



# THE Goods

## A MONTHLY COMMODITY WATCH



BMO  Capital Markets

## Commodities advance in August On improving economic prospects & U.S. dollar weakness

The **BMO Capital Markets Commodity Price Index** advanced 6.1% to **151.6** (2003 = 100) in August, completely erasing the previous month's decline. Three of the four sub-components of the index rose – Metals & Minerals, Oil & Gas and Forest Products. Agriculture bucked the trend, tugged lower by ample supplies. The aggregate index has risen 17.7% from its low point in February but remains 32.7% lower than a year earlier.

The increase in August reflected fresh evidence that the global economy is moving onto a firmer footing, continued U.S. dollar weakness and producer discipline. However, prices are likely to undergo significant volatility over the next few months as markets attempt to gauge the sustainability of any increase in demand. Chinese imports have been pivotal to the recent rally. However, while still strong on a year-over-year basis, imports into China have begun to slow in the case of several commodities. Looking further ahead, earlier measures to curtail production as well as the global economic recovery should promote further gains in 2010.

The **Oil & Gas Index** in August almost fully reversed its setback the previous month, with upward momentum fully concentrated on the oil side on signs that production restraint and the beginning of a global economic recovery are paring excess inventories. However, natural gas prices continue to be pressured downward by record-high and rising inventories stemming from recession-reduced industrial usage, flat demand from power generators, and growing supply from U.S. shale formations.

The **Metals & Minerals Index** advanced for the fourth straight month in August on broad-based gains. Base metals continued to benefit from U.S. dollar weakness, an improving global economic outlook, and signs of a pick-up in activity in key end-use sectors such as autos and housing. The greenback's retreat, along with inflation concerns, continued to support gold while the industrial character of silver gave it an added boost.

The **Forest Products Index** firmed in August on gains in pulp and lumber, which were lifted by falling inventories and recovering demand. Newsprint might have reached a bottom as producers facing below-cost prices have shut mills.

The **Agricultural Index** posted another notable decline in August as wheat retreated on bigger-than-expected harvests in key producing regions (e.g., Europe, and the United States). Livestock prices fell amid weak export demand and still ample supplies.

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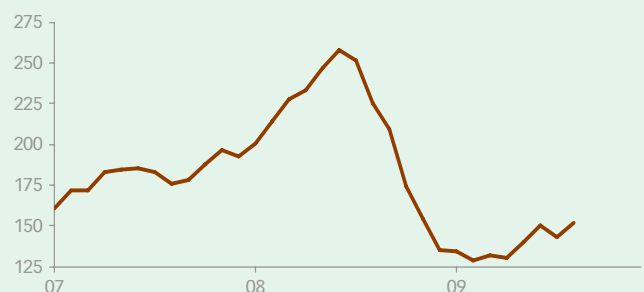
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### BMO Capital Markets Commodity Price Index

All Commodities Index (2003 = 100)



|                   | Aug. Level<br>(2003=100) | % Change from<br>Mth. Ago | % Change from<br>Yr. Ago |
|-------------------|--------------------------|---------------------------|--------------------------|
| All Commodities   | 151.6                    | 6.1                       | -32.7                    |
| Oil & Gas         | 141.2                    | 6.6                       | -45.8                    |
| Metals & Minerals | 250.5                    | 8.5                       | -11.2                    |
| Forest Products   | 93.5                     | 3.1                       | -25.0                    |
| Agriculture       | 131.5                    | -4.8                      | -32.3                    |

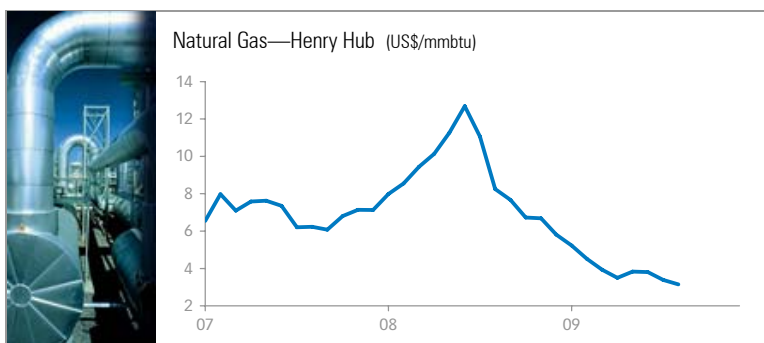
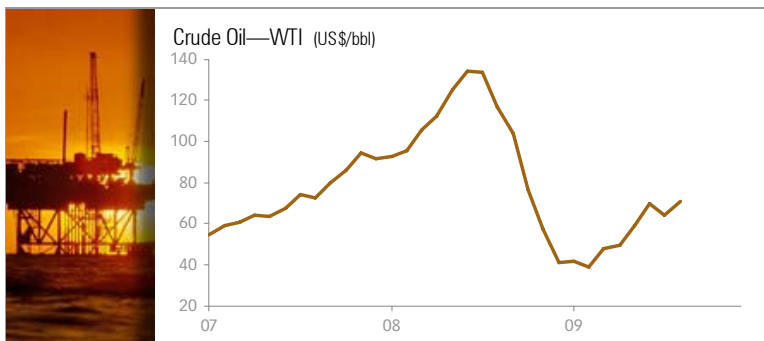


## Oil and Gas

**Crude Oil** Oil prices rallied in August, with U.S. benchmark West Texas Intermediate (WTI) climbing 10.9% to a monthly average of US\$71.06/barrel. The upturn in oil prices from their depression-discounted low of \$31 late last year reflects two primary drivers. First is the growing body of evidence that the global economy is beginning to recover. Economic growth in China, the principal source of incremental oil demand prior to the recession, remained relatively brisk at an estimated 8% this year and is projected to accelerate to 9.5% in 2010. Meanwhile, after undergoing deep recessions in 2009, the North American, Western European, and Japanese economies are expected to achieve moderate growth in 2010. This has led the International Energy Agency to start revising upward its estimate of oil demand in the second half of 2009 and in 2010 after having slashed it during much of the past year. Second, on the supply side, with OPEC maintaining production restraint and non-OPEC oil output barely growing due to aging fields and postponed investments, economic recovery should further pare oil inventories, leading to more balanced markets in 2010. In the United States, crude oil inventories have been trending down since early May and are currently running around 9% higher than their five-year average, compared to 15% in the spring. For 2009 as a whole, we continue to project that WTI will average US\$60/barrel, which would entail an average of a little over \$69/barrel for the rest of the year. And, we're sticking with our 2010 forecast that the improved balance in global oil markets and a moderate global economic recovery will firm the annual average price of WTI to \$75.

