



# Commodity Observatory

August 24th, 2009.

**The oil price was driven up last week by the largest drop in US inventories since May of 2008 and by the depreciation of the dollar. The oil price is now slightly below the highest value reached in the year (USD 75.5 per barrel recorded in the beginning of the month). The weakness of the North-American currency also provided support to other commodity prices.**

## Energy

The price of oil increased more than 5% last week due to an 8.4mb drop in US inventories (the highest drop since May of 2008). Although a decline was expected (for seasonal reasons; due to the driving season in US) its magnitude was higher than expected. Despite this drop, inventories continue significantly higher than the 5-year average. The recent depreciation of the dollar also provided some support to oil prices. Gas prices reached a 6-year low due to an oversupply in the gas markets. Natural Gas reserves in the US have been officially revised upwards by about 30%.

## Agriculture

Good weather in the US Midwest continues to pressure grains prices downwards, although last week most prices rose following a weak dollar and higher oil prices. In Argentina, Congress renewed for one more year the legislative powers of the government, which means that taxes on exports of grains will remain in place for one more year. The International Sugar Organization revised upwards its estimates for the market supply deficit for this crop (from 7.8m to 9.3m tonnes).

## Base Metals

Base metals prices rose last week, with the exception of Aluminium prices. World production of refined copper dropped 2.3% m-o-m in June. Copper inventories in total metals exchanges increased 1.1% in June and 1.9% in July. Chinese imports continued to expand in June (12% m-o-m).

## Precious Metals

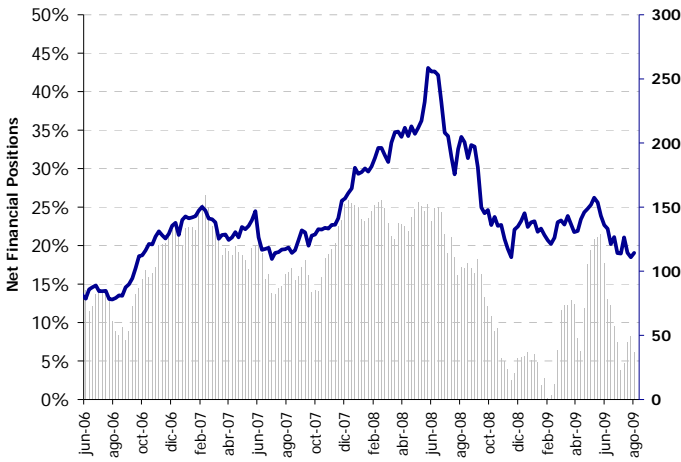
Non-commercial positions in future markets declined last week after having reached the highest value since the beginning of the series, in 1993 (see graph on page 3).

