dollar, which made its strongest advance of all time on the euro, and partly by the recovery of equity markets. While gold has meanwhile recovered a little, it is still under the \$900 mark. Both the physical and investment demand are rising noticeably at present. After a sharp rise on Monday, the world's biggest gold-backed ETF, SPDR Gold Trust, reported another rise in stocks of 3 tons to a new record level of 755 tons. According to Jeremy Charleys, chairman of LBMA, gold refineries are already reporting bottlenecks as the bar production cannot keep up with demand. Some investors are apparently willing to pay a price markup of \$25 a Troy ounce for physically available bars.

Base metals: After initial losses, with copper falling by up to \$250, most base metals were able to recover yesterday on rekindling hopes of the rescue package. Copper was given extra impetus from the news that workers at Xstrata's Kidd copper mine were unable to reach an agreement with management and therefore voted to strike. The last strike three years ago lasted a month. Furthermore, Zambia's mining chamber reported that the country – the largest copper producer in Africa with 3.5% of global mining output – will not achieve its production target of 600 thousand tons this year. The world's third largest aluminium producer, Alcoa, is curbing production at the Rockdale aluminium smelter in Texas by a further 150 thousand tons mainly because energy costs are too high and production is no longer viable. This again confirms our belief that production growth in the aluminium industry is slowing down and this is supporting prices.

Prices

Energy*	current	1 day	1 week	1 month	1 year
Brent Blend	98.2	1.1%	-3.1%	-9.3%	28%
WTI	100.6	1.4%	-3.5%	-11.6%	27%
Gasoline RBOB	881.0	0.2%	-3.5%	-11.2%	26%
Gasoil	914.5	3.7%	-3.8%	-3.9%	38%
Diesel	970.3	0.3%	-2.0%	-2.4%	34%
Jet fuel	1041.3	0.2%	-2.8%	-6.3%	41%
Natural gas	7.4	2.0%	-1.2%	-4.5%	8%

Industrial metals**

Aluminum	2425	0.5%	-2.6%	-9.9%	-4%
Copper	6360	0.9%	-7.2%	-12.2%	-21%
Lead	1830	1.7%	-6.7%	-3.8%	-46%
Nickel	15850	1.3%	-6.7%	-16.8%	-47%
Tin	17200	4.1%	3.5%	-5.3%	16%
Zinc	1680	0.0%	-6.1%	-5.6%	-46%

Precious metals***

Gold	871.0	0.7%	-0.6%	7.3%	17%
Silver	12.0	2.7%	-6.9%	-8.1%	-10%
Platinum	1011.0	1.7%	-14.5%	-28.8%	-26%
Palladium	199.5	3.4%	-17.5%	-31.6%	-42%

Agriculturals*

Wheat	680.0	1.2%	-5.8%	-11.7%	-28%
Corn	487.5	2.1%	-11.6%	-12.4%	35%
Soybeans	1045.0	1.2%	-10.9%	-20.6%	7%
Sugar	13.7	0.7%	13.3%	#VALUE!	39%
Coffee	130.5	0.9%	-3.0%	#VALUE!	-2.4%
Cocoa	2558.0	-1.1%	-8.2%	#VALUE!	25%

Currencies***

EUR/USD	1.409	0.45%	-3.18%	-3.15%	-0.53%
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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	3258	-	-14.3%	-26.0%	-21%
Jet fuel	125449	-	-3.2%	-5.0%	-8%
Natural gas	3023	-	1.7%	13.9%	-6%

