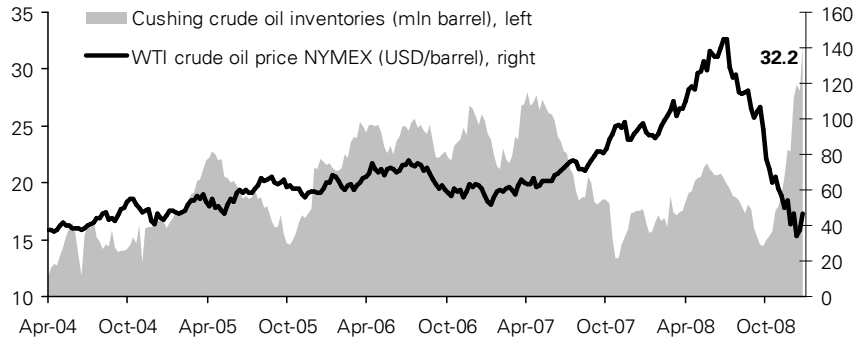



**Economic &
Commodity Research**

Commodities Daily

Weak data weighs on commodities sector

Rise of crude oil stocks in Cushing puts pressure on oil prices



Sources: DOE, Bloomberg, Commerzbank Corporates & Markets

Energy: Oil lost considerable ground yesterday and fell by more than 10% to \$43 a barrel, triggered by the released US inventory data, revealing a very strong rise in crude oil stocks of 6.7 million barrels. This was largely due to the rise in crude oil imports by 1.2 million barrels a day. The reduction of ship traffic in the Houston Ship Channel last Friday because of fog evidently did not yet adversely affect stocks as this was not included in this survey. And the stocks for gasoline and distillates rose by much more than expected, at 3.3 million barrels and 1.8 million barrels respectively, as refineries had processed much more crude oil, with a 2.1% increase in utilisation. But it was the sharp rise in crude oil stocks in Cushing, Oklahoma, the trading point for US WTI, that surprised market players most. These stocks climbed by over 4 million barrels to the highest level, which put pressure on the next futures especially. While the February contract for WTI crude trades at \$42.5 a barrel, the March future is still above \$47 a barrel.

The gas dispute between Russia and the Ukraine has taken on a new dimension, as many parts of Western Europe have now been largely cut off from the gas supply since yesterday. A crisis meeting will be held in Brussels today between the parties in dispute under the leadership of the EU. Besides the current delivery problems, it cannot be ruled out that the closure of the pipeline will cause longer-term damage. All in all, concern about the security of energy supplies also means a risk premium for oil, especially since the missile attacks in Northern Israel are threatening to worsen the situation there.

According to media reports, Saudi-Arabia will produce 8 million barrels of crude oil in January, which is 200 thousand barrels a day less than in December. OPEC's main producer appears to be aware of its key role in the cuts and able to fulfil this role, which suggests a longer-term stabilisation of the oil market and oil prices.

Precious metals: Gold continued to retreat yesterday, as far as \$836 a troy ounce at one point. This time, the falling oil price was the main factor. The strong slump on equity markets ultimately meant that gold could stabilise again in its role as a "safe haven". Even so, gold will lack impetus as long as the US dollar does not come under pressure again and risk aversion increases significantly.

Platinum bucked the weak commodities trend yesterday and climbed above \$1,000 a troy ounce again for the first time in three months. This is all the more remarkable because the latest economic data was disappointing and therefore did not give any arguments for the base metals rally of nearly 30% in one month. In our view, this relative strength is mainly attributable to the fact that the former price slump was exaggerated and the negative news was consequently already factored in. Furthermore, there is optimism at the moment that the rescue measures for the US car industry and the various huge economic stimulus packages worldwide will bring a recovery in the demand for platinum in the medium term. The very weak car sales figures are therefore being overlooked near term.

Base metals: Fears of persisting demand weakness put the pressure on base metal prices yesterday, after the sharp fall of ADP employment figures in the US triggered a nosedive on equity markets. Copper shed 2.3%, after reaching a new monthly high in early trading. The positive effect of the new weightings in the Dow Jones AIG Commodities Index in the next few days, where copper will have a weighting of 7.3% in future, compared with 4.7% at the end of 2008, thus came to a sudden end. And the latest estimation of the Chilean Copper Commission could not help either: accordingly, global demand will virtually stagnate in the current year. On the other hand, a 1% rise is expected for the production of refined copper. In Chile too, a rise in mining output of 3.7% is anticipated, after the disappointing year in 2008 that is likely to have closed at a loss of a good 3.5%. That said, the Commission is sticking to its forecast of 160 US cents a pound or around \$3,500 a ton. Aluminium also lost ground yesterday. The largest US aluminium producer Alcoa announced dramatic cutbacks yesterday in which production will be reduced by 18% and investment spending in the current year will be halved to \$1.8 bn. But, here too, the rule is: what is bad for commodities producers will help commodities prices back on their feet.

