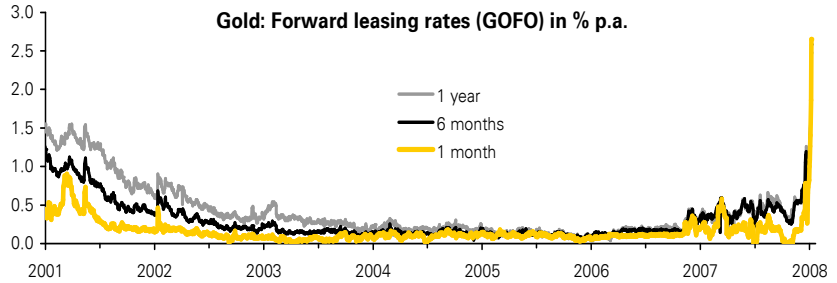



**Economic &  
Commodity Research**

# Commodities Daily

## Is gold about to reach \$1000?

### Gold: Rising leasing rates suggest further tightening of supply



Sources: LBMA, Bloomberg, Commerzbank Corporates and Markets

### Prices

Energy*	current	1 day	1 week	1 month	1 year
Brent Blend	84.7	-3.1%	-14.0%	-20.7%	7%
WTI	90.1	-3.2%	-11.5%	-18.0%	10%
Gasoline RBOB	742.0	0.0%	-10.1%	-22.3%	4%
Gasoil	817.8	-3.2%	-13.8%	-17.4%	17%
Diesel	835.3	-3.5%	-14.7%	-16.7%	13%
Jet fuel	866.3	-3.4%	-17.4%	-20.8%	14%
Natural gas	6.8	-1.7%	-13.9%	-11.6%	-3%

### Industrial metals\*\*

Aluminum	2293	-1.9%	-6.7%	-15.1%	-6%
Copper	5630	-5.6%	-13.7%	-23.5%	-33%
Lead	1630	-2.1%	-8.3%	-13.8%	-57%
Nickel	14200	-3.9%	-14.4%	-27.6%	-55%
Tin	16200	-5.6%	-12.8%	-19.9%	-2%
Zinc	1550	-2.9%	-9.8%	-15.0%	-49%

### Precious metals\*\*\*

Gold	887.1	2.6%	4.5%	13.5%	24%
Silver	11.6	2.8%	-5.3%	-1.6%	-10%
Platinum	1014.5	-0.9%	-2.9%	-25.2%	-26%
Palladium	199.0	0.1%	-3.5%	-24.0%	-45%

### Agriculturals\*

Wheat	603.3	-2.1%	-11.8%	-18.3%	-31%
Corn	417.0	-1.7%	-15.3%	-23.1%	21%
Soybeans	926.0	-0.1%	-12.1%	-22.5%	0%
Sugar	12.0	-3.0%	-16.2%	-5.7%	20%
Coffee	114.2	-3.1%	-14.3%	-20.8%	-20.2%
Cocoa	2422.0	-1.8%	-5.3%	-7.1%	31%

### Currencies\*\*\*

EUR/USD	1.359	0.26%	-2.75%	-3.57%	-3.01%
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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	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	1394550	0.5%	1.3%	19.0%	49%
Aluminum COMEX	10924	0.0%	0.0%	0.0%	-38%
Aluminum Shang.	190134	-	-2.4%	-1.8%	185%
Copper LME	208525	0.1%	4.8%	3.8%	58%
Copper COMEX	9741	-1.8%	-1.8%	80.7%	-52%
Copper Shanghai	16130	-	-5.5%	-26.0%	-66%
Lead LME	64025	-1.6%	-0.1%	-18.4%	188%
Nickel LME	55032	-0.4%	-1.8%	11.6%	55%
Tin LME	5400	-1.5%	-5.3%	-7.9%	-60%
Zinc LME	160975	0.0%	3.8%	0.5%	169%
Zinc Shanghai	71356	-	0.2%	-1.3%	-

### Precious metals\*\*\*

Gold	8594819	0.0%	0.0%	-1.3%	20%
Silver	135719	0.0%	0.2%	-2.1%	2%
Platinum	1058	0.0%	0.0%	-0.1%	34%
Palladium	4314	-0.1%	-0.4%	-3.1%	-32%

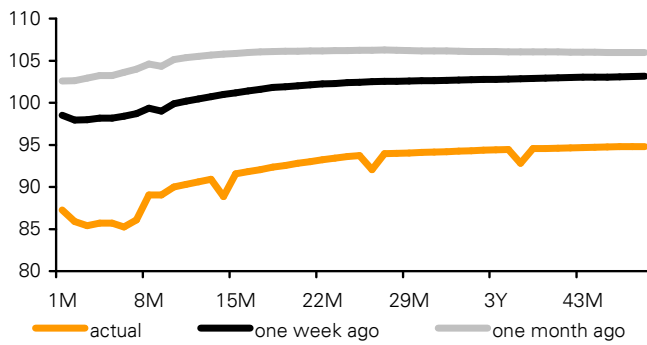
\*'000 barrels (DOE), \*\* metric tons, \*\*\* gold – oz., silver – '000 oz.