**Natural Gas** From the two charts below, it is clear that the natural gas and oil markets have been on diverging paths since the beginning of this year. Whereas oil prices turned around at that time and began to recover, natural gas continued to deflate. In August, the ratio of oil (WTI) to natural gas (Henry Hub) blew out to 23, compared to its long-term average of 8 and an energy-equivalence factor of 6. In August, U.S. benchmark Henry Hub fell 7% to a monthly average of US\$3.15 per million British thermal units (mmbtu, roughly the amount of energy in 1000 cubic feet) – almost 62% lower than a year earlier. The collapse in industrial demand for natural gas – down 13% on a year-to-date basis through

June – and weak intake by power generators, combined with rising supply from non-conventional sources such as shale formations, have contributed to record-high inventories. In the first week of September, working gas in underground storage hit a seasonal record-high 3.39 trillion cubic feet (tcf), 18% above its average of the previous five years. With storage in the producing areas filling up and total U.S. underground storage capacity likely to be challenged by October 31<sup>st</sup> or earlier, prices are under substantial downward pressure. Producers will be forced to increasingly shut in production to avoid large penalties if pipeline companies were to call for reduced inputs to their systems in order to ensure operational efficiency and structural safety. Thus, during the next month or so, spot prices could push significantly lower, before firming as winter approaches. Overall, we expect Henry Hub to average US\$3.70/mmbtu in 2009, down almost 60% from 2008. An expected improvement in demand by industry and power generators in 2010, combined with slower supply growth, should provide some lift to prices next year. However, we are lowering our forecast for 2010 to \$5.20/mmbtu from \$5.50 previously.



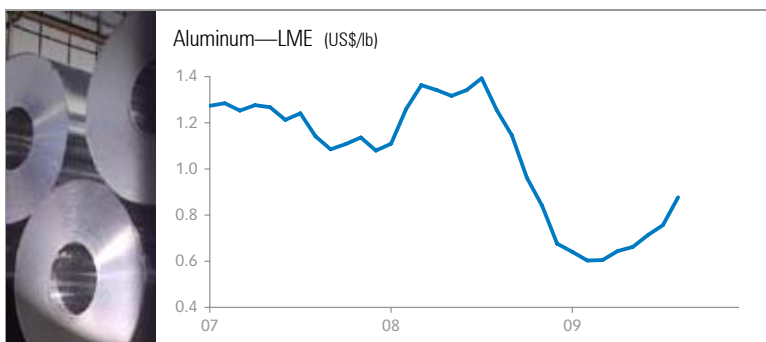
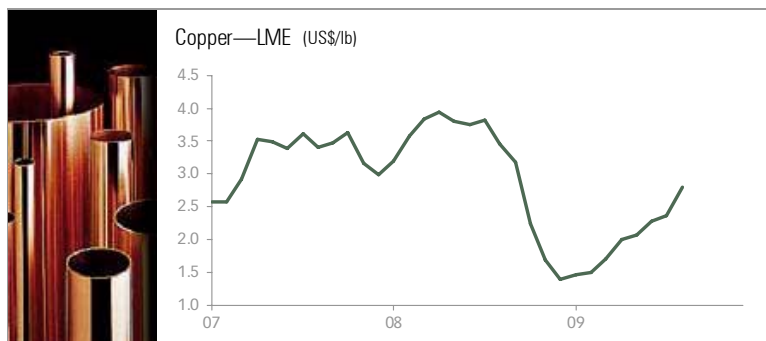
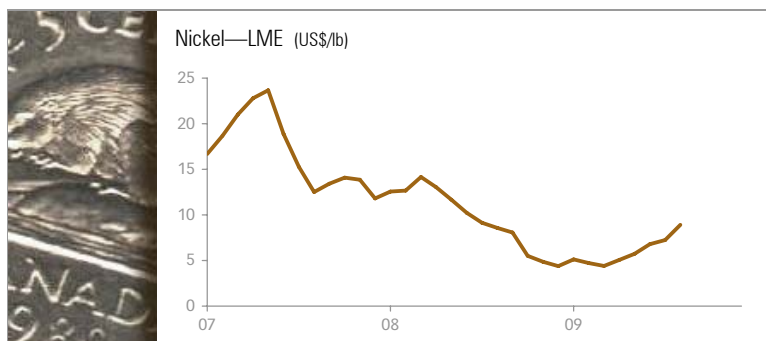


## Metals and Minerals

**Nickel** Ignoring a notable increase in LME inventories, nickel jumped almost 23% in August to US\$8.91/lb., its fifth straight monthly gain. Prices were lifted by rising capacity utilization among stainless steel producers, particularly in China; ongoing supply concerns due to a strike at Vale Inco Canadian operations; and renewed investor interest. Despite the increase for the month as a whole, nickel began to slip during the second half of August and has continued in that vein in September. Through mid-month, prices have averaged \$8.00/lb. It is likely that the pull-back will continue in the near term as concerns remain about the underlying strength of demand. While off-take by the stainless steel industry has picked up, output continues to run substantially below last year's level. Moreover, the pace of Chinese imports is likely to slow further as stocks are replenished, comparatively high LME inventories will continue to weigh on the market, and a resolution of the Vale Inco strike could remove supply-side support. Next year, however, stronger global economic growth should lift demand outside of China and provide an additional fillip to prices. We see nickel averaging \$6.50/lb. in 2009 and \$7.50/lb. in 2010.

