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Content

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Precious Metals

July 2, 2009

Commodity	Open	High	Low	Close	Change
Gold Loco $	925.30	946.60	925.25	940.25	+14.4
Gold Aug $	926.1	947.0	926.1	941.3	+13.9
Gold Aug Rs	14454	14581	14415	14549	+98
Silver Loco $	13.58	13.87	13.56	13.73	+0.16
Silver Sep $	13.61	13.87	13.59	13.76	+0.16
Silver Sep Rs	22000	22131	21841	21991	+67
USD/INR	48.00	48.14	47.86	47.88	-0.02
EURO/$	1.4035	1.4201	1.3999	1.4150	+0.0118
USD / Yen	96.30	96.98	96.14	96.57	+0.29
US $ Index	80.14	80.40	79.35	79.61	-0.54

MAJOR HIGHLIGHTS

Investment in the SPDR Gold Trust, the biggest exchange-traded fund backed by bullion, was unchanged at 1,120.55 metric tons as of yesterday, the company's Web site showed.

The Dollar Index, which measures the greenback against six major currencies, was down by 0.67% to 79.61.

TECHNICAL ANALYSIS

Spot Gold has closed above its 10-Day EMA as well as its 30-Day EMA. Daily MACD Histogram is still in negative territory whereas 14-Day RSI is at 50 levels.

MARKET RECAP

The Bullion pack bounced back from the lows of the day to gain sharply as the US Dollar fell on the back of negative data for US ADP Employment figures for the month of June, the actual being (-)473k whereas the forecast was of (-)363k. Further, reports that China has asked to debate proposals for a new global reserve currency at next week's Group of Eight summit in Italy has also supported the Bullion pack. Further, holdings in the world's largest gold-backed exchange-traded fund (SDPR) have been falling in the past few weeks as growing optimism about the global economy saps investors' appetite for the safe-haven asset.

In the **currency market,** the **Euro** gained sharply against the USD during yesterday's trading session, continuing to close above its 10-Day EMA as well as its 30-Day EMA. The 14-Day RSI is at 57 levels. <u>For the day, support is seen at 1.4030/1.3920 whereas resistance is seen at 1.4155/1.4225</u>. The **Rupee** continued to appreciate against the USD during yesterday's trading session, closing below the 48.00 mark. Daily MACD Histogram is moving in positive territory whereas Weekly MACD Histogram is in negative territory, with the Rupee closing below its 10-Day as well as its 30-Day EMA. 14-Day RSI is near 45 levels. <u>For the day, support is seen at 47.60/47.35 whereas resistance is seen at 48..00/48.25.</u>

OUTLOOK

The bullion pack continues to trade sideways for the past few trading sessions with Spot Gold trading in the range of $925 - $948 zone. Today, traders across the globe are keenly awaiting the monthly U.S. jobs data that is expected to shed light on how quickly the economy is turning the corner, which will dictate moves for the dollar and gold. Further, attention is also focused on ECB interest rate decision which is unlikely to be changed though, but the bank's stimulus plans could be unveiled. All this shall have an important bearing on the bullion price movements today as currencies play a very important. Overall, gold has benefitted from persisting worries that heavy government borrowing could boost inflation.

On intraday basis, **Spot Gold** prices have immediate support at $932/$925 whereas resistance is seen at $943/$948. **Spot Silver** prices shall find support at $13.50/$13.30 whereas resistance is seen at $13.95/$14.20.

MCX August Gold has support at 14450/14345 whereas resistance is seen at 14580/14660. **MCX Sep Silver** shall find support at 21820/21680 whereas resistance is seen at 22130/22295 levels.

