



KBC Commodities Report

Written by CSOB Prague and KBC Brussels - More research on www.kbc.be/dealingroom

Headlines

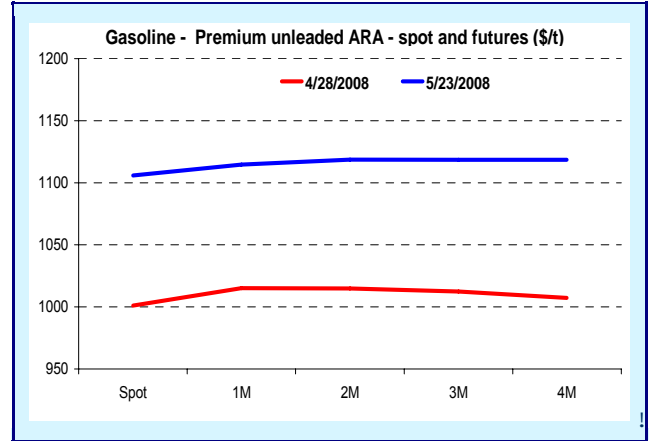
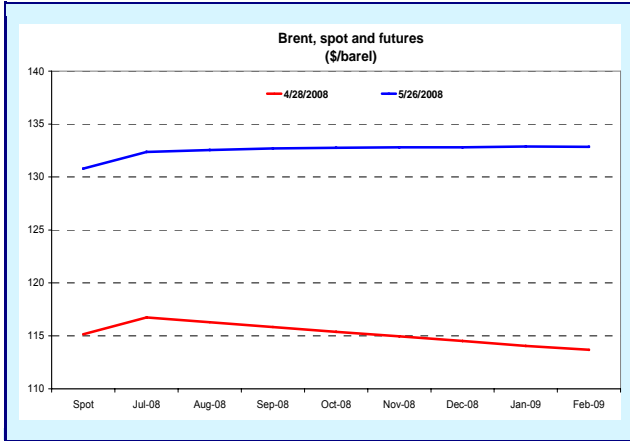
- Nigerian rebel attacks and supply worries support crude price
- Weak greenback and higher crude make gold attractive

		26/5/08	23/5/08	Daily	19/5/08	Weekly	28/4/08	Monthly
		Close	Close	Change	Close	Change	Close	Change
Crude								
Brent spot	USD/b	130.79	129.37	1.10%	121.84	7.35%	115.15	13.58%
Brent - 1M	USD/b	131.01	129.36	1.28%	123.63	5.97%	117.16	11.82%
Brent - 2M	USD/b	132.41	130.76	1.26%	125.03	5.90%	116.86	13.31%
Brent - 3M	USD/b	132.84	131.19	1.26%	125.78	5.61%	116.41	14.11%
WTI spot	USD/b	132.39	131.58	0.62%	127.15	4.12%	118.78	11.46%

		23/5/08	22/5/08	Daily	19/5/08	Weekly	28/4/08	Monthly
		Close	Close	Change	Close	Change	Close	Change
Base Metals - LME 3 M								
Cu	USD/t	8180	8125	0.68%	8315	-1.62%	8650	-5.43%
Sn	USD/t	23750	23750	0.00%	24000	-1.04%	23900	-0.63%
Pb	USD/t	2009	2010	-0.05%	2231	-9.95%	2765	-27.34%
Zn	USD/t	2150	2110	1.90%	2288	-6.03%	2305	-6.72%
Al	USD/t	3001	2995	0.20%	2995	0.20%	3011	-0.33%
Aa	USD/t	2700	2695	0.19%	2725	-0.92%	2750	-1.82%
Ni	USD/t	24100	23500	2.55%	26100	-7.66%	29290	-17.72%

		26/5/08	23/5/08	Daily	19/5/08	Weekly	28/4/08	Monthly
		Close	Close	Change	Close	Change	Close	Change
Precious Metals - spot								
Au	USD/oz	929.1	925.2	0.42%	904.95	2.67%	893.5	3.98%
Ag	USD/oz	18.31	18.2	0.60%	16.98	7.83%	17.02	7.58%
Pt	USD/oz	2182.5	2166.5	0.74%	2152.5	1.39%	1970.5	10.76%
Pd	USD/oz	453	452	0.22%	448.5	1.00%	436.5	3.78%

Brent and Distillates



Crude oil prices put up yesterday as import to Asia adds and supply concerns increased after Nigerian rebels attacked a Royal Dutch Shell pipeline. Nigeria's army confirmed on Monday there had been an **explosion at an oil facility** owned by Royal Dutch Shell, hours after Niger Delta rebels claimed to have blown up a pipeline.

