

Market Roundup

"If we are not decisive, there is a risk of inflation exploding" was the riposte by European Central Bank President Jean Claude Trichet in a response to the rate hike by the ECB. Inflation in "Euroland" has jumped to 4% that prompted the ECB to hike interest rates by quarter point to 4.25%. The Euro has strengthened against the Dollar due to the wide interest gap that exists and as the Dollar weakens further, investors use commodities as a hedge against the greenback. Gold & Oil futures are the favorites of investors and hedge funds. The frenzy in the derivative and commodity markets can be best summed up by the surge in market volumes. In a report by Commodity Futures Trading Commission, the value of Commodity futures traded on US Futures Exchanges have jumped from \$4 billion in 1976 to \$4.78 trillion in 2007. In recent times, this has become the most debated issue between Oil Producers and consumers. While oil dependant nations scream for more output by OPEC, the cartel insists that the role of the speculator needs to be closely examined. The Wall Street Journal reports that a US based Committee is meeting this week to examine whether the "CFTC has a strong grip to regulate the growing \$5 trillion futures market". The report says that the Committee will also examine how the market is affected by the \$9 trillion "over the counter" market which is outside the CFTC regulation. The research company ISI Group reports that the over the counter Oil Trading could be "18½ times larger than the total oil bets placed on New York Mercantile Exchange". WTI futures breached the \$145 mark as crude oil inventory in the United States fell by 1.98 million barrels. With equity markets crashing around the Globe, more money is pumped into commodities and it has certainly led Edward Morse, chief energy economist at Lehman Brothers to quote, "we are seeing the classic ingredients of an asset bubble". He adds that for every \$100 million in new investment since 2006, oil prices have risen 1.6%. Rising oil prices, weak dollar, geo-political turmoil and mine problems in South Africa have triggered gold to \$948/troy oz. June witnessed significant changes as inflows into Exchange Traded Funds (ETF) have increased considerably. World Gold Council reports that the seven largest ETF's held 939,349 tons of Gold in June in contrast to 895,024 tons at the end of May. The ECB sold 72 tons during the year fulfilling its target quota as per the Central Bank Gold Agreement.

As Oil set record prices, DGCX witnessed a weekly volume of approx 39,000 contracts valued at approx \$2.8 billion. The daily average was 7,819 contracts with a total Open Interest of 3,576 contracts.

Opening the week at \$928.60/troy oz, August Gold Futures touched a high of \$948.30/troy oz before closing on Friday at \$934.70/troy oz. The net change over the previous week was \$6 or 0.65%. The weekly volume on Gold futures was approx 20,000 contracts valued at approx \$616 million. The Open Interest on Gold Futures was 2,092 contracts. Silver futures mirrored the movement in Gold and settled for the week at \$18.195/troy oz. As July Silver was close to expiry, the trading was witnessed on September futures. Opening at \$17.720/troy oz, September Silver futures made a high of \$18.495/troy oz with an Open Interest of 14 lots. The weekly volume on Silver was 84 contracts valued at approx \$1.5 million.

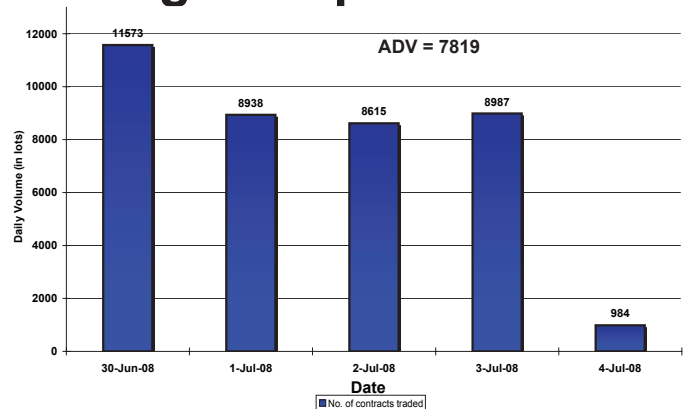
WTI futures set a record price of \$145.70 amidst frenzied trading. Opening the week at \$141.53/bbl, July WTI futures made a low of \$139.27/bbl and settled on Friday at \$144.06. There was a positive change of \$3.85 over the previous week. The August WTI contract witnessed a high of \$146.21/bbl. The week witnessed healthy volumes of approx 10,000 contracts valued at around \$1.5 billion. The Open Interest on WTI was 262 contracts. The Fujairah Bunker Oil contract was settled at \$723/MT

The currency volumes on DGCX totaled approx 8,000 contracts valued at approx \$706 million. September Euro opened the week at \$1.5726 and made a high of \$1.5850 before closing the week at \$1.5640. The weekly volume on Euro futures was approx 4,300 carrying a value of approx \$336 million. The Open Interest on Euro futures was 307. September GBP opened the week at \$1.9817 and during the week made a low of \$1.9695 before settling at \$1.9725. The volume on GBP was approx 3,700 contracts valued at approx \$366 million. The Open Interest on GBP was 306 at the end of the week. The Indian Rupee weakened considerably

during the week owing to high crude oil imports and set backs in the Indian Stock markets. The Foreign Financial Institutions have sold around \$6 billion of shares and with a bearish trend prevailing in the stock markets, the Indian Rupee touched a 15 month low against the US dollar. Opening the week at \$2.3011, July INR futures touched a low of \$2.2970 before closing the week at \$2.3060. The weekly volume was 65 contracts with the Open Interest at 136 lots.

Steel futures closed lower than the previous week with a net change of \$10. The settlement price was \$1540 with a volume of 34 lots.

Xchange Snapshot



Weekly Volumes

Market	Previous Week close	Current Week close	% Change
Aug'08 Gold Futures - (\$/ounce)	928.70	934.70	0.65
Sep'08 Silver Futures - (\$/ounce)	17.620	18.195	3.26
Sep'08 Euro Futures - (\$/Euro)	1.5725	1.5640	0.01
Sep'08 GBP Futures - (\$/GBP)	1.9819	1.9725	0.01
Sep'08 JPY Futures - (\$/100Yen)	0.9464	0.9401	0.01
Jul'08 INR Futures - (\$/100INR)	2.3300	2.3060	0.02
Jul'08 Steel Futures - (\$/mt)	1550.00	1540.00	10.0
Jul'08 DBRC Futures - (\$/b)	140.31	144.42	4.11
Jul'08 DWTI Futures - (\$/b)	140.21	144.06	3.85
Aug'08 DWTI Futures - (\$/b)	140.75	144.63	3.88

DGCX Achieves Record Volumes in June

Total volumes on DGCX reached historic new highs totaling almost 137,000 contracts equivalent to a value of over US\$9.2 billion in June. Average daily volume (ADV) stood at over 6,500 contracts, an increase of 111% year on year for June 2008. Year to date total volumes have increased by 36% highlighting an increased interest from market participants.

Crude oil currently represents 27% of the exchanges total volumes in June trading over 36,000 contracts valued at approx US\$5 billion. The record June volume reflects the growing dominance of crude oil contracts in the total business transacted on DGCX, making the crude oil launch the most successful in DGCX's history.

Crude Oil futures have opened a fresh avenue for effectively hedging risk in the world's most strategic commodity, prices of which have escalated to startling levels in recent months, said Malcolm Wall Morris, Chief Executive Officer, DGCX. "The crude oil contracts have diversified the DGCX portfolio, while adding depth to the region's derivatives market. The initiative firmly endorses our strategy to enhance liquidity on the Exchange and constantly respond to market needs."