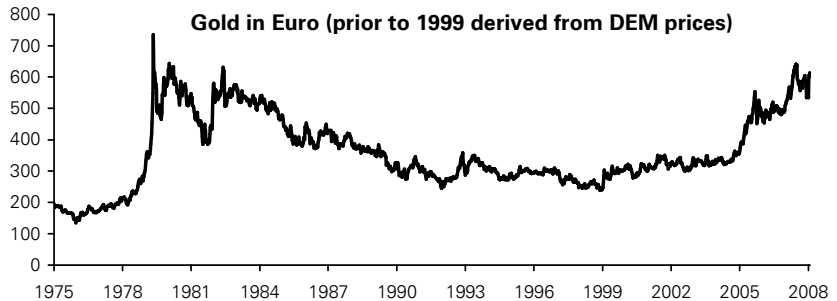



**Economic &
Commodity Research**

Commodities Daily

Commodities still in a slump as week begins

Gold: Close to record levels on strong demand in Europe too



Sources: Bloomberg, Commerzbank Corporates and Markets

On Friday, UBS was the next big name to announce it was withdrawing from commodities trading activities. The problems at AIG and the Lehman Brothers' insolvency had already unsettled commodities investors and this should have an adverse effect on investor interest. Based on the CRB index, commodities last week suffered their worst weekly loss in over 50 years.

Energy: The mood on the oil market remains bearish. WTI has slid below the \$90 mark for the first time since February today. The fact that the US Congress has passed the rescue package has had little positive impact on oil prices. US labour market data published on Friday showed the sharpest fall in employment for five and a half years and this is fuelling fears of another decline in demand from the world's largest oil consumer. The US Department of Energy has revised oil demand for July downwards by 3.7% to 19.4 million barrels a day. This puts it 6.4% lower than a year ago and makes it the lowest July level for 11 years. The situation is likely to have deteriorated since then. As the financial crisis deepens in Europe, consternation about even weaker demand should now be greater. Consequently, news that OPEC supply has fallen for the first time in five months in September according to a Reuters survey is likely to fall on deaf ears. According to this report, 32.39 barrels of crude per day were supplied by OPEC in September, compared with 32.70 million barrels a day in August. And French foreign minister Kouchner's warning of a pre-emptive Israeli attack on nuclear facilities in Iran also had no impact in the current negative market climate. Speculative market players on the NYMEX reduced their net long positions in the week up to 30 September by 1.7 thousand to 40 thousand contracts. This still high level of net long positions suggests further setback potential.

Precious metals: Gold is trading not far from Friday's 2-week low of \$820 a Troy ounce. The strength of the US dollar is still the main catalyst for the price slump of around 10% since the beginning of last week. EURUSD is presently trading at 1.36, the lowest level for 13 months. The shift of all liquid risk investments into short-term USD investments is evidently prompting financial investors to liquidate their gold investments. The world's largest gold ETF, SPDR Gold Trust, reported a decline in its gold stocks of 15 tons to 740 tons on Friday. Speculative investors have reduced their net long positions on the COMEX in the week up to 30 September by 3 thousand to 117.8 thousand contracts. Although gold has fared a little better than other commodities recently, the trend in gold prices is still surprising given the financial market turmoil. Indeed, equity markets are under pressure across the globe and the VIX index, a yardstick for risk aversion, is still quite close to a 7-year high. The rescue package for the financial sector, passed on Friday, should prove even more expensive than the initially estimated \$700 billion due to additional provisions such as tax relief and the rise of guarantees to savings deposits. In Europe, governments have offered guarantees of savings deposits. In addition, the grant of guarantees for troubled banks or the nationalisation of banks should put an extra substantial burden on public finances. On the back of this news, it should only be a question of time before gold rises significantly. Platinum has fallen to a 3-year low of \$930 a Troy ounce and is therefore being viewed as more of a base metal at present. The bottom of the trough should soon be reached given the production problems in South Africa.