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Base Metals

July 2, 2009

Commodity	Open	High	Low	Close	Change
LME Copper	4984	5188	4975	5130	+159
LME Zinc	1543	1601	1540	1590	+44
LME Nickel	15350	16600	15350	16299	+888
LME Lead	1690	1760	1682	1745	+52
LME Alum	1630	1681	1625	1665	+36
LME Tin	14300	15000	14200	14550	+275
COM Copper	226.40	235.35	225.75	231.50	+5.7
MCX Copper	242.50	249.80	242.50	246.00	+3.6
MCX Zinc	74.80	76.25	74.30	75.80	+1.35
MCX Nickel	744.00	785.50	738.50	778.00	+37
MCX Lead	81.45	83.35	80.25	82.85	+1.7
MCX Alum	77.95	79.85	77.60	79.15	+1.25
MCX Tin	713.75	713.75	713.75	713.75	-1.25

LME Stocks	Close	Previous	Change	%Chg
Copper	265,725	265,950	-225	(0.1)
Aluminum	4,394,825	4,398,350	-3,525	(0.1)
Nickel	109,584	109,242	342	0.3
Zinc	353,375	353,575	-200	(0.1)
Lead	91,650	89,725	1,925	2.1
Tin	17,130	17,005	125	0.7

MARKET RECAP

The base metals complex gained in yesterday's trade as economic data from China indicated that official purchasing managers' index (PMI) for June rose to 53.2 from 53.1 in May, the fourth straight month in which the manufacturing sector has showed signs of expansion. Markets welcomed this data as another sign that the economic recovery in China, by far the world's largest consumer of metals is now on solid ground.

All base metals showed good performance on the back of a weaker dollar. **Nickel** prices gained more than 8% to $16,600, its highest since September 2008 as short-covering provided a boost to prices. Despite an increase in inventories, stainless steelmakers have witnessed an improvement in their order books, thereby providing some fundamental support to the metal. **Copper** prices hit their highest in two weeks, on hopes that recovering manufacturing demand from China could prop up demand during the traditionally slow summer period. Copper inventories on the LME declined for the 39th successive day but cancelled warrants continued to decline and now account just for around 3.7% of the total stocks.

On the macroeconomic front, the dollar declined against the euro, after the release of the ADP employment report showing that the US private sector shed 473,000 jobs in June, confounding expectations for 388,000 job losses. Construction spending declined for the month of May by 0.9% and pending home sales grew at a small pace of 0.1% in May. Overall economic data from the US was not very impressive but the Chinese data yesterday became the major support to base metal prices.

OUTLOOK

Base metal prices could turn choppy today as we approach a long weekend on the back of a holiday in the US markets tomorrow. We could witness profit-booking in base metals as prices are still racing ahead of their fundamentals. The advances in all financial markets have reflected expectations of a global economy that is on the road to recovery. However, there is uncertainty over how strong or fast this recovery is. There are also concerns over potential surging inflation down the line after central banks have sharply cut interest rates. The focus now is whether the sharp rally in commodities and equities over the last three months can continue through the summer months, when industrial demand in the northern hemisphere typically slows.

On the macroeconomic front, the US is expected to announce a long list of data today as markets prepare for the Independence Day holiday on Friday. Data includes – nonfarm payrolls, unemployment rate, hourly earnings, average workweek, initial claims and factory orders. Amongst this data, unemployment rate is highly important as it indicates the scenario in the job market. It is expected to jump to 9.6% for June and is if the data is as per expectations then base metal prices could take a hit today.

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TECHNICAL ANALYSIS

Copper

Copper prices are sideways with immediate support for MCX August contract seen at Rs.243.35. Further below, crucial support is seen at 239 levels.

Whereas resistance is seen at Rs.251.20 levels & further upwards at Rs. 255 levels.

Zinc

Zinc prices are sideways with immediate support seen at Rs.73.50 levels for MCX July contract whereas crucial support is seen at Rs.71.45 level. Short-term resistance is seen at Rs.77.20 whereas major resistance is seen at Rs 79 levels.

