

## Commodities warehouses filled to the brim – Prices continue their fall

- **Energy:** Oil prices keep heading sideways, with major swings
- **Precious metals:** Record price for gold
- **Base metals:** Price of nickel in downward slide

Persistently bad economic news, coupled with the poor stock market performance, acted as a drag on commodities prices over the past month. As a result, there was a precipitous drop in the price of base metals and energy commodities. Extremely high inventories of both indicate that the market is currently over-supplied. Supply cuts, in part already made, have yet to make themselves felt, but should in coming months contribute to inventory reductions. That is the basic prerequisite for a change in the price trend. **By contrast, the past month saw a gain in precious metal prices**, which continue to benefit from the financial crisis and the global recession.

Commodity	Unit	Price on 2/3/2009	Change in % compared to previous			
			week	month	year	
Energy	WTI	\$/bbl	44.8	14.9	7.6	-55.1
	Brent	\$/bbl	44.8	9.2	2.2	-55.3
	Gasoline	\$/gallon	1.4	27.7	23.8	-44.6
	Heating Oil	\$/gallon	1.3	5.9	-7.8	-54.3
	Natural Gas	\$/MMBtu	4.2	4.8	-6.8	-53.0
	Gas Oil	\$/t	386.0	2.8	-10.0	-57.8
	GSCI Energy	Indexpoints	744.3	10.1	-7.0	-63.5
Precious Metals	Gold	\$/oz	942.5	-5.9	4.8	-1.6
	Silver	\$/oz	13.1	-9.7	7.5	-31.9
	Platinum	\$/oz	1085.3	-0.9	13.6	-49.6
	Palladium	\$/oz	194.9	-10.0	2.0	-64.9
	GSCI Precious Metals	Indexpoints	1221.3	-3.7	4.3	-7.1
Base Metals	Copper	\$/t	3426.5	9.6	4.4	-55.3
	Nickel	\$/t	9941.0	5.3	-12.5	-65.8
	Aluminium	\$/t	1314.5	2.8	0.1	-57.1
	Zinc	\$/t	1108.5	2.1	-1.7	-58.5
	Lead	\$/t	1039.3	1.7	-9.2	-69.1
	GSCI Base Metals	Indexpoints	900.4	1.6	-0.3	-60.7
	GSCI Agriculture	Indexpoints	528.8	-0.9	-8.8	-49.9
GSCI Livestock	Indexpoints	2278.3	0.0	-6.7	-28.8	
GSCI Total Return	Indexpoints	3416.3	6.8	-5.9	-58.4	

Sources: CFTC, Bloomberg, DekaBank

N.B.: The futures price in each case refers to the next generic futures contract (usually 1 month out).

**Energy:** The sharp price differences between WTI and Brent crude have somewhat narrowed of late, but have yet to become normal again. Inventory bottlenecks at the WTI delivery point are among the reasons.

**Precious metals:** With gold prices nearing record levels, a number of investors resorted to the alternatives silver and platinum, prices for which over the last month gained even more strikingly than gold.

**Base metals:** The current contraction in global industrial production is stronger than in any recession since 1980. The consequence is an extreme drop in base metal prices – with no end of the price slump yet in sight.

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

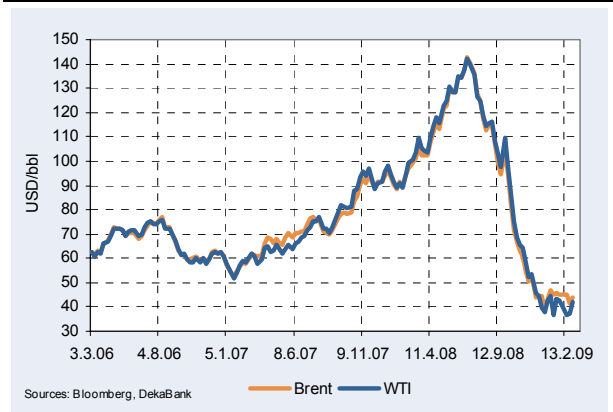
## Oil prices keep heading sideways, with major swings

**1. Currently:** A **bottom continues to be formed at the overly subdued low level** near USD 40 per barrel of WTI. Persistently bad economic news and the ongoing downward revisions of forecasts for global crude oil demand are putting oil prices under pressure.