## Commodities - Prices and Forecasts

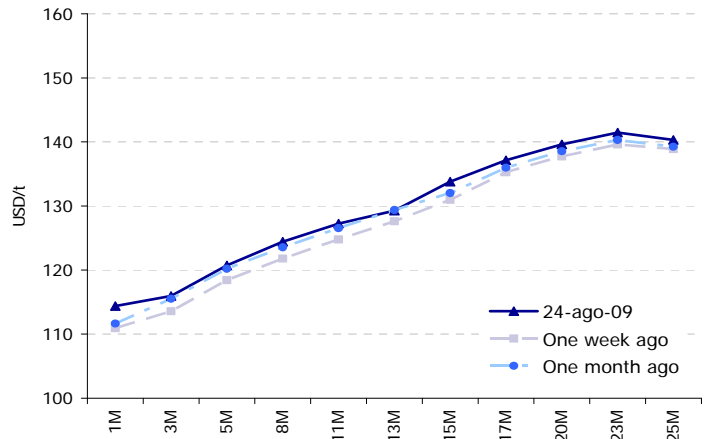
	Prices*	Weekly Variation %	Monthly Variation %	YTD Variation %	2008 Average	End of 2009 Forecasts		
						24-Aug	BBVA (revised: 19/06)	Market**
<b>Energy</b>								
Brent	(US\$/Bbl)	74,3	5,4	5,7	63,1	98	56,3	65,0
Gas - Henry Hub	(US\$/Mmbtu)	2,8	-12,8	-25,4	-50,9	9		5,1
<b>Agriculture</b>								
Coffee - Arabica	(US\$/Lb)	124	-1,4	-0,2	10,4	132		130
Corn	(US\$/t)	114	3,1	2,5	-20,4	186	170	167
Cotton	(US\$/Lb)	57	-0,6	-0,7	16,2	64		62
Rice	(US\$/t)	266	0,2	-0,7	-13,2	351		
Soybean	(US\$/t)	371	6,3	2,9	8,0	436	370	383
Sugar - # 11	(US\$/Lb)	22	0,0	18,5	84,9	12		17,0
Wheat	(US\$/t)	163	-2,1	-10,5	-24,4	281	210	212
<b>Base Metals</b>								
Aluminium	(US\$/t)	1928	-1,6	6,7	25,2	2620		1648
Copper	(US\$/t)	6270	3,6	13,5	104,2	6879	3638	4700
Lead	(US\$/t)	1863	4,4	6,8	86,5	2091		1515
Tin	(US\$/t)	14300	2,8	-1,7	33,6	18377		13910
Zinc	(US\$/t)	1834	3,6	8,4	51,8	1902		1531
<b>Precious Metals</b>								
Gold	(US\$/Troy oz)	954	2,1	0,3	8,1	872,2	875	955
Silver	(US\$/Troy oz)	10	2,8	3,5	26,4	15,0		14,4

\* Before the close of the markets. Corn, soybeans and wheat: CBOT first future contracts. Coffee, cotton and sugar: ICE first future contracts. Brent: ICE first future contracts Gas: NYMEX first future contract. Base Metals: LME 3 month future contracts. Precious Metals: spot prices. \*\* Consensus Bloomberg. Source: Bloomberg.

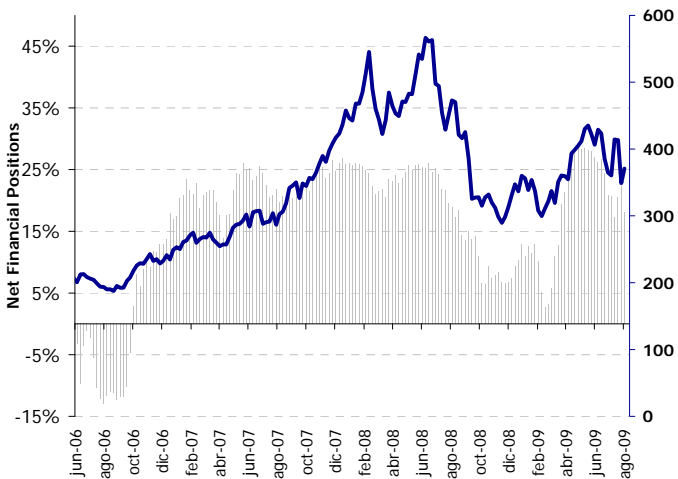
Corn Prices and Non-Commercial Positions



