

WAF 2011 Congress: A Dangerous New Phase...

December 2011

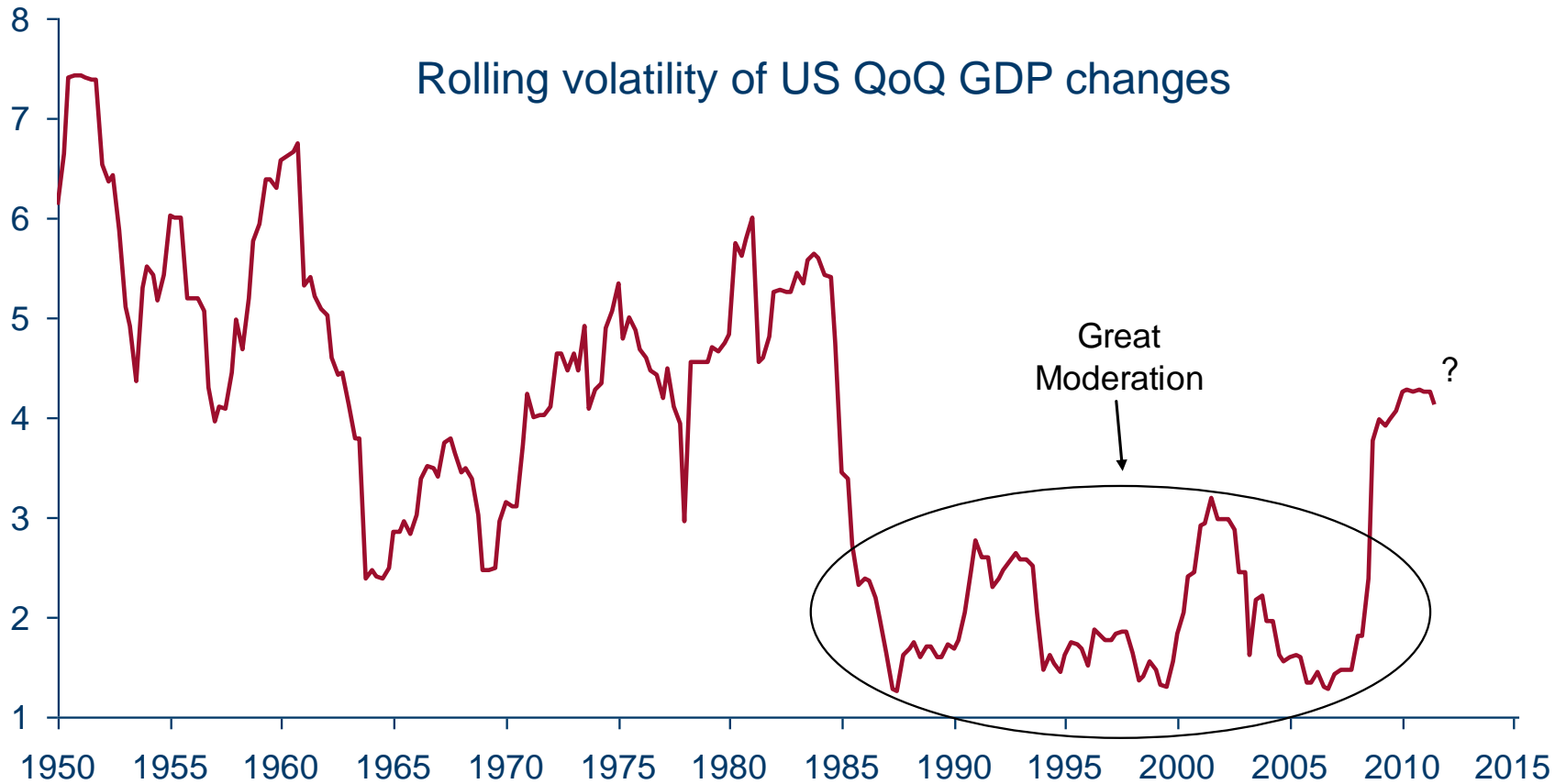
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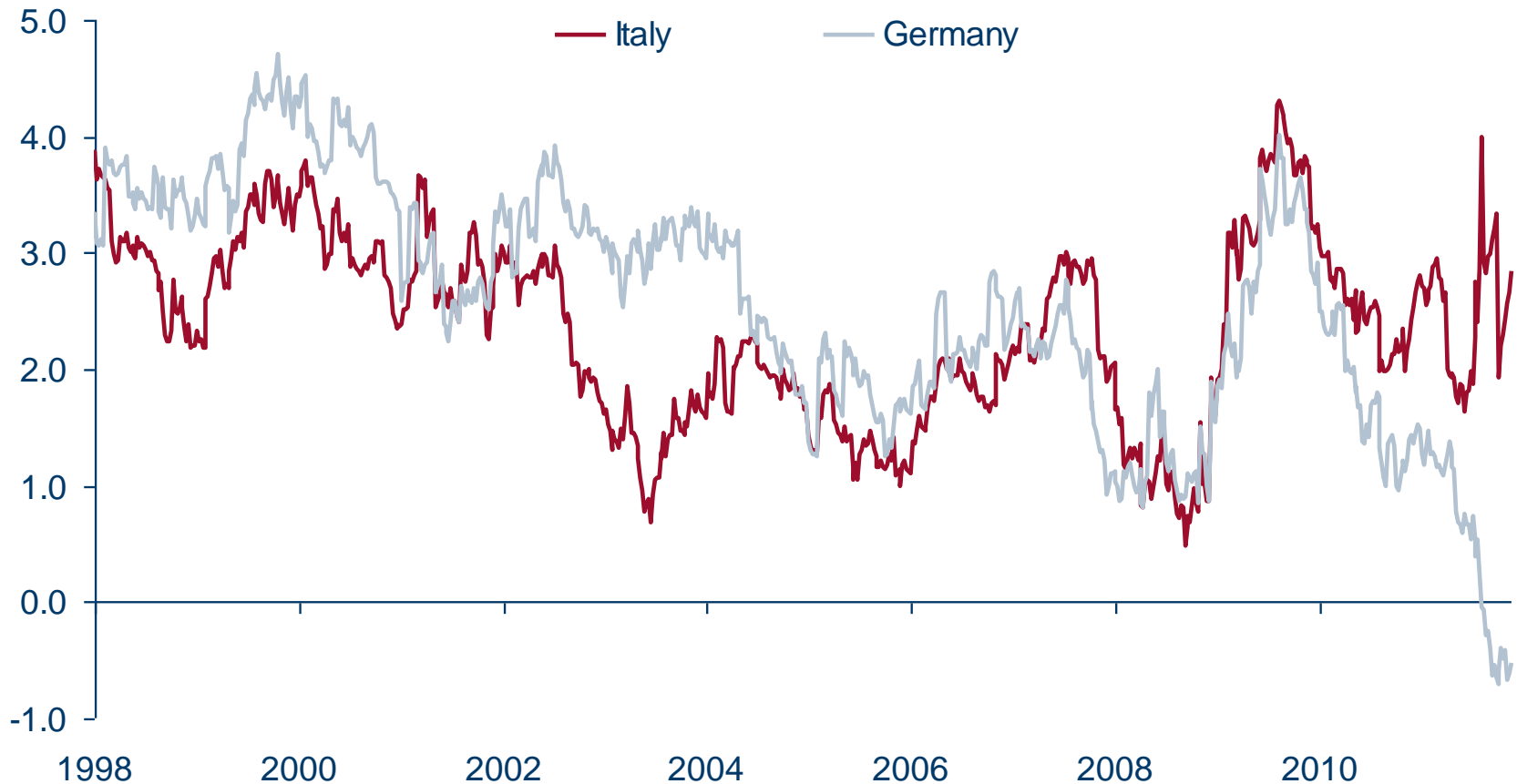
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The end of “The Great Moderation”?