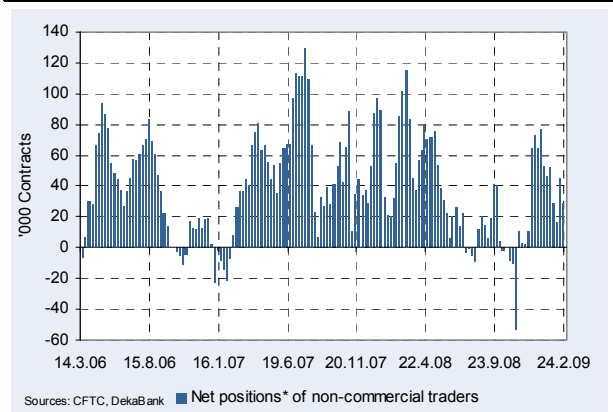
**2. Fundamental Factors:** For 2009, the International Energy Agency (IEA) and the U.S. Energy Information Administration (EIA) are assuming a worldwide drop in demand on crude oil markets of 0.98 and 1.2 million barrels per day, respectively. Markets, however, are paying less attention to the fact that supply-side cuts are turning out to be even larger. **In January, OPEC countries had implemented about 80% of the 4.2 million barrel per day output cuts decided on in September 2008.** Were OPEC countries to maintain their January production level for the entire year, 2009 OPEC supplies alone would decline by more than 3 million barrels per day relative to 2008. But it seems the cartel will be making further cutbacks in production. **Thus, reductions on the supply side far exceed the contraction in global oil demand.** This makes it clear that scarcity of supplies on the crude oil market will once again become an issue once global demand picks up. The first sign of this, or rather its prerequisite, will be the slimming down of oil inventories, currently filled to the brim in many regions of the world.

**3. Our opinion:** Exchange trading of future oil prices, so-called Futures prices, provides little meaningful guidance for predicting the price of oil in the future. The latter always takes its cue from spot prices, possessing almost no significance for the future. Futures markets see oil prices rising to USD 50 by year's end. We, however, expect that **the oil market's "subdued" phase will continue for a few months more.** A tightening of supply in the early months of the year, however, should lead to a slashing of inventories and, **with a pick-up in global oil demand in the second half of the year, to a notable increase in oil prices.**

### Oil prices: Still forming a bottom

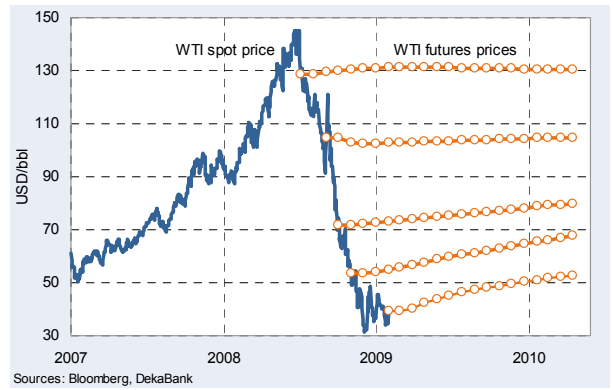


### Speculators indecisive



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

### Futures prices with weak predictive power



### Our prognosis for WTI

	Feb. avg.	3 Months	6 Months	12 Months
Price change*	\$ 39.2	\$ 45	\$ 70	\$ 75

\* The price change on, e.g., a 3-month basis means that we are expecting an average price for WTI in May of USD 45.