Industrial metals**

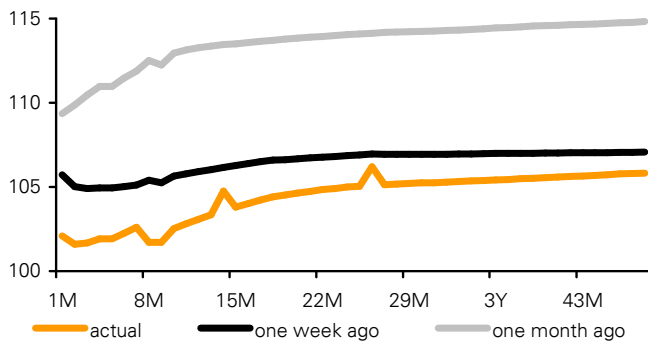
Aluminum LME	1376600	0.0%	1.0%	17.7%	47%
Aluminum COMEX	10924	0.0%	0.0%	0.0%	-38%
Aluminum Shang.	190134	-	-2.4%	-1.8%	185%
Copper LME	199050	0.2%	-1.0%	14.6%	52%
Copper COMEX	9921	0.0%	0.0%	84.1%	-51%
Copper Shanghai	16130	-	-5.5%	-26.0%	-66%
Lead LME	64100	-0.2%	-5.1%	-20.4%	184%
Nickel LME	56034	-0.1%	5.0%	16.2%	70%
Tin LME	5700	-2.3%	-2.8%	-1.0%	-59%
Zinc LME	155025	-0.1%	-1.0%	-3.3%	155%
Zinc Shanghai	71356	-	0.2%	-1.3%	-

Precious metals***

Gold	8591416	0.0%	-0.6%	-0.3%	21%
Silver	135504	-0.6%	-0.4%	-2.2%	2%
Platinum	1058	0.0%	-0.1%	-0.1%	34%
Palladium	4330	-0.1%	-2.3%	-3.0%	-32%

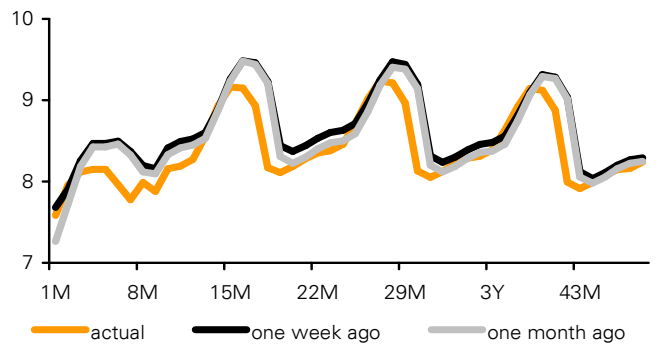
*'000 barrels (DOE), ** metric tons, *** gold – oz., silver – '000 oz.

GRAPH 1: Forward curve oil market (WTI)



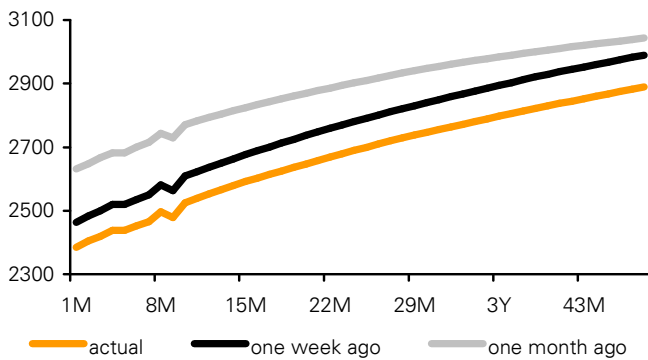
Source: NYMEX; Bloomberg, Commerzbank Corporates & Markets

GRAPH 2: Forward curve gas market (Henry Hub)



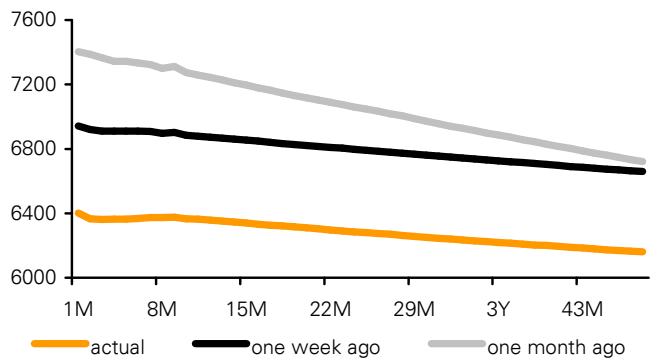
Source: NYMEX, Bloomberg, Commerzbank Corporates & Markets