Source: the BLOOMBERG PROFESSIONAL™ service, Credit Suisse

Real Italian and German 10y bond yields are diverging again

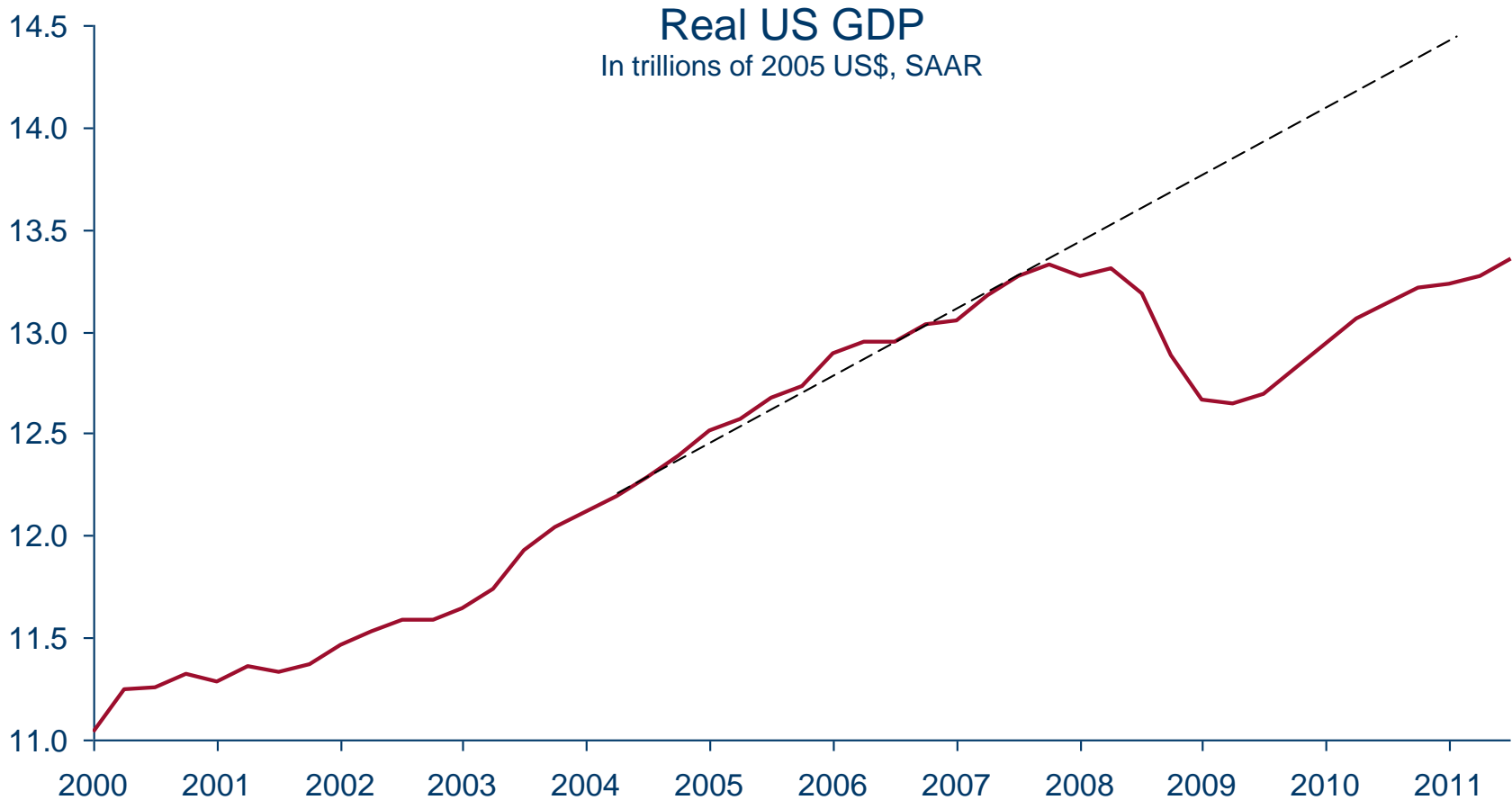


Source: the BLOOMBERG PROFESSIONAL™ service, Credit Suisse

Stepping Back from the Day to Day – The Key Determinants of Commodity Demand Are:

