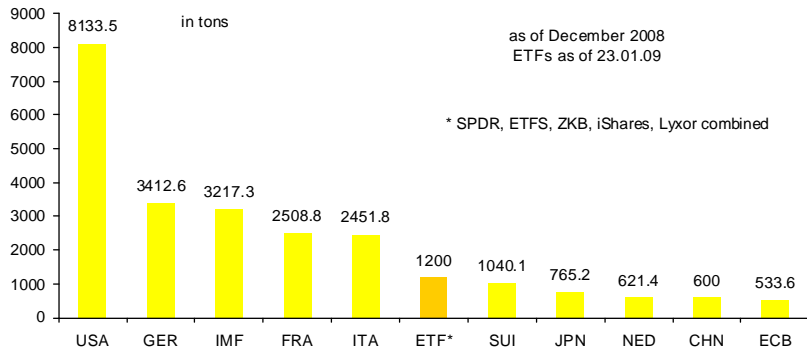



**Economic &
Commodity Research**

Commodities Daily

Copper rallies strongly despite rise in stocks

ETFs are already sixth-largest holder of gold reserves



Sources: WGC, Bloomberg, Commerzbank Corporates & Markets

Prices

Energy*	current	1 day	1 week	1 month	1 year
Brent Blend	47.0	1.7%	9.5%	24.5%	-47%
WTI	45.7	2.0%	20.4%	23.7%	-49%
Gasoline RBOB	368.0	13.3%	7.5%	52.8%	-47%
Gasoil	456.0	-0.7%	1.3%	12.6%	-43%
Diesel	469.8	1.4%	3.3%	12.3%	-42%
Jet fuel	484.8	1.3%	4.1%	11.4%	-44%
Natural gas	4.5	-0.2%	-3.5%	-23.1%	-44%

Industrial metals**

Aluminum	1383	-0.1%	-1.3%	-10.1%	-45%
Copper	3555	0.0%	6.4%	25.0%	-49%
Lead	1195	-1.0%	1.5%	39.2%	-55%
Nickel	11900	0.2%	3.2%	23.9%	-56%
Tin	12400	-0.8%	8.9%	24.8%	-24%
Zinc	1200	0.8%	-3.2%	5.2%	-47%

Precious metals***

Gold	903.4	0.1%	5.4%	4.0%	-1%
Silver	12.1	0.5%	8.6%	13.4%	-26%
Platinum	962.0	0.0%	2.3%	8.0%	-43%
Palladium	191.3	0.9%	4.5%	9.0%	-49%

Agriculturals*

Wheat	592.5	0.4%	8.2%	-0.7%	-36%
Corn	393.8	0.2%	2.9%	-4.3%	-21%
Soybeans	1009.0	0.4%	2.1%	6.4%	-19%
Sugar	12.9	0.4%	3.0%	18.1%	9%
Coffee	122.2	0.2%	6.6%	13.0%	-6.8%
Cocoa	2661.0	0.2%	8.3%	1.6%	21%
Live Cattle	82.4	0.2%	-0.2%	-4.0%	-10%
Lean Hogs	58.0	-0.4%	-3.3%	-2.0%	3%

* 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	332663	-	1.9%	3.5%	15%
Gasoline	219980	-	3.0%	7.9%	0%
Destillates	4153	-	-11.0%	-10.1%	1%
Jet fuel	144957	-	0.6%	8.6%	13%
Natural gas	2560	-	-6.4%	-19.2%	1%

Industrial metals**

Aluminum LME	2711550	0.7%	6.9%	20.5%	187%
Aluminum COMEX	10924	0.0%	0.0%	0.0%	-28%
Aluminum Shang.	179434	-	-4.4%	-14.5%	78%
Copper LME	439425	3.5%	11.6%	32.6%	154%
Copper COMEX	39609	2.8%	7.9%	16.4%	182%
Copper Shanghai	16567	-	4.4%	-8.9%	-9%
Lead LME	50425	-0.1%	10.8%	13.1%	5%
Nickel LME	81468	1.4%	3.1%	4.9%	75%
Tin LME	9035	1.0%	8.9%	14.1%	-22%
Zinc LME	305750	2.9%	11.4%	20.6%	178%
Zinc Shanghai	61742	-	-0.6%	-4.3%	-

Precious metals***

Gold	8559168	0.2%	0.3%	0.2%	15%
Silver	124045	0.4%	-1.2%	-2.1%	-8%

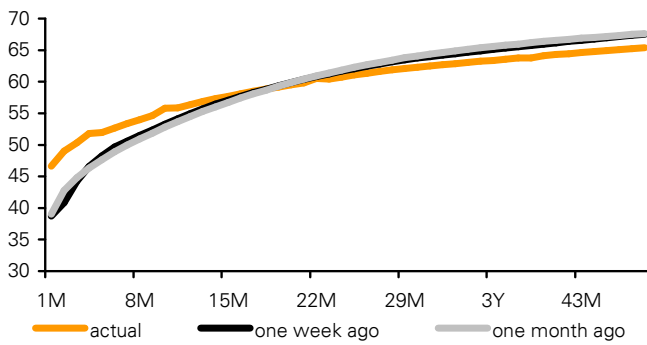
*000 barrels (DOE), ** metric tons, *** gold – oz., silver – '000 oz.

