



## Xchange Weekly (Market Update)

22<sup>nd</sup> June 2009

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 market commentary from SMC Comex International DMCC.

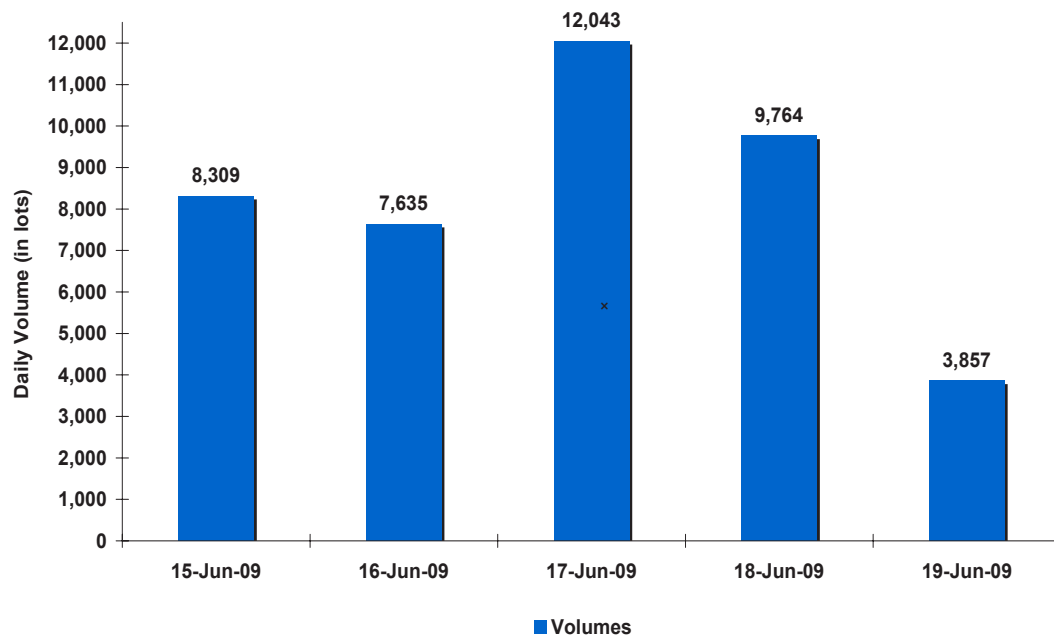
Please note that the observations expressed in the market commentary do not reflect the views of DGCX and are solely the view of the writer.

### DGCX Market Close

Market	Previous Week close	Current Week close	Current Week close	% Change	Weekly High	Weekly Low
DGCX Gold futures - (\$/ounce)	\$ 940.50	\$ 935.30	▼	<b>-0.55%</b>	\$ 942.20	\$ 926.50
DGCX Silver futures - (\$/ounce)	\$ 14.87	\$ 14.185	▼	<b>-4.61%</b>	-	-
DGCX Euro Futures - (\$/Euro)	\$ 1.400	\$ 1.395	▼	<b>-0.36%</b>	\$ 1.400	\$ 1.374
DGCX GBP Futures - (\$/GBP)	\$ 1.644	\$ 1.651	▲	<b>0.46%</b>	\$ 1.656	\$ 1.619
DGCX INR Futures - (\$/100 INR)	\$ 2.099	\$ 2.074	▼	<b>-1.18%</b>	\$ 2.096	\$ 2.068
DGCX JPY Futures - (\$/100 Yen)	\$ 1.016	\$ 1.040	▲	<b>2.37%</b>	\$ 1.046	\$ 1.018
DGCX DBRC Futures - (\$/b)	\$ 70.92	\$ 69.19	▼	<b>-2.44%</b>	-	-
DGCX DWTI Futures - (\$/b)	\$ 72.04	\$ 69.55	▼	<b>-3.46%</b>	\$ 72.54	\$ 69.35

### DGCX Daily Volumes

Average Daily Volume (ADV 8,322)



**DGCX**بورصة دبي للذهب والسلع  
DUBAI GOLD & COMMODITIES EXCHANGE

## Market commentary

provided by SMC Comex International DMCC

### Crude Oil

**Weekly commentary:** Crude oil prices are showing resilience at current levels as prices are being supported by hopes of a turnaround in the global economy, which would lift oil demand. They are also being supported by a decline in hefty U.S. petroleum stockpiles. However, on Friday some profit booking was observed.