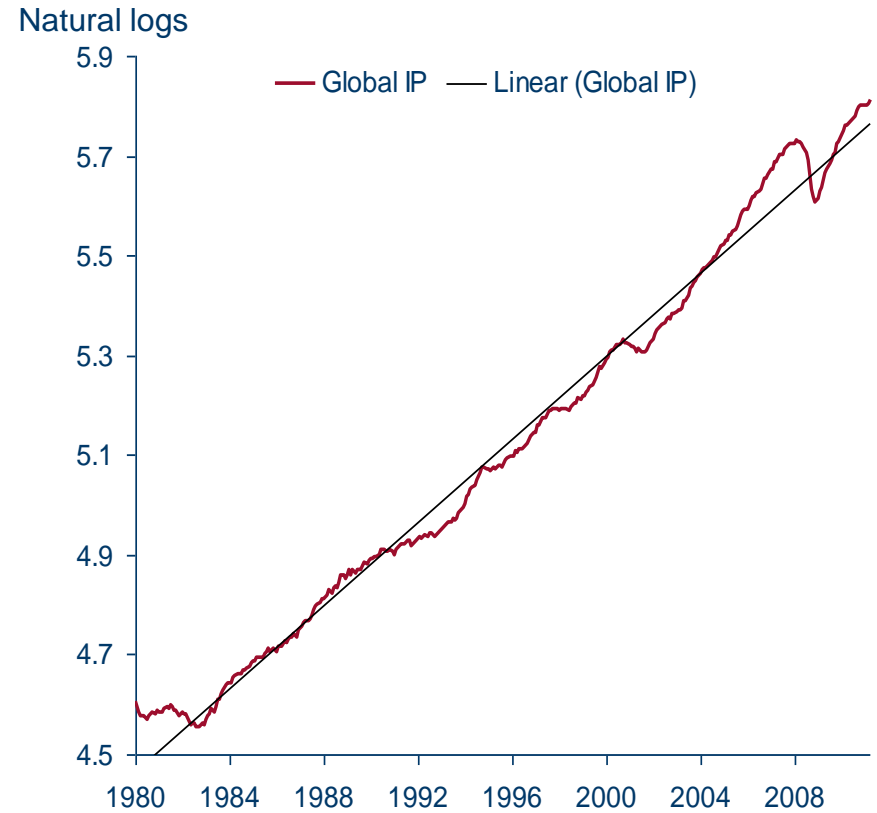
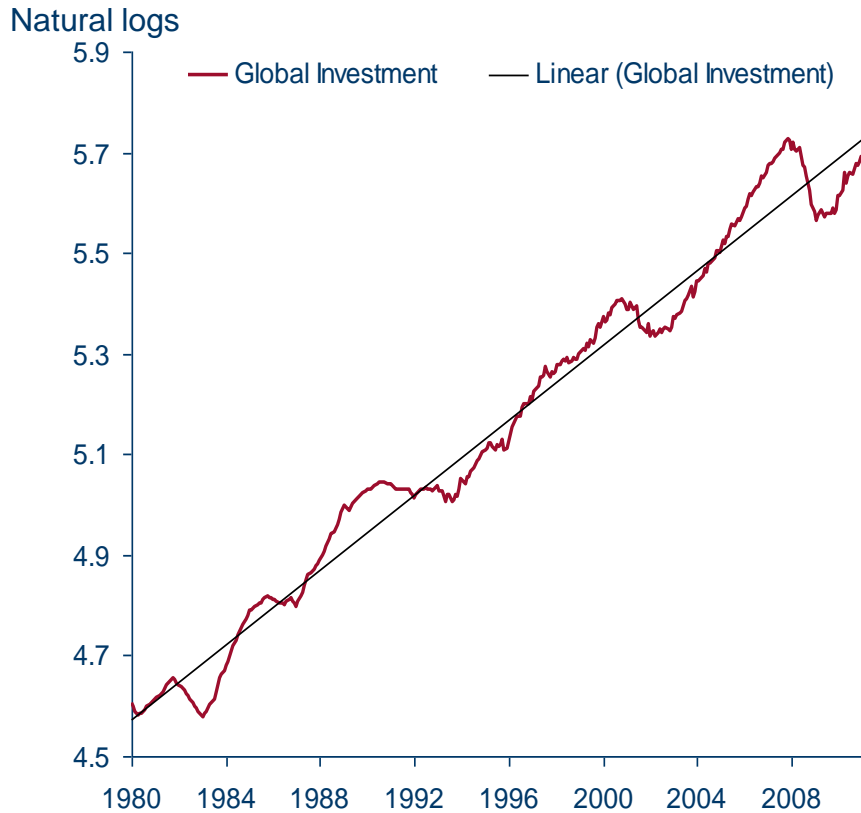
- Global Industrial Production provides a good proxy for demand for commodities used to make goods.
- Global Fixed Asset Investment is a good proxy for demand for commodities used in the construction process.
- In addition the impact on price is a function of both the level of demand and the rate of change.

US GDP remains below trend



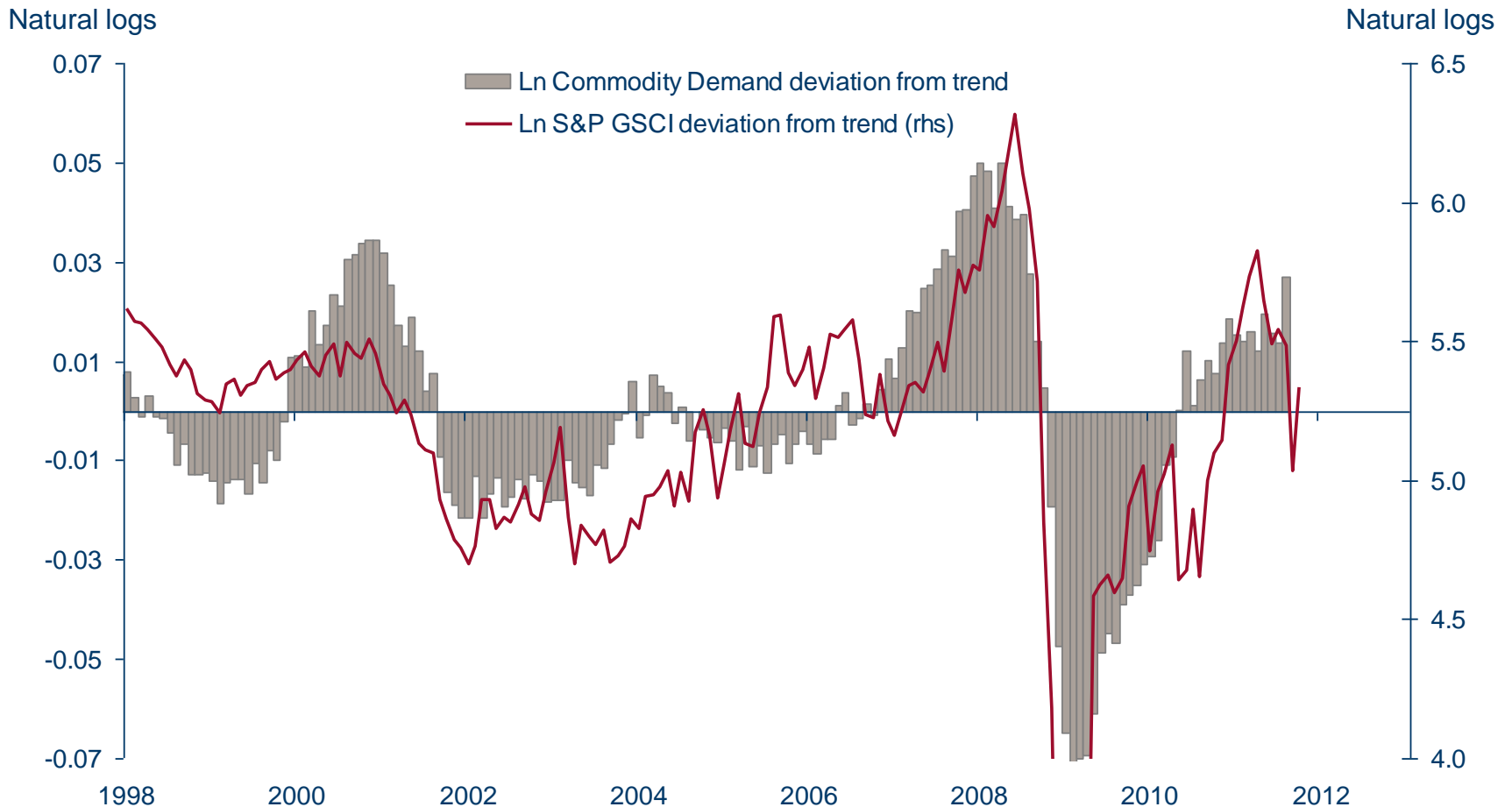
Source: the BLOOMBERG PROFESSIONAL™ service, BEA