Base metals: Increasing recession fears and sharp losses on equity markets are putting pressure on base metals as the week gets under way. Copper is being hit most; it has lost 7% and has fallen to a 20-month low of \$5600 a ton. Weak US labour market data on Friday and the mounting financial crisis in Europe have quickly relegated the signature of the US rescue package to marginal importance. Besides weaker demand, news on the supply front is also having an adverse effect. The world's largest copper producer, Chile, plans to boost its copper production by 25% in the next five years. What percentage of the planned investments is actually made remains to be seen, though, if the fall in prices continues.

Prices

Energy*	current	1 day	1 week	1 month	1 year
Brent Blend	90.3	-4.4%	-8.2%	-17.1%	9%
WTI	93.9	-4.2%	-6.7%	-15.4%	11%
Gasoline RBOB	803.0	-0.8%	-10.4%	-15.7%	11%
Gasoil	882.8	-5.5%	-9.3%	-12.5%	21%
Diesel	882.0	-2.7%	-9.9%	-10.9%	19%
Jet fuel	928.0	-3.0%	-8.9%	-15.0%	19%
Natural gas	7.4	-1.7%	0.1%	-2.9%	2%

Industrial metals**

Aluminum	2339	-3.0%	-7.0%	-14.3%	-7%
Copper	6010	-6.9%	-13.1%	-18.9%	-32%
Lead	1720	-4.4%	-9.9%	-8.9%	-55%
Nickel	15150	-4.9%	-12.2%	-22.6%	-54%
Tin	17000	-1.5%	-6.4%	-8.8%	4%
Zinc	1595	-3.1%	-8.0%	-11.7%	-49%

Precious metals***

Gold	832.8	-0.1%	-6.9%	4.4%	12%
Silver	11.4	-3.9%	-15.6%	-9.7%	-18%
Platinum	954.7	0.5%	-10.6%	-29.5%	-30%
Palladium	198.8	-0.4%	-11.1%	-26.8%	-46%

Agriculturals*

Wheat	640.3	-3.9%	-7.9%	-15.7%	-31%
Corn	454.0	-5.4%	-16.3%	-19.2%	25%
Soybeans	992.0	-5.5%	-14.4%	-20.6%	0%
Sugar	12.6	-2.8%	-2.6%	-2.2%	25%
Coffee	122.1	-2.7%	-8.8%	-14.5%	-13.3%
Cocoa	2469.0	-3.5%	-6.8%	-10.2%	28%

Currencies***

EUR/USD	1.380	-1.75%	-5.82%	-4.00%	-3.52%
---------	-------	--------	--------	--------	--------

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

Inventory data

Energy*	current	1 day	1 week	1 month	1 year
Crude oil	294464	-	1.5%	-3.7%	-8%
Gasoline	179640	-	0.5%	-8.1%	-6%
Distillates	3678	-	12.9%	-16.3%	-10%
Jet fuel	123090	-	-1.9%	-6.8%	-9%
Natural gas	3110	-	2.9%	12.8%	-5%

Industrial metals**

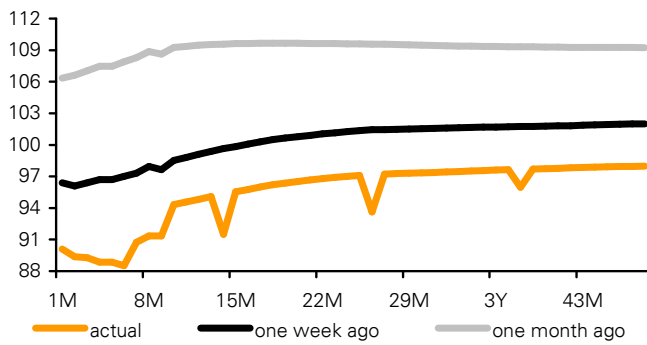
Aluminum LME	1385625	0.2%	0.9%	18.1%	48%
Aluminum COMEX	10924	0.0%	0.0%	0.0%	-38%
Aluminum Shang.	190134	-	-2.4%	-1.8%	185%
Copper LME	198750	0.1%	-0.1%	-1.1%	51%
Copper COMEX	9921	0.0%	0.0%	84.1%	-51%
Copper Shanghai	16130	-	-5.5%	-26.0%	-66%
Lead LME	65050	0.4%	0.8%	-16.8%	192%
Nickel LME	55434	-0.6%	-0.3%	13.2%	57%
Tin LME	5580	-2.1%	-7.3%	-5.3%	-59%
Zinc LME	161825	-0.1%	4.2%	1.7%	172%
Zinc Shanghai	71356	-	0.2%	-1.3%	-