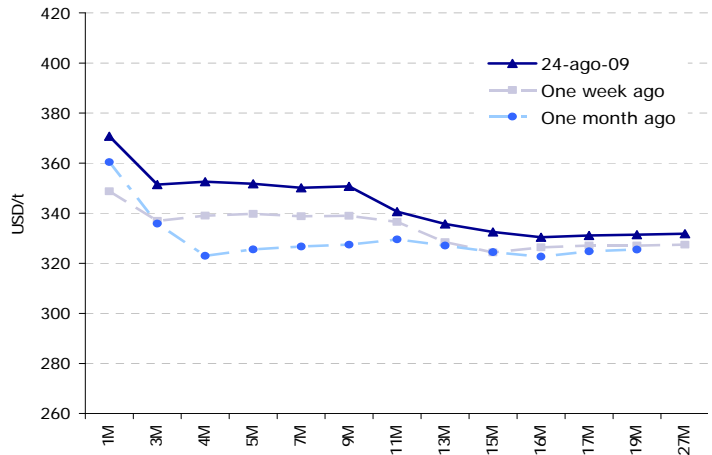
Corn Forward Curves



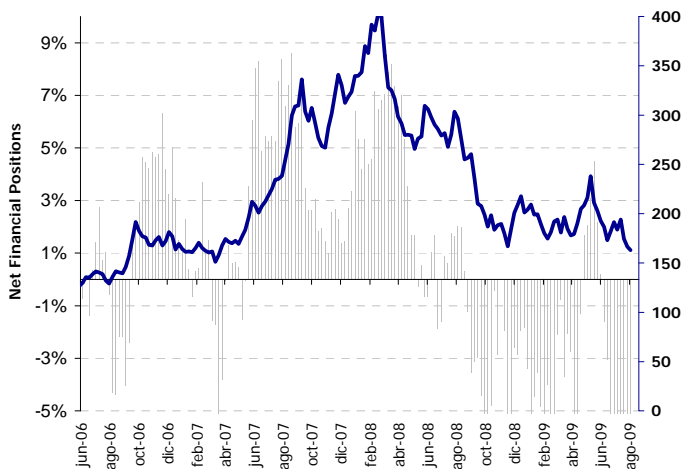
Soybean Prices and Non-Commercial Positions



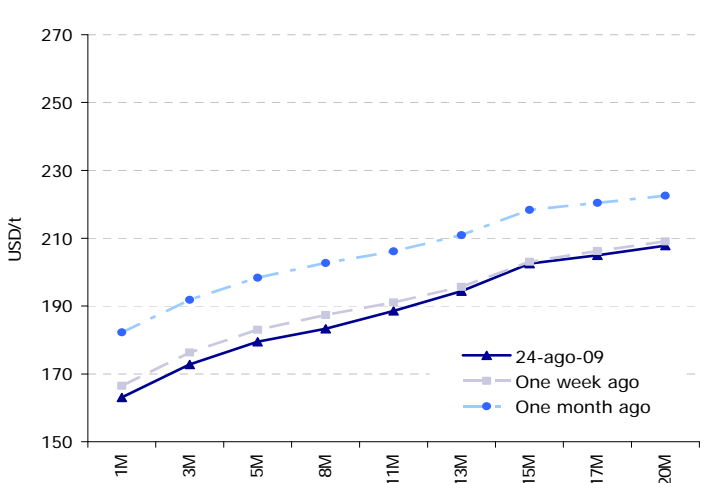
Soybean Forward Curves



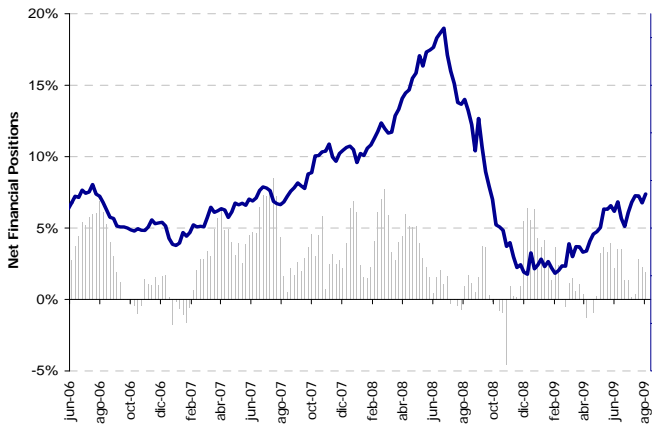
Wheat Prices and Non-Commercial Positions