Energy: Oil prices have largely defended their gains of the past days. WTI is trading at \$46 a barrel, after passing the \$48 mark briefly yesterday. Weather predictions that the winter will be colder than normal this year in many parts of the USA is supporting prices. Furthermore, nearly half of Australia's oil production is disrupted at present by a cyclone, although this is merely 218 thousand barrels a day. Plentiful stocks should prevent crude oil prices from continuing to rise to above \$50 for the time being, though a reduction in stockpiles should be expected soon. As the current estimates of Petrologistics show, OPEC has already implemented 70% of its decision in December on production cuts. Venezuela's head of state Chavez can even envisage another OPEC cutback of 4 million barrels a day in order to shore up prices. Venezuela is extremely reliant on high revenues from oil to keep its economy in balance. OPEC's determination to stabilise oil prices through production cuts should favour a bottom-building process at \$40. However, high stocks could mean that the March contract will come under pressure again soon and the forward curve will get steeper. At the moment, the April contract is trading only \$2.5 higher than the March contract.

Precious metals: Gold continued its rally yesterday and climbed as high as \$915 a troy ounce, its highest level in 3½ months. Unlike past days, upward momentum was supported this time by a weaker US dollar. In the days before, gold has advanced, largely decoupled from exchange rate movements. In the wake of this, the price of gold in euros has also risen to a record high of just under \$700 a troy ounce. In other currencies, too, gold is trading at or close to record highs. This has implications for future demand especially. The demand for jewellery had been rather weak, already before the latest price rally, on the back of the economic crisis. As the demand for jewellery is very sensitive to price movements, the demand for gold from India, Turkey and the Middle East, the main centres of the gold jewellery industry, should continue to weaken. India's gold imports fell in January to just two tons, compared to 24 tons imported in January 2008, which was already very low. This means that a mainstay of gold demand, accounting for 70% of total demand, is lacking for the time being. The market is being dominated at the moment by very robust investment demand, reflected in the huge inflows into gold-backed ETFs. We have regularly reported about the strong inflows into SPDR Gold Trust in the past few days, and the ZKB Gold ETF has also announced a rise in gold holdings of 3.8% to 3.388 million ounces, week-on-week. The total gold holdings of the ETFs are approximately 1,200 tons, making the ETFs as a whole the sixth-largest holder of gold.

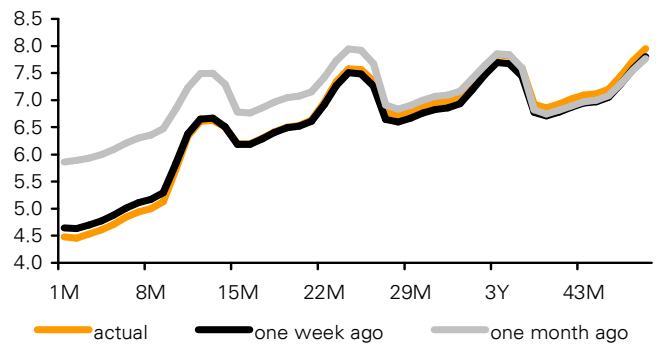
Base metals: Metals gained ground yesterday owing to a weaker dollar, rising equity markets and lower risk aversion. Copper, a bellwether for the economy, advanced by as much as 10% to \$3,600 a ton, the highest level since the start of December. Copper is also profiting from the unexpected rise in US existing home sales, which is fuelling hopes of an imminent about-turn on the US housing market. And there is also support on the supply front. The world's second-largest copper producer Freeport McMoRan is scaling down production in the Morenci copper mine in Arizona by more than originally planned. The mine's mining and crushed lease rates will be reduced by 50%, compared to a cut of 25% initially announced in December. At the same time, the significant rise in LME stocks speaks against a continued rise in copper prices. Stocks reached a 5-year high of 439,425 tons yesterday, which is a growth of 30% since the start of the year. More adjustments will therefore have to be made on the production front to restore the balance on the copper market. Consequently, we remain rather sceptical about the short-term price outlook.

