

Dear member/customer,

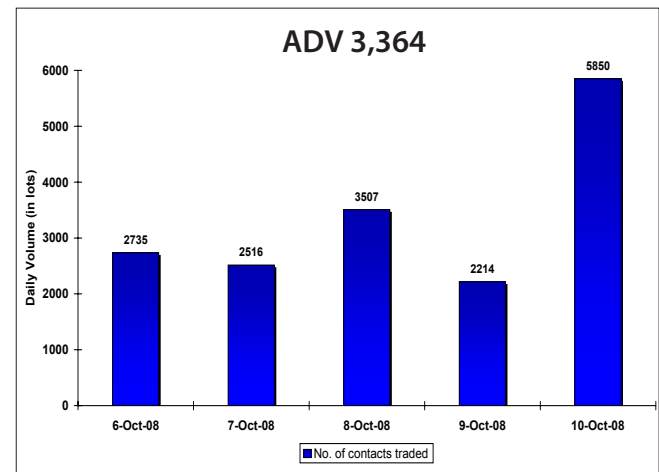
Welcome to this week's Xchange update from DGCX. This week's update includes a snapshot of DGCX volumes and news, as well as guest market commentary from SMC Comex International DMCC.

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 Dec'08 Gold futures - (\$/ounce)	835.00	848.80	1.65%
DGCX Dec'08 Silver futures - (\$/ounce)	11.170	9.950	-10.92%
DGCX Dec'08 Euro Futures - (\$/Euro)	1.3820	1.3409	-2.97%
DGCX Dec'08 GBP Futures - (\$/GBP)	1.7709	1.7017	-3.91%
DGCX Oct'08 INR Futures - (\$/100 INR)	2.1316	2.0647	-3.14%
DGCX Dec'08 JPY Futures - (\$/100 Yen)	0.9557	1.0050	5.16%
DGCX Nov'08 Steel Futures - (\$/mt)	830.00	805.00	-3.01%
DGCX Oct'08 DBRC Futures - (\$/b)	90.25	74.09	-17.91%
DGCX Oct'08 DWTI Futures - (\$/b)	93.88	77.70	-17.23%

## DGCX Daily Volumes



## Market commentary

by SMC Comex International DMCC

### Crude Oil (November Contract)

Energy prices fell last week due to the fear of global recession. Prices were volatile, ignoring the key fundamentals and touched highs of \$147 on NYMEX. Volume in WTI crude declined from \$189 to \$87 contracts while open interest increased from 36 to 44 contracts on Friday.

#### Weekly Outlook:

Crude oil may continue the downward trend as the economic crisis has curbed demand. Falling crude oil prices are hitting the margins of OPEC nations and as a result, Chakib Khelil, OPEC president, said that the cartel is very likely to cut oil production at the November 18 meeting in Vienna. World Central banks and IMF are trying to infuse more liquidity. The IEA has lowered its 2009 projection by 440,000 barrels a day to 87.2 million barrels a day. U.S. fuel demand averaged c.18.7 million barrels a day over the past four weeks, the lowest since June 1999.

#### Technical Recommendation:

Crude oil prices may remain weak and crucial supports are \$75 and \$65 in near term. While on the higher side resistances are \$85 and \$92.

### Gold (December Contract)

Gold witnessed bullish momentum last week but fell

sharply on Friday as investors trimmed their positions to cover the losses in equity markets. Open interest (OI) in DGCX Gold futures (December) increased by 65 contracts.

#### Weekly Outlook:

As global financial markets are caught in turmoil, gold prices are setting new records every day. Last week, key central banks cut interest rates providing brief relief to the financial turmoil. The upside momentum in Gold is therefore likely to remain. CPI and PPI data in the US should be closely watched this week.

#### Technical Recommendation:

Gold supports are \$810 and \$780 and resistances are \$886-\$910.

### Euro v Dollar (December Contract)

Despite various measures taken by central banks, panic continued to dominate the Euro currency this week. However, an unexpected 3.6% rise in German factory orders on Tuesday boosted the Euro. In an emergency meeting, the US, Bank of England and European Central Bank cut interest rates by 50 basis points to inject liquidity into the market. In the later part of the week, poor data from Germany brought 'bearishness' in the Euro. The trade surplus in Germany narrowed to 10.0B

from 13.8B in July. German wholesale prices fell for the second month in September.

#### *Weekly Outlook:*

The currency markets will continue to trade with high volatility, although Monday is a bank holiday in the US for "Columbus Day". Recent record-breaking market declines will continue to exert bearish pressure on the Euro and other currencies. The German ZEW survey and Euro-zone Consumer Price Index are major economic indicators to be watched this week. Euro-zone CPI is anticipated to slip to 3.6% from 3.8%, but if this holds steady or falls less than forecast, the Euro could gain. The upside will be limited as other factors remain negative for the Euro.

#### *Technical Recommendation:*

Euro/dollar supports are \$1.32 and \$1.29 and resistances are \$1.41 and \$1.44.

### **Sterling v Dollar**

Last week was eventful for the currency market. Historical decisions were taken to rescue the economy. UK Prime

Minister Gordon Brown announced a plan to inject £50 billion into banks. However, the sterling pound continued to fall. On Tuesday, the sterling pound improved on expectation of a financial bailout plan for the nation's troubled banks. U.K. construction fell at the fastest rate for 14 years during the third quarter. In addition to this, £200 billion will be available under the Special Liquidity Scheme, which will facilitate the exchange of some illiquid assets for UK Treasury Bills.

#### *Weekly Outlook:*

Downside momentum remains for the sterling pound in the short to mid term. It has already breached major support marks in recent trading. Important economic data affecting the sterling pound will be released this week; PPI input, CPI data, unemployment levels. Lower level buying could be traded in between but the pound is unlikely to sustain a high level.

#### *Technical Recommendation:*

British pound/dollar resistances are: \$174 and \$178 and supports are: \$160 and \$150.

### **DGCX News in Brief**

- DGCX concluded its largest ever physical settlement last week worth US\$25.20 million. The transaction involved the physical delivery of gold and steel rebar futures contracts and participants included leading banks and players from the physical market
- The transaction is a testimony to the efficient and robust settlement framework provided by the Dubai Commodities Clearing Corporation (DCCC), a wholly owned subsidiary of DGCX. It also reinforces the Exchange's position as a secure marketplace used by industry participants to source physical delivery requirements especially in this time of economic uncertainty and increased counterparty credit risk

Full details on all of our products and DGCX news can be found at [www.dgcx.ae](http://www.dgcx.ae)

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