Prices

Energy*	current	1 day	1 week	1 month	1 year
Brent Blend	45.9	1.0%	1.6%	6.7%	-52%
WTI	42.6	1.0%	-3.5%	-1.5%	-55%
Gasoline RBOB	402.0	-6.0%	25.2%	18.5%	-54%
Gasoil	500.5	-1.7%	17.6%	10.4%	-41%
Diesel	505.3	-0.1%	14.0%	6.0%	-41%
Jet fuel	534.3	-0.1%	16.7%	10.2%	-40%
Natural gas	5.9	-0.2%	4.3%	5.3%	-26%

Industrial metals**

Aluminum	1594	-1.5%	1.9%	3.3%	-37%
Copper	3340	-2.0%	6.6%	-1.3%	-55%
Lead	1140	-0.9%	13.1%	11.9%	-58%
Nickel	12300	-4.5%	0.4%	26.0%	-61%
Tin	11600	-2.6%	5.6%	-3.0%	-32%
Zinc	1290	-4.0%	2.6%	12.3%	-52%

Precious metals***

Gold	843.0	0.6%	-3.8%	9.8%	-3%
Silver	11.0	0.7%	-2.4%	11.3%	-29%
Platinum	973.0	2.7%	7.0%	20.2%	-36%
Palladium	197.0	0.0%	5.3%	19.8%	-48%

Agriculturals*

Wheat	613.3	-1.6%	-1.2%	27.6%	-33%
Corn	416.5	-1.4%	0.9%	30.6%	-14%
Soybeans	990.0	-1.0%	0.8%	19.4%	-22%
Sugar	12.3	-2.4%	6.1%	13.3%	5%
Coffee	116.1	-1.6%	6.2%	12.4%	-13.1%
Cocoa	2568.0	1.1%	2.6%	17.3%	22%
Live Cattle	85.8	-0.3%	1.2%	2.9%	-9%
Lean Hogs	63.6	0.1%	4.5%	11.7%	14%

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

Inventory data

* 1 MonatsForward, ** 3 MonatsForward, *** Spot

Energy*	current	1 day	1 week	1 month	1 year
Crude oil	325419	-	2.1%	1.6%	15%
Gasoline	211437	-	1.6%	6.3%	-1%
Distillates	4550	-	0.2%	5.5%	1%
Jet fuel	137821	-	1.3%	10.3%	7%
Natural gas	2877	-	-4.7%	-15.9%	-2%

Industrial metals**

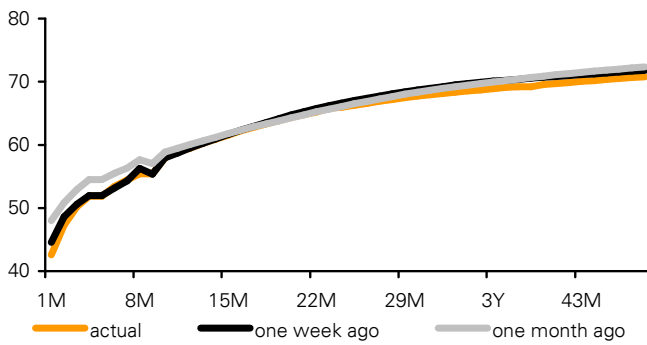
Aluminum LME	2370350	0.6%	3.0%	27.0%	154%
Aluminum COMEX	10924	0.0%	0.0%	0.0%	-28%
Aluminum Shang.	203063	-	-1.7%	1.6%	97%
Copper LME	351325	2.3%	4.1%	18.2%	75%
Copper COMEX	34995	1.1%	1.4%	104.5%	134%
Copper Shanghai	17822	-	16.3%	9.1%	-26%
Lead LME	44450	-0.7%	-2.0%	3.1%	-9%
Nickel LME	78912	0.1%	1.3%	21.9%	64%
Tin LME	7960	2.5%	0.4%	70.5%	-34%
Zinc LME	254750	0.0%	0.5%	21.8%	168%
Zinc Shanghai	62616	-	-1.4%	-8.3%	-

Precious metals***

Gold	8542969	0.0%	0.1%	0.3%	15%
Silver	127466	0.6%	-0.3%	-1.7%	-5%

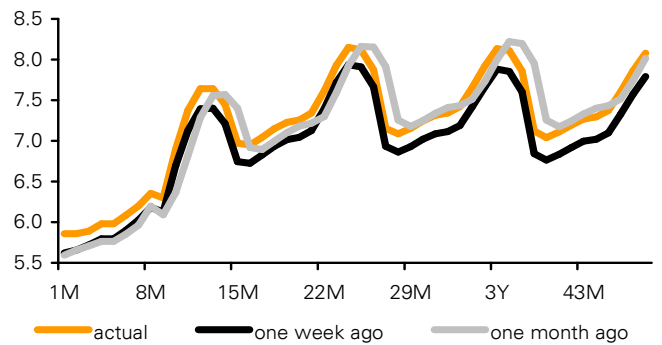
*'000 barrels (DOE), ** metric tons, *** gold – oz., silver – '000 oz.

