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Precious Metals

January 30, 2009

Commodity	Open	High	Low	Close	Change
Gold Loco \$	887.2	909.6	873.95	908.3	+20.95
Gold Feb \$	887.5	909.6	874.2	908.0	+21.3
Gold Feb Rs.	13832	14172	13753	14146	+252
Silver Loco \$	11.96	12.41	11.64	12.36	+0.37
Silver Mar \$	11.96	12.45	11.63	12.34	+0.35
Silver Mar Rs.	19182	19580	18915	19508	+238
Rupee/\$	48.93	49.02	48.85	48.97	+0.05
Euro/\$	1.3165	1.3179	1.2932	1.2953	-0.0203
Yen/\$	90.27	90.65	89.46	89.97	-0.29
US \$ Index	84.51	85.42	84.27	85.38	+0.88

MARKET RECAP

Gold & Silver prices continue to trade higher even though the Euro & crude trade lower. The gold prices have traditionally been positively correlated to both, the Euro & Crude, but now it does not appear to be the case. It is majorly the concerns of global economy and tanking stock markets, which is leading investors to invest in gold, the safe-haven asset. Also, Gold investment - particularly through purchases of physical gold in the shape of bullion - has been on the rise in recent months, with the price of yellow metal soaring by 17 percent since October 08. Further, with expectations that the USD (greenback) could slump even lower, has prompted central banks to even switch from dollar holdings to gold, thus supporting gold prices.

In currency market, the Euro fell sharply during yesterday's trading session, closing near to the lows of the day. The recent low of 1.2764, witnessed on 23rd Jan 08 shall act as short-term key support. For the day, resistance is seen at 1.3020/1.31107 whereas support is seen at 1.28637/1.27743. The Rupee continues to trade sideways against the USD for the past few weeks within the range of 48 - 49.35. For the day, resistance is seen at 49.29/49.50 whereas support is seen at 48.65/48.32 of the Rupee.

MAJOR HIGHLIGHTS

Today's economic data on US Q3 GDP (expected -5.4%) and manufacturing shall show the current status of US economy.

Eight years of gains for Gold is the longest winning stretch of the 19 commodities tracked by the Reuters/Jefferies CRB Index.

The US House of Representatives have passed President Barack Obama's \$825 economic stimulus package.

TECHNICAL ANALYSIS



Spot gold continues to close above both its 10-day as well as its 65-Day EMA, both are sloping upwards. Daily MACD Histogram is moving into positive territory whereas Weekly MACD Histogram is in positive territory. 14-day RSI is at 64 levels.

OUTLOOK

Longer-term, the stimulus plans by the United States and printing of money are likely to lead to devaluation of the dollar which will lift gold prices. Also, buying interest has increased tremendously from wealthy investors/funds so as to diversify their portfolios. The strong demand is being mirrored among professional investors whose funds are buying gold and shares of the companies that produce it. That has helped the metal to its eighth straight annual gain last year and has driven a rally in gold stocks in recent months. Gold is a "the obvious counterweight" to currencies. The metal has reached near record levels in Indian rupees and Russian rubles, among others, as investors outside the U.S. demonstrate a greater affinity to buy the metal as a hedge against currency declines.

On intraday basis, **Spot Gold** prices have immediate support at \$892/\$882 whereas resistance is seen at \$920/\$933. **Spot Silver** prices shall find support at \$11.86/\$11.55 whereas resistance is seen at \$12.60/\$12.90.

MCX Feb Gold has support at 14020/13950 whereas resistance is seen at 14246/14440 levels whereas MCX March Silver shall find support at 19250/19070 whereas resistance is seen at 19755/19980 levels.