**Copper** Despite a further increase in LME inventories, copper rose roughly 18% in August to average \$2.80/lb. on an improving global economic outlook and U.S. dollar

weakness. Specifically, strengthening U.S. auto and housing markets – key end-use sectors for copper – were pivotal to the gain. Meanwhile, there was further evidence that U.S. consumer spending and confidence in Europe continued to rise. Since the start of the year, copper prices have doubled and now sit at an eleven-month high. Even with these substantial gains, the August average remained about 19% lower than a year ago. Copper has continued to strengthen in September, averaging \$2.84/lb. through mid-month. Though a pull-back is likely in the near term amid slower Chinese buying, an incipient global economic recovery, infrastructure spending by governments, and the odds of industrial disputes as labour contracts come up for renewal should prove supportive. We project that copper will average \$2.25/lb. in 2009 and \$2.60/lb. in 2010.



**Aluminum** advanced nearly 16% in August to average US\$0.88/lb., on improving global economic prospects and rising investor interest. As with copper, signs that the U.S. auto and housing sectors were turning for the better helped provide the boost. Still, market conditions remain tenuous as inventories climb amid soft demand and ample supplies. Record-high LME stocks have checked gains over the past several months, keeping prices well below prior-year levels. Aluminum's 30% increase since the start of the year pales in comparison with a doubling of prices for copper and nickel. With the market imbalance likely to worsen as idled capacity is restarted in light of the recent price rally, aluminum should ease from current levels in the near term before subsequently picking up as the global economy moves on to a firmer footing. We project prices will average \$0.75/lb. in 2009 and \$0.90/lb. in 2010.

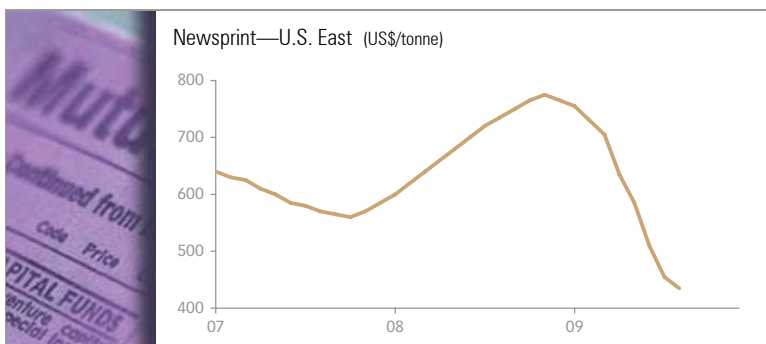
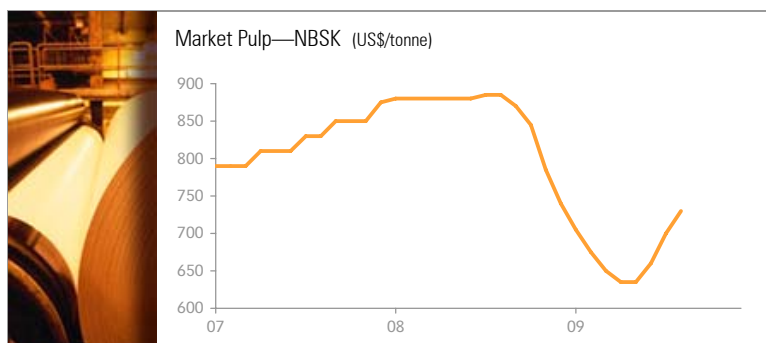
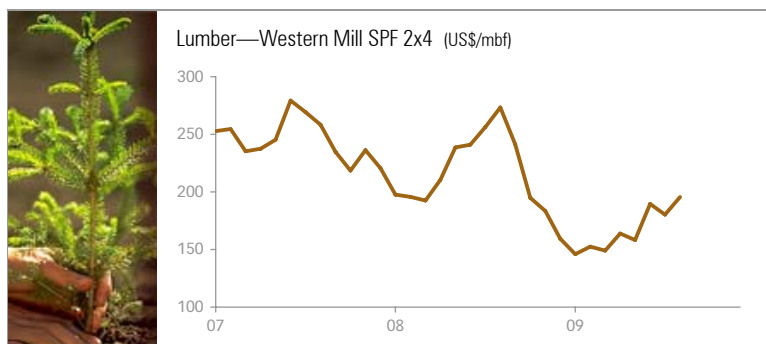


## Forest Products

**Lumber** Western SPF 2x4 advanced 8.5% to US\$196/mbf in August on further evidence that North American housing markets were stabilizing and the global economy was recovering. However, prices edged down toward the end of the month as dealers worried about a likely decline in demand in the coming winter season. Looking ahead, prices are likely to remain tepid through the rest of the year. However, due to lean inventories across the distribution system, it would not be surprising to see a modest upturn should housing markets improve further. During the first half of 2009, lumber available to the U.S. was down 30% year-over-year as a result of market-related production cuts, which has left little cushion for any unexpected increase in demand. Overall, we project that SPF 2x4 will average US\$175/mbf in 2009 and strengthen to US\$210 in 2010.

**Market Pulp** NBSK prices continued their upward momentum, advancing US\$30 to US\$730/tonne in August. On the supply side, as a result of capacity curtailments and production cuts earlier this year, global producer inventories of market pulp were

pared to 26 days of supply in July, compared with 50 days at the end of 2008. On the demand side, pulp consumption in North America increased for two months in a row while exports to China remained strong as a result of the Chinese government's plan to shut down more pulp and paper mills deemed to be detrimental to the environment. Slim inventories and a pick-up in demand have combined to push up the ratio of market pulp shipments to capacity from 0.8 in last December to 1.02 in July, improving profit margins at mills and encouraging more capacity to come on stream. We expect NBSK to average US\$700/tonne in 2009, before moving somewhat higher to US\$740/tonne in 2010 amid more sanguine economic conditions.