**Outlook:** Bullish momentum in crude oil may continue in the near term. Last week U.S. crude stockpiles declined by 4.4 million barrels, a larger-than-expected decrease (week ending 5 June). However, measured against demand from refiners, crude stocks are at a 16 year high for the same week. The International Energy Agency revised its demand forecast upward this week for the first time since August last year. Overall, the IEA expects global demand to drop 2.9% on a year earlier, while OPEC and the EIA see demand dropping by 1.9% to 2% this year.

**Technical Recommendation:** Dubai crude has key support at \$68 and \$65 and resistance at \$72 and \$75.

### Gold

**Weekly commentary:** Dubai gold traded sideways last week. A lack of clear direction in the dollar index is keeping sentiment rather choppy. Bullion may trade in range, tracking mixed movement in the dollar index and ETF demand. But physical demand in India can see some increase ahead of the India wedding season. Gold's recent weakness is due to the unwinding of fund buying earlier in June, based on overly high inflation expectations.

**Outlook:** Dubai gold could trade sideways in the near term. Assets held by the SPDR Gold Trust, the biggest exchange-traded fund backed by bullion, have remained unchanged recently indicating that ETF demand is not picking up. The dollar's recent strength has also dampened gold's appeal as a hedge against the U.S. currency, sending bullion prices falling from a three-month high of above \$990 an ounce earlier in June.

**Technical Recommendation:** Gold has key support at \$925 and \$900 while it has key resistance \$950 at and \$960.

### Euro vs. Dollar

**Weekly Commentary:** The Euro mostly traded sideways in difficult and volatile conditions last week as the market tried to make a second guess on the sustainability of the recent bull trend. Among the major developments during the week, the British Bankers Association (BBA) said that it will allow more institutions to take part in the daily survey

that sets the London Interbank offered rate. Markets took this as a USD bullish move as they expect higher average fixing and the greenback to benefit from growing interest rate differentials. Moreover, European Union officials reached a deal at the end of a two-day summit to create a European System Risk Council to monitor risks in the area's financial system and intervene if required. The EU also agreed to strengthen national regulators across the EU and improve the coordinated regulation of banks, securities firms, and insurance firms. In the coming week, manufacturing numbers and industrial orders from the Euro Zone will be released and the important US FOMC meet will take place, which will further give direction for currency trading.

**Outlook:** We expect the Euro to rebound from last week's lows and to gain substantially on the return of buying risk. Euro bids are targeted at \$1.44.

**Technical Recommendation:** Euro/Dollar has key support at 137.50 and second support at 135.00 while it has resistance at 140.00 and second resistance at 142.00.

### Pound vs. Dollar

**Weekly Commentary:** Sterling managed to close the week above its \$1.65 psychological level. Demand for higher risky assets emerged once after better jobless claims figures and mid-atlantic manufacturing data. Sterling has been volatile this week as investors reassess optimism that the economy may soon recover, a view that was fuelled last week by a batch of firm economic readings. Figures this week have been mixed, while UK Finance Minister Alistair Darling and Bank of England Governor Mervyn King have both expressed caution about improvements to the economy. Sterling managed to recover from its weekly lows of \$1.6186 due to a surprise fall in May retail sales. UK homebuilder Taylor Wimpey said Britain's ailing housing market had stabilized in the past six weeks and that it may increase the number of new sites in the second half of 2009. No major economic releases from UK are scheduled this week, but US FOMC meeting will provide further direction to currency trading.

**Outlook:** We expect Sterling to continue to gain in its value against major currencies especially against the Euro and US dollar. GBP trades are cited at \$1.67 for the next few days.

**Technical Recommendation:** British pound has key support 160.00 at and second support at 155.00 while it has resistance at 170.00 and second resistance at 175.00.

### Further Information

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

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

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