DGCX
بورصة دبي للذهب والسلع
DUBAI GOLD & COMMODITIES EXCHANGE

Xchange Weekly

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Market Roundup

The Irish chutzpah derails "Euroland" as the dollar landed its biggest weekly gain in more than 3 years against the Euro. In a historic referendum, Irish voters rejected the Lisbon Treaty, which was drawn up in 2007 to replace the draft European Constitution. The European Union's 27 states were asked to ratify the treaty in 2008 with a view to enforce it in 2009 and with the Irish denial, it is in disarray. Concerns over US inflation have fuelled speculation that the United States may increase interest rates aggressively more than the European Central Bank. Throughout the rate cuts phase between September'07 & April'08, the dollar index tripped by 9% and since the bail out of Bear Stearns it has rebounded by almost 4%. During the weekend, finance ministers from G8 met at Osaka to discuss soaring commodity prices and the weakening dollar. Though no official statement was given, it is a "known fact" that everyone is hoping for a stronger dollar. This evokes memories of the mid 80' when the G6 signed the Louvre Accord to halt the continued decline in the US Dollar that was caused by the Plaza Agreement. And during this week, while the greenback gained in strength, commodities lost its value. Metals lost its sheen with the resurgence of the dollar and better than expected economic data from the United States. Gold stormed through the first quarter of 2008 in a bull run that saw it surpass the 1980's high and touch an all time high of $1012 in March. The chief contributors were the weakening dollar, sustained flow of funds and huge ETF activity. The reversal in trend is evidenced with notable fall in ETF holdings and sporadic sales by few Central banks. A positive aspect to investors in Gold is the approval of ETF trade in Japan. Crude Oil futures were choppy throughout the week with rumors of prices creeping to the $150 mark. The recent rally has put airlines in disarray and planted governments in tight spot as gasoline prices soared to unprecedented levels. Concerned that high oil prices will lead to "slacken the world's appetite for oil" thereby affecting OPEC; Saudi Arabia has plans to increase their oil output by 200,000 barrels a day from July. In its monthly report, OPEC reiterates, " oil's recent volatility reconfirms the view that current prices do not reflect the supply and demand". The cartel has lowered its global demand forecast, stating it now expects demand to slacken from 1.35% to 1.28% with an estimated daily consumption of 86.9 million barrels in 2008.

During the week, 28,602 contracts valued at $1.55 billion were transacted on DGCX.

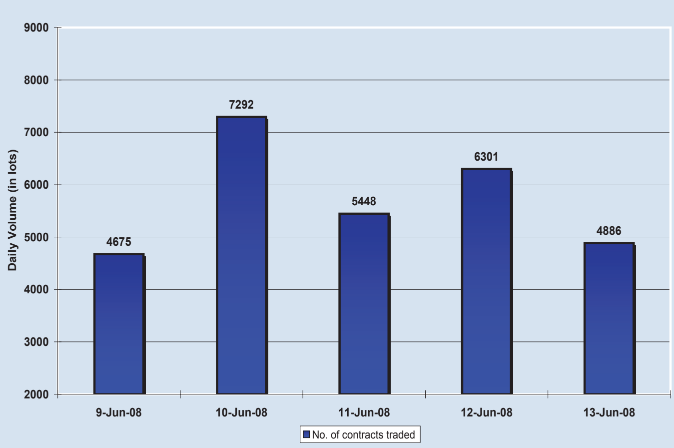
August Gold Futures opened the week at $904.60/troy oz, touched a high of $912/troy oz before closing on Friday at 873.70/troy oz. During the week, Gold futures touched a low of $859.20/troy oz. The weekly volume on Gold futures was 18,072 contracts valued at $508.70 million. The Open Interest on Gold futures increased by 296 lots and stood at 1658 with August futures accounting for 1638 contracts and 20 lots attributed to October. The net change during the week in Gold futures was $30.90 or -3.42%. Silver futures mirrored the movements in Gold and ended the week on the loosing side. Opening on Monday at $17.560/troy oz, July Silver touched a low of $16.425/troy oz before closing on Friday at $16.570/troy oz. The weekly fall in Silver was $1 or -5.66%. Open Interest on Silver increased to 83 lots with the weekly volume of 53 contracts totaling 0.89 million.