**Energy:** The oil market remains under the spell of the financial market turmoil. Slumping equity markets in New York and Asia and the resulting concerns of even weaker demand pushed WTI down to \$86 a barrel this morning, the lowest level in ten months. In the short term, oil prices should stay under pressure. The US Department of Energy yesterday lowered its forecast for the growth of global oil demand by 140 thousand barrels to 780 thousand barrels a day. The growth of demand should total only 330 thousand barrels a day this year, which is less than half the estimate a month ago. Oil consumption in the US should be 830 thousand barrels a day or 4% lower this year than in 2007. In the coming year the EIA expects a further decline of 110 thousand barrels a day. The risk of more downward revisions is especially high for 2009. This afternoon, US inventory data will be published for last week. Rising imports are set to have boosted crude oil stocks by 2.2 million barrels and this will continue to weigh on oil prices. Gasoline stocks should have risen by 1.5 million barrels thanks to rising refinery utilisation. This could put further pressure on gasoline prices, as the demand for USA is still very weak in any case. According to MasterCard Advisors, it was 9.5% lower in the week ending 3 October, year-on-year, putting it at its lowest since September 2005. A reduction of 900 thousand barrels is anticipated for distillate stocks, compounding the already tight inventory situation as the heating season approaches. Hence, heating oil and diesel prices should be supported. Speculation about falling OPEC supply should reduce the pressure on oil a little, despite the negative mood and increasing concern about demand. Following similar calls from Iran and Iraq, a third OPEC member, namely Libya, has now demanded a cutback in oil production. According to Lloyd's Marine Intelligence, OPEC already exported 50 thousand barrels less crude a day in the four weeks up to 21 September.

**Precious metals:** Gold took the \$900 a Troy ounce hurdle this morning. Dow Jones fell by 500 points yesterday and closed at its lowest level in five years. Japan's Nikkei index slumped by more than 9%. The VIX index, a yardstick for risk aversion, then rose to a new record high. The Fed announced yesterday that it will also buy up so-called Commercial Paper in order to mitigate the continued tense state of the financial market. This intention can only be seen as an indication of the financial market crisis reaching even greater depths. The signs of a further advance by gold are therefore favourable. Gold traders have reported a sharp rise in the demand for physical gold and even substantial supply bottlenecks, whereby several coins are evidently sold out completely. Mints across the globe also report an "unprecedented" demand for gold coins, with supply no longer able to keep pace with demand. ETFs are also speaking of inflows. Gold stocks at the SPDR Gold Trust rose by one ton yesterday and the stocks at ETF Securities have increased by over 3 tons. At the same time, many central banks are no longer willing to lease gold on the back of apparent concerns about the counterpart, one of the so-called bullion banks. This is compounding the shortage on the already tight market and resulting in a rise in lease rates for gold to its highest level since spring 2001. In contrast, platinum dipped below \$1,000 a Troy ounce again. Several car manufacturers want to cut production because of the financial crisis and weak demand. The automobile industry accounts for around 60% of platinum demand, meaning that platinum is likely to underperform gold.

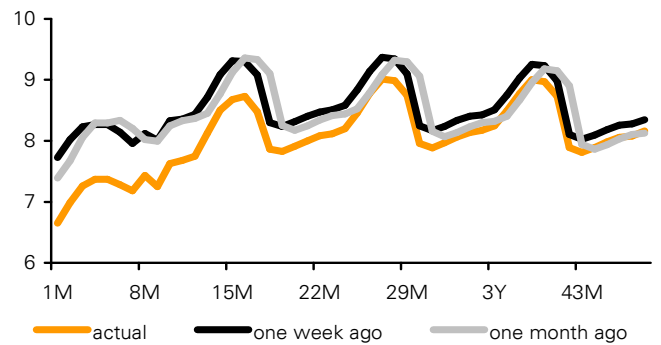
**Base metals:** The largest US aluminium producer Alcoa has reported that aluminium prices have fallen steeply and demand has weakened further. A 6% rise in demand is expected for aluminium this year, compared with 8% before. In China, demand is set to rise by 15%, which is much less than the previously expected 22%. Alcoa therefore plans to reduce production capacities. This confirms our view that, at \$2,200 a ton, aluminium has reached a critical level for many producers under which production is no longer lucrative. This means the downside potential for aluminium should be limited. At the same time, the headroom for prices is also limited in the current market climate. Copper has dropped another 6% to \$5,00 a ton. LME copper stocks rose yesterday by 9,600 tons to 208,350 tons, signalling an oversupply.

