



KBC Commodities Report

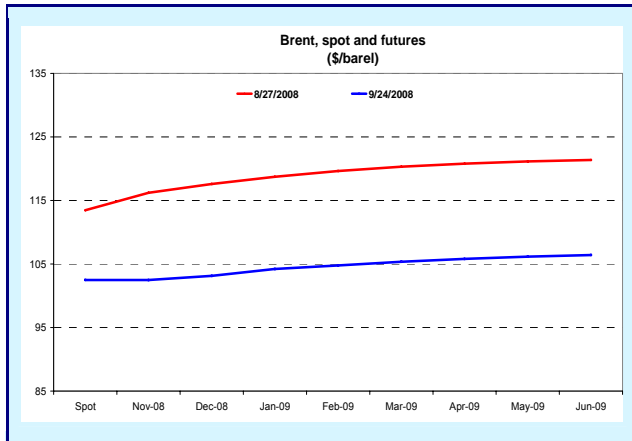
Written by CSOB Prague and KBC Brussels - More research on www.kbc.be/dealingroom

Headlines

- Crude oil prices hardly react to low U.S. inventory levels
- Profit taking sends precious metals down
- Copper under selling pressure

| | | 24/9/08 | 23/9/08 | | 17/9/08 | | 27/8/08 | |
|-------------------------------|--------|---------|---------|--------------|---------|---------------|---------|----------------|
| | | Close | Close | Daily Change | Close | Weekly Change | Close | Monthly Change |
| Crude | | | | | | | | |
| Brent spot | USD/b | 102.48 | 101.12 | 1.34% | 86.49 | 18.49% | 113.45 | -9.67% |
| Brent - 1M | USD/b | 99.81 | 100.93 | -1.11% | 92.36 | 8.07% | 114.53 | -12.85% |
| Brent - 2M | USD/b | 102.11 | 103.23 | -1.08% | 94.66 | 7.87% | 115.88 | -11.88% |
| Brent - 3M | USD/b | 102.91 | 103.96 | -1.01% | 95.91 | 7.30% | 117.28 | -12.25% |
| WTI spot | USD/b | 106.66 | 107.67 | -0.94% | 97.39 | 9.52% | 118.17 | -9.74% |
| 1,0% Fuel Oil FOB Barges Rdam | USD/t | 580.00 | 578.25 | 0.30% | 489.25 | 18.55% | 676.50 | -14.26% |
| 3,5% Fuel Oil FOB Barges Rdam | USD/t | 550.75 | 553.00 | -0.41% | 455.75 | 20.84% | 635.50 | -13.34% |
| Jet FOB Barges Rdam | USD/t | 1058.25 | 1047.00 | 1.07% | 958.50 | 10.41% | 1151.75 | -8.12% |
| Gasoil 0.2 Spot Barges Rdam | USD/t | 970.00 | 953.75 | 1.70% | 864.50 | 12.20% | 1023.00 | -5.18% |
| Diesel 10 PPM FOB Barges Rdam | USD/t | 1008.25 | 992.25 | 1.61% | 903.25 | 11.62% | 1052.50 | -4.20% |
| Base Metals - LME 3 M | | | | | | | | |
| | | 24/9/08 | 23/9/08 | | 17/9/08 | | 27/8/08 | |
| | | Close | Close | Daily Change | Close | Weekly Change | Close | Monthly Change |
| Cu | USD/t | 6905 | 6980 | -1.07% | 6750 | 2.30% | 7650 | -9.74% |
| Sn | USD/t | 17300 | 17375 | -0.43% | 17620 | -1.82% | 20500 | -15.61% |
| Pb | USD/t | 2000 | 1973 | 1.34% | 1780 | 12.33% | 2050 | -2.46% |
| Zn | USD/t | 1790 | 1770 | 1.13% | 1720 | 4.07% | 1849 | -3.19% |
| Al | USD/t | 2500 | 2516 | -0.62% | 2500 | 0.00% | 2765 | -9.58% |
| Aa | USD/t | 2210 | 2225 | -0.67% | 2215 | -0.23% | 2475 | -10.71% |
| Ni | USD/t | 17100 | 17250 | -0.87% | 17005 | 0.56% | 21000 | -18.57% |
| Precious Metals - spot | | | | | | | | |
| | | 24/9/08 | 23/9/08 | | 17/9/08 | | 27/8/08 | |
| | | Close | Close | Daily Change | Close | Weekly Change | Close | Monthly Change |
| Au | USD/oz | 882.25 | 892.2 | -1.12% | 864.2 | 2.09% | 826.9 | 6.69% |
| Ag | USD/oz | 13.17 | 13.26 | -0.68% | 12.05 | 9.29% | 13.48 | -2.30% |
| Pt | USD/oz | 1180.5 | 1223 | -3.48% | 1133 | 4.19% | 1443.5 | -18.22% |
| Pd | USD/oz | 250 | 249 | 0.40% | 248 | 0.81% | 292.5 | -14.53% |

