



KBC Commodities Report

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

Headlines

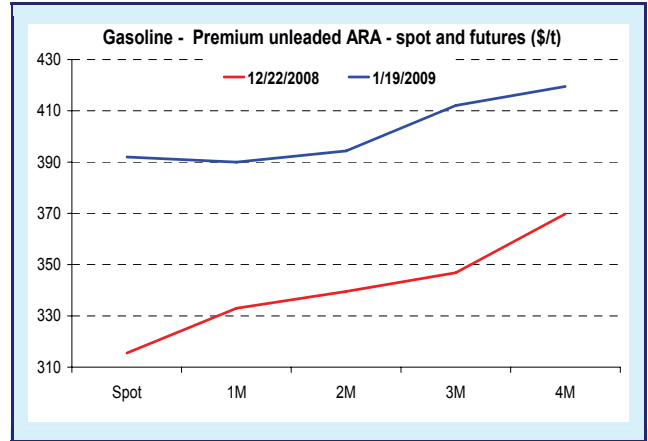
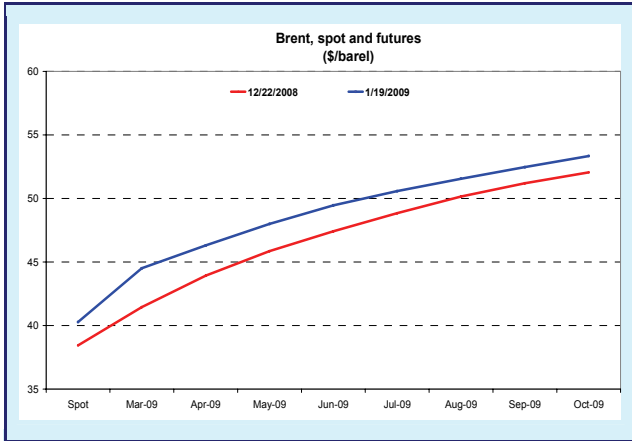
- Brent spot price lower after Russia and Ukraine agreed on gas deal
- Stronger dollar sends gold price down
- Higher stockpiles ease aluminium price

		19/1/09	16/1/09	Daily	12/1/09	Weekly	22/12/08	Monthly
Crude		Close	Close	Change	Close	Change	Close	Change
Brent spot	USD/b	40.27	43.47	-7.36%	41.21	-2.28%	38.44	4.76%
Brent - 1M	USD/b	44.60	43.90	1.59%	42.68	4.50%	40.70	9.58%
Brent - 2M	USD/b	46.44	46.15	0.63%	45.38	2.34%	43.13	7.67%
Brent - 3M	USD/b	48.12	48.25	-0.27%	47.86	0.54%	45.05	6.81%
WTI spot	USD/b		35.38		37.65		31.10	
1,0% Fuel Oil FOB Barges Rdam	USD/t	217.00	231.00	-6.06%	213.25	1.76%	215.00	0.93%
3,5% Fuel Oil FOB Barges Rdam	USD/t	220.00	224.50	-2.00%	201.50	9.18%	166.75	31.93%
Jet FOB Barges Rdam	USD/t	456.50	480.00	-4.90%	484.25	-5.73%	470.00	-2.87%
Gasoil 0.1 FOB Barges ARA	USD/t	427.25	454.00	-5.89%	443.50	-3.66%	429.50	-0.52%
Diesel 10 PPM FOB Barges Rdam	USD/t	446.25	467.75	-4.60%	464.00	-3.83%	459.50	-2.88%

		19/1/09	16/1/09	Daily	12/1/09	Weekly	22/12/08	Monthly
Base Metals - LME 3 M		Close	Close	Change	Close	Change	Close	Change
Cu	USD/t	3440	3355	2.53%	3245	6.01%	2960	16.22%
Sn	USD/t	11050	10900	1.38%	11600	-4.74%	10305	7.23%
Pb	USD/t	1172	1169	0.26%	1170	0.17%	908	29.07%
Zn	USD/t	1270	1251	1.52%	1251	1.52%	1180	7.63%
Al	USD/t	1423	1465	-2.87%	1516	-6.13%	1558	-8.66%
Aa	USD/t	1150	1175	-2.13%	1190	-3.36%	1155	-0.43%
Ni	USD/t	11300	10855	4.10%	10725	5.36%	10300	9.71%