Both IP and FAI are Really Strong



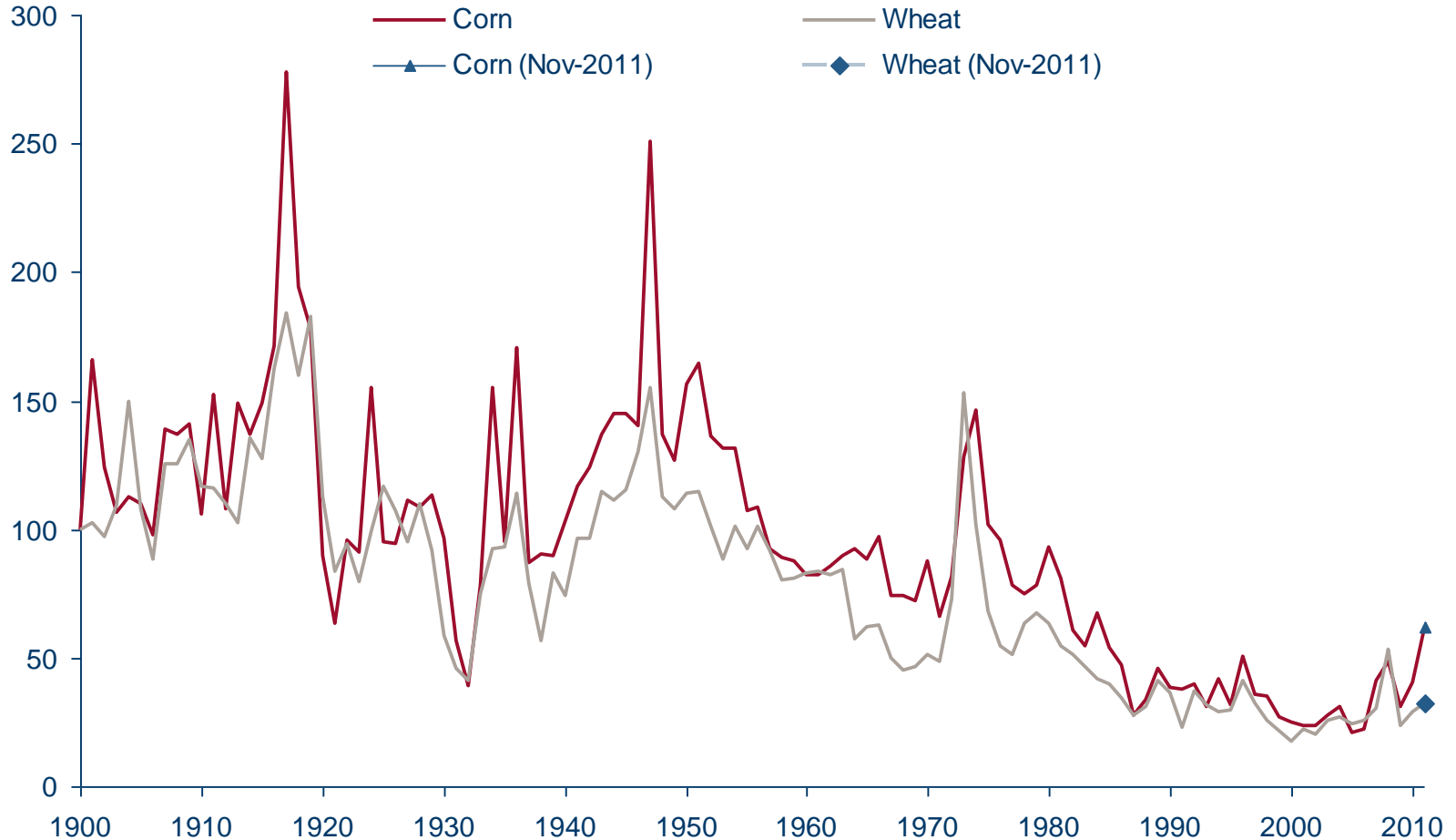
Source: Credit Suisse Global Strategy

Macro proxy for basic material demand indicates prices have overshot to the downside



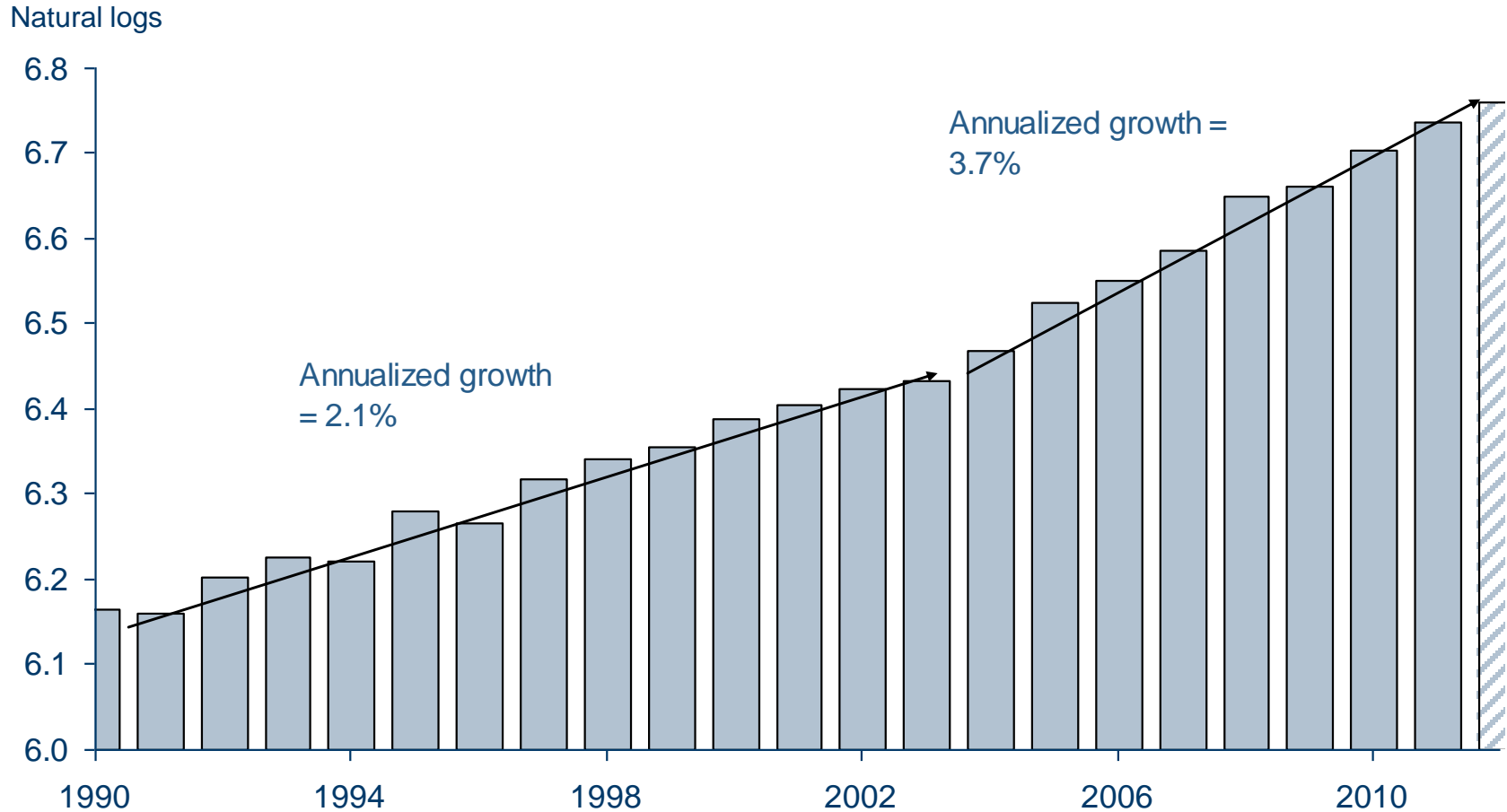
Source: the BLOOMBERG PROFESSIONAL™ service, Credit Suisse

