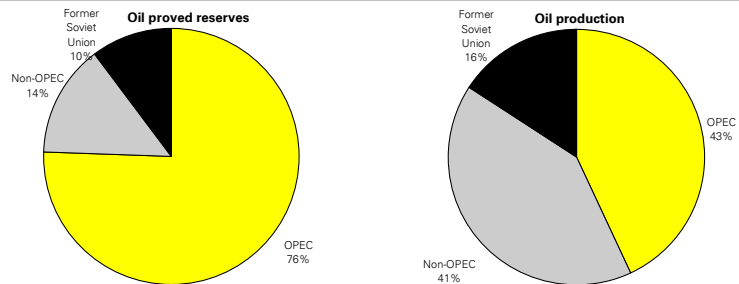



**Economic &
Commodity Research**

Commodities Daily

OPEC is on the spot, cut is unlikely

OPEC determines the long-term supply trends



Sources: BP Statistical Review 2008, Commerzbank Corporates and Markets

Energy: Oil prices are hovering within a narrow range around \$53 a barrel as US markets were closed yesterday due to the public holiday. Further speculation on another production cut by OPEC is supporting prices and Russian president Medvedev has also fuelled speculation that Russia could participate in such a cutback. OPEC will hold an informal meeting in Cairo on Saturday, when the Arab petroleum exporting countries officially convene. A decision to scale down production is unlikely tomorrow in our view, as the earlier production cuts have not been fully implemented yet. Furthermore, the market appears more influenced by psychological than fundamental factors at present. Even so, OPEC evidently does see the necessity of further cuts, as demand is currently falling at a stronger rate than expected. And despite the stabilisation of the past few days, oil prices have shed another 20% since the last decision to cut quotas at the end of October. We therefore anticipate a production cutback to the tune of 1-1.5 million barrels a day at the next official OPEC meeting on 17 December in Oran, Algeria, and a possible hint to this event at tomorrow's meeting to protect the price of oil at least rhetorically. The fact that oil prices have not come under further pressure despite the sharp rise in US inventories is already an indication, in our view, that the downside potential is currently exhausted. A retreat below \$50 a barrel is therefore unlikely for the time being, apart from irreconcilable differences within the cartel come to light at the meeting that would make a production cutback on 17 December seem doubtful. So far, cartel members appear to be steering the same course. According to the estimates of the British consultancy firm Oil Movements, OPEC's daily oil exports excluding Angola and Ecuador will be 340 barrels lower in the four weeks up to 13 December than in the four weeks before. At 24.04 million barrels, this is their lowest level this year. Since the peak in August, OPEC's daily exports have declined by 900 thousand barrels. According to government reports, British oil production fell in the first nine months of the year by 5.5%, year-on-year. This again illustrates the problems with falling supply in major non-OPEC countries.

Precious metals: The price of gold hovered yesterday in a narrow range around \$815 a Troy ounce. Owing to a public holiday in the US and the sideways trend of the EUR/USD exchange rate, impulses were few and far between yesterday, and the terror attacks in Mumbai have not had any significant impact so far. On the one hand, the danger of terror is moving into the public focus again, which should translate into a higher risk aversion and a stronger flight to safe havens such as gold. On the other hand, India is the world's largest gold consumer and the series of attacks could have negative effects on the wedding season that has just got underway and is a significant factor in India's gold demand. Despite the lethargy of the past days, gold has recently fared very well compared to other commodities. This shows the merits of gold, whose demand is non-cyclical in contrast to the other commodities.

Base metals: Since mid year, the most important steel prices have virtually halved. According to surveys by Steelbenchmarker, the spot price for hot-rolled band in the US at \$696 per tonne at the end of November was \$102 lower than two weeks ago, or a good \$500 lower than the peak at the end of July. In Western Europe, too, a dramatic price slump has been visible recently, with prices shedding a good 20% in the last two weeks. Steel producers give a gloomy picture accordingly: Sector leader ArcelorMittal has announced a 3% cut in jobs, having reported a cutback in production of an average 35% worldwide in the fourth quarter. And Baoshan Steel, China's largest steel producer, believes it is heading for the most difficult times in 30 years and reports further price cuts of 18% for hot-rolled steel products in Q1 2009 because of the weak sales outlook.

That times will barely improve near term is confirmed by the latest survey of Japanese companies: 99% of those surveyed expect now an economic downturn; this is the highest level that the survey has brought since it began in 1991.