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Precious Metals - spot		Close	Close	Change	Close	Change	Close	Change
Au	USD/oz	836.9	843.35	-0.76%	821.25	1.91%	847.3	-1.23%
Ag	USD/oz	11.2	11.27	-0.62%	10.65	5.16%	10.84	3.32%
Pt	USD/oz	951	948.5	0.26%	958.5	-0.78%	851	11.75%
Pd	USD/oz	185	186.5	-0.80%	186.5	-0.80%	172.5	7.25%

Brent and Distillates



On Monday **Brent spot eased** supported by a weak cease-fire between Israel and Hamas and the agreement between Russia and Ukraine over natural gas supplies.

OPEC's crude production fell to 30.9 mln.b/d in December, down 320 kb/d from 31.22 mln.b/d in November, the International Energy Agency said Friday. Excluding Iraq and Indonesia, the 11 OPEC members pumped an average of 27.67 mln.b/d last month, compared with their combined target for the month of 27.308 mln.b/d. Evidence from December suggests that key members of OPEC are beginning to curb supply by significant amounts, the IEA said in its latest monthly report.

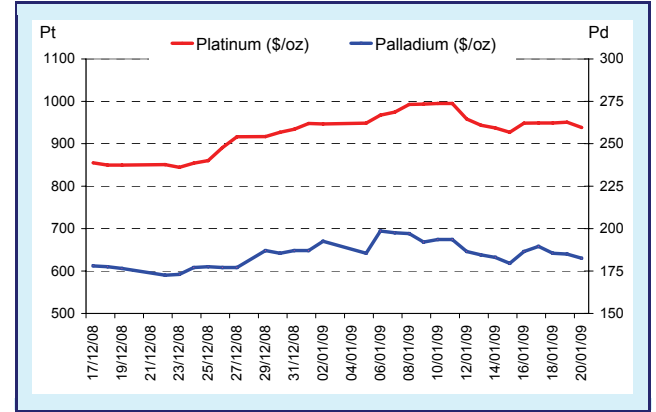
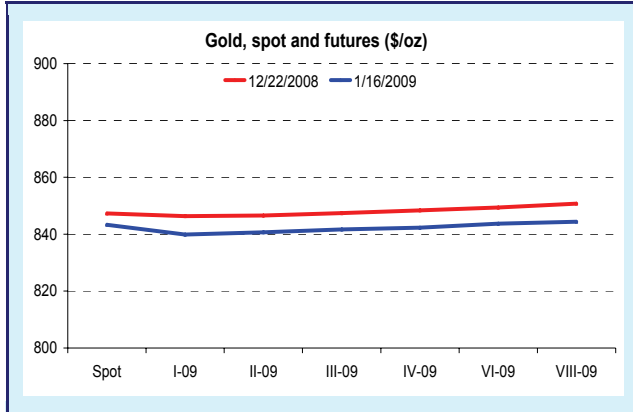
World oil demand will contract more than expected this year and the weakening economy may further erode consumption, OPEC said last week, building a case for additional supply cuts. In a monthly report, OPEC said it expected demand to fall by 180 kb/d in 2009, 30kb/d more than its previous forecast.

Russian Finance Minister Alexei Kudrin said on Monday that he **expected oil prices this year to be below the IEA forecasts of a little more than 40\$/b.**

Brazilian Petrobras is unlikely fulfill its 2009 target of producing 2.2 mln.b/d of crude oil because of delays connecting wells to platforms, analysts said. Petrobras would have to raise domestic crude output by 18% from 2008 to reach its 2009 goal.



Precious Metals



Gold slipped slightly on Monday after rallying to a one-week, as a weaker euro and lower crude price prompted investors to book profits and as jewellers in Asia were well stocked ahead of the Lunar New Year.