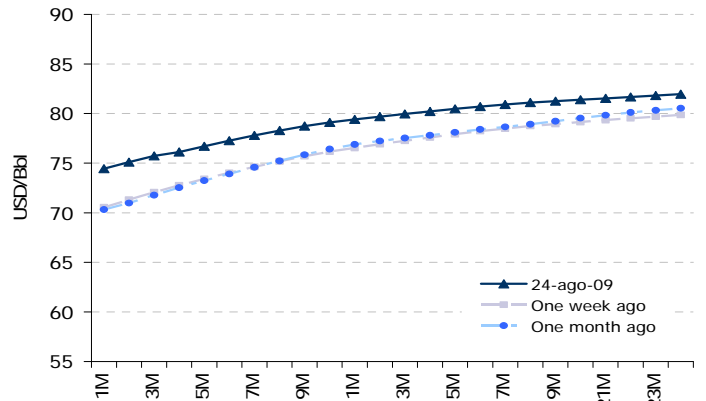
Wheat Forward Curves



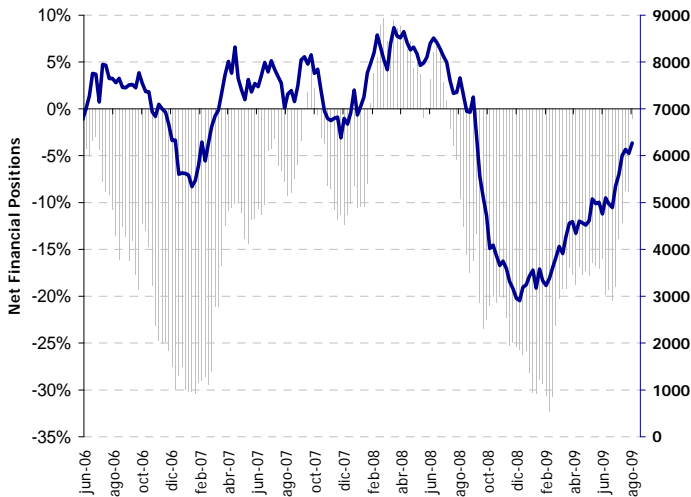
Brent Prices and Non-Commercial Positions



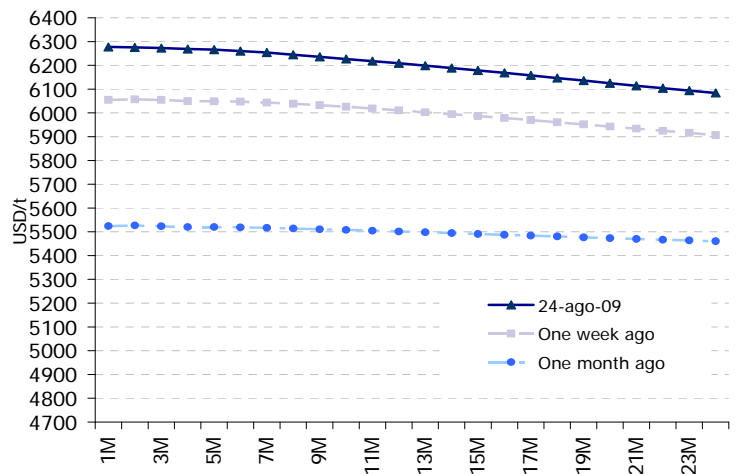
Brent Forward Curves



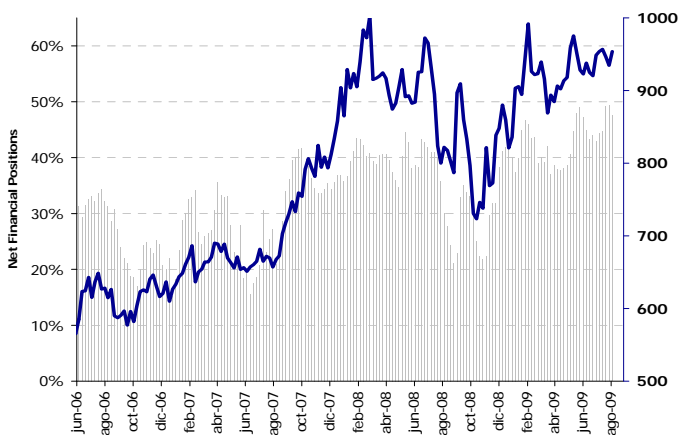
Copper Prices and Non-Commercial Positions



Copper Forward Curves



Gold Prices and Non-Commercial Positions



Gold Forward Curves