The fallout of CFTC's inquiry into the unusual run in prices of Crude Oil may have had a bearing on energy prices, as it was mostly range bound during the week. Opening a tad higher at $137.72 /bbl over the previous week, July WTI touched a weekly high of $138.70/bbl and a low of $131.31/bbl before closing on Friday at $135.47/bbl. The weekly volume in WTI was 3252 contracts valued at $440.12 million. The Open Interest on WTI stood at 308 lots on Friday. The Fujairah oil Bunker price was settled on Friday at $625.75/MT

The total weekly volume on DGCX currency contracts stood at 7109 lots valued at $596.73 million. The EURO fell on cues provided by the Irish voters and comments by US Treasury Secretary that "intervention is always possible". This comment came on the sidelines of the G-8 summit at Osaka. Central banks intervene in markets to correct the imbalances in values of major currencies, which were witnessed in 1995 when banks supported the US dollar as it plunged 20% versus the Japanese Yen. Opening the week at $1.5770, June Euro Futures touched a weekly high of $1.5835 before closing on Friday at $1.5354. The weekly volume on Euro futures was 3309 contracts valued at $256.15 million. The Open Interest on Euro slid from 439 to 233 contracts in view of the contract expiring on June 16th. The loss in value over the previous week was 2.6%. British Pound witnessed a weekly volume of 3195 contracts totaling $312.28 million. Opening on Monday at $1.9675 June GBP touched a high of 1.9790 before closing the week at $1.9459. The Open Interest on cable was 150 contracts. The net change in GBP value over the previous week was 1.22%. Bank of Japan left its interest rates unchanged that led to Yen declining in values against the Dollar. The weekly volume on Yen was 479 contracts with the Open Interest settling at 17 lots. Opening the week at $0.9504, Yen touched a low of $0.9243 before closing the week at $0.9244. The weekly fall in the value of Yen was 2.95%. The Indian Rupee witnessed a weekly volume of 126 contracts valued at $5.86 million. The Rupee is weighed down by record crude prices and a wobbly stock market. During the current year, Foreign Institutional Investors (FII) sold stocks worth $5.3 billion that has put further pressure on the currency. In contrast the FII's had brought in around $17 billion in 2007 which witnessed the INR appreciate considerably. With India importing 70% of its oil, the trade deficit could widen which can further set back the Rupee. As oil is subsidized heavily in India, weakening of the INR will lead to steep losses for the oil companies. The Open Interest on INR is 252 lots with the June contract expiring on Monday.

This week witnessed price of Steel futures heading south as it lost $32.50 vis-à-vis previous week. Opening the week at $1505/MT, July Steel futures touched a low of $1445/MT before closing the week at $1461.10/MT. The weekly volume on Steel was 115 contracts valued at $1.69 million. The Open Interest on Steel futures ended the week at 111 contracts.

Weekly Volumes



Xchange Snapshot

Market	Previous Week close	Current Week close	% Change
DG Aug'08	904.60	873.70	-3.42
DS Jul'08	17.565	16.570	-5.66
DEUR Jul'08	1.5764	1.5354	-2.60
DGBP Jul'08	1.9700	1.9459	-1.22
DINR Jun'08	2.3420	2.3321	-0.42
DJPY Jun'08	0.9525	0.9244	-2.95
DSTL Jul'08	1493.60	1461.10	-2.18
DBRC Jul'08	138.16	135.11	-2.21
DWTI Jul'08	138.70	135.47	-2.33
DWTI Aug'08	138.62	135.80	-2.03