Base Metals

January 30, 2009

Commodity	Open	High	Low	Close	Change
LME Copper	3315	3315	3140	3225	-75
LME Zinc	1145	1145	1085	1115	-20
LME Nickel	11750	11850	10875	11350	-340
LME Lead	1143	1165	1130	1145	+10
LME Alum	1360	1380	1331	1380	+15
LME Tin	11150	11250	10725	10725	-575
COM Copper	148.95	150.20	142.10	146.35	-2.55
MCX Copper	162	163.40	155.40	158.20	-4.15
MCX Lead	56.55	57.10	55.45	56.3	+0.15
MCX Zinc	55.00	55.50	52.60	53.70	-1.4
MCX Alum	65.40	65.75	63.85	65.55	+0.5
MCX Nickel	570.30	578.0	537.10	554.90	-16.5
MCX Tin	528	528	528	528	0

LME Stocks	Close	Previous	Change
Copper	477675	454925	+22750
Tin	9200	9050	+150
Lead	52525	52175	+350
Zinc	321500	320575	+925
Aluminum	2791600	2731850	+59750
Nickel	83718	82764	+954

MARKET RECAP

Base metals climbed off session lows during late Thursday open-outcry trading on the LME, as some bargain-hunting buying emerged after yet another heavy sell-off, although this was little more than a brief bright spot in an otherwise gloomy picture.

U.S. copper futures fell as much as 5 percent on Thursday after a massive increase in overnight inventory levels and bearish economic data compounded the metal's deteriorating demand outlook. Copper for March slipped 143 a lb before closing \$4.2 down at 145.80 on COMEX, was under renewed pressure from biggest one-day increase in LME warehouse stock levels since August 2004 which jumped 22,750 tones at 477,675 tones. Further downside pressure from bearish economic data showing U.S. jobless rolls soar to a record peak in mid-January and new orders for durable goods fall for the fifth straight month in December. Copper, used primarily in home construction, down in reaction to data showing the largest monthly decline in December U.S. new home sales since 1994. Sales of newly built U.S. single-family homes fell 14.7 percent in December to a 331,000 annual pace.

Despite the late mini-bounce, which saw aluminum move fractionally into the plus column, there was little real respite from downside pressures from warehouse inventories which soared. In zinc inventories raised 925 tones to 321,500 tones, briefly falling under \$1,100 before trading last at \$1,115, down \$20. Nickel hit \$10,875 finishing at \$11,350, down \$340, amid a 954-tonne stock rise to 83,718 tones. Elsewhere, lead was \$10 up at \$1,145. Stocks did raise 350 tones to a new three-month high of 52,525 tones some price cushioning from a narrowing cash/threes contango.

OUTLOOK

Given the pace of stock rises and continued oversupply, as production cuts have not kept pace with the implosion in demand, the June 1994 all-time high of 4.767 million tones will be exceeded in the medium term in copper. Though as end of the week approaches, there might be covering back perhaps in Base Metal complex on anticipation of Chinese buying returning to the market next week.

On Wednesday, the Federal Reserve held interest rates steady near zero, but said it was prepared to buy long-term Treasury debt if it would help improve market conditions. U.S. President Barack Obama's \$825 billion stimulus plan cleared its first Congressional hurdle as the Fed eyed more extreme measures to ease credit market strains. There might some unrealistic, expectations out stimulus plan and the impact it might have on Base Metals.

Poor economic fundamentals are also in play, the complex has been kept on the back foot. U.S. Advance GDP q/q is expected to contract at an annual rate of 5.4 percent in the fourth quarter which is to be release today.



TECHNICAL ANALYSIS



Copper

Copper prices are trading sideways for the past few weeks with the overall trend continuing to remain down. Immediate support for MCX Feb contract is seen at Rs.155. Further below, crucial support is seen at 151 levels.

Whereas resistance is seen at Rs.160 levels & further upwards at Rs. 165.

Zinc

Zinc prices are overall bearish with selling being witnessed on every rally. Immediate support is seen at Rs.53.6 levels for MCX Jan contract whereas crucial support is seen at Rs.51.80 levels. Short-term resistance is seen at Rs.55.30 whereas major resistance is seen at Rs 56.35.

