

Commodities: Not all that glitters is gold

- **Energy:** Price of oil stabilises at low level
- **Precious metals:** Platinum – Not all that glitters is gold
- **Base metals:** Massive oversupply on aluminium market

Even though a change in the trend appears not yet to have been reached, in the past month there were nonetheless signs of **commodities prices stabilising at a low level**. Economic data, to be sure, continued to point towards a virtually unchecked dramatic downward move of global economic activity, even though further reductions in benchmark interest rates and a multitude of economic packages are awakening the first glimmers of hope, at least stopping commodities prices from dropping as sharply. It now remains to be seen **whether this means the bottom has really been hit**. While we believe it is true that there is much to be said for this view, even so we are unable to rule out further downward movements at the present time.

Commodity		Unit	Price on 2/2/2009	Change in % compared to previous		
				week	month	year
Energy	WTI	\$/bbl	40.9	-10.6	-11.8	-54.1
	Brent	\$/bbl	45.3	-3.6	-3.5	-49.4
	Gasoline	\$/gallon	1.2	8.1	12.2	-45.4
	Heating Oil	\$/gallon	1.4	-0.6	-4.2	-42.1
	Natural Gas	\$/MMBtu	4.3	-3.9	-27.8	-44.3
	Gas Oil	\$/t	441.5	-3.2	3.2	-44.8
	GSCI Energy	Indexpoints	772.2	-8.4	-18.5	-58.8
Precious Metal	Gold	\$/oz	915.3	0.7	4.1	0.7
	Silver	\$/oz	12.4	2.3	8.0	-26.6
	Platinum	\$/oz	984.9	1.4	4.6	-44.4
	Palladium	\$/oz	193.2	0.1	0.4	-53.7
	GSCI Precious Metals	Indexpoints	1173.8	1.3	3.4	-6.4
Base Metals	Copper	\$/t	3126.0	-3.1	8.1	-49.4
	Nickel	\$/t	11156.0	-7.5	4.9	-58.8
	Aluminium	\$/t	1321.8	0.3	-9.9	-49.4
	Zinc	\$/t	1078.0	-6.0	-4.8	-53.8
	Lead	\$/t	1119.0	0.4	14.5	-59.0
	GSCI Base Metals	Indexpoints	899.8	-0.9	-8.4	-55.4
	GSCI Agriculture	Indexpoints	569.2	-3.2	-4.2	-36.0
	GSCI Livestock	Indexpoints	2278.3	0.0	-6.7	-28.8
	GSCI Total Return	Indexpoints	3541.1	-6.6	-13.8	-52.6

Sources: CFTC, Bloomberg, DekaBank

Note: The futures price relates in each case to the next generic futures contract (generally 1 month duration).

Energy: Except for natural gas, prices for energy commodities have managed to stabilise somewhat since the start of the year. On the crude oil market, supply-side cuts should slowly start to have an effect.

Precious metals: Compared to the summer of 2007, when the crisis began, precious metals prices are the only commodities sub-group to find themselves on a higher level. The price level is only being held up by gold, however. The more industry-dependent precious metals silver, platinum and palladium have retreated in price.

Base metals: The first trends towards stabilisation can be seen with many of the base metals. A shift in the trend, however, has probably not at this point been reached, owing to an economic situation that continues to be poor.

