DGCX

بورصة دبي للذهب والسلع

DUBAI GOLD & COMMODITIES EXCHANGE

Weekly Market Views

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27th July 2009

Welcome to the ***new*** Weekly Market Views report from DGCX, providing you with a snapshot of what's happening in the energy, precious metal and currency futures markets.

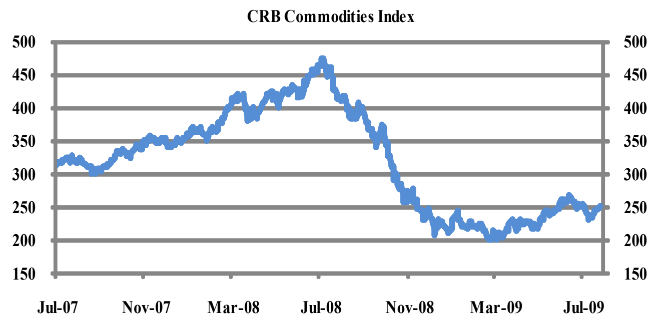
Please note that the observations and views expressed in this newsletter do not reflect the views of DGCX and are solely the view of the writer (CPM Group).

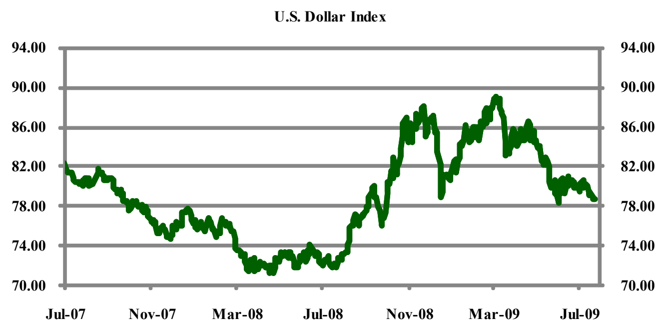
Commodities Overview

Commodities prices have continued to be strong into the second half of July, succumbing neither to profit-taking nor the summer doldrums that sometimes plague these markets. This may reflect both stronger investor demand and some revival in real demand for many commodities, along with the weaker dollar. Prices may remain strong this week. The higher they move, the more susceptible to a downward correction they become, of course, but such a drop in gold, silver, and oil prices may not come until early August, now. Investor confidence has been rising over the past couple of weeks, although not universally, which has lent support to commodities. There is a view by some that a sustained economic growth is in the early stages, with selected data from both some industrial and emerging economies supporting this thesis. This would be expected to support industrial commodities and energies prices. At the same time, however, there remains concern over financial markets and economic conditions. Some market participants believe that the current optimism over the economy may be premature.

Currencies Overview

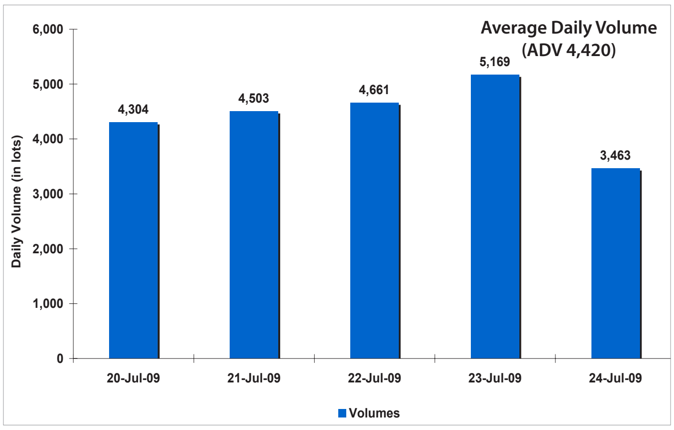
The U.S. dollar fell to a multi-month low against a basket of currencies last week as equity markets around the world continued to rally amid improved economic data and better than expected corporate earnings. Despite an easing of risk aversion and an increase in broad sentiment among investors that stock markets around the world may move substantially higher as the economy recovers there remains serious impediments to real economic growth. There is rising unemployment, significant shortfalls in capacity utilization, low consumer spending, and a possible over-extension of lending in China, which has fueled an inventory stockpiling binge without any true economic value. In spite of some mixed signals that suggest that the worst may be behind the market and the global economy may be moving toward positive growth, the sustainability of this recovery continues to be questionable. Preliminary data for some vital U.S. macroeconomic indicators are scheduled to be released this week, which could provide some direction to the U.S. dollar. Overall, the U.S. dollar is expected to bottom out over the next two to four weeks, before strengthening for a multi-month period.





