

Market Roundup

With the dollar continued to decline in value against major currencies during the course of the week, the bull frenzy persisted on Gold and Oil. The critics argue that it is paper trading that has wrought unusually high prices, however the physical market reveals a different tale. According to the data released by the Statistics Department of Dubai World, 115 Metric Tons of Gold was exported from Dubai in the first quarter of 2008, an increase of 74% from the corresponding period in 2007. Gold imports into Dubai have shown an uptrend of 14% quarter on quarter comparison with 122 MT imported during the first quarter of 2008. Equated in dollar terms, gold trade through Dubai was \$7 billion in the first quarter of 2008; while the corresponding quarter in 2007 witnessed a trade of \$4.08 billion. Heavy demand and constrained supply played havoc in the energy markets as crude oil pierced the \$135/bbl barrier. The US Energy department mentions a fall in supplies due to higher off takes in crude oil in its inventory report. The ramifications have been felt in the airline industry with America's largest carrier, American Airlines revealing that it will cut "thousands of jobs" to help keep the company's bottom lines out of the red. Responding to high gasoline prices, Ford Motors have made plans to cut production of Sports Utility Vehicles as the company feels there will be fewer buyers for oil guzzling vehicles.

During the week, 23633 contracts worth \$1195.43 millions were transacted on DGCX.

The rally on Gold remains unabated as prices flared on the back on a weakening dollar. The Australian based business website Business Spectator reveals on its site that "the net long or bullish positions held by non commercial investors in US Copper and Gold futures jumped by 20% as markets rallied." Data from US Commodity Futures Trading Commission indicates that this is the first rise since April 18th. Opening the week at \$906.80/troy oz DGCX Gold June futures rallied to a high of \$935/troy oz before settling on Friday at \$925.40/troy oz. The net change was \$22.10 indicating a 2.45% increase. The Open Interest for Gold declined by 596 contracts and stood at 1758 with June futures contributing 284 and August contract accounting for 1474. 14941 contracts on Gold Futures valued at \$440.47 millions were transacted during the week. July Silver futures mirrored the rally in Gold and ended the week on a positive gain of 7.06%. Opening the week at \$17.215/troy oz, Silver touched a high of \$1826.50 before closing the week at \$18.190/troy oz registering a gain of \$1.20. 114 contracts worth \$2

million were traded on Silver.

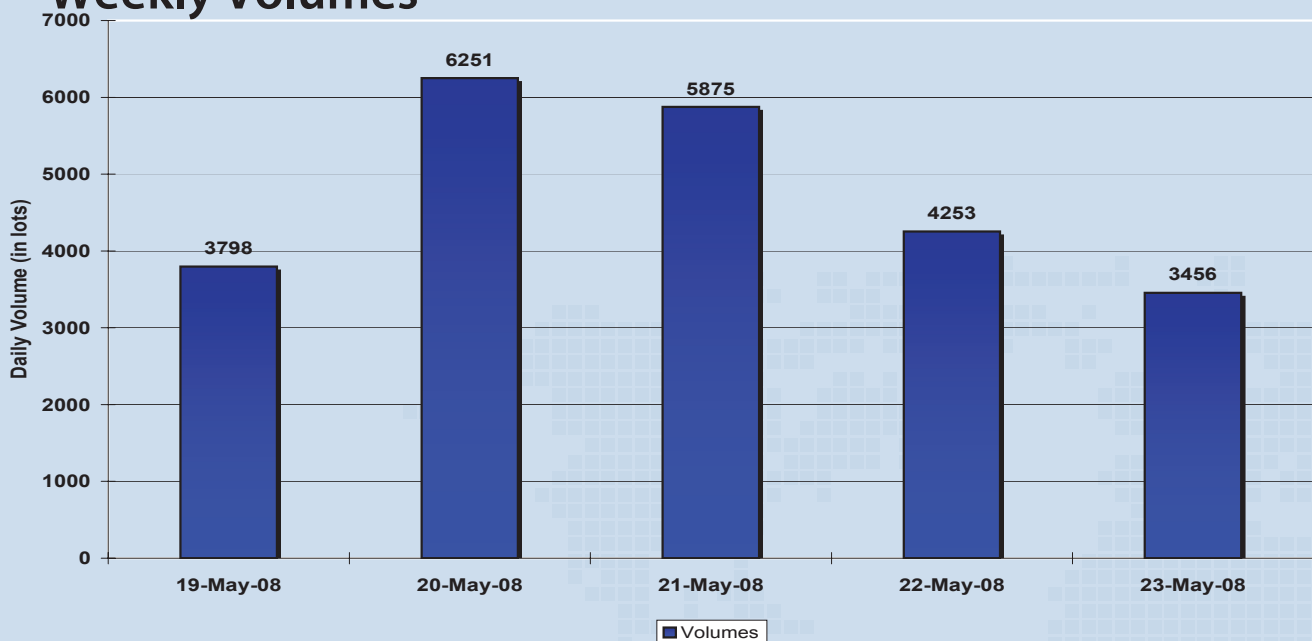
Crude oil prices rose sharply on the back of a report by International Energy Agency lowering its forecast for long-term oil supply. The Paris based energy agency is studying the depletion of 400 oil fields and mentions in its report that major demand in the coming future is expected from China, India and the Middle East. The rise in price of crude has affected oil guzzling importing nations such as India who have subsidized fuel, thereby creating huge deficits to the exchequer. Crude futures rose to a record \$135.09/bbl on Nymex on May 22nd and settled the week at \$132.19/bbl. WTI & Brent futures are set to debut on DGCX on 27th May. The Fujairah Bunker Oil future was settled at \$614.25.