Real long run grain prices – end of the downtrend?



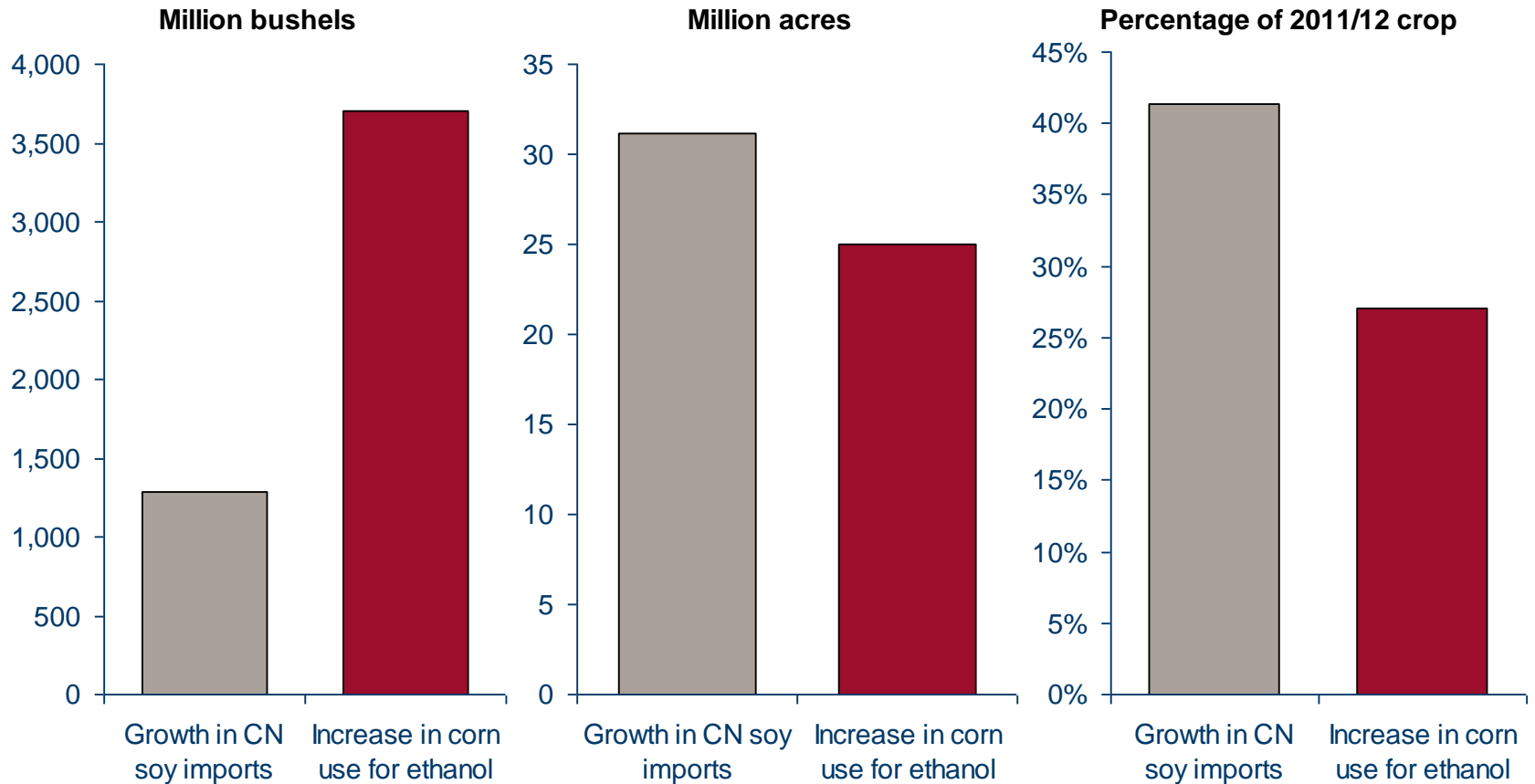
Source: the BLOOMBERG PROFESSIONAL™ service, GDF, Credit Suisse

Corn consumption patterns have changed...