DGCX Prices & Daily Volumes

Market (as at 24 July 2009)	Current Week close	Current Week close	% Change	Weekly High	Weekly Low
Gold futures ($/ounce)	$ 951.20	▲	1.52%	$ 956.70	$ 940.80
Silver futures ($/ounce)	$ 13.880	▲	3.66%	$ 13.830	$ 13.525
Euro Futures ($/Euro)	$ 1.421	▲	0.70%	$ 1.429	$ 1.415
GBP Futures ($/GBP)	$ 1.643	▲	0.52%	$ 1.658	$ 1.631
INR Futures ($/100 INR)	$ 2.075	▲	0.79%	$ 2.078	$ 2.056
JPY Futures ($/100 Yen)	$ 1.056	▼	-0.53%	$ 1.067	$ 1.053
WTI Futures ($/b)	$ 68.05	▲	7.06%	$ 68.10	$ 63.79



Economic Indicators

Indicator		Value	Change	% Change
CRB Index	▲	251.79	6.74	2.8%
U.S. Dollar Index	▼	78.73	-0.62	-0.8%
T-Bills	▲	0.18%	0.02%	0.0%
DJIA	▲	9,093	349.30	4.0%
FTSE Global All-Cap	▲	287.49	12.20	4.4%

Source: Bloomberg data

COMMODITIES

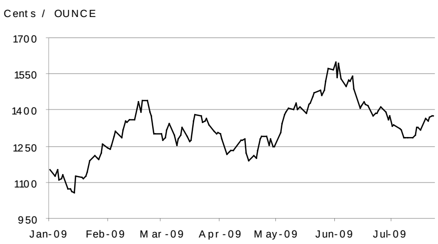
Crude Oil

Crude oil prices barreled above $65 last week and jumped above $68 on Friday 24 July. With a weaker dollar expected this week, prices are likely to remain above $65 and could break above $70 in a broader rally in the equity markets. Oil continues to trade on expectations of a global economic recovery rather than the current fundamentals. Oil inventories in the United States have declined by nearly 19 million barrels since early June but are still at elevated levels according to U.S. Energy Department data. On the downside, ongoing discussions by U.S. regulators about limiting non-commercial interests in the commodity markets, including oil, have the potential to precipitate a widespread investor panic about such pending regulatory action, which could cause a sharp price decline. If investors preemptively curtail their positions, oil price could begin to reflect the weak near-term fundamentals. This probably will not happen in the near term. Meanwhile investors remain interested in oil, keeping prices firm.

Gold

Gold traded mostly between $940 and $960 last week. This week prices may see a similar range, testing $960 and then retreating below $950 before buying resumes. A break above $960 is expected in the next two weeks, albeit probably a brief foray higher. It may not emerge this week. Gold prices may be buoyed by a weakening dollar. Investment demand for large and small products reportedly remains strong, and the international market may see some short-term tightness. With gold prices at current levels there could be an increase in jewelry scrap flows. Over the past several months market participants have increased their gold purchases at prices near $900 and sold at prices above $950. Prices may move into a higher range this week and next, for a brief time, however.

Silver



Silver prices may find support amid broad investor interest in commodities, with the primary focus on gold and oil, this week. Prices may remain firm due to this buying interest, staving off the potential for profit-taking and technically based selling which could push silver prices briefly lower. Prices are expected to hold well above $13.00, and could make a run to $14.00. Longer term, over the next few weeks, even if silver prices break below $13.00, strong support for silver is positioned at $12.50 -$12.75. Silver prices rose 5.0% last week on a weak U.S. dollar and on rising investor expectations of a global economic recovery, which could increase demand for silver bearing products. Strong demand from electronics and chemical catalyst manufacturers also is supporting higher silver prices at this time. Bargain hunting by longer term investors further accentuated the rise in prices. Going forward, investors are expected to continue to pour money into the silver market. Combined ETF silver holdings stood at 409.8 million ounces on 24 July, up 0.1% from 409.5 million ounces held on 17 July.