Precious metals***

Gold	8596029	0.0%	-0.1%	0.7%	20%
Silver	136535	0.1%	0.7%	-1.5%	3%
Platinum	1058	0.0%	-0.1%	-0.1%	34%
Palladium	4320	-0.2%	-1.0%	-3.2%	-32%

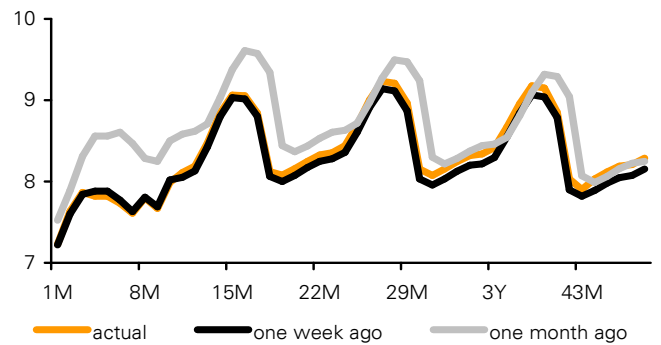
*'000 barrels (DOE), ** metric tons, *** gold – oz., silver – '000 oz.

GRAPH 1: Forward curve oil market (WTI)



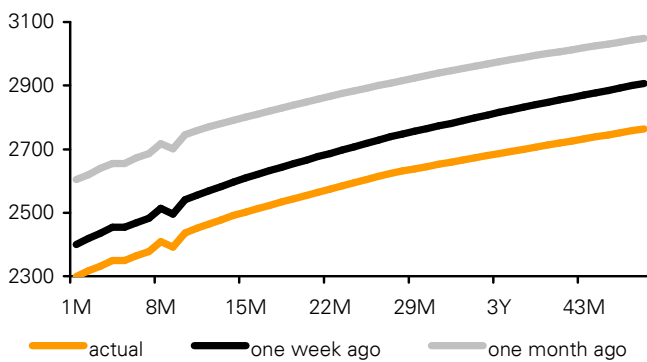
Source: NYMEX; Bloomberg, Commerzbank Corporates & Markets

GRAPH 2: Forward curve gas market (Henry Hub)



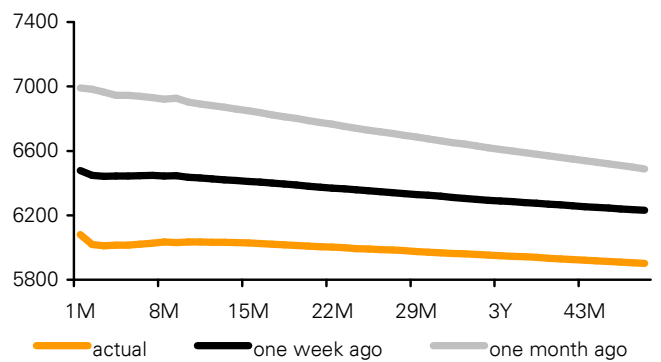
Source: NYMEX, Bloomberg, Commerzbank Corporates & Markets

GRAPH 3: Forward curve aluminium (LME)



