



## Overview

Commodities prices remain vulnerable to another financial market rout, as concerns have expanded over economic prospects. If key support levels hold prices may begin a consolidation phase from which they could rise in the weeks ahead, depending on investor sentiment. Another disappointing headline, however, could push prices sharply lower. Last week's sell off pronouncedly followed the Fed's comments and announcement to rebalancing of treasury holdings. Industrial metals' prices already were trending lower prior to the Fed's statement, but were accentuated further following the monetary policy meeting. Politicians in the United States and Europe face financial obstacles that appear to be mounting and unnerving market participants. The lack of certainty in fiscal policy and concerted effort in addressing near term economic problems is forcing investors to move to the sidelines and pushing the U.S. and Europe closer to recession. Gold and silver prices surprised on the downside since they perhaps should have moved higher on dimmer prospects, but a rush to cash and technical selling pushed the prices of these metals lower. This week select commodities may be supported more firmly on stronger fundamental traits.

## PRICES

(Prices as of 23 September; changes from 16 September)

### PRECIOUS METALS

Gold	\$1,637.70	↓	-9.6%	-174.80
Silver	\$30.10	↓	-26.3%	-10.73
Platinum	\$1,613.20	↓	-11.1%	-200.70
Palladium	\$642.50	↓	-12.3%	-90.45

### BASE METALS

Aluminum	\$2,205.50	↓	-7.5%	-179.50
Copper (Comex)	328.00¢	↓	-16.6%	-65.15¢
Copper	\$7,261.00	↓	-17.6%	-1551.00
Lead	\$2,023.00	↓	-16.1%	-388.50
Nickel	\$18,050.00	↓	-17.0%	-3,690.00
Tin	\$19,005.00	↓	-19.1%	-4500.00
Zinc	\$1,956.00	↓	-11.5%	-254.00

### ENERGY

Crude Oil	\$79.85	↓	-9.2%	-8.11
Gasoline	\$2.55	↓	-8.2%	-0.23
Heating Oil	\$2.80	↓	-7.1%	-0.21
Natural Gas	\$3.70	↓	-2.8%	-0.11

### SOFT COMMODITIES

Cocoa	\$2,634.00	↓	-5.7%	-158.00
Coffee	231.45¢	↓	-11.1%	-28.95¢
Cotton	101.24¢	↓	-8.4%	-9.28¢
Orange Juice	155.25¢	↓	-4.6%	-7.50¢
Sugar	24.13¢	↓	-8.3%	-2.18¢

Precious metals are the nearby active contract. Copper (Comex), energy, and softs are most active contract. Base metals given for LME 3-month official prices.

## Focus VII - 39

**PRECIOUS METALS:** Gold and silver prices are expected to move in a sideways to higher fashion this week. A break below certain key support levels could result in continued weakness in the prices of these metals, however.

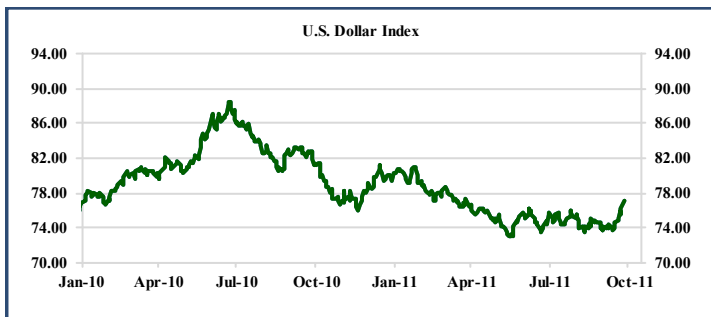
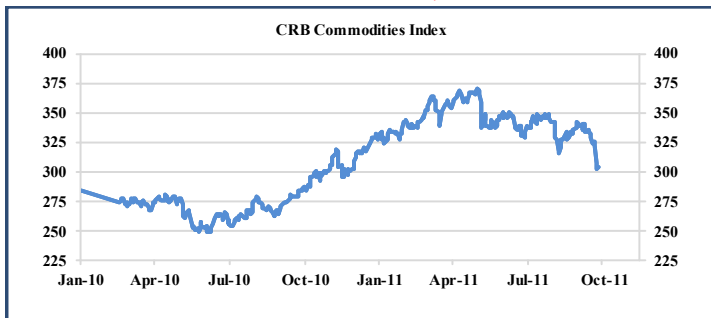
**BASE METALS:** Short-building drove all LME-traded base metals lower last week, with LME total open interest rising for each metal. Base metals remain vulnerable on the downside. Further increases in short positions and technical selling could push prices below fundamental supports.

**ENERGY:** Oil prices may trade above technical support levels this week as physical demand for oil remains strong. However, cautious investor sentiment could dampen upward price moves.

**SOFT COMMODITIES:** Soft commodities prices fell last week as investors sought to reduce their exposure to riskier assets and a stronger U.S. dollar provided momentum to price declines.

## INDICATORS

CRB Index	301.87	↓	-8.4%	-27.68
U.S. Dollar Index	78.50	↑	2.5%	1.90
T-Bills	0.00%	↓	-0.01%	-0.006%
DJIA	10,953	↓	-3.9%	-448.35
FTSE All World	182.57	↓	-7.6%	-15.00



Source: Bloomberg, ICE, Reuters/Jefferies

**GOLD**



Gold prices are expected to move sideways to higher this week, with support positioned at \$1,525. Technical selling, as prices broke below key support levels, coupled with an increase in margin requirements in the United States and China are expected to weigh on gold prices, possibly dragging them toward \$1,500. As of 23 September gold was down 10% week-on-week. This could be used by market participants as a buying

opportunity, as the medium-term outlook for the global economy has not improved, with concerns about the European debt crisis worsening recently. Investors in gold exchange traded funds held onto their metal, for the most part, despite the sharp decline in prices. Total holdings reached 73.0 million ounces on 23 September, down 61,600 ounces from 16 September.