DGCX
بورصة دبي للذهب والسلع
Dubai Gold & Commodities Exchange

Xchange Weekly

22nd Dec 2008

Dear member/customer,

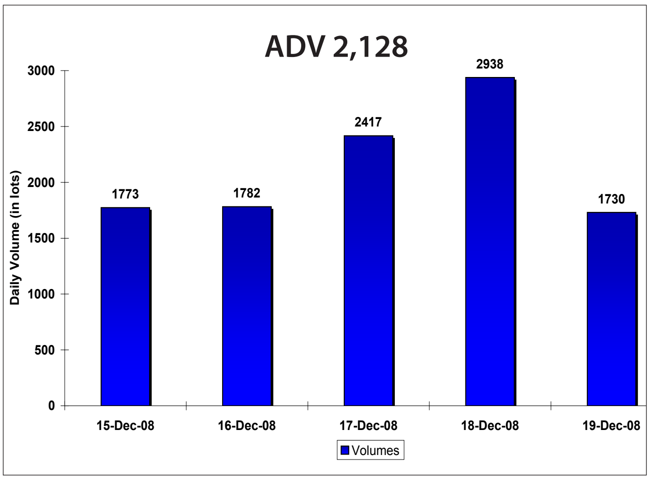
Welcome to this week's Xchange update from DGCX. This week's update includes a snapshot of DGCX volumes and news, as well as guest market commentary from JRG Metals & Commodities DMCC.

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 Feb'09 Gold futures - ($/ounce)	820.20	840.00	2.41
DGCX Mar'09 Silver futures - ($/ounce)	10.225	10.870	6.31
DGCX Mar'09 Euro Futures - ($/Euro)	1.3370	1.3826	3.68
DGCX Mar'09 GBP Futures - ($/GBP)	1.4946	1.4839	-0.49
DGCX Dec'08 INR Futures - ($/100 INR)	2.0638	2.1190	2.67
DGCX Mar'09 JPY Futures - ($/100 Yen)	1.0995	1.1173	1.34
DGCX Dec'08 Steel Futures - ($/mt)	482.00	472.00	-2.07
DGCX Jan'09 DBRC Futures - ($/b)	46.41	44.00	-10.35
DGCX Dec'08 DWTI Futures - ($/b)	46.28	36.22	-21.74

DGCX Daily Volumes



Market commentary

JRG Metals & Commodities DMCC

Crude Oil

Crude oil prices witnessed a sharp fall last week and traded near the five year low of $32.40 and ended at $33.17 due to the worry of a slowdown in oil demand and rising inventories despite the proposed production cut by OPEC. OPEC last week announced that they will cut oil production by 2.2 million barrels per day as of 1st January - the largest cut ever. So far, there is no sign that Russia, the world's second largest oil producer, will follow with any cuts.

At the same time, the U.S. Department of Energy said that crude oil supplies were up 500,000 barrels to 321.3 million barrels last week. Supplies of gasoline were up 1.3 million barrels while heating oil supplies were up 600,000 barrels. The DoE also said that refinery use slipped from 87.4% to 84.1% of capacity last week. Over the past four weeks, gasoline demand was down 2.7% from a year ago while distillate demand was down 4.5%.

Light, sweet crude oil for January delivery in DGCX traded in the range $50- $36.25, before settling at $41.92 a barrel last week.

Weekly outlook (DWTI):

Expected trading range of $38 to $50. Resistances are $45.50 $48.20, $50 and $55. Supports at $40, $38 and $35.

Gold

Gold futures continued to recover last week and ended the week at $836.75. The dollar traded weak vs other major currencies after the Federal Reserve slashed interest rates to just about zero to save the U.S. economy. The decision increased the appeal of the precious metal as an alternative investment, in spite of the falling oil price.

The greenback therefore remained under pressure due to the interest rate cut and other economic measures taken to lift the U.S. economy out of recession. In a historic move, the Federal Reserve on Tuesday cut its target for the federal funds rate to a range of zero to 0.25%, a record low and down from 1%.

According to the U.S. Labour Department, jobless claims were down 21,000 to 554,000 last week, a little less than expected, but still a very high level. According to the Commerce Department, the current account showed that the overall deficit narrowed to -$174.1bln in Q3 2008, versus the revised -$180.9bln deficit seen in Q2 08 (previously -$183.1bln). This comes in above market expectations for a -$179.0bln deficit reading. According to the release, the current account deficit now equates to roughly 4.8% of GDP, versus the 5.1% seen in Q2 2008.

At the same time according to a report from the U.S.

Census Bureau, housing sales were at a record low annual rate of 625,000 in November, down 18.9% from October's pace and much weaker than expected. Building permits were down 15.6% on the month. The U.S. Labour Department said that the consumer price index was down 1.7% in November and up 1.1% from a year ago, a bigger drop than expected. Excluding food and energy, prices were unchanged in November.
Gold for February delivery in Dubai Gold and Commodities exchange traded in the range $879.50 - $821.6 before settling at $ 840 an ounce last week.

Weekly Outlook (DG):
Expected trading range is $881 and $829.80. Resistances are $854, $864, $881 and $889. Supports are at $829.80, $821, $808 and $793.

Euro v Dollar

The dollar continued its weakness against the Euro and other major currencies last week as the Federal Reserve slashed interest rates to just about zero to save the U.S. economy. The greenback also remained under pressure, after the Federal Reserve decided to cut interest rates to historic lows and expand a programme of extraordinary lending and other measures to attempt to lift the U.S. economy out of recession.

Weekly Outlook (DEUR):
Expected trading range is 146.85 and 136. Breaking of either side may decide the direction. Resistances are 136, 134.40 and 132.50. Supports are 140.10, 143.50, and 146.85.

British Pound v Dollar

Sterling pared its gain from a five week high of 1.5723 and closed at 1.4925 towards the end of last week amid expectations for further UK interest rates cuts following comments from BoE deputy governor Charles Bean and the US cuts. According to Bank of England deputy governor Charles Bean, rates could fall «all the way to near zero» from the current 2% and further capital injections into UK banks may be required. Data on Wednesday showed the number of people claiming jobless benefit surged to more than one million last month, raising expectations of further UK rate cuts.
The U.K.'s Office for National Statistics said that retail sales were up 0.3% in November and up 1.5% on a year ago, better than expected and the first increase in three months. According to data from the U.K.'s Office for National Statistics (ONS), the unemployment rate was 6.0% in August to October, up from 5.8% a month ago. The ONS also said that year on year consumer prices were up 4.1% in November, down from a 4.5% gain in October. But an overall poor UK economic outlook has increased expectation for the Bank of England to cut rates aggressively to shore up the economy.
In a report from Rightmove, house prices in the UK saw an easing in the pace of decline in December. Prices dropped by 2.3% m/m (6.3% y/y) compared to November's 2.9% m/m (7.1% decline). House prices are expected to decline a further 10% in 2009.

Weekly Outlook(DGBP: March):
Expected trading range is 147.50 and 156.30 and breaking of either side may decide the direction. Resistances are 151.20, 153.15, and 156.30. Supports are 144.80, 142.20, and 139.80.

DGCX News

- Please note that due to a public holiday in the U.A.E., Xchange Weekly will not be distributed next week.

Further Information

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.

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