**Newsprint** The U.S. East Coast benchmark slid for the ninth consecutive month in August, down 4.4% to US\$435/tonne. However, with North American newsprint consumption showing signs of stabilizing, the pace of decline in prices has slowed, compared with double-digit losses in June and July. Meanwhile, due to rising energy costs and the loonie's persistent strength, producers in Canada have faced losses and have tended to shut mills rather than accept further price erosion. These trends suggest that newsprint prices might have bottomed for the current business cycle. Indeed, the two largest producers in North America announced their intention to raise prices by \$35/tonne in September. We expect the East Coast benchmark to edge up in the months ahead and average US\$560/tonne in 2009. Extensive mill downtime and capacity cuts, which have dragged down North American newsprint inventories by 15% over the past four months, should offset demand weakness and support prices at US\$575/tonne in 2010.

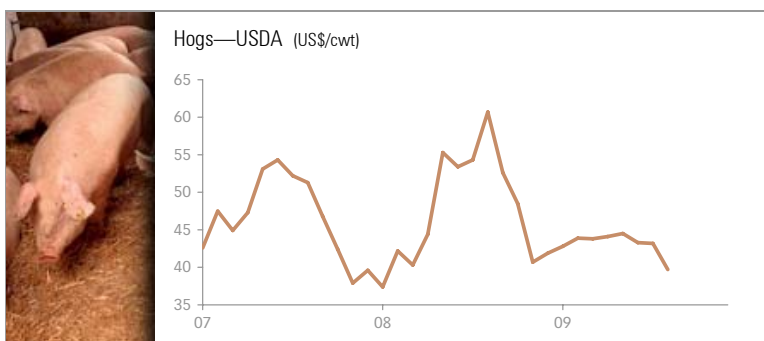
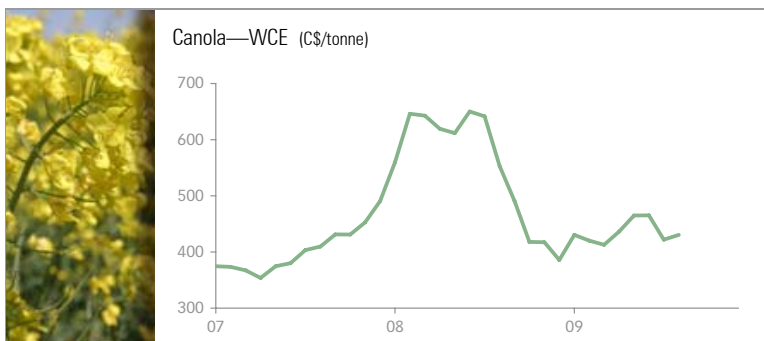
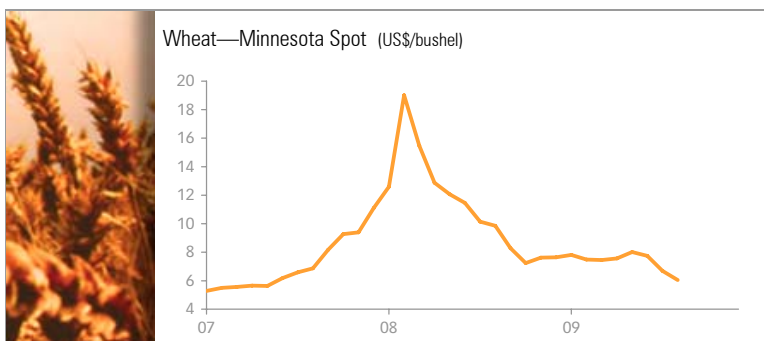


## Agricultural Products

**Wheat** The price of Minneapolis dark spring wheat fell for a third straight month in August, down 9.5% to average US\$6.05/bu. The drop reflected bigger-than-expected harvests in the United States and Europe and a more sanguine outlook for the U.S. spring crop as favourable weather increased yields. These bearish factors were sufficient to outweigh the positive influence of any remaining concerns about milling wheat quality and dryness affecting the crops in Argentina and Australia. Suppressed by a significant increase in global supplies, average prices in August remained almost 39% below year-earlier levels. While a post-harvest bounce is likely, improving prospects for the 2009-10 crop are boosting inventories relative to consumption, which will contain any appreciation in prices over the next several months. With the ratio of inventories to consumption expected to approximate longer-term levels, we see prices recording moderate gains over the remainder of this year and next, largely reflecting more sanguine general economic conditions. We project that wheat will average \$7.25/bu. in 2009 and \$7.80/bu. in 2010.

**Canola** posted a modest gain of 2% in August to C\$431/tonne. The negative influence of a stronger Canadian dollar was offset by news of a substantially smaller canola crop in Canada and firm crude oil and biofuel prices. Higher U.S. soybean prices amid robust demand from China also contributed to the gain during the month. The August increase left the average price, in Canadian dollar terms, 22% below prior-year levels. Canola prices are expected to strengthen over the next several months, driven by a significant reduction in acreage planted in Canada, relatively tight global soybean supplies, rising crude oil prices, and an improving demand outlook. We project that canola prices will average C\$445 in 2009 and C\$460 in 2010.

**Hog** prices declined 8.1% in August to average US\$39.70/cwt. Hogs were pulled lower by a combination of weaker domestic and foreign pork demand as a result of the global economic downturn, continuing H1N1-related restrictions in key export markets, and ample supplies of both meat and hogs. The typical seasonal pick-up in demand for the summer months was conspicuously absent in light of cool weather. These bearish factors, along with productivity gains in hog farming reflected in more pigs per litter and heavier weights, overwhelmed the positive influence of shrinking breeding and market herds. Last month's losses left average hog prices about 35% lower than a year ago. The USDA recently reported that, as of June 1, 2009, the breeding herd in the United States and Canada combined was down 3% from a year ago. Further such reductions in light of continuing losses, as well as stronger economic conditions in 2010, should nudge prices higher over the next year. We see hogs averaging \$44/cwt. and \$48/cwt in 2009 and 2010, respectively.