Prices

Energy*	current	1 day	1 week	1 month	1 year
Brent Blend	53.1	-1.8%	6.1%	-13.4%	-42%
WTI	54.4	-2.6%	6.9%	-15.4%	-41%
Gasoline RBOB	408.0	2.7%	19.0%	-17.8%	-49%
Gasoil	542.3	-1.8%	2.3%	-14.4%	-35%
Diesel	577.3	-1.6%	4.5%	-12.6%	-37%
Jet fuel	607.3	-1.5%	4.3%	-11.9%	-35%
Natural gas	6.9	-2.2%	6.5%	8.7%	-7%

Industrial metals**

Aluminum	1791	-1.1%	1.2%	-16.1%	-29%
Copper	3696	-1.4%	3.0%	-11.7%	-46%
Lead	1105	-0.5%	-6.9%	-25.2%	-64%
Nickel	10250	-1.5%	1.0%	-15.6%	-64%
Tin	12500	-1.6%	6.9%	-16.5%	-27%
Zinc	1220	-0.5%	3.3%	5.6%	-51%

Precious metals***

Gold	815.0	-0.2%	2.1%	10.6%	2%
Silver	10.4	-0.5%	7.7%	17.0%	-28%
Platinum	863.0	-0.5%	4.6%	7.9%	-41%
Palladium	187.8	0.9%	5.1%	6.2%	-45%

Agriculturals*

Wheat	535.5	0.7%	5.4%	4.9%	-37%
Corn	354.0	0.1%	-2.5%	-9.3%	-8%
Soybeans	886.0	0.4%	3.9%	1.3%	-19%
Sugar	11.8	1.1%	5.9%	7.2%	20%
Coffee	112.5	1.4%	5.4%	5.9%	-6.7%
Cocoa	2256.0	2.4%	6.1%	18.1%	21%

Currencies***

EUR/USD	1.290	-0.07%	2.77%	3.34%	-12.76%
---------	-------	--------	-------	-------	---------

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

Inventory data

Energy*	current	1 day	1 week	1 month	1 year
Crude oil	320828	-	2.3%	3.0%	2%
Gasoline	200476	-	0.9%	2.0%	2%
Distillates	4609	-	4.5%	3.8%	7%
Jet fuel	126694	-	-0.2%	1.9%	-3%
Natural gas	3422	-	-1.9%	2.2%	-3%

Industrial metals**

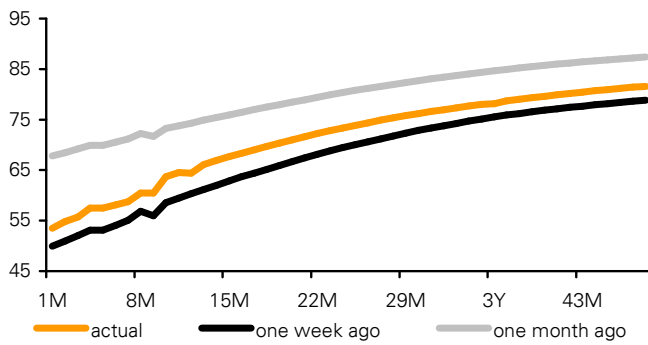
Aluminum LME	1802950	0.4%	4.6%	19.7%	94%
Aluminum COMEX	10924	0.0%	0.0%	0.0%	-36%
Aluminum Shang.	199958	-	-1.1%	-2.2%	103%
Copper LME	291650	1.0%	3.0%	35.3%	55%
Copper COMEX	16780	3.5%	39.0%	77.5%	-7%
Copper Shanghai	16335	-	-7.7%	-47.4%	-53%
Lead LME	41600	1.0%	0.4%	-20.4%	-6%
Nickel LME	63606	0.5%	2.9%	11.4%	43%
Tin LME	4530	4.7%	5.6%	18.3%	-65%
Zinc LME	193100	1.2%	2.8%	8.9%	140%
Zinc Shanghai	68292	-	-1.8%	-6.1%	-

Precious metals***

Gold	8516845	0.0%	5.0%	-0.6%	16%
Silver	128601	-0.5%	-0.1%	-2.0%	-3%
Platinum	1064	-0.4%	-0.5%	-8.9%	10%
Palladium	4317	0.0%	0.5%	1.5%	-31%

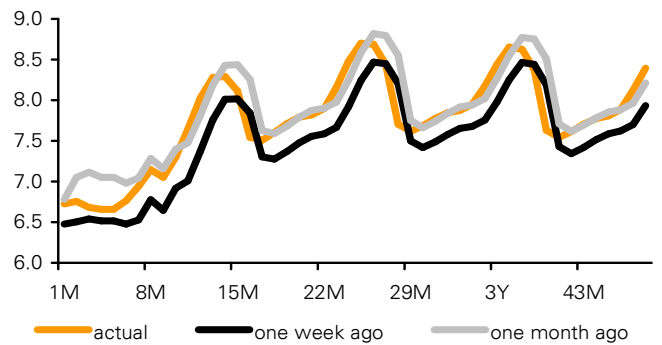
*'000 barrels (DOE), ** metric tons, *** gold – oz., silver – '000 oz.