**GRAPH 1: Forward curve oil market (WTI)**



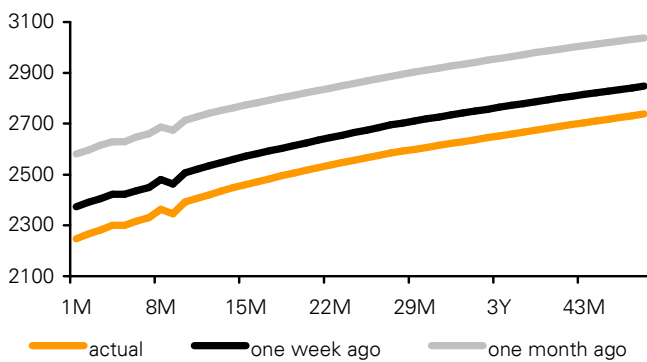
Source: NYMEX; Bloomberg, Commerzbank Corporates & Markets

**GRAPH 2: Forward curve gas market (Henry Hub)**



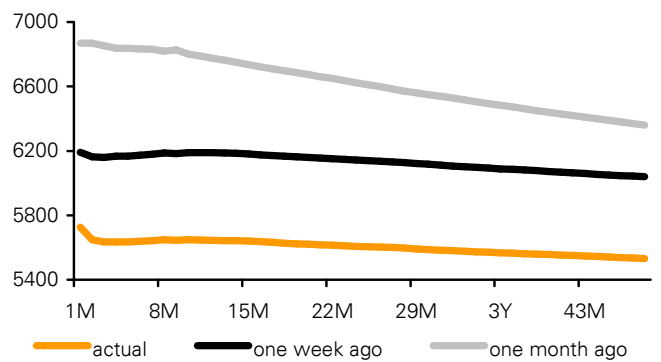
Source: NYMEX, Bloomberg, Commerzbank Corporates & Markets

**GRAPH 3: Forward curve aluminium (LME)**



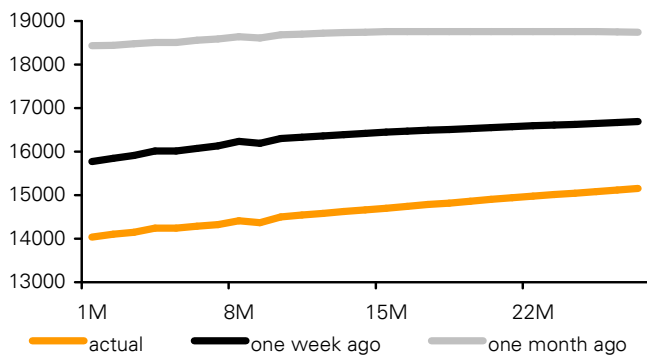
Source: LME; Bloomberg, Commerzbank Corporates & Markets

**GRAPH 4: Forward curve copper (LME)**



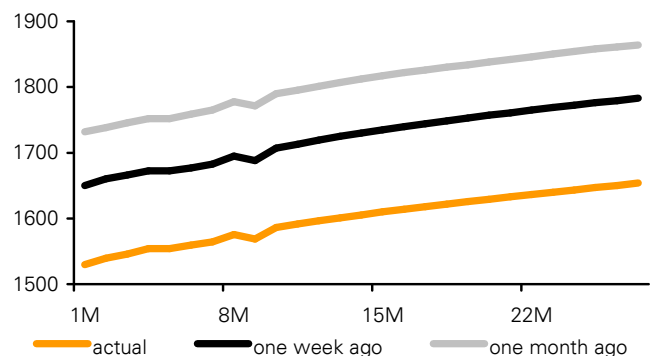
Source: LME; Bloomberg, Commerzbank Corporates & Markets

**GRAPH 5: Forward curve Nickel (LME)**



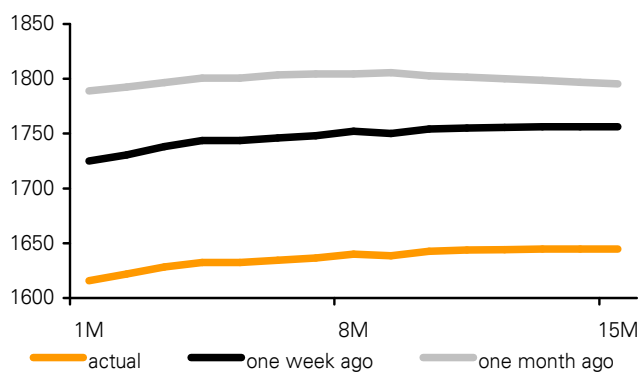
Source: LME; Bloomberg, Commerzbank Corporates & Markets

**GRAPH 6: Forward curve zinc (LME)**



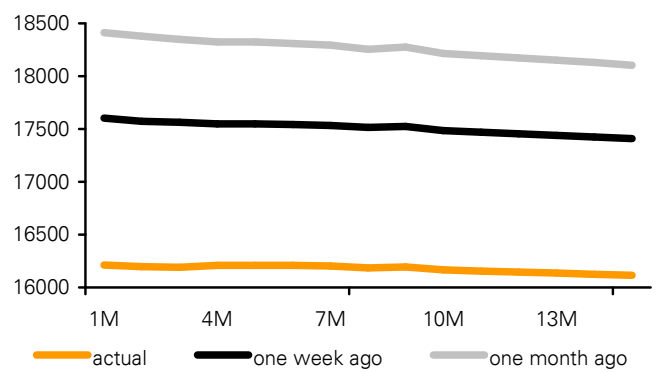
Source: LME; Bloomberg, Commerzbank Corporates & Markets

**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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