Brent and Distillates



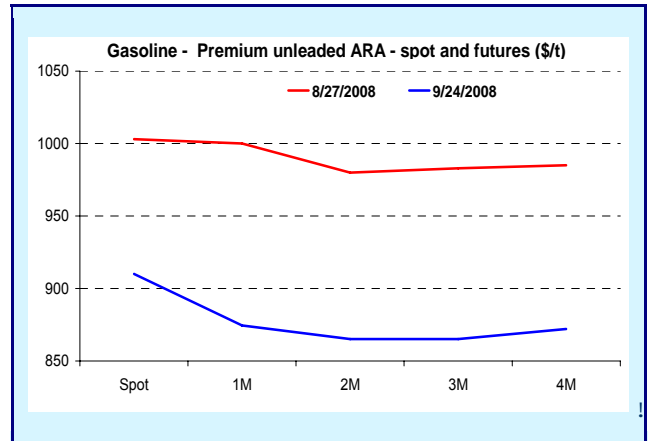
On Wednesday morning oil prices rose after the Petrologistics pessimistic estimate was released. However, later on crude changed its direction and fell in spite of low U.S. inventory data.

U.S. weekly inventory data released yesterday illustrated the enormous extent of the disruption caused by hurricanes. Refinery utilisation dropped to a record low, down 10.7 % to 66.7%, i.e. below the 69.8% reached in 2005 in the aftermath of hurricanes Katrina and Rita.

Crude stocks fell 1.5 mln.b less than the consensus forecast for a 2 mln.b decline.

Gasoline stocks fell for a ninth week, down 5.9mln.b., and more than the consensus forecast for a 4mln.b. decline. Gasoline stocks are now the lowest since the U.S. government started publishing the data in 1990, but the impact on petrol prices was mitigated by further evidence of weak demand.

U.S. oil companies continue assessing damage to refining and production facilities in the Gulf of Mexico after hurricanes Gustav and Ike. Although initial reports supposed minimal damage only, numerous power and moderate infrastructure damages suggest that a full recovery still takes some time. Six refineries in the region remained shut on Tuesday, with 27 others restarting or raising output to normal levels.



OPEC's oil supply is expected to fall sharply in September because of lower output from members including Saudi Arabia and Iran, industry consultant Petrologistics said yesterday. The estimate indicates that OPEC was starting to cut supplies even before it agreed on Sept. 10 to trim output back to official targets.

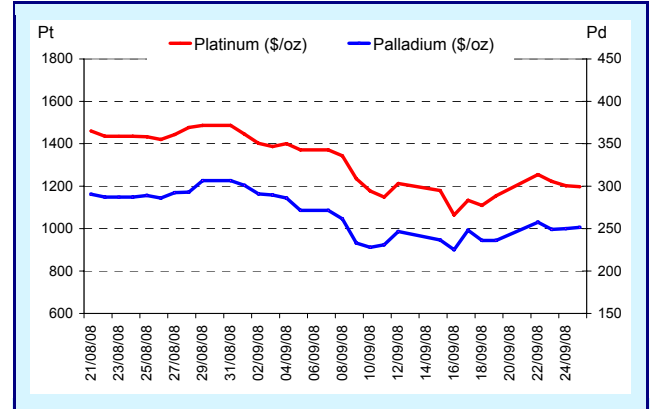
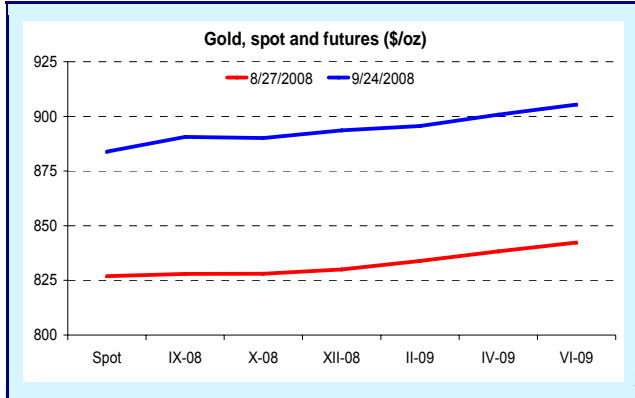
OPEC's 13 members are expected to pump 32.6 mln.b/d in September, down from a revised 33.4 mln.bpd in August when output was unusually high.

Saudi Arabia is expected to pump 9.55 mln.bp/d in September, down from 9.7 mln. in August. Iranian supply is forecast to decline to 4.05 mln.bp/d from 4.4 mln.bp/d in August. Supply from Iraq is expected to decline by about 100 kbp/d to 2.2 mln.bp/d in September due to rising domestic consumption and a slow-down in exports. Militant attacks curbed output in Nigeria, which is expected to pump 1.8 mln..bp/d, 140 kbp/d less than in August.

Petrologistics measures OPEC supply, which excludes oil produced but sent into storage, by tracking tanker shipments.



Precious Metals



Gold eased on Wednesday on profit taking as equity markets ticked up on news that Warren Buffett is investing 5 mld.\$ in Goldman Sachs. Nevertheless, the yellow metal was not able to cross 900\$/oz level, slipped back closing more than 1% lower. However, **today gold advanced** on speculative buying driven by uncertainties about when the U.S. Congress might approve a 700 mld.\$ bailout plan.

