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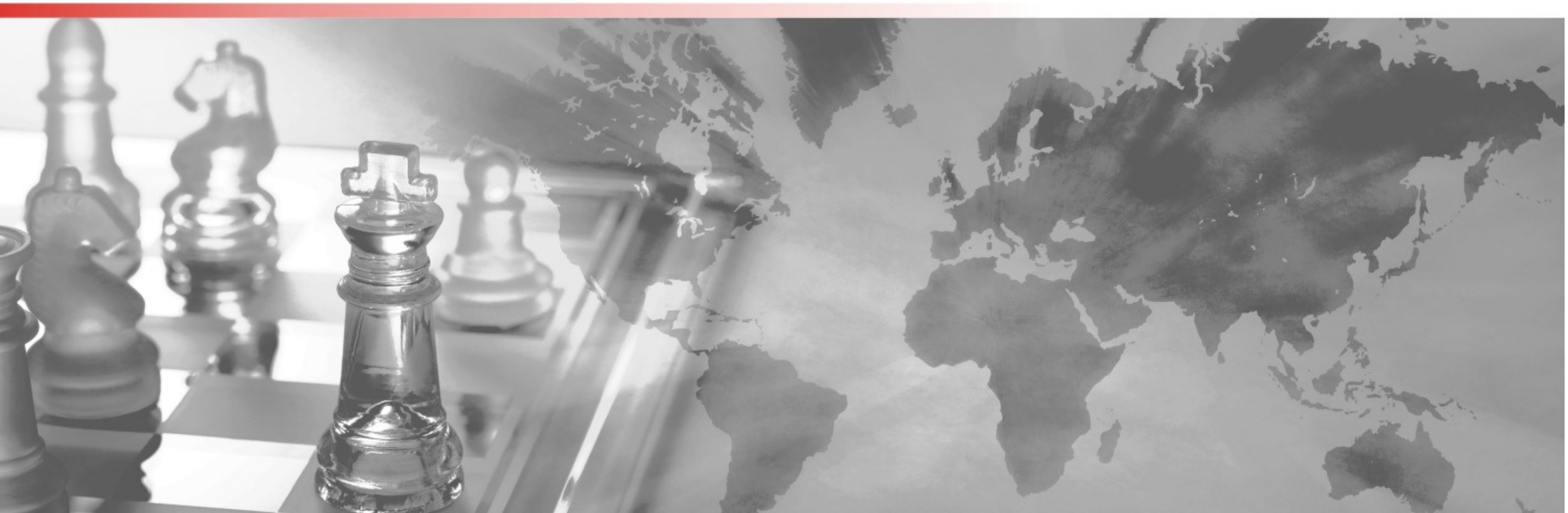
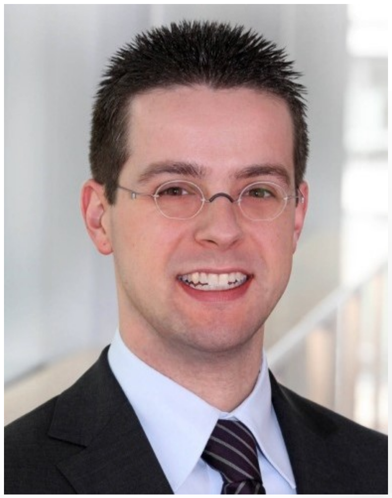


Expert Commentary

Daniel Briesemann, Analyst at Commerzbank, on gold

"When the Fed will raise rates, and we expect them to hike in December, this might push gold down a little bit, but not too much...



Daniel Briesemann
Analyst
Commerzbank
Germany

There have been plenty of supply cuts across the commodity space, which should be bullish for prices. However, we are still seeing commodities trading at record lows, while analysts say that hopes for a near-term recovery are getting dimmer and dimmer. What is your outlook on the global commodity market? When will we actually hit the bottom?

We think that at the current moment we are in a bottom building phase, or bottoming out phase; hence, we do not expect prices to fall much further, at least not for the base metals. Thus, we are definitely on the bullish side. We assume that only announced supply cuts and the production cuts that will come on top of them will definitely lead to higher prices. This coupled with a recovery or an increase in demand, which we envisage for next year due to a followed global economy, should definitely lead to an increase in commodity prices.

Gold prices fell over 7% in the past two weeks since the Fed's late-October meeting when officials cut a portion of the policy statement referring to a weak global economy and injected guidance that a rate hike might still be appropriate this year if economic information remains solid. To your mind, how big will be the impact of the Fed's rate hike on commodity market and particularly on gold?