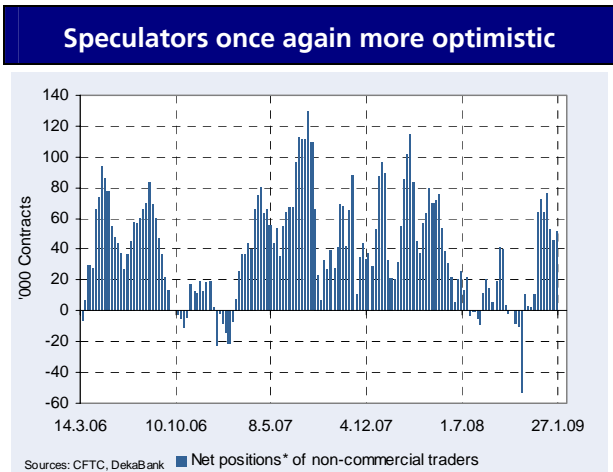
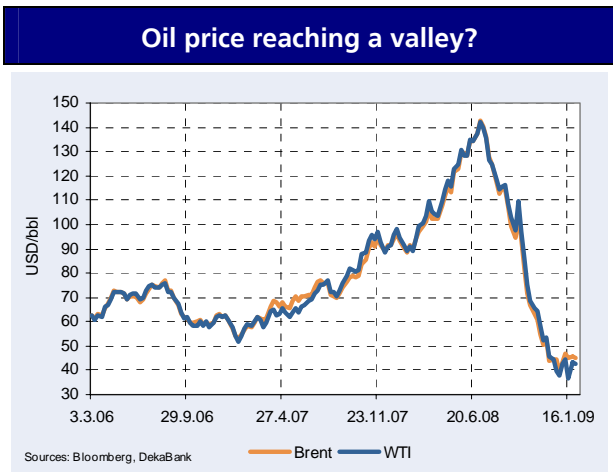
Although great care was taken in the research and compilation of data, no guarantee can be given of their correctness.

Oil price stabilises at low level

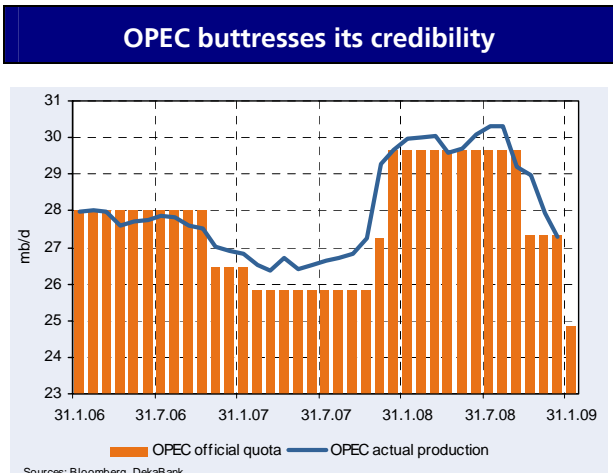
1. Currently: Even though we still cannot speak of a change in trend on the oil market, at least there finally appears to be a **stabilisation of the price of oil at the low level of ca. USD 40**. Speculators may have played a part in this, since their optimism regarding crude oil prices was as sharply pronounced over the past few weeks as it last was in May 2008.

2. Fundamental Factors: In mid-December 2008, OPEC countries decided **to cut output by 2.2 million barrels per day, effective 1 January 2009**. That is the sharpest cutback in the official OPEC quota that has ever been decided on. Hence, starting in January the official output quota falls to 24.845 million barrels per day, as low as it last was in the mid-2004. The cut was communicated as an output reduction of 4.2 million barrels compared to actual production in September, which means a drop of almost 15%. The stated goal of the cutback measures is to restore the balance between supply and demand on the crude oil market and to put an end to the oversupply. To our mind, this is entirely justifiable, since global demand for crude oil should decline in 2008 und 2009. **Whether the cuts can in fact stabilise the price is significantly dependent on the discipline of OPEC's members in implementing the cutbacks decided on.** In December, OPEC countries fully implemented the output cuts decided on earlier, and the initial data for January likewise suggest good discipline in observing the quotas. This is now strengthening an expectation on the markets that the sharp cutback in production, which came into effect in January, will be fully implemented.

3. Our opinion: The OPEC quota cuts will contribute to re-establishing **a medium-term, balanced crude oil price by summer 2009** on the order of over USD 70. In the meantime, the supply cutbacks should more than have compensated for the reduction of demand on the oil markets.



* A net positioning in positive (negative) territory means that the majority is betting on rising (falling) price quotations.



WTI price forecast

	Ø Jan.	3 Months	6 Months	12 Months
Price*	\$ 41.9	\$ 55	\$ 78	\$ 85

* The price change on, e.g., a 3-month basis means that we are expecting an average WTI price in April of USD 55 per barrel.