## Energy and Materials

|                 |                 | Crude Oil    | Natural Gas      |                      | Lumber     | Pulp       | Newsprint  |
|-----------------|-----------------|--------------|------------------|----------------------|------------|------------|------------|
|                 |                 | (WTI)        | (NYMEX near mo.) | (Alta. Empress spot) |            |            |            |
|                 |                 | US\$/bbl     | US\$/mmbtu       |                      | US\$/mbf   | US\$/tonne |            |
|                 | 1996            | 22.13        | 2.70             | 1.16                 | 378        | 600        | 645        |
|                 | 1997            | 20.58        | 2.50             | 1.41                 | 379        | 590        | 555        |
|                 | 1998            | 14.37        | 2.08             | 1.53                 | 312        | 543        | 596        |
|                 | 1999            | 19.25        | 2.27             | 2.04                 | 368        | 541        | 509        |
|                 | 2000            | 30.30        | 4.31             | 3.81                 | 282        | 685        | 564        |
|                 | 2001            | 25.92        | 3.96             | 3.48                 | 275        | 558        | 585        |
|                 | 2002            | 26.10        | 3.36             | 2.63                 | 262        | 490        | 465        |
|                 | 2003            | 31.14        | 5.50             | 4.82                 | 268        | 553        | 503        |
|                 | 2004            | 41.44        | 5.91             | 5.25                 | 386        | 640        | 550        |
|                 | 2005            | 56.46        | 8.81             | 7.51                 | 347        | 647        | 610        |
|                 | 2006            | 66.10        | 6.74             | 5.92                 | 290        | 722        | 667        |
|                 | 2007            | 72.36        | 6.98             | 6.32                 | 245        | 824        | 593        |
|                 | 2008            | 99.57        | 8.86             | 8.09                 | 215        | 858        | 701        |
|                 | y-t-d 2009      | 56.46        | 3.82             | 3.37                 | 168        | 674        | 601        |
| <b>2008</b>     | September       | 103.90       | 7.67             | 5.99                 | 241        | 870        | 750        |
|                 | October         | 76.65        | 6.73             | 6.19                 | 195        | 845        | 765        |
|                 | November        | 57.44        | 6.69             | 6.30                 | 183        | 785        | 775        |
|                 | December        | 41.02        | 5.81             | 6.27                 | 160        | 740        | 765        |
| <b>2009</b>     | January         | 41.74        | 5.23             | 5.44                 | 146        | 705        | 755        |
|                 | February        | 39.16        | 4.52             | 4.55                 | 153        | 675        | 730        |
|                 | March           | 47.98        | 3.94             | 3.47                 | 149        | 650        | 705        |
|                 | April           | 49.79        | 3.50             | 2.81                 | 164        | 635        | 635        |
|                 | May             | 59.16        | 3.83             | 3.02                 | 158        | 635        | 585        |
|                 | June            | 69.68        | 3.81             | 2.72                 | 190        | 660        | 510        |
|                 | July            | 64.09        | 3.38             | 2.62                 | 180        | 700        | 455        |
|                 | August          | 71.06        | 3.15             | 2.45                 | 196        | 730        | 435        |
|                 | m-t-d September | 69.55        | 2.56             | 2.11                 | 181        | n.a.       | n.a.       |
| <b>Forecast</b> | 2009 Avg.       | <b>60.00</b> | <b>3.70</b>      | <b>3.15</b>          | <b>175</b> | <b>700</b> | <b>560</b> |
|                 | 2010 Avg.       | <b>75.00</b> | <b>5.20</b>      | <b>4.55</b>          | <b>210</b> | <b>740</b> | <b>575</b> |

Commodity price forecasts are by BMO Capital Markets Economics and are independent of those used by BMO Capital Markets Equity Research.



## Base and Precious Metals

|                 |                 | Copper      | Aluminum    | Zinc        | Nickel      | Gold       | Silver       |
|-----------------|-----------------|-------------|-------------|-------------|-------------|------------|--------------|
|                 |                 | US\$/lb     |             |             |             | US\$/oz    |              |
|                 | 1996            | 1.04        | 0.68        | 0.47        | 3.41        | 388        | 5.20         |
|                 | 1997            | 1.03        | 0.73        | 0.60        | 3.15        | 331        | 4.91         |
|                 | 1998            | 0.75        | 0.62        | 0.46        | 2.10        | 294        | 5.55         |
|                 | 1999            | 0.71        | 0.62        | 0.49        | 2.73        | 279        | 5.22         |
|                 | 2000            | 0.82        | 0.70        | 0.51        | 3.91        | 279        | 4.96         |
|                 | 2001            | 0.72        | 0.66        | 0.40        | 2.71        | 271        | 4.37         |
|                 | 2002            | 0.71        | 0.61        | 0.35        | 3.08        | 310        | 4.60         |
|                 | 2003            | 0.81        | 0.65        | 0.38        | 4.37        | 364        | 4.88         |
|                 | 2004            | 1.30        | 0.78        | 0.48        | 6.27        | 409        | 6.65         |
|                 | 2005            | 1.67        | 0.86        | 0.63        | 6.69        | 445        | 7.31         |
|                 | 2006            | 3.05        | 1.17        | 1.48        | 11.00       | 605        | 11.58        |
|                 | 2007            | 3.23        | 1.20        | 1.47        | 16.89       | 697        | 13.40        |
|                 | 2008            | 3.15        | 1.17        | 0.85        | 9.57        | 872        | 15.01        |
|                 | y-t-d 2009      | 2.07        | 0.70        | 0.66        | 6.13        | 926        | 13.53        |
| <b>2008</b>     | September       | 3.17        | 1.15        | 0.79        | 8.07        | 827        | 12.39        |
|                 | October         | 2.23        | 0.96        | 0.59        | 5.50        | 810        | 10.43        |
|                 | November        | 1.69        | 0.84        | 0.52        | 4.85        | 758        | 9.83         |
|                 | December        | 1.39        | 0.68        | 0.50        | 4.39        | 818        | 10.29        |
| <b>2009</b>     | January         | 1.46        | 0.64        | 0.54        | 5.13        | 858        | 11.33        |
|                 | February        | 1.50        | 0.60        | 0.50        | 4.72        | 940        | 13.42        |
|                 | March           | 1.70        | 0.61        | 0.55        | 4.40        | 926        | 13.12        |
|                 | April           | 2.00        | 0.64        | 0.63        | 5.06        | 893        | 12.53        |
|                 | May             | 2.07        | 0.66        | 0.67        | 5.73        | 925        | 14.09        |
|                 | June            | 2.27        | 0.71        | 0.71        | 6.78        | 948        | 14.67        |
|                 | July            | 2.37        | 0.76        | 0.72        | 7.25        | 934        | 13.39        |
|                 | August          | 2.80        | 0.88        | 0.83        | 8.91        | 950        | 14.41        |
|                 | m-t-d September | 2.84        | 0.83        | 0.85        | 8.04        | 987        | 16.05        |
| <b>Forecast</b> | 2009 Avg.       | <b>2.25</b> | <b>0.75</b> | <b>0.69</b> | <b>6.50</b> | <b>935</b> | <b>13.90</b> |
|                 | 2010 Avg.       | <b>2.60</b> | <b>0.90</b> | <b>0.85</b> | <b>7.50</b> | <b>950</b> | <b>14.50</b> |