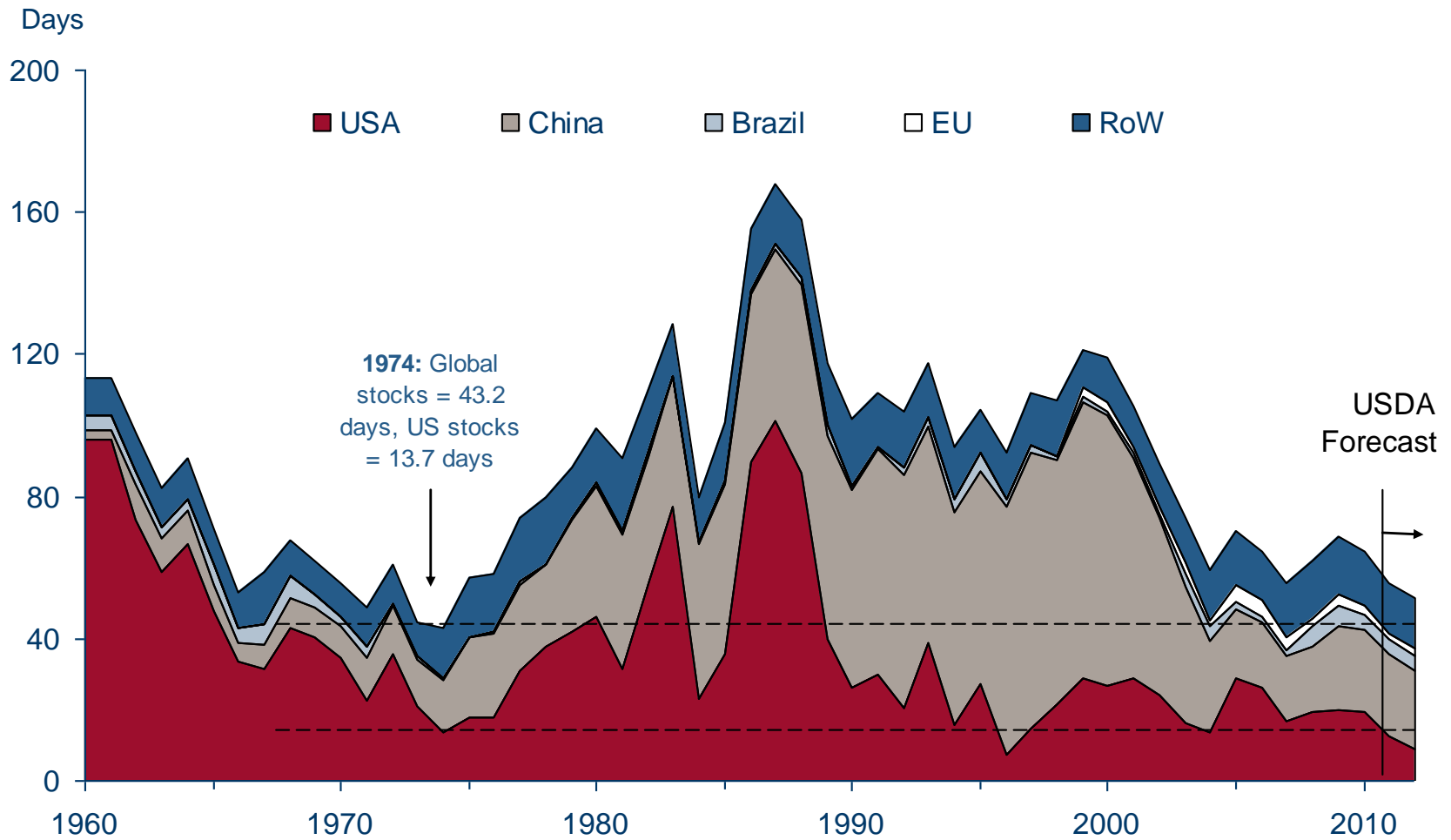
Source: the BLOOMBERG PROFESSIONAL™ service, USDA, Credit Suisse

Ethanol and China running neck and neck...



Source: the BLOOMBERG PROFESSIONAL™ service, USDA, Credit Suisse

Affecting global corn ending stocks



Source: the BLOOMBERG PROFESSIONAL™ service, USDA, Credit Suisse

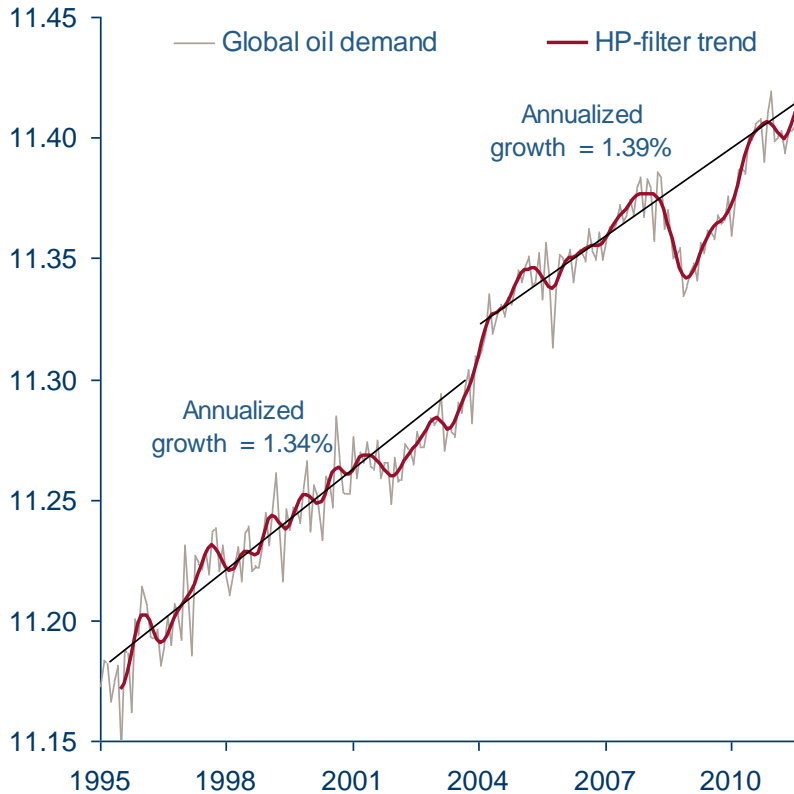
Price swings are
“a plague on farmers and consumers”

“It can plunge entire populations
into famine and poverty”

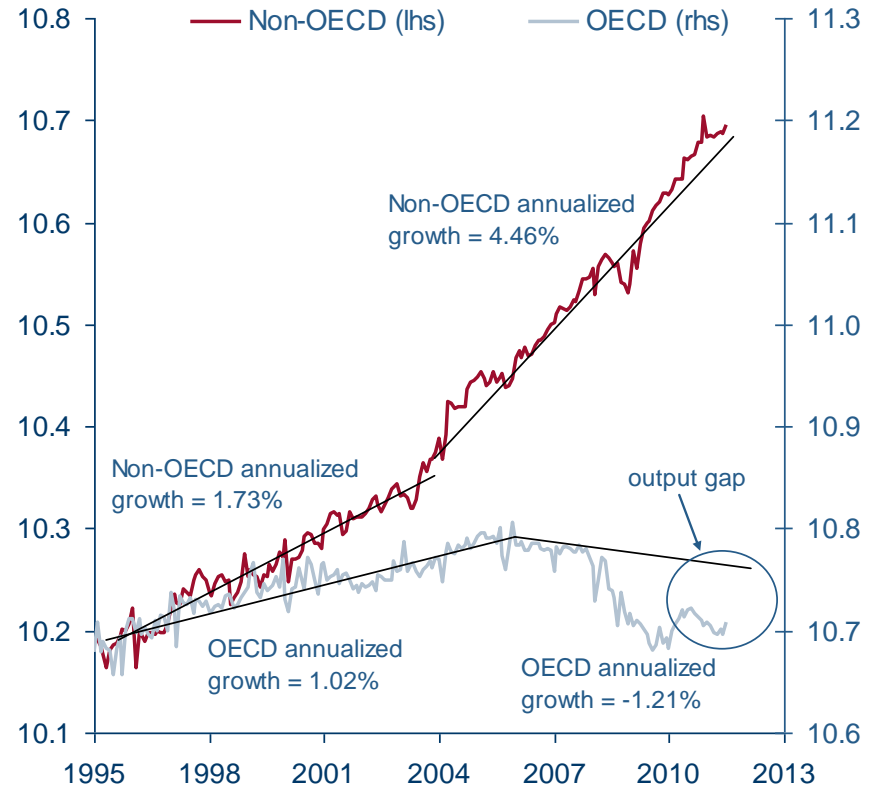
-Nicholas Sarkozy,
G20 Agriculture Paris, June 22