During the week, 8485 lots on Currency Futures valued at \$751.95 millions were transacted on DGCX. All the currencies with the exception of the Indian Rupee strengthened against the US dollar. Opening the week at \$1.5547, Euro hit a high of \$1.5794 before settling at \$1.5767. The volumes on Euro were 3663 lots carrying a value of \$286.71 millions. The Open Interest on Euro increased to end at 549 lots. The British Pound opened at \$1.9522, touched a high of \$1.9819 and settled at \$1.9767. 4658 contracts valued at \$457.46 were traded on DGCX. The Open Interest on Cable was 442 lots. The Indian Rupee tanked due to large dollar buying by Indian oil importing companies. Opening the week at \$234.75, the Rupee dived to a low of \$231.72 before closing at \$232.90. The Open Interest on the Indian Rupee was 259.

Steel futures climbed by \$67.50 during the week. Opening the week at \$1353/MT, Steel futures rose to \$1400 before settling at \$1395.60/MT. 73 lots valued at \$1.01 million was transacted with the Open Interest at 128 lots.

Market	Previous Week close	Current Week close	% Change
DG 06-Jun-2008	903.30	925.40	2.45
DG 07-Aug-2008	908.00	930.20	2.44
DS 07-Jul-2008	16.990	18.190	7.06
DEUR 16-Jun-2008	1.5566	1.5767	1.29
DGBP 16-Jun-2008	1.9522	1.9767	1.25
DINR 19-Jun-200	2.3410	2.3290	-0.51
DJPY 16-Jun-2008	0.9613	0.9694	0.84
DSTL 05-Jun-2008	1328.10	1395.60	5.08

Weekly Volumes



26th May 2008

DGCX to Launch Cash Settled WTI and Brent Crude Oil Futures on 27th May

Dubai Gold and Commodities Exchange (DGCX), the Middle East's leading derivatives exchange announced the launch of both West Texas Intermediate Light Sweet Crude (DWTI) Oil and Brent Crude Oil (DBRC) futures contracts available for trading from Tuesday 27th May.

The launch of both WTI and Brent Crude Oil futures on DGCX makes the world's two most significant crude oil benchmarks available to both regional and international market participants, allowing them to benefit from trading and clearing transactions under the UAE regulatory and taxation regimes.

Commenting on the launch Malcolm Wall Morris CEO, DGCX said "Since the start of trading in November 2005, DGCX has demonstrated, under the regulatory guidance and support of the Securities and Commodities Authority (SCA), the existence of large liquidity pools in the Middle East and the growing need of market participants to access viable risk management and investment tools. This combined with the increased recognition from our international clients of the benefits of transacting and clearing business from within the UAE, makes our offering of WTI and Brent Crude Oil contracts an extremely attractive proposition"

Ahmed bin Sulayem, Chairman, DGCX said "Making the world's crude oil benchmarks available directly to the world's premier oil producing region and allowing regional participants to maintain business within the Middle East has benefit beyond measure." A fee waiver will be in place for the DBRC and DWTI Crude futures contracts from launch through to 26th August 2008.

The DGCX WTI and Brent Crude Oil futures contracts will trade from 08:30 a.m. to 11:30 p.m. local Dubai time or from 04:30 a.m. through 07:30 p.m. GMT or from 00:30 am through 03:30pm Eastern time. Each DGCX crude oil futures contract is sized at 1,000 barrels, with the contract price quoted in U.S. dollars and cents per barrel. The minimum price fluctuation will be one cent per barrel, equivalent to a tick value of \$10.00.

Crude oil is one of the world's most widely used commodities and is amongst the most liquid futures contract. Crude oil refers to petroleum in its raw form. Crude oil becomes useful after refining, which produces numerous oil-based component products, including petroleum gas, diesel, lubricants, heating oil, lubricating oils, aviation gasoline and asphalt among others. Brent crude oil is named after the Brent oil field in the North Sea, off the coast of Britain. WTI, also known as Texas Light Sweet is a type of light crude, lighter and sweeter than Brent Crude. Its properties and production site makes it ideal for being refined in the United States, mostly in the Midwest and Gulf Coast regions.