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## Agriculture

|                 |                 | Wheat       | Canola     | Cattle    | Hogs      |
|-----------------|-----------------|-------------|------------|-----------|-----------|
|                 |                 | US\$/bushel | US\$/tonne |           | US\$/cwt  |
|                 | 1996            | 5.62        | 315        | 59.31     | 53.25     |
|                 | 1997            | 4.48        | 284        | 63.34     | 52.03     |
|                 | 1998            | 4.02        | 264        | 59.73     | 32.50     |
|                 | 1999            | 3.69        | 204        | 63.28     | 32.33     |
|                 | 2000            | 3.62        | 176        | 68.37     | 42.89     |
|                 | 2001            | 3.69        | 201        | 71.20     | 44.08     |
|                 | 2002            | 4.14        | 242        | 66.61     | 33.28     |
|                 | 2003            | 4.24        | 261        | 79.97     | 37.55     |
|                 | 2004            | 4.56        | 271        | 85.58     | 51.21     |
|                 | 2005            | 4.78        | 224        | 89.55     | 49.62     |
|                 | 2006            | 5.19        | 257        | 87.08     | 46.25     |
|                 | 2007            | 7.10        | 379        | 90.02     | 46.66     |
|                 | 2008            | 11.19       | 528        | 89.23     | 47.64     |
|                 | y-t-d 2009      | 7.26        | 370        | 80.80     | 43.16     |
| <b>2008</b>     | September       | 8.28        | 464        | 94.20     | 52.60     |
|                 | October         | 7.24        | 357        | 87.40     | 48.50     |
|                 | November        | 7.62        | 342        | 84.30     | 40.70     |
|                 | December        | 7.65        | 312        | 79.70     | 41.90     |
| <b>2009</b>     | January         | 7.81        | 352        | 80.10     | 42.80     |
|                 | February        | 7.49        | 338        | 78.80     | 43.90     |
|                 | March           | 7.45        | 327        | 79.00     | 43.80     |
|                 | April           | 7.57        | 354        | 83.50     | 44.10     |
|                 | May             | 8.01        | 401        | 83.20     | 44.50     |
|                 | June            | 7.74        | 414        | 80.40     | 43.30     |
|                 | July            | 6.68        | 375        | 81.10     | 43.20     |
|                 | August          | 6.05        | 396        | 80.30     | 39.70     |
|                 | m-t-d September | 5.91        | 369        | n.a.      | n.a.      |
| <b>Forecast</b> | 2009 Avg.       | <b>7.25</b> | <b>390</b> | <b>82</b> | <b>44</b> |
|                 | 2010 Avg.       | <b>7.80</b> | <b>450</b> | <b>86</b> | <b>48</b> |

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## Commodity Indices and Forecasts