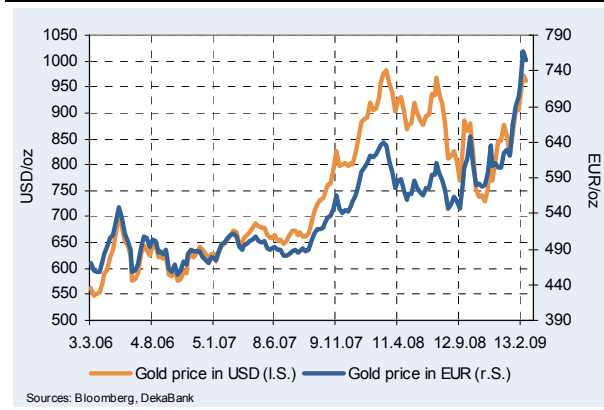
## Gold at a record

**1. Currently:** As before, the gold market continues to see a marked **flight to safer havens**. Beginning in mid-November, the price of gold has once again taken a big jump and, most recently, is even **making another run at an all-time high**. The previous record (as measured by daily closing prices) of 18 March 2008, USD 1,003.8 per troy ounce, came within a hair's breadth of being broken on 20 February. In part, the sharp rise in prices has to do with the positions taken by non-commercial gold traders on the NYMEX. Precisely since the middle of November, gold speculators have been busy making a major build-up of their net long positions, going from 64 thousand contracts in mid-November to 166 thousand of late. And as is so often the case, the non-commercial dealers are betting on a trend that can be justified on fundamental grounds.

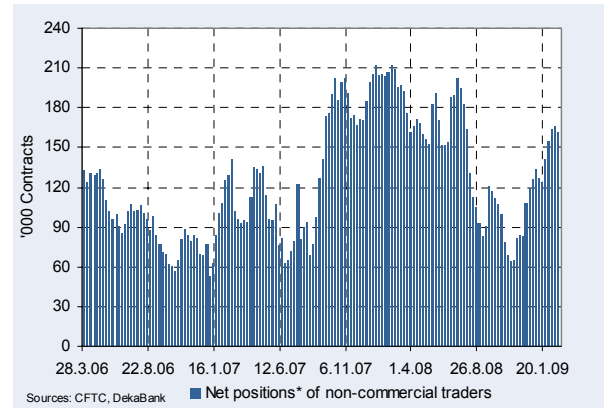
**2. Fundamental Factors:** That is the case because gold's price rise since November can also be attributed to a notable pick-up in demand in the face of virtually stagnant supply on the physical gold market. **While global demand for gold in the last quarter of 2008 rose by more than 30% compared to the year before, supply managed only a 5% increase in the same time period.** On the demand side, the decline in demand for jewelry and industrial components can be more than offset by the dramatic rise in coin, gold bar and ETF demand. Here we can see the effects of a renewed intensification of the financial crisis. On the supply side, the high price level in the last quarter of 2008 ensured increased sales of old or existing gold, which was thereby reintroduced to the gold circuit.

**3. Our opinion:** What will be decisive for subsequent changes in gold prices will be the **course to be taken by the financial crisis and the global recession**. Should the financial crisis, as we expect, abate somewhat in the second half of the year, and should the global economy simultaneously pick up speed, then the price of gold will make a slight pull-back. In this scenario, we do not see any strong upward impetus for gold prices in 2010 either unless **medium-term inflationary dangers** from rising government debt and an expansionary gold policy were to materialise.