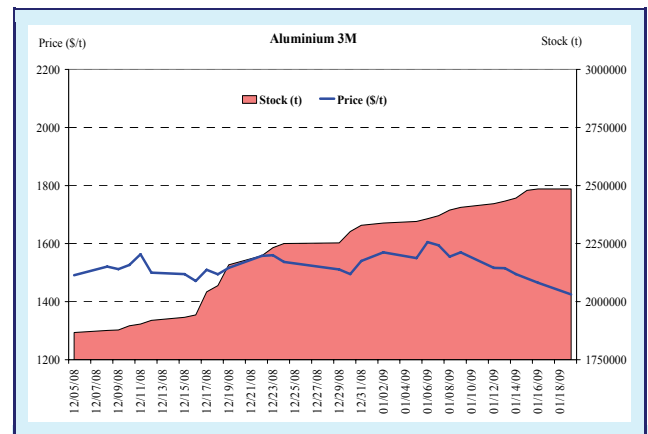
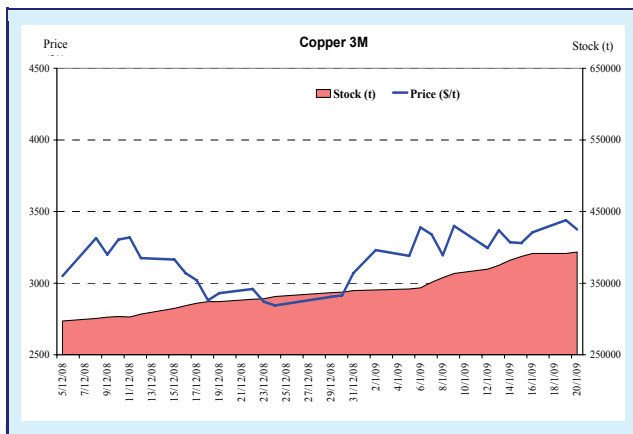
Platinum remains relatively stable below 1000\$/oz level as more bad news for automakers emerged last week as manufacturers in Japan, Europe and the United States all warned their businesses continue to struggle and outlooks remained uncertain.

Precious metals consultancy GFMS in its latest report on the gold market noted the **possible return of the yellowish metal to above 1,000\$/oz**. Looking ahead, the precious metals consultancy expects renewed price strength in 2009 and the gold bull market to remain in place. A combination of aggressive fiscal policy and short term interest rates at historically low levels in the United States and other major economies are to result -- at some future point -- in a resurgence of inflationary threats and higher interest in gold.

Base Metals

Base metal - Stock (t)

	15/01/09	14/01/09	07/01/09	18/12/08
Cu	391525	387325	357700	324300
Sn	8245	8090	7925	7500
Pb	45800	45950	44600	44025
Zn	273800	270450	259750	234000
Al	2485275	2479125	2394175	2158600
Aa	106760	106280	103940	98800
Ni	78714	78768	78804	74244



Aluminium prices fell more than 2.5% to the lowest level since September 2003 after LME inventories increased closer to record highs.

Copper gained 2.5% on hopes that China's State Reserves Bureau (SRB) would buy the metal.

Copper output in Chile may fall in 2009 as the industry is suffered from low prices for the red metal, the director of the CESCO copper industry said. CESCO Executive Director J.C. Guajardo told that he saw copper output coming in at about 5.3 mln.t this year, down by 1 % from a year earlier.

Swiss-based **Xstrata warned that would be forced to shut its McArthur River lead/zinc project in Australia's Northern Territory** before the end of this month unless it gets the all clear from the Australian government to restart mining at the remote site. Mining ceased on Dec. 17 following a decision by the federal court to uphold an earlier finding that the gov-

ernment's approval of a 74 mln.\$ open cut mine development at the site was invalid.