US\$-terms : 2003 = 100

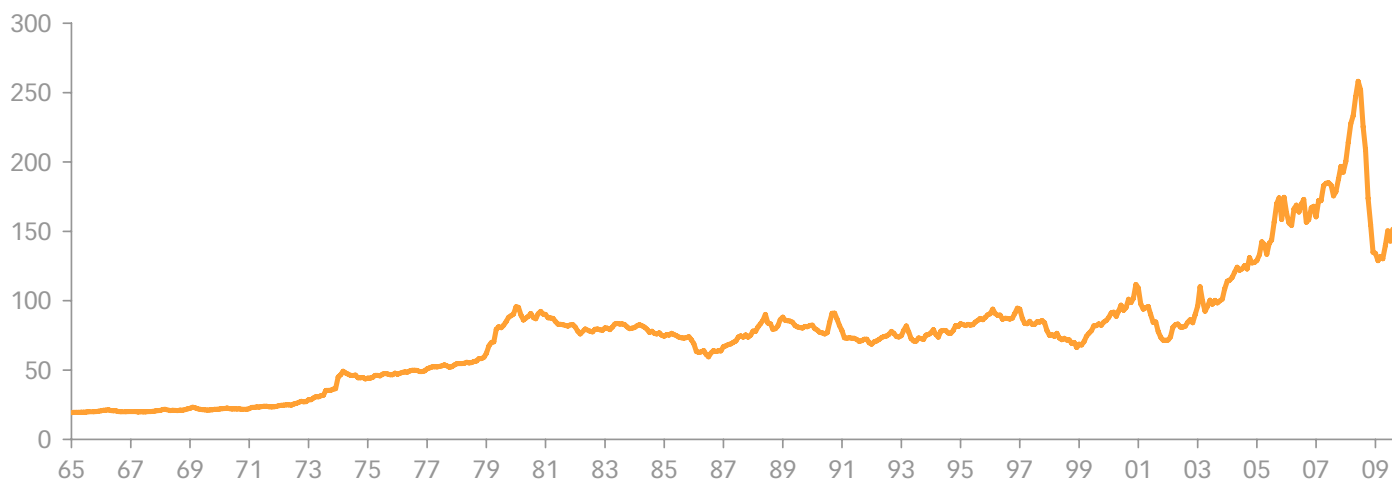
|                  |             | All<br>Commodities | Oil &<br>Gas | Metals &<br>Minerals | Forest<br>Products | Agricultural<br>Products | All<br>Commodities |
|------------------|-------------|--------------------|--------------|----------------------|--------------------|--------------------------|--------------------|
|                  |             | C\$-terms          |              |                      |                    |                          |                    |
| <b>Annual</b>    |             |                    |              |                      |                    |                          |                    |
|                  | 2000        | 95.8               | 87.7         | 99.5                 | 109.6              | 84.5                     | 101.7              |
|                  | 2001        | 87.1               | 77.5         | 89.2                 | 101.9              | 88.4                     | 96.1               |
|                  | 2002        | 81.7               | 72.2         | 89.0                 | 90.0               | 92.5                     | 91.6               |
|                  | 2003        | 100.0              | 100.0        | 100.0                | 100.0              | 100.0                    | 100.0              |
|                  | 2004        | 122.4              | 120.0        | 128.4                | 124.7              | 109.5                    | 113.7              |
|                  | 2005        | 149.8              | 170.6        | 150.3                | 121.7              | 109.0                    | 129.3              |
|                  | 2006        | 163.7              | 166.7        | 229.6                | 115.6              | 114.5                    | 132.6              |
|                  | 2007        | 181.0              | 178.8        | 284.0                | 108.2              | 146.5                    | 138.5              |
|                  | 2008        | 210.9              | 239.0        | 272.4                | 112.5              | 204.2                    | 158.4              |
| <b>Forecast</b>  | 2009        | <b>144.7</b>       | <b>128.8</b> | <b>234.1</b>         | <b>99.1</b>        | <b>146.2</b>             | <b>117.5</b>       |
|                  | 2010        | <b>168.7</b>       | <b>166.4</b> | <b>259.1</b>         | <b>101.1</b>       | <b>159.2</b>             | <b>123.2</b>       |
| <b>Quarterly</b> |             |                    |              |                      |                    |                          |                    |
|                  | <b>2008</b> |                    |              |                      |                    |                          |                    |
|                  | Q1          | 214.1              | 234.6        | 289.6                | 106.0              | 259.3                    | 153.5              |
|                  | Q2          | 246.1              | 300.6        | 295.9                | 114.5              | 223.0                    | 177.6              |
|                  | Q3          | 228.8              | 269.3        | 283.5                | 121.7              | 189.1                    | 169.6              |
|                  | Q4          | 154.5              | 151.4        | 220.6                | 107.8              | 145.3                    | 133.0              |
|                  | <b>2009</b> |                    |              |                      |                    |                          |                    |
|                  | Q1          | 131.6              | 110.0        | 216.9                | 96.9               | 145.0                    | 116.9              |
|                  | Q2          | 140.2              | 128.3        | 221.9                | 91.5               | 152.1                    | 117.0              |
| <b>Forecast</b>  | Q3          | <b>147.8</b>       | <b>135.4</b> | <b>245.0</b>         | <b>93.1</b>        | <b>134.5</b>             | <b>115.8</b>       |
|                  | Q4          | <b>159.2</b>       | <b>141.7</b> | <b>252.8</b>         | <b>114.8</b>       | <b>153.1</b>             | <b>120.4</b>       |
|                  | <b>2010</b> |                    |              |                      |                    |                          |                    |
|                  | Q1          | <b>167.1</b>       | <b>167.4</b> | <b>255.2</b>         | <b>96.4</b>        | <b>158.2</b>             | <b>124.2</b>       |
|                  | Q2          | <b>167.9</b>       | <b>163.0</b> | <b>263.3</b>         | <b>100.1</b>       | <b>160.3</b>             | <b>123.3</b>       |
| <b>Monthly</b>   |             |                    |              |                      |                    |                          |                    |
|                  | <b>2008</b> |                    |              |                      |                    |                          |                    |
|                  | Aug         | 225.4              | 260.2        | 282.1                | 124.6              | 194.2                    | 168.9              |
|                  | Sep         | 209.1              | 234.8        | 273.7                | 119.7              | 169.2                    | 157.9              |
|                  | Oct         | 173.9              | 183.2        | 236.5                | 112.4              | 146.1                    | 145.4              |
|                  | Nov         | 154.7              | 152.5        | 217.9                | 108.6              | 146.4                    | 134.7              |
|                  | Dec         | 134.9              | 118.5        | 207.4                | 102.4              | 143.4                    | 118.9              |
|                  | <b>2009</b> |                    |              |                      |                    |                          |                    |
|                  | Jan         | 134.2              | 114.2        | 216.8                | 98.5               | 148.7                    | 117.2              |
|                  | Feb         | 128.8              | 103.5        | 217.1                | 97.6               | 143.8                    | 114.5              |
|                  | Mar         | 131.9              | 112.1        | 216.7                | 94.8               | 142.5                    | 118.9              |
|                  | Apr         | 130.2              | 110.9        | 212.9                | 92.8               | 147.4                    | 114.5              |
|                  | May         | 139.8              | 128.7        | 220.4                | 89.5               | 156.1                    | 115.6              |
|                  | Jun         | 150.5              | 145.1        | 232.6                | 92.1               | 152.9                    | 120.7              |
|                  | Jul         | 142.9              | 132.4        | 230.8                | 90.7               | 138.1                    | 114.9              |
|                  | Aug         | 151.6              | 141.2        | 250.5                | 93.5               | 131.5                    | 117.7              |

Commodity price indices and forecasts are by BMO Capital Markets Economics.  
Forecasts are independent of those used by BMO Capital Markets Equity Research.