ECONOMIC CALENDAR

Date	IST	Country	Indicator	For	Forecast	Actual	Prior
30-Jun	18.30	US	Consumer Confidence	Jun	55.1	49.3	54.9
30-Jun	18.30	US	S&P/Case-Shiller HPI	Apr	-18.75%	-18.1%	-18.70%
30-Jun	19.15	US	Chicago PMI	Jun	38.5	39.9	34.9
1-Jul	18.45	US	ADP Employment Change	Jun	-363K	-473K	-532K
1-Jul	19.30	US	Construction Spending	May	-0.50%	-0.90%	0.80%
1-Jul	19.30	US	ISM Index	Jun	44	44.8	42.8
1-Jul	19.30	US	Pending Home Sales	May	1.10%	0.1%	6.70%
2-Jul	18.00	US	Nonfarm Payrolls	Jun	-370K	-	-345K
2-Jul	18.00	US	Unemployment Rate	Jun	9.60%	-	9.40%
2-Jul	18.00	US	Hourly Earnings	Jun	0.20%	-	0.10%
2-Jul	18.00	US	Average Workweek	Jun	33.1	-	33.1
2-Jul	18.00	US	Initial Claims	27-Jun	NA	-	627K
2-Jul	19.30	US	Factory Orders	May	0.20%	-	0.70%

Energy

July 2, 2009

Commodity	Open	High	Low	Close	Change
NYMEX Crude Aug	70.45	71.85	68.52	69.31	-0.58
MCX Crude July	3354	3440	3292	3302	-42
NYMEX Nat Gas Aug	3.849	3.891	3.759	3.795	-0.04
MCX Nat Gas July	186.70	188.30	182.00	183.80	-2.2

MAJOR HIGHLIGHTS

- US Energy Department reported said that crude oil stocks declined by 3.7Mbbl to 350.2Mbbl against the forecast of 2.2Mbbl decline.
- Meanwhile gasoline stocks were up by 2.3Mbbl to 211.2Mbbl against the expected rise of 2.1Mbbl and distillates inventory was up by 2.9Mbbl to 155Mbbl against the expectation of 1.4Mbbl rise.
- As per Bloomberg survey OPEC has produced 28.23 million bpd oil in June, up by 55,000 barrels from last month.
- As per market expectation natural gas inventory is expected to rise by 74Bcf. Data will be released at 8.00 p.m. IST.

TECHNICAL ANALYSIS

Crude Oil prices are trading below 10Day-EMA (3353). 14-Day RSI at 52. Daily MACD Histogram is trading below zero line. On intraday basis, MCX July Crude shall find support at 3280/3245 levels whereas resistance is seen at 3345/3397 levels.

MARKET RECAP

Crude Oil prices extended its losses for second consecutive day yesterday, as more than expected rise in gasoline and distillates stocks outweighed larger than expected fall in oil stocks. Rising oil products stocks indicate that demand is still weak in US, world's largest oil consumer. NYMEX August Crude Oil futures traded lower by 0.82% to close at $69.31 per barrel.

Decline in gasoline demand was particularly disappointing ahead of the 4th July Independence Day holiday, normally a time of heavy usage for motor fuel. As per report, demand for energy products over last four weeks averaged 18.4 million bpd, down by 5.4% as compare to last year. Fall in oil stocks is mainly on account of high refinery utilization rates. Data showed that refinery utilization is at 87.1% for the week ended 26 June. Data also showed rise in Cushing Oklahoma stocks by 0.2Mbbl to 28.6Mbbl, the first rise since 22nd May.

Natural gas prices continued its losing streak for third trading session in a row yesterday, as weak oil prices weighed on gas prices. NYMEX August Natural gas was down by 1.04% to close at $3.795.

OUTLOOK

Crude Oil prices can continue to face downward pressure once prices are trading above $70, as inventory data has once again confirmed that demand outlook is still weak. Despite driving season in US is going on, there is drop in demand for gasoline, which indicates that people are still taking conservative approach and are reluctant to spend on motor fuel. Consumer confidence data was also negative, signaling that people may drive less and prefer to stay back at home. *US market will have long week end, as financial markets will be closed tomorrow on account of Independence Day holiday.* Despite of this continued unrest in Nigeria can potentially prevent sharp fall in oil prices. We believe that oil prices can have crucial support near $67 per barrel in the near term.

Today, we can witness sideways move in crude oil prices with support for NYMEX August Crude Oil is seen at $68.60/$67.55 level & resistance at $70.20/$71.30 levels.

Natural gas prices will take cues from today's inventory data, which is expected to support gas prices. MCX July contract has major support at Rs. 178.40 & resistance at Rs.187.40 levels.