GRAPH 3: Forward curve aluminium (LME)



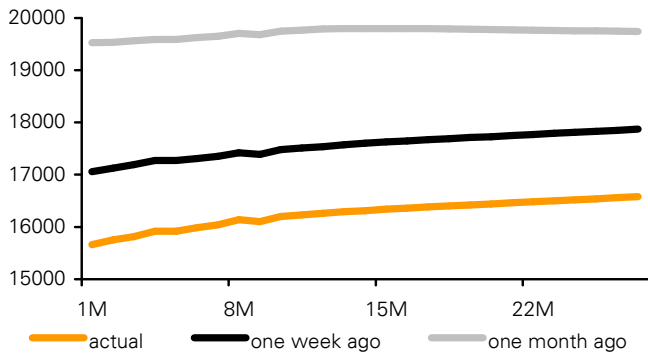
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 4: Forward curve copper (LME)



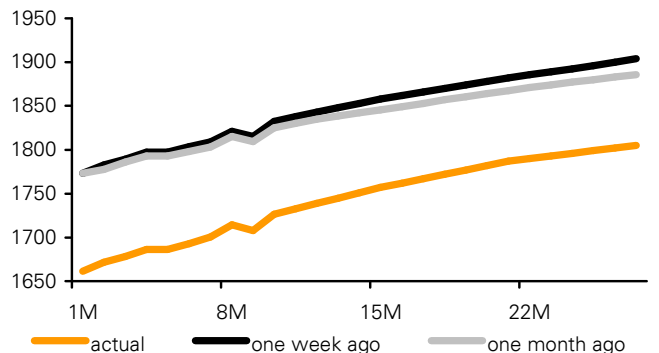
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 5: Forward curve Nickel (LME)



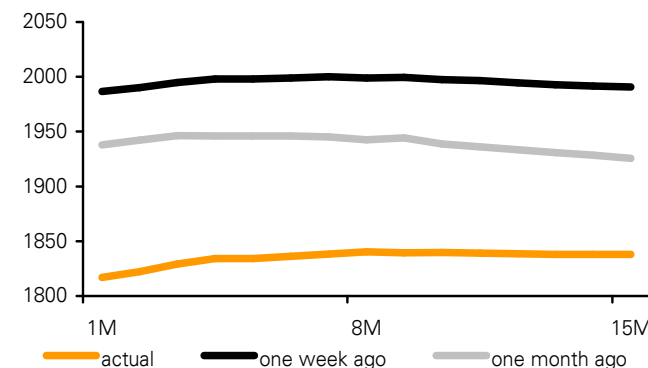
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 6: Forward curve zinc (LME)



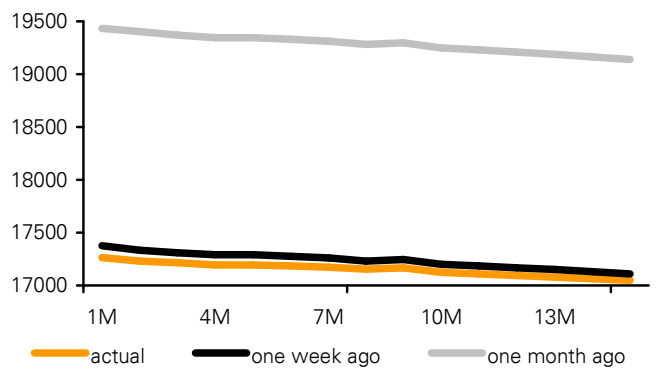
Source: LME; Bloomberg, Commerzbank Corporates & Markets

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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