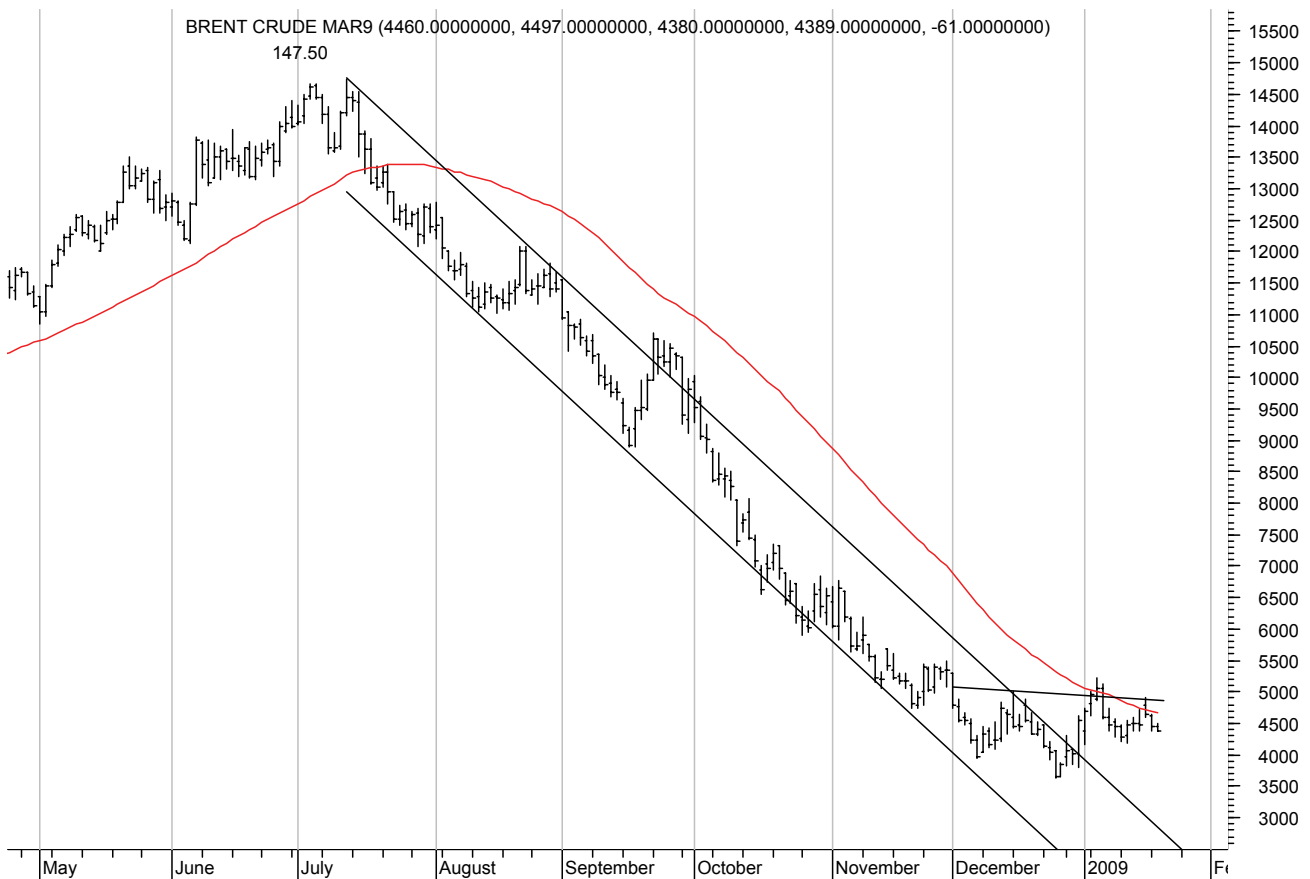
China is likely to buy copper on the international market to re-stock its state reserves. The State Reserves Bureau will very likely purchase the metal on the international market because domestic copper smelters have limited stockpiles for the government to buy.

China's domestic aluminium prices are expected remain below the cost of production in 2009, but there is limited scope for further price falls a vice chairman of China Nonferrous Metals Industry Association said.

An Indonesian customs' office has held back more than 2,600 t of tin shipments, possibly due to quality issues, industry officials and a customs' official said.

Technical Analysis

BRENT - ABOVE CHANNEL OFF HIGH (SEE GRAPH)



/LCOc1 (Brent Futures: 43.95 Daily charts).

Drop from high sent the contract to a new reaction low, but rebound puts the contract above channel and tested 50 Day Moving Average↓: (see graph: stands at 46.65 today).

1st support area at 44.00/ 43.23 (broken weekly Short Term Moving Average→/ weekly envelope bottom), with next levels at 41.84 (Jan 13 low), ahead of 40.88 (break-up daily Dec 30): suspect tough on 1st tests.

Failure to hold would be indication of more losses in the offering: would then see risk towards 39.39 (daily projection band bottom), ahead of 38.10 (Dec 31 low) and 37.06/ 36.20 (daily Bollinger + Starc bottoms/ current reaction low off high), where a pause would be expected.

1st Resistance area at 46.65 (see above + daily envelope top), ahead of 48.45/ 49.12 (weekly Medium Term Moving Average↓/ Jan 16 high) and 50.69 (daily Bollinger top), where pause favored.

If wrong, 51.51/ 52.21 = weekly envelope top/ current reaction high off low : tough on 1st attempts.

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