GRAPH 1: Forward curve oil market (WTI)



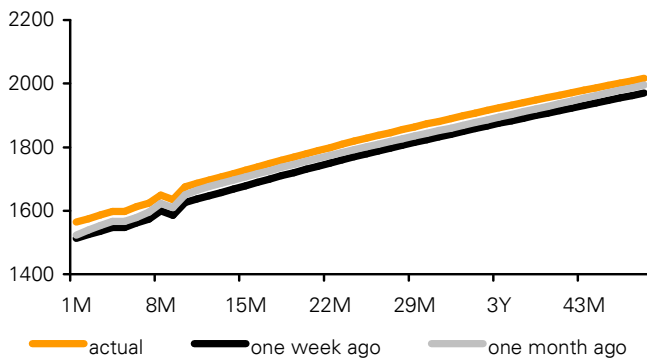
Source: NYMEX; Bloomberg, Commerzbank Corporates & Markets

GRAPH 2: Forward curve gas market (Henry Hub)



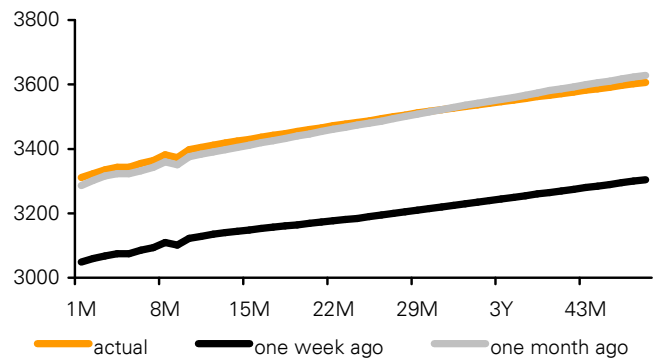
Source: NYMEX, Bloomberg, Commerzbank Corporates & Markets

GRAPH 3: Forward curve aluminium (LME)



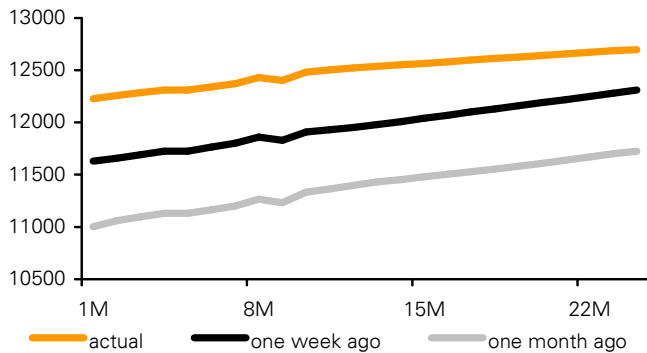
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 4: Forward curve copper (LME)



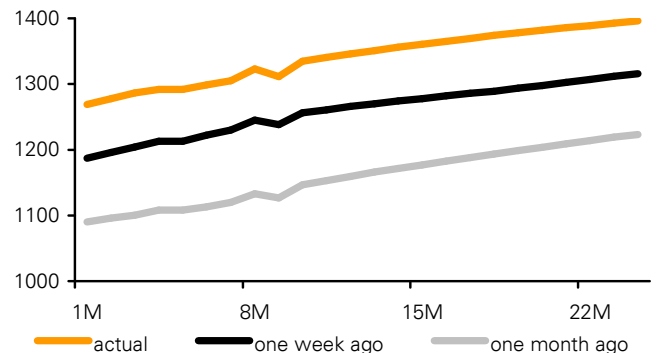
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 5: Forward curve Nickel (LME)



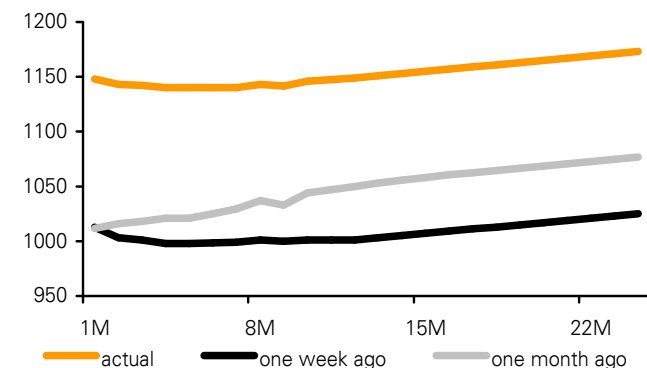
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 6: Forward curve zinc (LME)



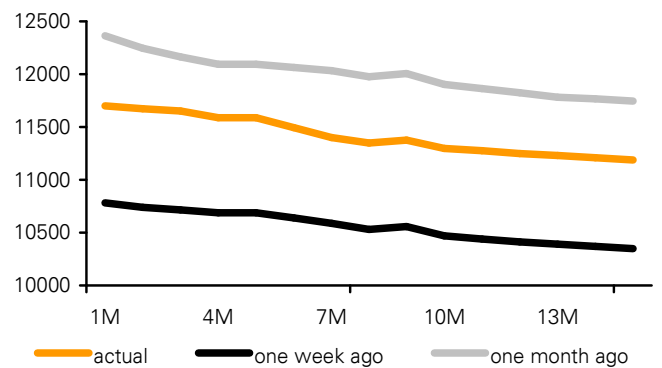
Source: LME; Bloomberg, Commerzbank Corporates & Markets

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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