GRAPH 1: Forward curve oil market (WTI)



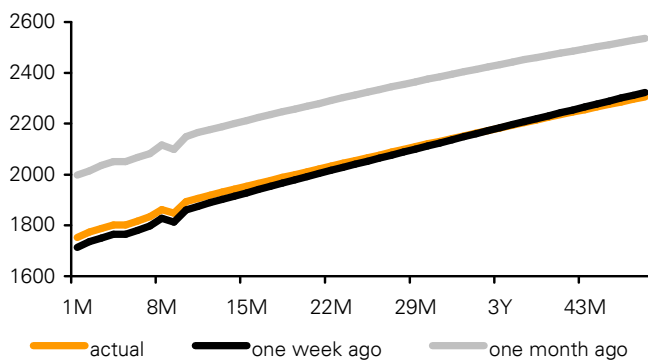
Source: NYMEX; Bloomberg, Commerzbank Corporates & Markets

GRAPH 2: Forward curve gas market (Henry Hub)



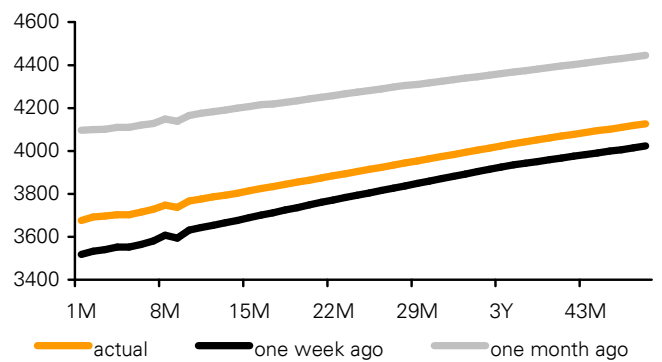
Source: NYMEX, Bloomberg, Commerzbank Corporates & Markets

GRAPH 3: Forward curve aluminium (LME)



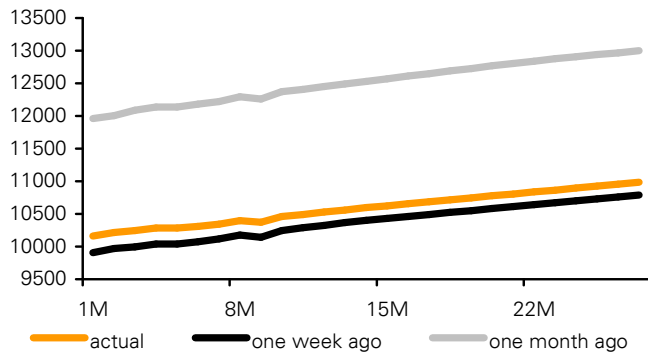
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 4: Forward curve copper (LME)



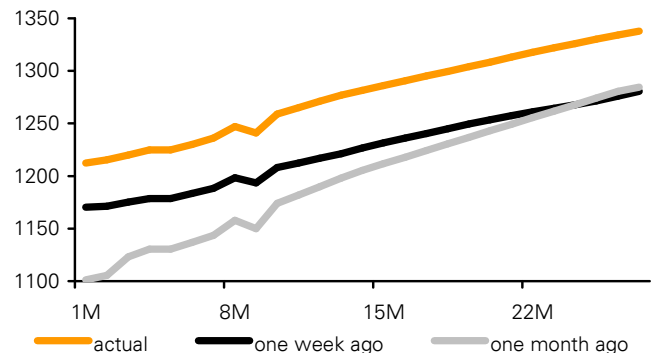
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 5: Forward curve Nickel (LME)



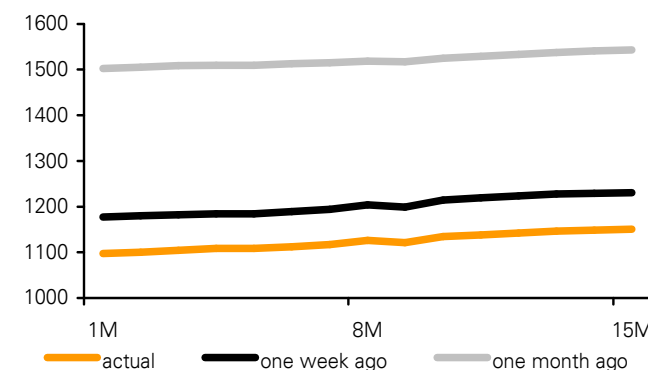
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 6: Forward curve zinc (LME)



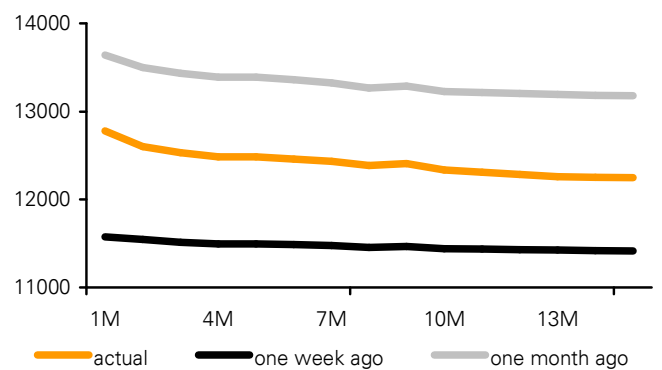
Source: LME; Bloomberg, Commerzbank Corporates & Markets

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

London

Commerzbank AG

London Branch
60 Gracechurch Street,
London
EC3V 0HR

Tel: + 44 20 7653 7000

Fax: + 44 20 7653 7400

New York

Commerzbank Capital

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

Tel: +1 212 703 4000

Fax: +1 212 703 4201