ECONOMIC CALENDAR

Date	IST	Economic Release	For	Consensus	Actual	Prior
26-Jan	20.30	Existing Home Sales	Dec	4.40M	4.74M	4.45M
26-Jan	20.30	Leading Indicators	Dec	-0.30%	0.30%	-0.40%
27-Jan	20.30	Consumer Confidence	Jan	39	37.7	38
28-Jan	0.45	FOMC Rate Decision	Jan. 28	0-0.25	0-0.25	0-0.25
29-Jan	19.00	Durable Orders	Dec	-1.80%	-2.6%	-1.50%
29-Jan	19.00	Initial Claims	24-Jan	575K	588K	589K
29-Jan	20.30	New Home Sales	Dec	400K	331K	407K
30-Jan	19.00	Chain Deflator-Adv.	Q4	0.60%	-	3.90%
30-Jan	19.00	GDP-Adv.	Q4	-5.40%	-	-0.50%
30-Jan	20.15	Chicago PMI	Jan	34	-	34.1
30-Jan	20.25	Mich Sentiment-Rev	Jan	61.9	-	61.9



Energy

January 30, 2009

Commodity	Open	High	Low	Close	Change
NYMEX Crude Mar	40.40	41.90	40.40	41.44	-0.72
MCX Crude Feb	2030	2078	1982	2034	-16
NYMEX Nat Gas Mar	4.485	4.590	4.465	4.503	+0.013
MCX Nat Gas Feb	217.3	224.0	215.0	218.60	+2.4

MARKET RECAP

Crude Oil prices traded lower yesterday, after grim US housing and employment data rekindled concerns about deepening recession and waning energy demand. NYMEX March Crude Oil futures were down by 1.70% to close at \$41.44 per barrel.

Jobless claims in the U.S. rose to the highest on record, and sales of new U.S. homes plummeted to a record low in December. Meanwhile, orders for U.S.-made durable goods fell for a fifth straight month. Energy demand in US, world's largest oil consumer, is falling because of worsening economic conditions. Strong dollar against major currencies also pulled oil prices lower. Prices recovered from their lows, after OPEC official said, cartel can cut production further to bring supply in balance with demand.

New York Mercantile Exchange Natural Gas futures traded tad higher yesterday, as more than expected fall in gas inventory supported gas prices. NYMEX March Natural Gas futures were up by 0.28% to close at \$4.503.

MAJOR HIGHLIGHTS

- The number of new claims for state unemployment benefits in U.S. rose by 3,000 to a seasonally adjusted 588,000 in the week ending Jan. 24.
- New U.S. orders for durable manufactured goods dropped 2.6 percent in December, falling for a fifth straight month, according to a Commerce Department report.
- Natural gas inventory in the last week dropped by 186Bcf against the expected decline of 180Bcf, US Energy Department reported yesterday.

TECHNICAL ANALYSIS



On intraday basis, MCX February Crude shall find support at 1984/1935 levels whereas resistance is seen at 2080/2130 levels. RSI is trading flat at 41. MACD histogram is trading in negative territory, indicating weakness in oil prices in the short term.

OUTLOOK

Economic data from US is not showing any signs of improvement. With economic situation is worsening day by day across all developed nations, we believe that demand for oil will remain subdued, putting pressure on oil prices. Inventory of crude oil and oil products is expected to remain high in coming days. Inventory at Cushing, NYMEX delivery center, is at record high, which can limit additional storage capacity for oil companies. This is likely to put pressure on near month futures prices. Only factor which is supporting oil prices at this point of time is the expectation, that OPEC will abide by its production cuts and may cut further supply to support oil prices. Oil prices are likely to remain range bound; with near term support is seen at \$38 per barrel.

Today's economic data on GDP and manufacturing will show the current status of US economy. Weak data can weigh on oil prices. We can witness sideways movement in crude oil prices with crucial support for NYMEX March contract is seen at \$40.20/38.50 level & resistance at \$43.40/45.10 levels.

Natural Gas prices are expected to trade sideways up, as ongoing winter season can lead to rise in demand. MCX Feb contract has support at 217.50/214.50 levels & resistance at 226.70/229.10 levels.