Experts suppose **gold and silver** have currently difficulty in finding new buying interest to break the respective upside targets of 920\$ and 14\$ limits. This is mainly due to lack of commitment of fresh funds into precious metals.

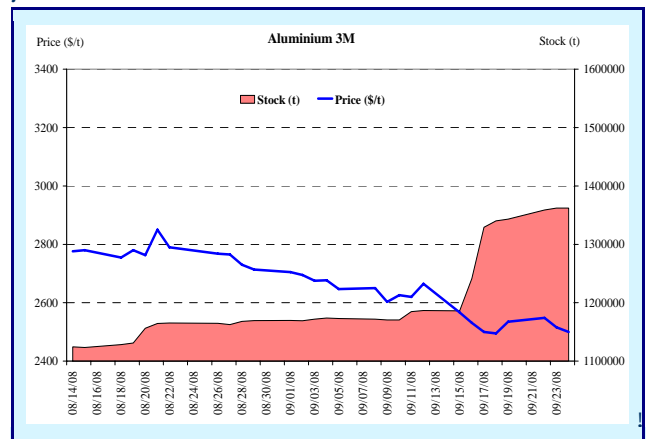
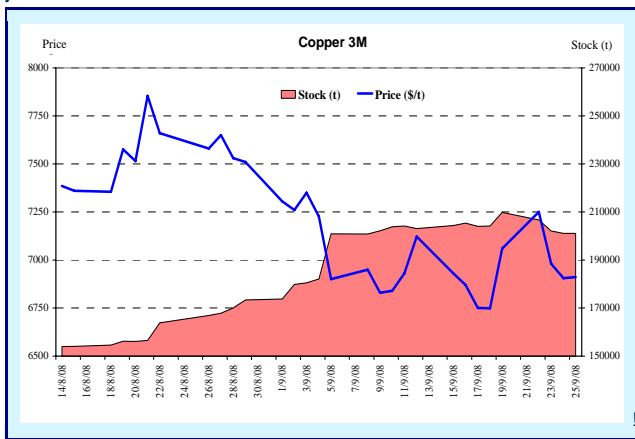
Gold exchange traded funds (ETF) have seen a significant increase in their holdings in recent days as nervous investors have returned to a safe haven from the turmoil in financial markets and uncertainty over the impact of the U.S. government's radical rescue plan.

Russian gold output rose by 7.1% to 106.69 t in the first eight months of this year from 99.58 t a year ago. The Russian Gold Industrialists Union expects gold output including mines production and output achieved by refining gold from scrap to rise this year by 8% to 176 t after five years of decline.

Base Metals

Base metal - Stock (t)

| | 23/09/08 | 22/09/08 | 16/09/08 | 26/08/08 |
|-----------|----------|----------|----------|----------|
| Cu | 201050 | 202075 | 203975 | 167850 |
| Sn | 5885 | 5885 | 6235 | 5910 |
| Pb | 68400 | 68400 | 71925 | 83375 |
| Zn | 156625 | 156875 | 157900 | 161225 |
| Al | 1361950 | 1361950 | 1329325 | 1162525 |
| Aa | 76540 | 76540 | 74560 | 67560 |
| Ni | 52752 | 52752 | 51486 | 46890 |



Aluminium fell 0.6 % on Wednesday to the lowest in four years on concerns over swelling stockpiles and worries that China's smelters would continue to increase metal supply despite weak demand.

Copper prices experienced renewed selling pressure yesterday as a firmer dollar and growing worries on whether a planned U.S. financial bailout would start a weakening economy initiated profit-taking.

The **International Copper Study Group (ICSG)** released data for June that indicated a modest supply surplus of 15 kt, following deficits in the previous five

months. For the first half of this year, ICSG guesses the market had a 130 kt supply deficit, shrinking from a shortfall of 265 kt in the same period 2007. China's copper consumption is decelerating so imports are lower compared with last year and this eased pressure on the global market.

Chile exported 3.099 mln.t of the red metal in the January-to-July period, i.e. 2.3 % **less than in the same period last year**, the Chilean Copper Commission said in a monthly report.

Technical Analysis

! **GOLD - Trying to regain 200 DAY MOVING AVERAGE (SEE GRAPH)**



GOLD (892.50: DAILY CHARTS).

Strong rebound off 736.00 puts Gold currently above 844.00 (neckline Short Term Double Bottom) and trying to regain 200 Day Moving Average (893.71 today: see graph).

1st Resistance area at 907.68/ 908.80 (daily envelope top/ current reaction high off 736.00), with next levels at 914.10/ 915.27 (1st target off 844.00/ daily Bollinger top): suspect tough on 1st attempts.

If wrong, next levels at 918.18/ 919.55 (61.8% 1030.80 to 736.00/ reinstated weekly channel top off June 2006), ahead of 938.72/ 942.80 (daily Starc top/ breakdown daily July 22), where pause expected.

1st Support at 865.85 (daily envelope bottom), with next levels 826.71/ 823.80 (daily Medium term Moving Average↑/ 4th wave bottom on hourly charts): ideal area to stay above to keep current better mood on Gold intact.

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