



## Oil, Gold May Fall as Slowdown Damps Demand, Polar Pacific Says

By Claire Leow

July 8 (Bloomberg) -- Crude oil and gold have already peaked this year as slower global economic growth curbs demand for raw materials, Polar Pacific Capital said.

"We have peaked for oil for now, and we have peaked for gold at \$1,030 an ounce," Polar Pacific Managing Director **David Bensimon** said yesterday in an interview in Singapore. Bensimon in March 2005 predicted oil prices would reach \$102 a barrel, raising his forecast to \$128 in November 2006.

Crude oil, which climbed to a record \$145.85 on July 3, may decline to \$123 by August, \$109 by December and \$98 by April next year, Bensimon said. Gold may slump by as much as 20 percent from its current price of \$926.70 an ounce, he said.

The Reuters/Jefferies CRB Index of 19 commodities rose to a record this month as investors snapped raw materials as a hedge against a weaker dollar and mounting inflation. The International Energy Agency on July 1 pared more than 3 million barrels a day from its 2012 global demand forecast on expectations record prices will curb consumption.

"With gold and silver down 20 percent, energy down 30 percent overall and agricultural commodities facing its own vulnerability, all of this will take the shine off commodities, particular in the case for energy because high prices bring about a demand reduction," Bensimon said.

Falling commodity prices may prompt investors to switch into equities, he said.

"We're now at relative cheap levels for equities," Bensimon said. "The natural thing is that as money eventually gets into cheap equities, it will come out of the expensive commodities. As oil takes 8, 9 or 10 months going down, that will power stocks higher."

Copper, which jumped to a record in London on July 2, could "triple in the next two years," Bensimon said. Investors should buy silver when it reaches \$15 an ounce, he said. The metal closed at \$17.78 yesterday

To contact the reporters on this story: **Claire Leow** in Singapore at [cleow@bloomberg.net](mailto:cleow@bloomberg.net)

*Last Updated: July 7, 2008 23:16 EDT*