### Record price for gold

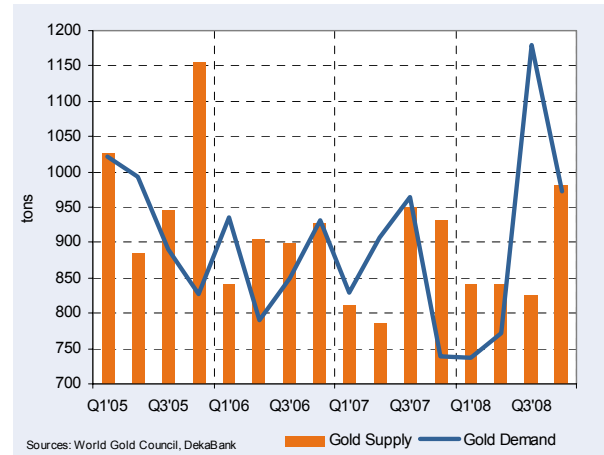


### Speculators once again more optimistic



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

### Gold supplies buttressed by old and existing gold



### Our prognosis

	Feb. avg.	3 Months	6 Months	12 Months
Price change*	\$ 942	\$ 880	\$ 830	\$ 850

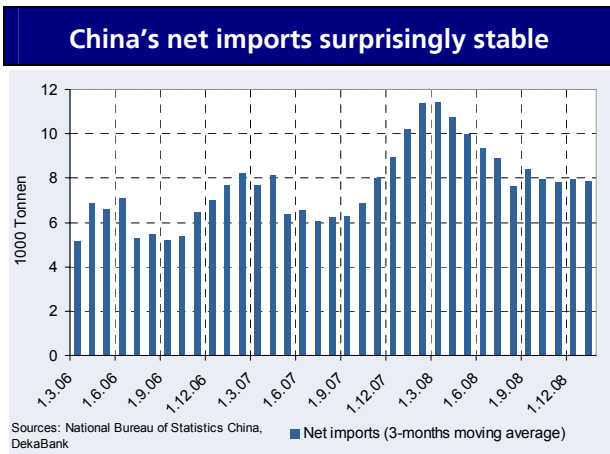
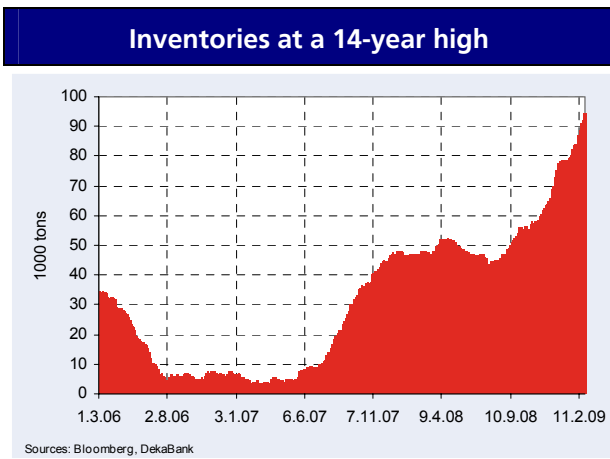
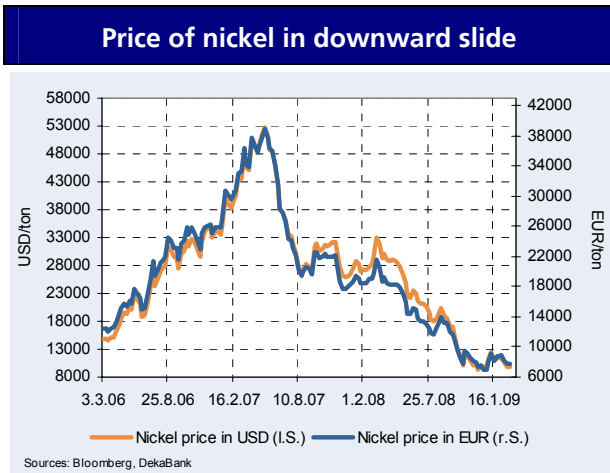
\* The price change on, e.g., a 3-month basis means that we are expecting an average price of gold in May of USD 880.

## Price of nickel in downward slide

**1. Currently:** The clearly marked downward trend in the price of nickel is continuing. At best we can see a **kind of bottoming or stabilisation taking place since the start of the year**. Compared to the year before, nickel has gone down about 65% in price.

**2. Fundamental Factors:** Sharply rising inventories are a clear sign of abundant supply on the nickel market. **Nickel stocks are at a 14-year high** and the rate of inventory build-up is extremely high. **A decisive factor for what happens on the nickel market is the market for steel**, since more than half of annual nickel demand is used for the alloying of steel, i.e. for steel processing. **Global steel production has already been shrinking for some time now**, which naturally causes trouble for the nickel market. As of the start of the year, 24% less steel was being produced around the world than just one year ago. Due to the global recession, at the moment no change in worldwide steel production trends is anywhere to be seen, but China represents a small glimmer of hope. Chinese steel production, at any rate, managed a slight rise in January, and even Chinese demand for nickel has thus far proven surprisingly crisis-resistant. Anyhow, a fifth of worldwide nickel consumption is attributable to China. Naturally the downturn is being felt here too: the trend in net Chinese nickel imports has been down since the Spring of 2008. For a number of months, though, a certain stabilisation has been evident. The explanation for this is provided in the infrastructure measures in the economic programmes underway in China.

**3. Our opinion:** An end to the downwards movement on the steel and nickel markets is not to be expected as long as the downward dynamics of the global economy continue. **Nickel supplies, to be sure, are now also being cut back, but this cannot halt the fall in prices.** We are anticipating further declines in nickel prices to continue into the second half of 2009; **only on a 12-month basis do we see any stabilisation** and a return to current price levels.



Our opinion				
	Feb. avg.	3 Months	6 Months	12 Months
Price change*	USD 10,483	↓	↓	→

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