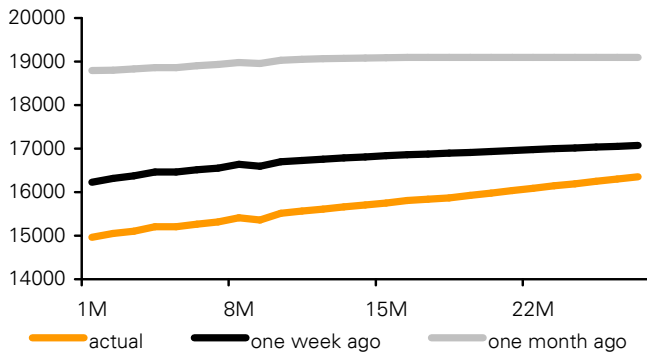
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 4: Forward curve copper (LME)



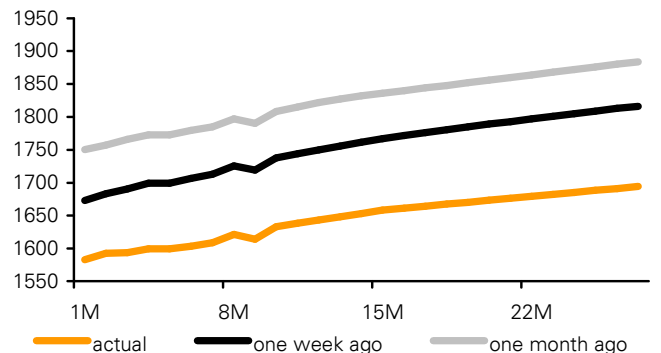
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 5: Forward curve Nickel (LME)



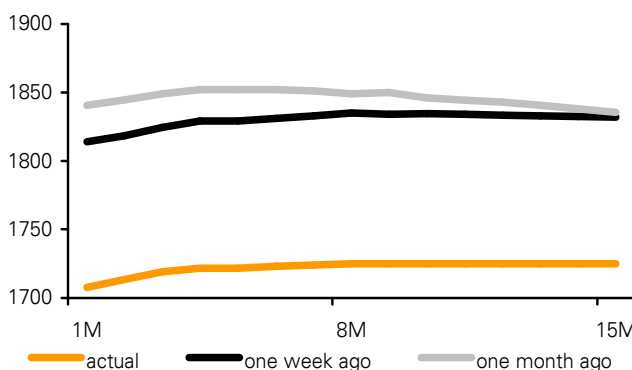
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 6: Forward curve zinc (LME)



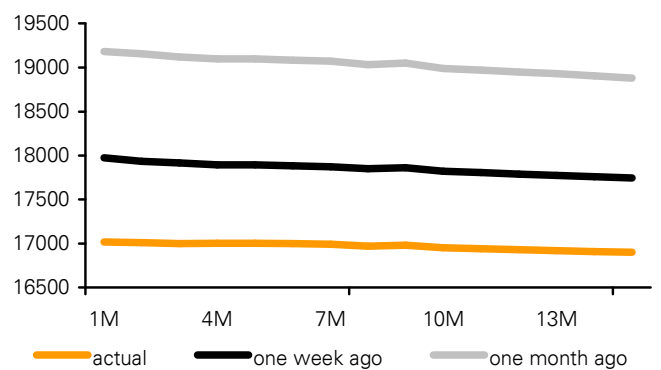
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 7: Forward curve lead (LME)



Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 8: Forward curve tin (LME)



Source: LME; Bloomberg, Commerzbank Corporates & Markets

Additional information available on request

This document has been created and published by the Corporates & Markets division of Commerzbank AG, Frankfurt/Main or the group companies mentioned in the document ("Commerzbank"). The document is intended for distribution to the bank's professional and institutional clients and not to its private clients.

Commerzbank Corporates & Markets (CBCM) is the investment banking division of Commerzbank AG, integrating debt, equities, interest rates and foreign exchange, with specific expertise in corporate risk and capital structuring.

