

Commodities: Year-End Correction

- **Energy:** Falling appetite for risk and a stronger U.S. dollar weighing down the price of oil
- **Precious metals:** After soaring, gold prices correct
- **Base metals:** Anticipating the recovery

Looking back: The trend in commodities markets was inconsistent over the past month. Whilst prices for energy commodities recorded a significant drop, there was a noticeable rise in base metal prices, with precious metals posting only a small rise amidst high volatility. A weak U.S. dollar and heightened uncertainty on capital markets took the price of gold on a roller coaster ride, while base metals are anticipating an economic recovery.

Commodity		Unit	Price on 15/12/2009	Change in % compared to previous		
				week	month	year
Energy	WTI	\$/bbl	79.9	0.1	13.5	22.4
	Brent	\$/bbl	78.4	0.4	15.2	26.7
	Gasoline	\$/Gallon	2.0	-1.2	13.8	40.1
	Heating Oil	\$/Gallon	2.1	0.9	15.7	0.9
	Natural Gas	\$/MMBtu	4.7	-6.7	-5.3	-34.8
	Gas Oil	\$/t	635.0	-1.4	16.7	-2.5
	GSCI Energy	Index points	1,040.5	-0.8	9.5	-19.0
Precious Metals	Gold	\$/oz	1091.4	4.2	7.3	47.0
	Silver	\$/oz	17.4	4.7	5.4	66.8
	Platinum	\$/oz	1363.2	1.9	5.3	54.9
	Palladium	\$/oz	331.5	1.0	9.3	51.4
		GSCI Precious Metals	Index points	1422.8	4.1	4.3
Base Metals	Copper	\$/t	6557.5	2.2	11.8	26.7
	Nickel	\$/t	17843.0	0.6	3.7	39.9
	Aluminium	\$/t	1895.8	0.6	6.7	-8.1
	Zinc	\$/t	2206.0	1.7	18.7	81.7
	Lead	\$/t	2328.5	5.2	11.2	51.6
		GSCI Base Metals	Index points	1525.3	-2.2	6.1
	GSCI Agriculture	Index points	579.2	0.0	4.9	4.4
	GSCI Livestock	Index points	2064.0	0.0	6.5	-19.0
	GSCI Total Return	Index points	4531.4	-0.6	8.3	-10.2

Source: CFTC, Bloomberg, DeKaBank

Note: The futures price refers to the next generic futures contract (generally 1-month term).

Outlook: To what extent are the price increases justified by world economic growth, and from what point on do we see commodity prices being driven up by liquidity instead? This is doubtless the key question on the commodity markets for coming months and quarters. With inventories of some energy commodities and many base metals still full to bursting, and gold prices in the four-digit range, we may already be seeing some overheating taking shape in commodity markets. **Volatility will probably continue to be very high during the coming months.**

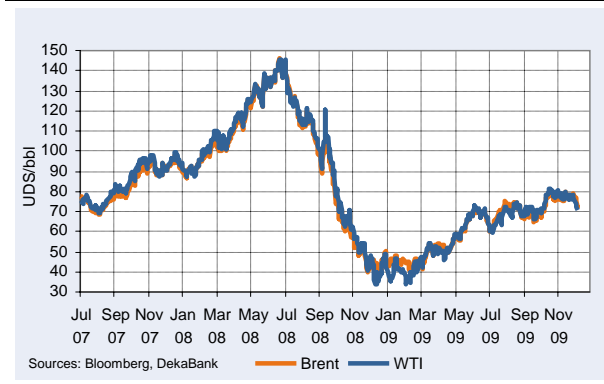
Stronger dollar puts the brakes on rising oil prices

1. Currently: The price of West Texas Intermediate ranged between USD 75 and 80 a barrel in November. But once December got under way, oil prices fell, in tandem with a lowered appetite for risk on financial markets, and also breaking out of the USD 75-80 trading range for the first time since the middle of October. At times, the price of a barrel of oil even dropped below USD 70. Furthermore, the **inverse relationship between the external value of the US dollar and the price of oil** has continued to hold true of late: The fall in the price of crude oil accompanied a clear upward move in the value of the U.S. dollar. The dollar initially got a boost from the surprisingly positive report on the U.S. job market, and then was further strengthened by a rise in risk aversion following a downgrade in the rating of Greece. **Non-commercial traders are assessing the prospects for oil somewhat less optimistically than they did a month ago.** The number of open long contracts has retreated since its October high, but the net long position of speculators is still pronounced.