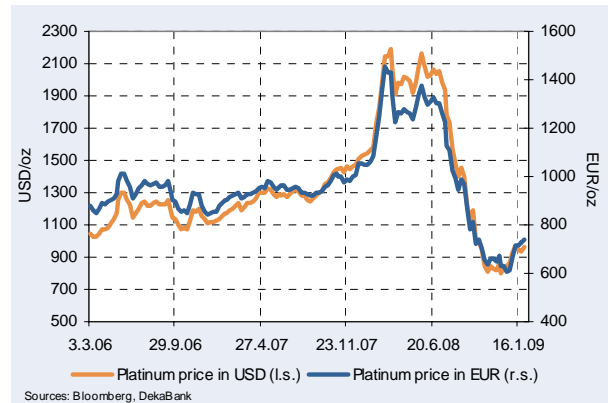
Platinum – Not all that glitters is gold

1. Currently: Platinum is at the moment trading as low as it last was in the middle of 2004. Over the course of 2008, the price of platinum was driven down significantly more strongly than was the case with gold or silver.

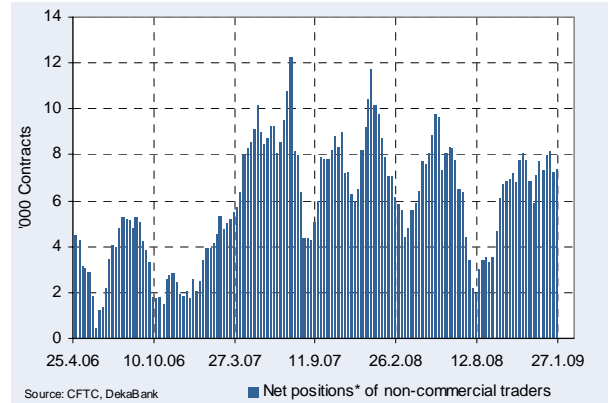
2. Fundamental Factors: While 2007 had still been marked by a sharp contraction on the platinum market, the year 2008, above all due to poor global developments in the economy, presented a rather different picture. According to data from Johnson Matthey, supply did indeed fall by 4.2% in 2008, about as strongly as in the prior year, thanks to multiple disruptions in production. **But demand likewise caved in.** It shrank by 2.3%, while the year before it had still grown by more than 3%. The problems are hidden in the make-up of demand for platinum. 50% is used to produce catalytic converters for automobiles, and **the auto industry is very plainly in a bind at the moment in many large industrialised nations.** But surprisingly, in 2008 this was not yet even all that strongly reflected in the corresponding components of demand. Consequently: another pull-back is impending in the year in progress. **Strongly suffering the effects of the crisis, however, was demand in 2008 for platinum jewellery,** which fell by 23%. Even investment components of demand posted a contraction of 15%. It is precisely with these two components of demand that one can clearly see that **there was a preference for gold over platinum in the crisis.** For gold, it was precisely these components which saw a heavy influx over the course of the year. The platinum market confirms the old proverb: not all that glitters is gold.

3. Our opinion: Even so, the prospects for the platinum market, at least over the long term, are not bad, since demand from the auto industry and for platinum jewellery will start up again when the crisis is over. Until that time, however, there is probably still a dry spell ahead of us. Given our expectations regarding developments in the world economy, we anticipate **a change in the trend of platinum demand only in the second half of 2009.** Until then, the oversupply on the market should continue to drive prices down.

Platinum's price collapse

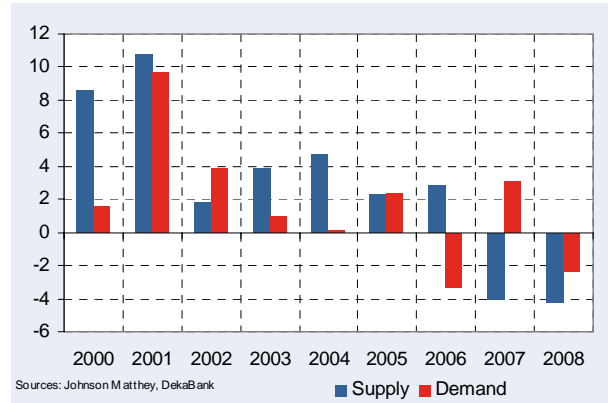


Speculators take it easy



* A net positioning in positive territory means that the majority is betting on rising price quotations.

Supply and Demand (% yoy)



Our opinion

	Ø Jan.	3 Months	6 Months	12 Months
Price trend *	\$ 955	↓	→	↑

* Arrows indicate a change relative to the respective monthly average value in the second column of the table.