Any information in this report is based on data obtained from sources considered to be reliable, but no representations or guarantees are made by Commerzbank Group with regard to the accuracy or completeness of the data. The opinions and estimates contained herein constitute our best judgement at this date and time, and are subject to change without notice. This report is for information purposes, it is not intended to be and should not be construed as a recommendation, offer or solicitation to acquire, or dispose of, any of the securities mentioned in this report.

Commerzbank Group may provide banking or other advisory services to interested parties.

This report is intended solely for distribution to professional and business customers of Commerzbank Group. It is not intended to be distributed to private investors or private customers. Not for distribution to third parties. Commerzbank Group accepts no responsibility or liability whatsoever for any expense, loss or damages arising out of or in any way connected with the use of all or any part of this report.

In compliance with statutory and regulatory provisions, Commerzbank has made internal organisational arrangements so as to prevent as far as possible any conflicts of interest in preparing and transmitting analyses. These include, in particular, in-house information barriers (Chinese walls). These barriers prevent giving analysts access to information that may cause conflicts of interest for Commerzbank AG with regard to the analysed issuer or its financial instruments. These information barriers also apply to any information not in the public domain to which Commerzbank AG may have access from a business relationship with the issuer. For statutory or contractual reasons, this information cannot be used in an analysis of the securities and are therefore not included in this report.

Commerzbank AG, its affiliates and/or clients may conduct or may have conducted transactions for their own account or for account of another with respect to the financial instruments mentioned in this report or related investments before the recipient has received this report. Commerzbank AG, its executives, managers and employees may hold shares or positions, possibly even short sale positions, in securities included in this report or related investments

Additional note to readers in the following countries:

Germany: Commerzbank AG is registered in the Commercial Register at the local court (Amtsgericht) Frankfurt under the number HRB 32000 and supervised by the German regulator Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin). This report is intended to help customers make their own independent investment decisions, and is no substitute for investor and investment-based consulting. The information contained in this report was compiled with care.

United Kingdom: This report has been issued or approved for issue in the UK to professionals and business customers only, by Commerzbank AG, London Branch, which is authorised by the German regulator Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and by the Financial Services Authority, regulated by the Financial Services Authority for the conduct of business in the UK, and is a member firm of the London Stock Exchange and incorporated in Germany with limited liability. It is not for distribution to or the use of private customers

United States: Commerzbank Capital Markets Corp. (a wholly owned subsidiary of Commerzbank AG) is a U.S. registered broker-dealer and has accepted responsibility for the distribution of this report in the United States under applicable requirements. Any transaction by US persons must be effected with Commerzbank Capital Markets Corp. Under applicable US law; information regarding clients of CCMC may be distributed to other companies within the Commerzbank Group.

Italy: You should contact Commerzbank AG London Branch if you wish to use our services to effect a transaction in any of the securities mentioned in this publication. This report has been issued for distribution in Italy only to professional customers as defined in article 31 of Consob regulation 11522/98 and later modifications.

© 2007 No part of this report may be reproduced or distributed in any manner without permission of Commerzbank Group. In particular Commerzbank Group does not allow the redistribution of this report to non-professional investors and cannot be held responsible in any way for any third parties who effect such redistribution.

Commerzbank Corporates & Markets**Frankfurt**

Commerzbank AG

DLZ - Gebäude 2, Händlerhaus
Mainzer Landstraße 153
60327 Frankfurt

Tel: + 49 69 136 44440

Fax: + 49 69 136 40357

LondonCommerzbank AG
London Branch60 Gracechurch Street,
London
EC3V 0HR

Tel: + 44 20 7653 7000

Fax: + 44 20 7653 7400

New YorkCommerzbank Capital
Markets Corp.2 World Financial Center, 31st floor
New York,
NY 10281-1050

Tel: +1 212 703 4000

Fax: +1 212 703 4201