GRAPH 1: Forward curve oil market (WTI)



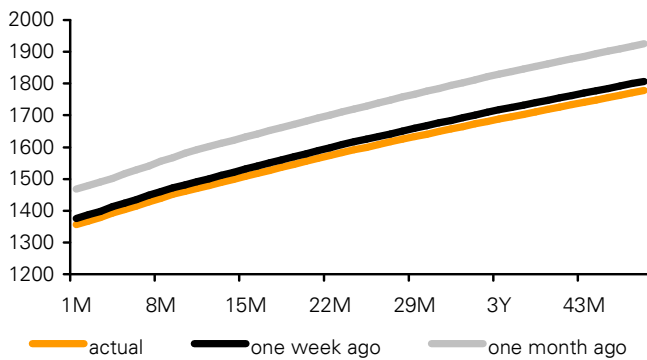
Source: NYMEX; Bloomberg, Commerzbank Corporates & Markets

GRAPH 2: Forward curve gas market (Henry Hub)



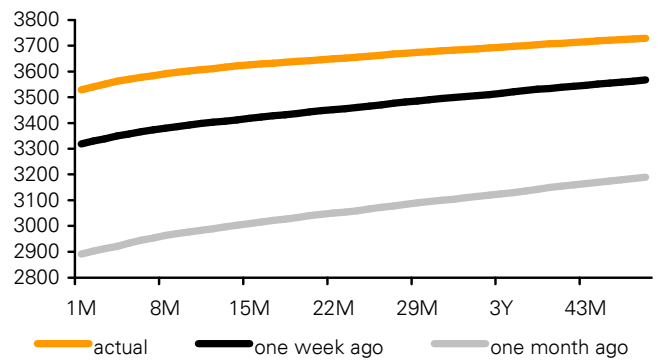
Source: NYMEX, Bloomberg, Commerzbank Corporates & Markets

GRAPH 3: Forward curve aluminium (LME)



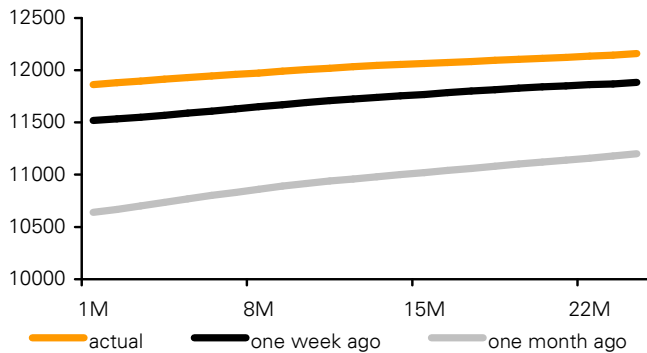
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 4: Forward curve copper (LME)



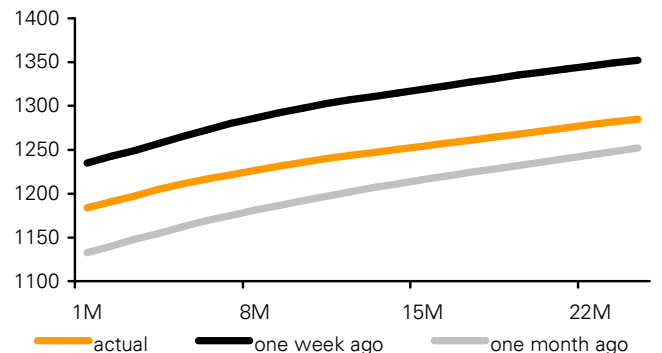
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 5: Forward curve Nickel (LME)



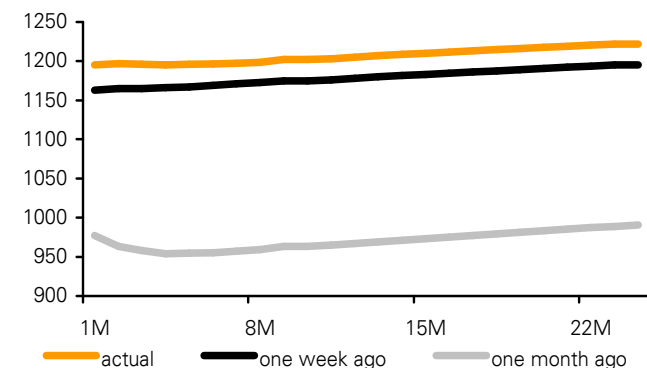
Source: LME; Bloomberg, Commerzbank Corporates & Markets

GRAPH 6: Forward curve zinc (LME)



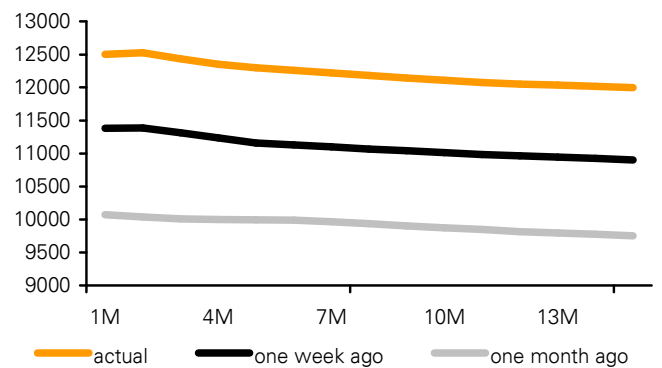
Source: LME; Bloomberg, Commerzbank Corporates & Markets

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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