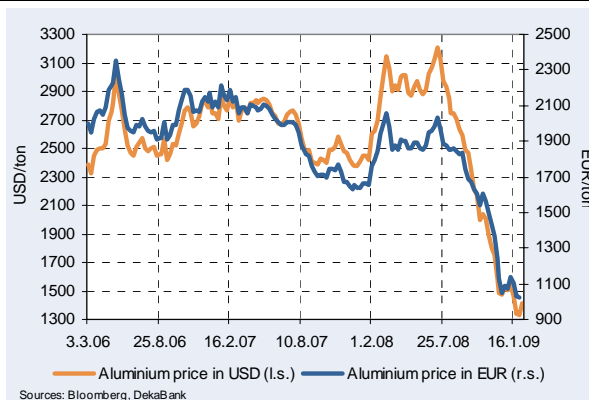
Massive oversupply on the aluminium market

1. Currently: Not just the collapse in energy prices, which play an important role in aluminium production, but also, above all, a collapse in demand have led to **plunging aluminium prices** over the past months. We are at 2003 price levels.

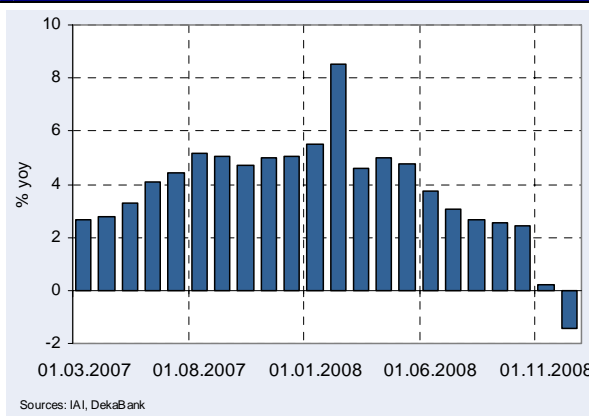
2. Fundamental Factors: The fundamental data are currently pointing to **a massive oversupply. Demand is collapsing.** The global recession is causing a retreat in consumption demand in construction, transportation, the packaging industry and even in the area of electricity. There is, naturally, **a reaction in supply, with production being cut.** But according to data from the International Aluminium Institute (IAI), worldwide production fell below its prior year level only in December 2008. Up till then, production had even expanded compared to the year before. The result of this is a **massive build-up of inventories** on the London Metal Exchange, which shows that demand is still falling significantly faster than supply. In the fourth quarter of 2008, aluminium inventories were 70% higher than just a quarter before. Compared to the final quarter of 2007, there was even an inventory build-up of more than 150%. Small wonder then that the price of aluminium went down 45% in the past twelve months.

3. Our Opinion: Any noteworthy stabilisation in aluminium prices should only come about when the cuts in production balance out the magnitude of the disappearing demand, thereby putting an end to the trend of rising inventories. But that is still in the offing. **For the first half of 2009, we are anticipating sustained oversupply on the aluminium market.** For a bottom in demand has probably not been reached, either in the industrialised nations or in key emerging countries of importance to aluminium consumption like China. **The oversupply will continue to push prices down over the coming 3 and 6 month periods. Only in the year's second half will the downward trend be broken, due to a brightening picture for global economic activity.**

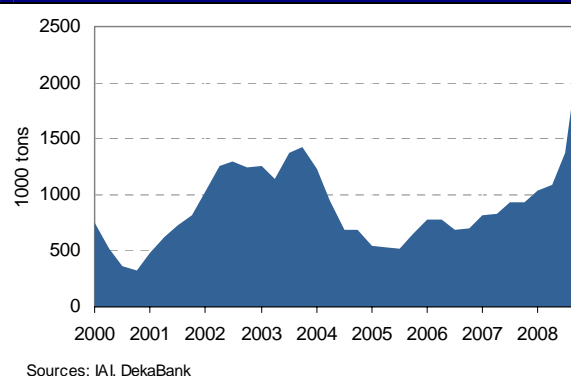
Aluminium prices in free fall



Changes in global aluminium production



Massive inventory build-up (LME, quarterly data)



Our opinion

	Ø Jan.	3 Months	6 Months	12 Months
Price trend *	\$ 1,426	↓	↓	→

* Arrows indicate a change relative to the respective monthly average value in the second column of the table.