Global oil demand

Global oil demand
(Natural log, SA)



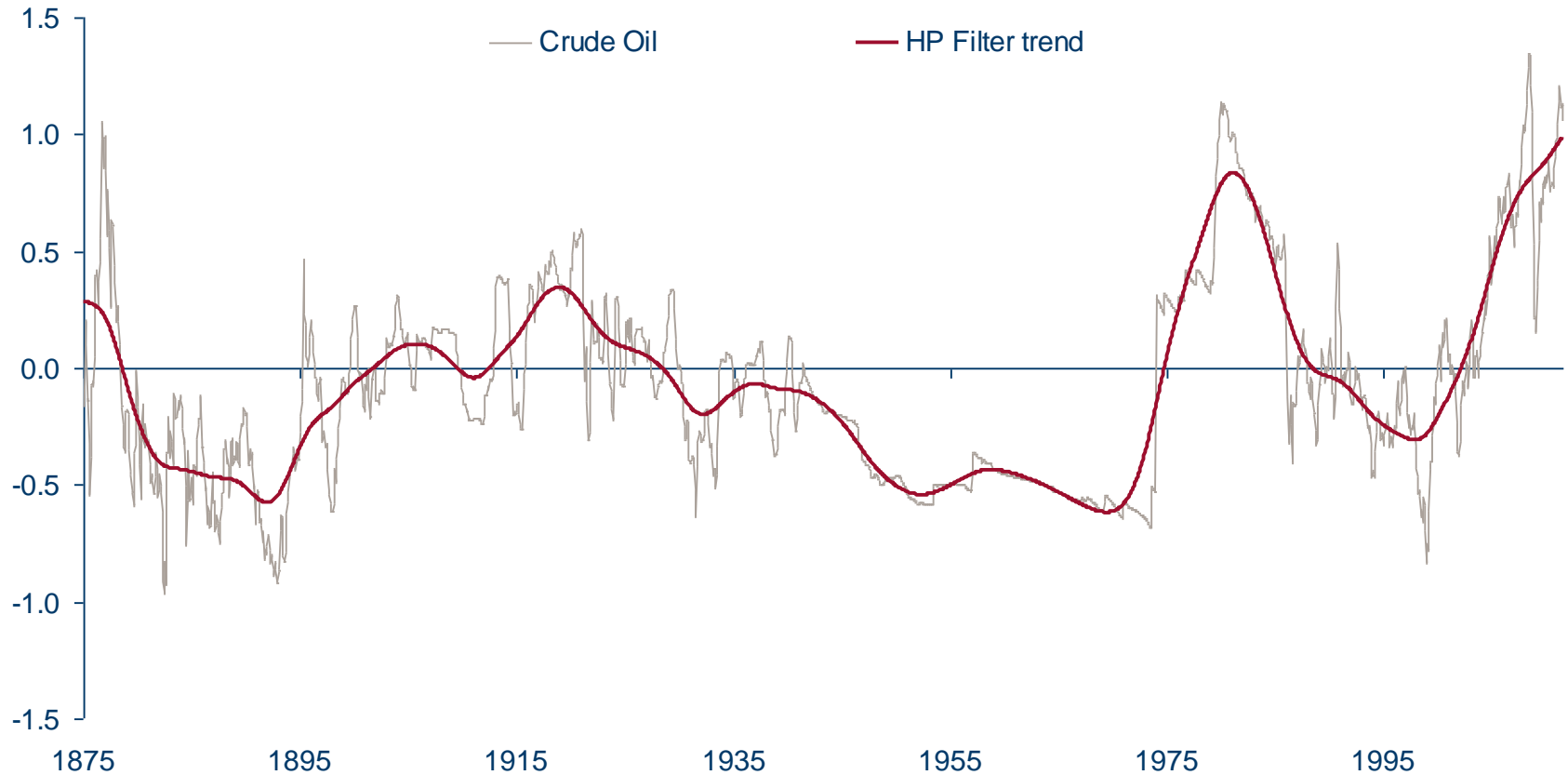
OECD and Non-OECD oil demand
(Natural log, SA)



