

Dear member/customer,

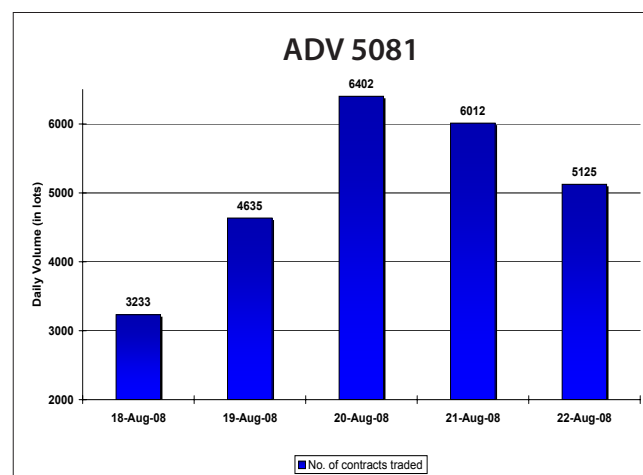
Welcome to this week's Xchange update from DGCX. This week's update includes a snapshot of DGCX volumes and news, as well as guest market commentary from JRG Metals & Commodities DMCC.

Please note that the observations expressed in the guest commentary do not reflect the views of DGCX and are solely the view of the writer. We welcome guest commentary on the commodity markets from all of our members.

DGCX Market Close

Market	Previous Week close	Current Week close	% Change
DGCX Oct'08 Gold futures - (\$/ounce)	789.40	824.10	4.40%
DGCX Sep'08 Silver futures - (\$/ounce)	12.780	13.380	4.69%
DGCX Sep'08 Euro Futures - (\$/Euro)	1.4659	1.4753	0.64%
DGCX Sep'08 GBP Futures - (\$/GBP)	1.8593	1.8480	-0.61%
DGCX Sep'08 INR Futures - (\$/100 INR)	2.3200	2.2971	-1.07%
DGCX Sep'08 JPY Futures - (\$/100 Yen)	0.9061	0.9100	0.43%
DGCX Sep'08 Steel Futures - (\$/mt)	1380.00	1181.20	-14.41%
DGCX Sep'08 DBRC Futures - (\$/b)	112.55	113.92	1.22%
DGCX Sep'08 DWTI Futures - (\$/b)	113.77	114.59	0.57%

DGCX Daily Volumes



Market commentary

by JRG Metals & Commodities, DMCC

Crude Oil

Oil prices recovered from fifteen week low of \$111.70 and closed at \$114.59 a barrel last week due to the weaker dollar and geopolitical tension. Increased NATO-Russia tension over the Georgia conflict is the main geopolitical issue affecting energy prices. The threat of tropical storm "Fay" in the Gulf of Mexico also strengthened crude oil prices.

Expectations that the Organization of Petroleum Exporting Countries (OPEC) might decide to cut supply when it next meets on 9 September as well as growth in China's oil demand helped to lift crude futures. Chinese demand hit a two-year high in July due to the Olympic games.

Wednesday's data from the U.S. Energy Information Administration showed that crude supplies rose 9.4 million barrels last week, more than expected, but gasoline stocks fell 6.2 million barrels.

Crude has fallen sharply from the all-time high of \$147.27 a barrel on 11 July, as growing global economic problems and high fuel prices cut demand in the United States and Europe. The President of OPEC, Chakib Khelil, called oil prices "abnormal" and said they could pull back to \$80 a barrel over the long term

if the dollar were to continue to recover and global political worries ease.

Light, sweet crude oil for September delivery on the Dubai Gold and Commodities Exchange traded in the range \$115.12-\$111.85, before settling at \$114.53 a barrel last week.

Weekly outlook (DWTI Sept):

Expecting a range bound movement between \$110-\$122.50. Breaking of either side may clear the direction. Supports are \$104.20, \$99.30 Resistances are \$117.50, \$122.40 and \$128.60.