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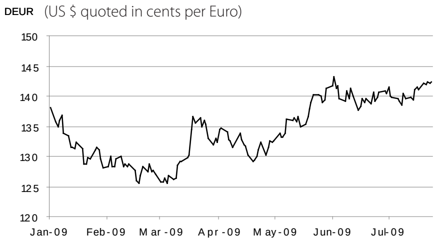
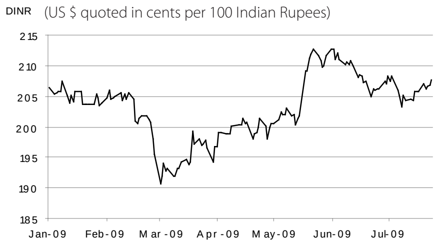
CURRENCIES

Euro / Dollar



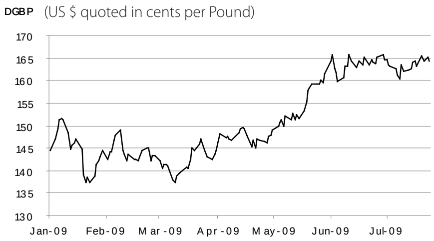
The euro continued to trade in a wide band, attempting to break above 1.43, which did not happen through Friday. Early this week it seems likely that the euro will eventually make a push through this level and could reach 1.435. From there several important technical formations may encourage further buying by chart based investors. Some fundamental data has helped underpin the euro, including improved German investor sentiment. However, Spain's unemployment rate reached north of 17%, highlighting the disparities among European Union economies. Any move higher in the euro, above 1.44, should still be viewed as part of a larger topping pattern that may lead into U.S. dollar strength for some time.

Indian Rupee / Dollar



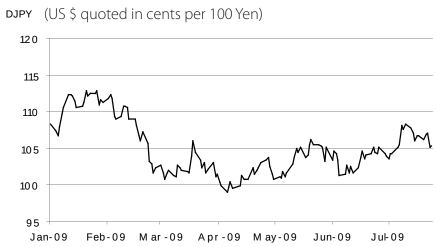
The Indian rupee could appreciate this week, with resistance at 208 cents per 100 rupee. While the rupee also remains vulnerable to profit-taking by investors, the overall trend is expected to be higher. Strong support for the rupee is at 204 cents per 100 rupee. Last week the Indian rupee strengthened, taking cues from rising domestic stock markets coupled with a weak U.S. dollar against other currencies. Rising Indian stocks markets typically are favorable for the rupee as it leads to in more inflows of foreign capital into the country. Foreign investors have purchased around $6.4 billion worth of Indian stocks this year. This has helped the Indian rupee strengthen from its record low of 190.71 cents per 100 dollar touched on 2 March.

Sterling Pound / Dollar



The British pound traded in a wide range last week, fluctuating between 1.6250 and 1.6580. As with the euro, the pound was unable to move substantially higher last week. Improved market sentiment is friendly to further gains in the pound, which could break above 1.66 this week. The United Kingdom's gross domestic product figure was worse than expected and is not a positive fundamental sign. The pound, like the U.S. dollar, is particularly vulnerable to market sentiments, as the fundamentals of the United Kingdom and the monetary and fiscal measures undertaken by the Bank of England are substantially similar to that of the United States.

Japanese Yen / Dollar



The yen is likely to remain under pressure this week. It may fall below 105 cents, with support at 103.5 cents. Last week the yen fell 1.3% on improved global economic sentiment. There has been news about capital flows out of Japan as domestic institutional investors have been moving toward high yielding assets. According to recent figures by the Japanese Finance Ministry, Japanese investors were net buyers of 709.4 billion yen of overseas assets through the week ended 11 July. Also, preliminary market estimates suggest that around 700 billion yen of Toshin funds, which allow Japanese retail investors to invest in high yielding currencies, have been launched. These trends indicate improved risk appetite for foreign assets among Japanese investors, which could weigh on the yen in the near future.

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.

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