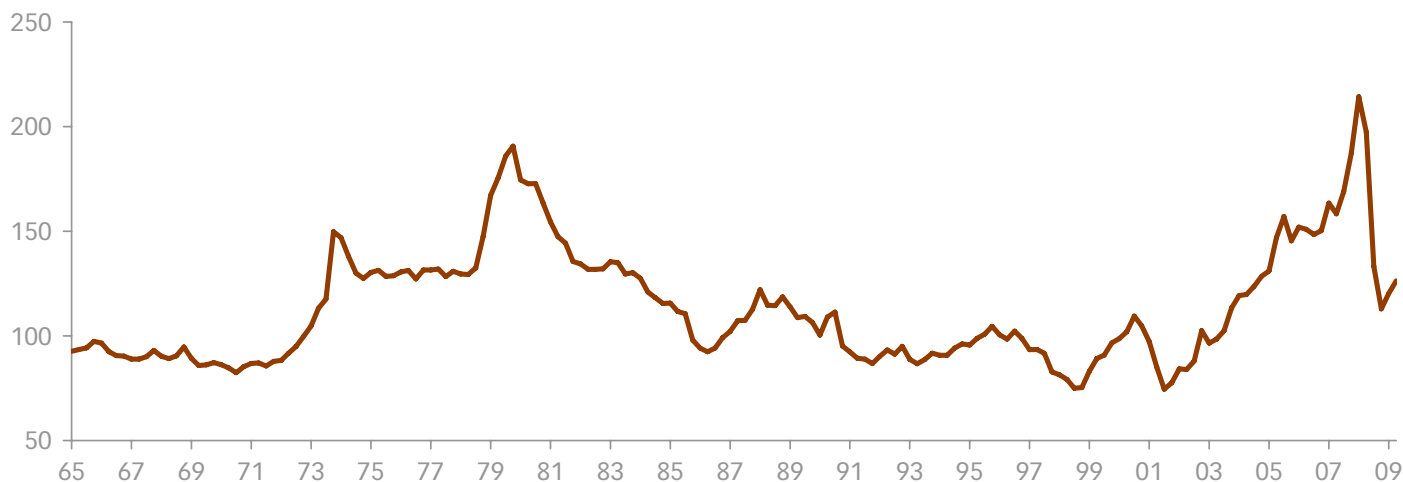


# Historical Charts: All-Commodity Index

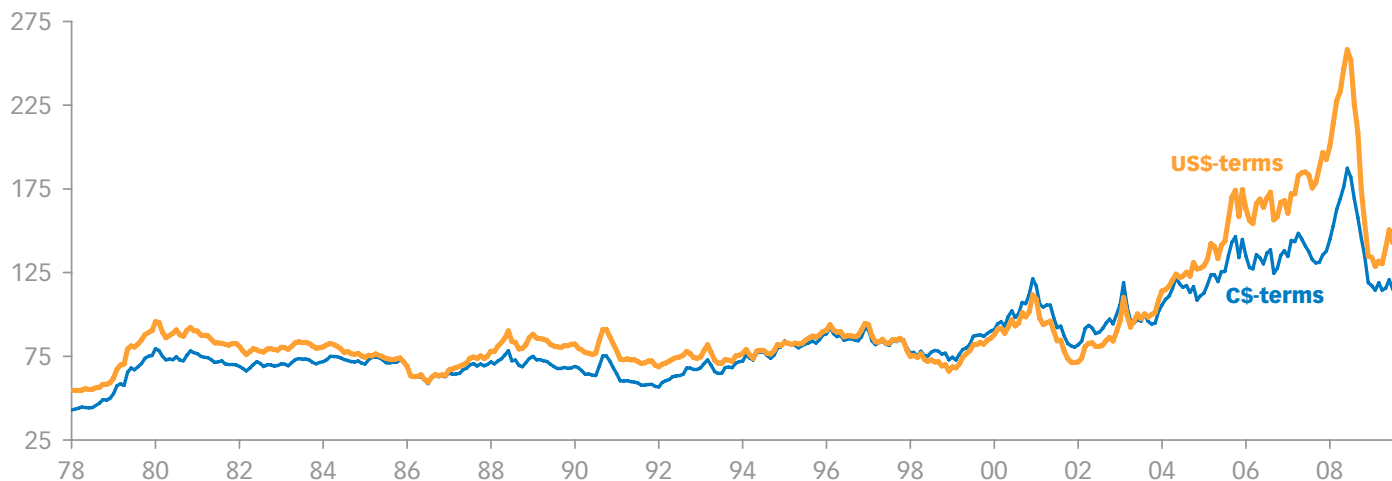
Nominal US\$-Terms (2003 = 100)



Real US\$-Terms (2003 = 100)



Nominal (2003 = 100)





## Technical Note

The BMO Capital Markets Commodity Price Index is a fixed-weight, export-based index that encompasses the price movement of 19 commodities key to Canadian exports. Weights are each commodity's average share of export values during the period 2002-06. Similarly, weights of sub-index components reflect the relative importance of commodities within their respective product group.

The all-commodities index and sub-indices consist of the following:

| Percent                      | Weight in<br>All-Commodities<br>Index | Weight in<br>Sub-Index | Weight in<br>All-Commodities<br>Index | Weight in<br>Sub-Index |
|------------------------------|---------------------------------------|------------------------|---------------------------------------|------------------------|
| <b>Metals &amp; Minerals</b> | <b>21.5</b>                           | <b>100.0</b>           | <b>Forest Products</b>                | <b>26.3</b>            |
| Gold                         | 3.1                                   | 14.5                   | Newsprint                             | 5.0                    |
| Silver                       | 0.4                                   | 1.9                    | Market Pulp                           | 5.9                    |
| Aluminum                     | 8.3                                   | 38.7                   | Supercalendered Paper                 | 3.4                    |
| Copper                       | 2.3                                   | 10.4                   | Lumber                                | 9.3                    |
| Nickel                       | 3.3                                   | 15.2                   | OSB                                   | 2.7                    |
| Zinc                         | 1.0                                   | 4.4                    |                                       |                        |
| Uranium                      | 1.1                                   | 5.0                    | <b>Agricultural Products</b>          | <b>5.9</b>             |
| Potash                       | 2.1                                   | 9.8                    | Wheat                                 | 2.8                    |
|                              |                                       |                        | Canola                                | 1.2                    |
| <b>Oil and Gas</b>           | <b>46.3</b>                           | <b>100.0</b>           | Hogs                                  | 0.6                    |
| Crude Oil                    | 22.7                                  | 49.1                   | Beef Cattle                           | 1.3                    |
| Canadian Natural Gas         | 23.6                                  | 50.9                   |                                       |                        |
|                              |                                       |                        | <b>All Commodities</b>                | <b>100.0</b>           |

Unless otherwise specified, all indices reported in this publication correspond to prices in U.S. dollars.

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