Japan, China, South Korea and Taiwan imported about 11.6 mln.bbl/d breaking through the 11 mln.bbl level for the first time.

Norwegian oil and gas producer **Statoil Hydro** said Statfjord A in the North Sea, which produces 19kb/d, **remains shut after an oil leak on Saturday**. The leak halted output of about 138kb/d at Statfjord and the two linked fields. Output at the two fields has since been restored.

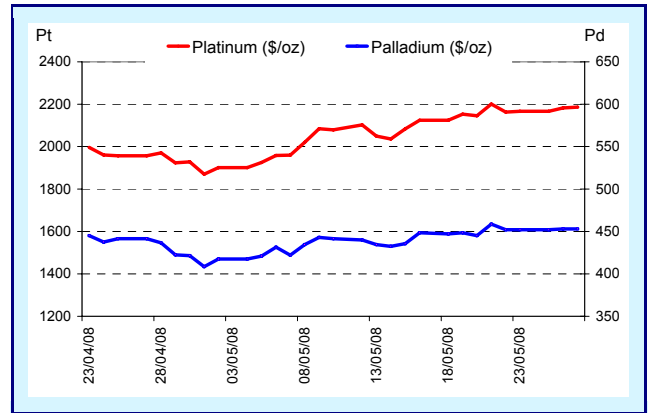
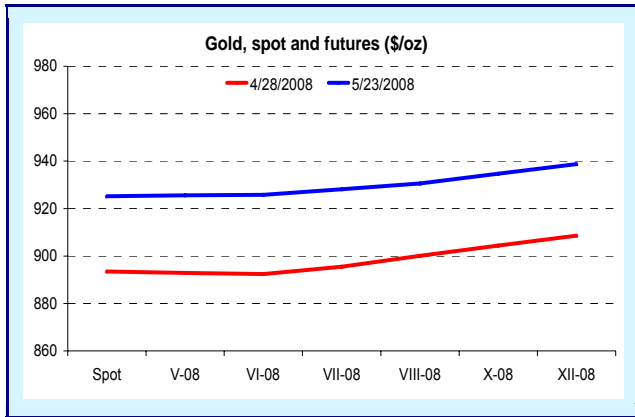
China urged its oil majors to **prioritise diesel production** and speed up construction of new refining facilities in order to bring them to combat spreading

shortages. Suppliers should ensure fuel supply during the summer farming season as well as during the Olympic Games. However, oil firms are reluctant to supply diesel even to their own-brand outlets because a widening gap between state-set domestic pump prices and international crude markets is pushing them into the red. An official with Sinopec, the largest refiner in Asia, said on Monday that the firm is operating at full capacity despite losing about 3,000 yuan for each produced tone of gasoline and diesel.

China has released 35,671 tonnes of **strategic refined oil products** from storage as of Monday, to ensure supply to users in the quake-hit areas of Sichuan province.

Iran's oil exports fell by about 200 kb/d in the Iranian month that ended on May 20 but the reduction was anticipated and caused by seasonal factors as refinery maintenance. Exports from Iran averaged just over 2.45 mln.bbl/d during the first quarter.