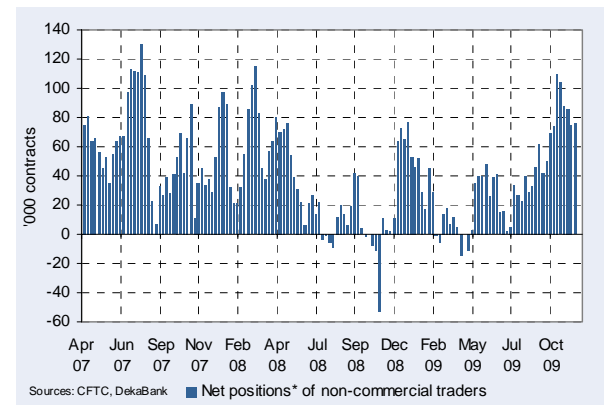
2. Fundamental factors: The stockpiles at WTI storage facilities in Cushing have gone down a bit recently, but continue to be at historically high levels. Nor is there any trace of a tightening up in petrol and heating oil supplies. The build-up of petrol inventories is particularly noticeable, but even those for heating oil managed to put in an increase, notwithstanding the heating season. **Hence, the price of oil is likewise getting no boost at the moment from the dynamics of U.S. crude oil and oil product inventories.**

3. Our view: The current downward movement in oil prices is fundamentally justified insofar as the global economy, along with the demand for oil in OECD countries, continues to be weak. But there is also not a lot of room for the price of oil to go down, because with oil prices remaining lower, investments in new capacity would not be ensured and the oil industry could not produce on a sustainable basis. **From the perspective of the coming months, the price of oil should be near the USD 70 mark.**

Dropping oil prices

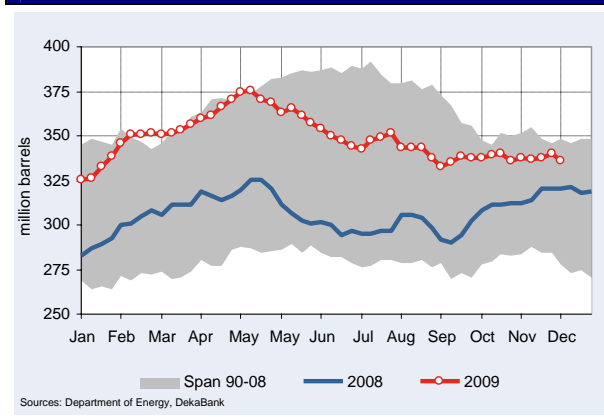


A slight ebb in speculator optimism



* A net positive (negative) position means that the majority is betting on rising (falling) prices.