Gold

Gold prices recovered from a nine month low of \$773.90 and settled at \$ 826.20 last week, supported by the weak dollar, strong oil price and increased geopolitical tension. Buying momentum in gold improved on news of a shortage in American eagle bullion coins due to soaring demand which has forced the U.S. Mint to temporarily suspend sales of the popular coins.

Data from the US on Tuesday showed that house building projects fell 11% to the lowest annual rate for more than 17 years in July, while building permits tumbled 17.7%,

supporting movements in precious metals.

The U.S. Producer Price Index climbed 1.2% in July after a 1.8% gain in June. On an annual basis, the index rose 9.8%, the biggest jump since June 1981. At the same time increased NATO-Russia tension over the Georgia conflict increased the "safe haven" appeal of precious metals. In the previous week, Gold prices touched a nine month low of \$773.90 due to the strong dollar and fall in crude price.

At the same time, a report from the World Gold Council showed that global demand for gold dropped 19% year-on-year to 735.6 tonnes in the second quarter of 2008. Higher prices and increased volatility weakened jewellery buying.

Gold for October delivery on the Dubai Gold and Commodities Exchange traded in the range \$840.80 - \$784.70 before settling at \$823.50 an ounce last week.

Weekly Outlook (DG Oct)

Expecting a continuation of upwards trend above \$843. Resistances are \$836, \$854, \$867. Supports are \$820, \$814, and \$802.

Euro vs. Dollar

The dollar fell against the euro last week, after five weeks of increasing and closed at 1.4792. This is despite weekly a fall in new cases for US unemployment benefits. In spot, dollar closed at 1.4792(1.4682) against the euro, after trading in the range of 1.4907 – 1.4628.

This month, the dollar rallied more than 4% against the euro thanks to the sell-off in oil prices and growing fears of an economic slowdown in the euro zone. At the same time, the deficit in international trade fell 4.1% to \$56.8bn in the US, down from a revised \$59.2bn in May, as US exports grew the most in almost four-and-a-half years.

Weekly Outlook (DEUR Sept):

Expecting more weakness above 149.14. Resistances are 148.20, 147.60 and 146.70. Supports are 150.20, 152.40 and 153.59.

Pound vs. Dollar

The Sterling Pound continued its weakness against the dollar last week and touched a 25 month low of 1.8503 amid renewed worry over the UK economy. Minutes from the Bank of England's August meeting showed a nervous Monetary Policy Committee (MPC) was split three ways on the direction of British interest rates which adversely affected the sentiment. MPC minutes showed one member voted to increase and another to cut interest rates, but the other seven decided to keep borrowing costs steady at 5% for a second month in a row.

According to a survey from the Confederation of British Industry, British manufacturers expect to cut output at the fastest rate in nearly seven years. The survey's total order book balance was -13 this month after -8 in July. Analysts had forecast a reading of -12.

On Monday, a weak British housing market added to the struggling UK economy which may require a cut in interest rates. According to UK property website Rightmove, house prices fell 2.3% month-on-month and the year-on-year decline has now increased from 2% in July to 4.8%, the fastest fall since 2002. At the same time, according to the report from the Office of National Statistics, British retail sales rose by 0.8% last month.

Weekly Outlook (DGBP Sept):

Expecting more weakness below 185.45. Resistances are 186.34, 187.40 and 189.30. Supports are 184.50, 183.28 and 181.22.

DGCX News in Brief

- DGCX and MF Global to host seminar for market participants of the energy industry in Singapore

Full details on all of our products and DGCX news can be found at www.dgcx.ae

Alternatively, if you would like to speak with a Relationship Manager, please contact us on the details below.

Tel: +971 (0)4 361 1616

Email: info@dgcx.ae

Dubai Gold and Commodities Exchange

Emaar Business Park, Bldg No. 2, Level 1, Sheikh Zayed Road, P.O. Box 37736, Dubai, United Arab Emirates

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