Precious Metals



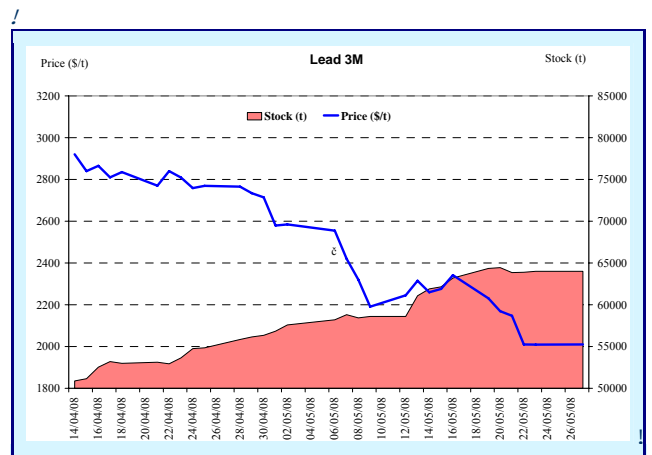
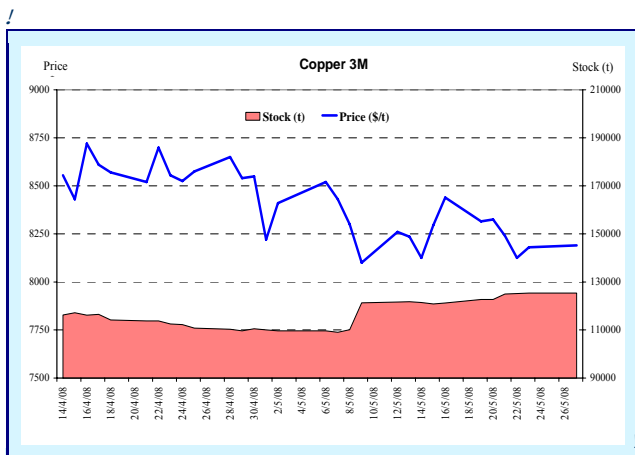
Gold went up on Monday, continuing last week's rally as the dollar weakened in thin activity, with the U.S. and U.K. markets closed for holidays. Also today gold started higher as further crude oil supply dis-

ruptions in Nigeria and a weaker dollar make the precious metal increasingly attractive.

Base Metals

Base metal - Stock (t)

	22/05/08	21/05/08	15/05/08	24/04/08
Cu	125375	125200	121225	110775
Sn	7410	7425	7810	7840
Pb	64000	63900	63200	54850
Zn	128675	128525	123500	128775
Al	1073000	1075600	1029125	1043775
Aa	37360	37360	36640	36580
Ni	48690	48870	49638	51942



On Monday U.K. and U.S. markets were closed.

Asian copper fell on Tuesday, while London prices remain steady, but investors were unwilling to make

big bets on direction without a clear picture of European and U.S. sentiment following a longer weekend.

Mexico's mining union declared a 24-hour nationwide strike on Monday after the labour ministry

failed to confirm the re-election of the union's estranged leader Napoleon Gomez. Some 70,000 miners joined the stoppage, which affected copper and silver mines. But late in the evening Mexico's mining union announced it would not extend its one-day strike that the government declared illegal. The 24-hour strike halted production at big steel and mining companies.

Chile's government ruled out privatizing Codelco, the world's biggest copper producer. As Interior Minister Edmundo Perez Yoma announced "There is no possibility, at least during this government, of any kind of privatization of Codelco,"

Technical Analysis

! DPQQFS! . !GBJMF! !UP! !SFHBJO! !VQUSFOEMJOF! !PGG! !6371! !



Copper LME Daily charts (8190).

The rebound from 6320 sent Copper to new high but failed to regain the broken Uptrendline off 5260. 1st Resistance area at 8263 (weekly Short Term Moving Average↓), with next levels at 8339/ 8365 (weekly Medium Term Moving Average↓/ weekly envelope top), ahead of 8485 (may 16 high): suspect tough on 1st attempts. If wrong, next levels would come in at 8609 (daily Starc top), ahead of 8880 (new high), where a pause is favoured to set in.

1st Support at 8078 (daily envelope bottom), with next levels at 8050/ 8025 (current reaction low off 8880/ 23.6% 5260 to 8880): ideal area to stay above to prevent larger correction for Copper. Failure to do so would see risk initially towards 7932/ 7902 (weekly envelope bottom/ 38.2% 6320 to 8880), ahead of 7878 (daily Starc bottom), as last hurdle before 7620 (March 20 low), where pause favored.

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