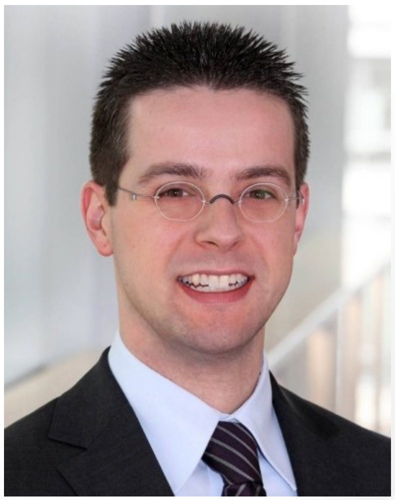
I believe that most of it should already be priced in. When the Fed will raise rates, and we expect them to hike in December, this might push gold down a little bit, but not too much because, again, most of it is priced in. Once the Fed has started its interest rate hike cycle, gold should be able to climb again. As regards the other commodities, I assume that a rate hike will not have a large effect on neither the base metals nor the energy sources.

The recent data showed that global gold demand rose 8% in the third quarter, boosted by buying from retail investors in key regions scooping up cheaper metal after it fell in price. Is it really confirmation that Indian and Chinese demand remains price-sensitive and that buyers in Asia are bargain-hunters?

They have always been bargain-hunters in the past and we should not forget that now at the beginning of the fourth quarter, just in the recent couple of weeks, there were some religious festivals in India.

Daniel Briesemann, Analyst at Commerzbank, on gold

> *Moreover, we had the Golden Week in China at the beginning of October. All this normally comes together with traditionally higher demand for gold.*



Daniel Briesemann
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At the current moment, the wedding season is about to start. Moreover, we had the Golden Week in China at the beginning of October. All this normally comes together with traditionally higher demand for gold. Probably, due to the low prices we have seen throughout the third quarter, some gold purchases have been brought forward. However, in general we see that China and India definitely will lead the way with regards to global gold demand and they will buy gold almost at every price, I think. Of course, they will buy more gold when prices are low and buy less gold when prices are higher, but at the current low level they are definitely in the market and keeping their hands open, so to say.

What is your current forecast for bullion price in the next three months and in the longer term?

By the end of the year we see gold at $1,150 and at the end of the first quarter, or on average for the first quarter, we see the bullion at $1,200. As concerns the next year, we do not see prices above $1,300.

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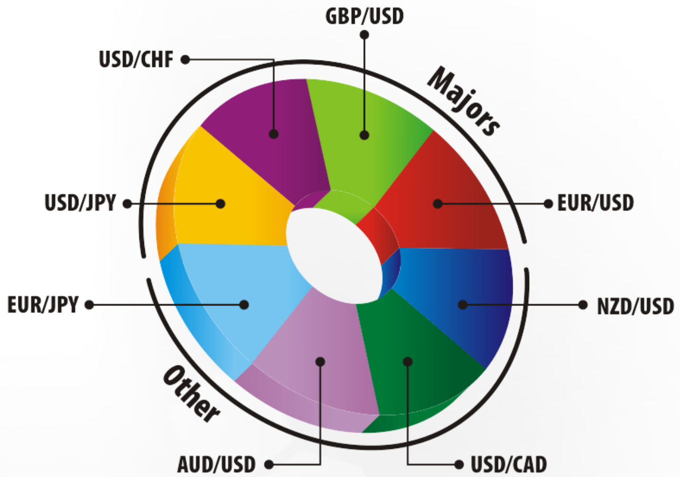

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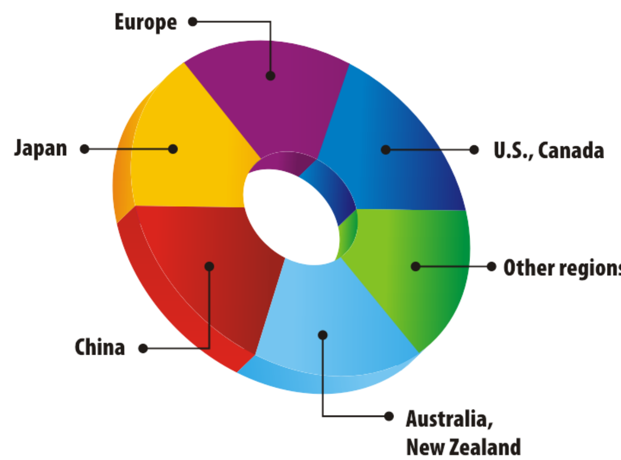

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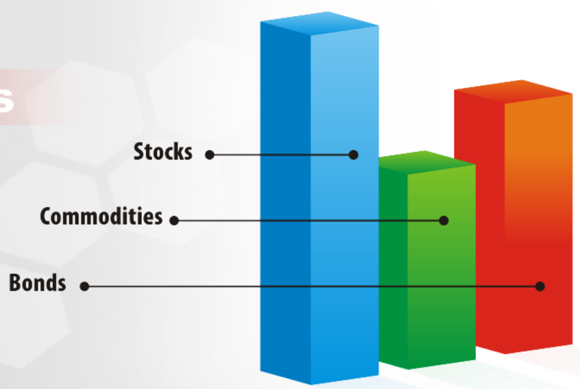

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