Source: IEA, Credit Suisse

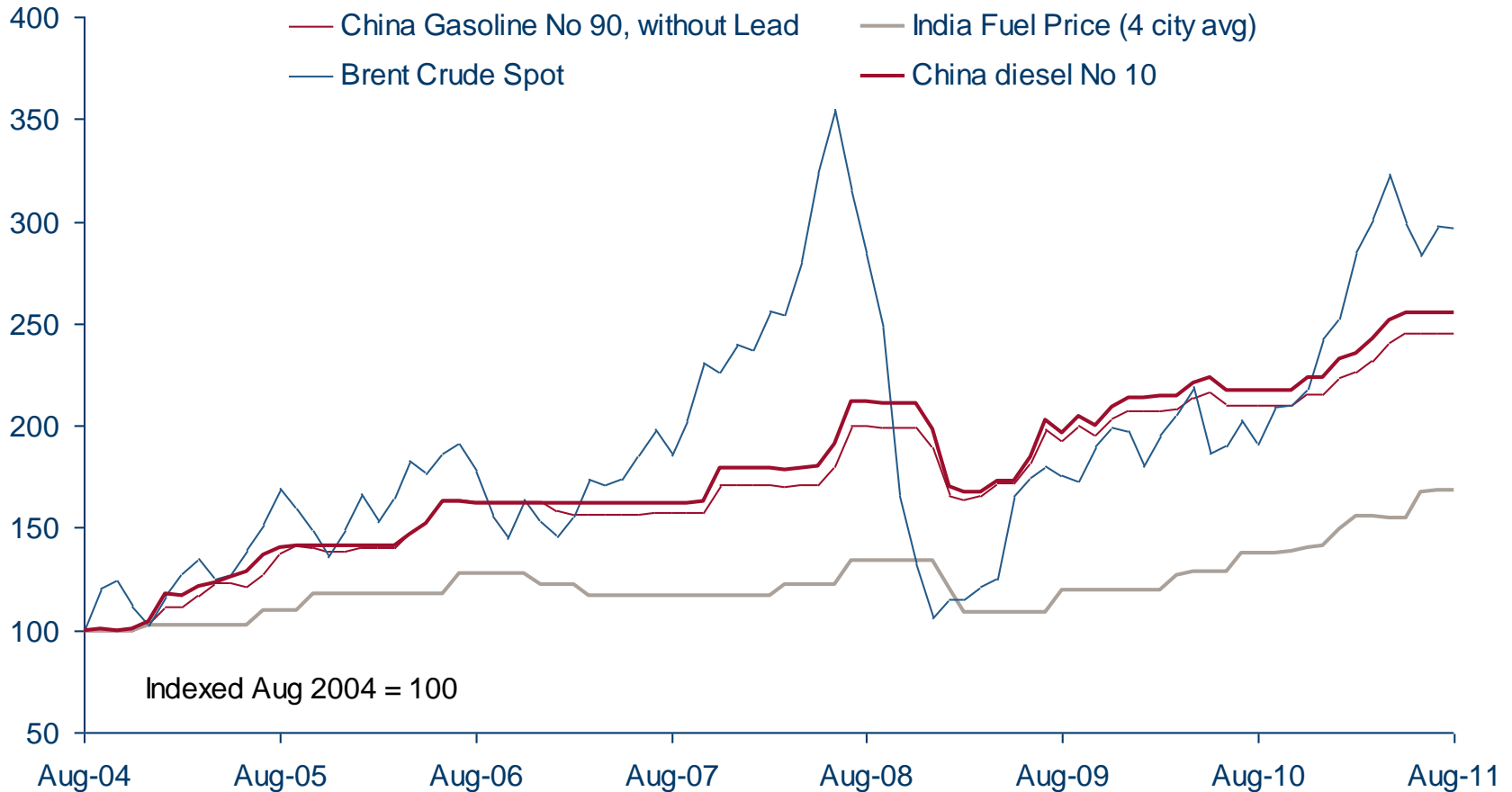
Long run crude oil prices

(Natural log, real)



Source: the BLOOMBERG PROFESSIONAL™ service, IMF, GFD, Credit Suisse

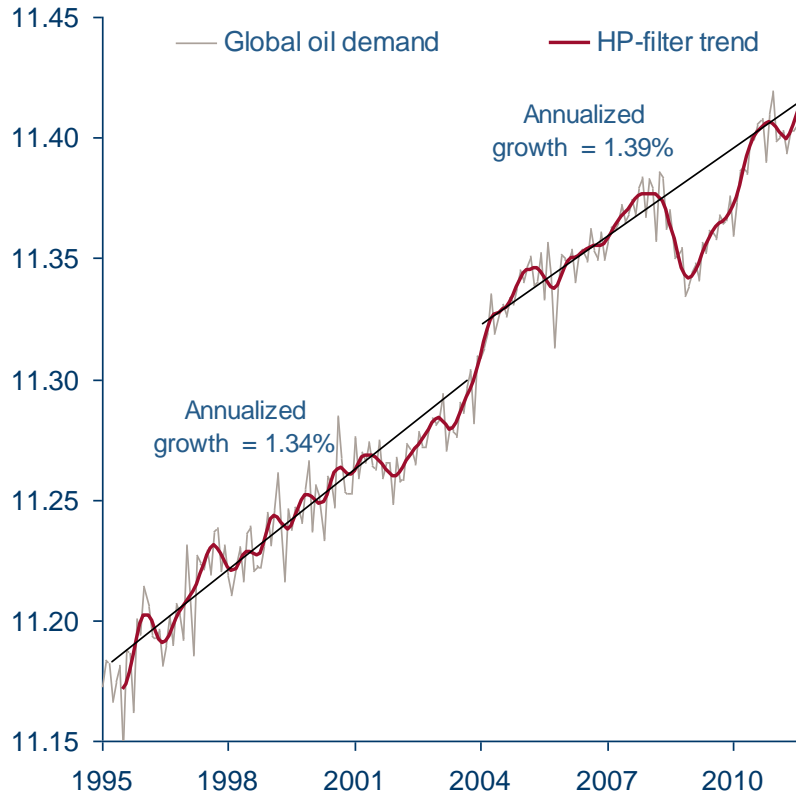
Global retail gasoline prices



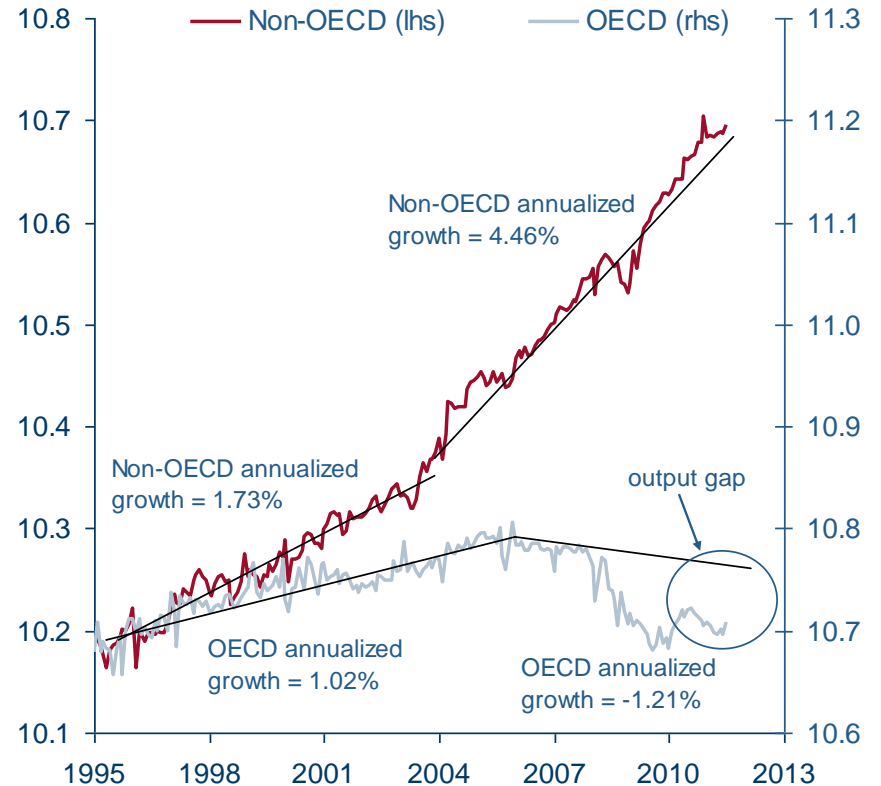
Source: the BLOOMBERG PROFESSIONAL™ service, CEIC, GFD, Credit Suisse

Global oil demand

Global oil demand
(Natural log, SA)



OECD and Non-OECD oil demand
(Natural log, SA)



Source: IEA, Credit Suisse

Disclosure Appendix

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Buy: Indicates a recommended buy on our expectation that the issue will be a top performer in its sector.

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Underperform	11%	(of which 74% are banking clients)
Sell	<1%	(of which 100% are banking clients)

*Data are as at the end of the previous calendar quarter.

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