No tightening of crude oil inventories



Our forecast for WTI

	Nov. avg.	3 months	6 months	12 months
Price*	\$ 78.2	\$ 69	\$ 72	\$ 73

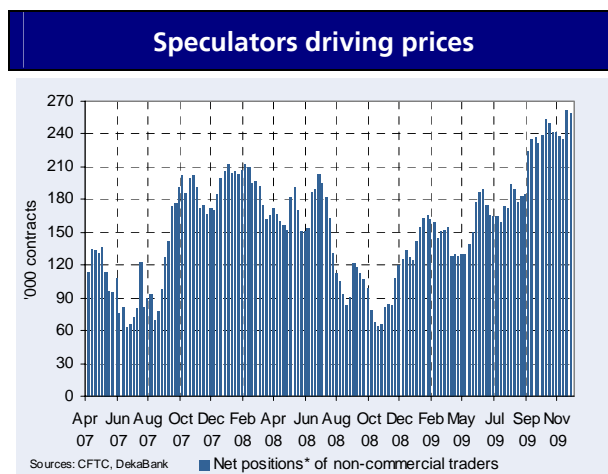
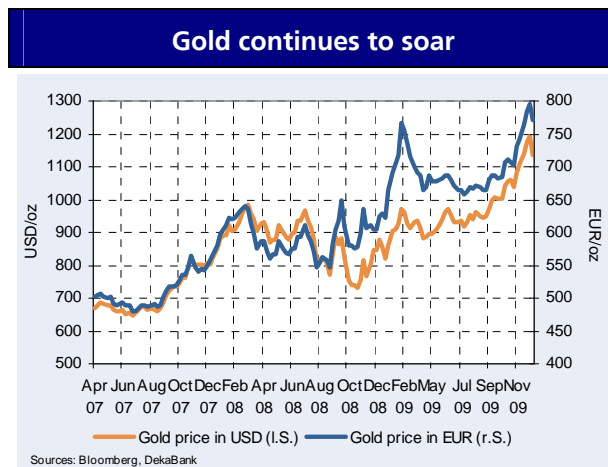
* The 3-month price, for example, indicates that we expect WTI to have an average price of USD 70 per barrel in March 2010.

Gold: A correction after flying high

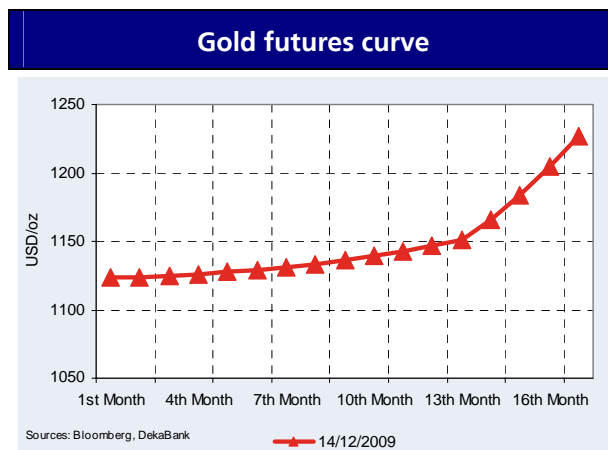
1. Currently: The quoted price of gold continues to fly high over the long term. Nonetheless, signs of greater sobriety are beginning to be seen. **After rising above the record level of USD 1200 per troy ounce, prices sharply corrected.** Contributing to the stratospheric rise were purchases by central banks from emerging markets and an increase in risk aversion, but also the strong optimism which found expression in the positions taken by non-commercial traders. With more than 240 thousand contracts at the period's end, net long positions hit levels never before seen. The futures curve for gold suggests a significant rise in gold prices starting from the end of 2010.

2. Other factors: Alongside undiminished demand by speculators, there are other factors driving the trend in gold prices, *inter alia* the rising uncertainty on financial markets. This was caused by Dubai World's attempted debt rescheduling, which set off panicked reactions and once again triggered a "flight to safe havens". The lingering concern about weakness in the dollar is causing the lead currency to no longer seem like a safe haven. Many central banks, first and foremost those from emerging markets, are pressing ahead with diversifying their reserves and building up their gold reserves, a trend that should also continue in coming months.

3. Our view: We anticipate that the price of gold has hit a new bottom with its most recent correction. **The abundant capital market liquidity and the fear of inflation** are two topics that will continue to dominate for a while longer, creating a fertile ground for high gold prices, while a rise in risk aversion may drive prices over the short term. **From a 12-month perspective, we are continuing to expect average gold prices to be in the four digits.** We now see the average gold price in 2010 at USD 1140 per troy ounce, while the average for this year should be around USD 975. Volatility should remain high over the coming months.



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Our forecast				
	Nov. avg.	3 months	6 months	12 months
Price*	\$ 1129	\$ 1160	\$ 1120	\$ 1150

* The 3-month price, for example, indicates that we expect WTI to have an average price of USD 70 per barrel in March 2010.