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Precious Metals

July 3, 2009

Commodity	Open	High	Low	Close	Change
Gold Loco \$	940.00	941.60	926.10	929.35	-10.9
Gold Aug \$	940.90	942.10	926.60	931.00	-10.3
Gold Aug Rs	14532	14542	14418	14484	-65
Silver Loco \$	13.74	13.80	13.28	13.39	-0.34
Silver Sep \$	13.765	13.800	13.290	13.408	-0.352
Silver Sep Rs	21990	22021	21480	21624	-367
USD/INR	47.70	48.02	47.70	47.95	+0.065
EURO/\$	1.4148	1.4153	1.3926	1.3937	-0.0213
USD / Yen	96.54	96.88	95.69	95.95	-0.62
US \$ Index	79.62	80.61	79.60	80.52	+0.91

MARKET RECAP

The Bullion pack fell sharply during yesterday's trading session inspite of weaker than expected US Non-farm payrolls amidst rising US unemployment rate (9.50%). US equities markets fell sharply increasing fears of worsening US recession, which in turn led investors to rush towards the refuge of the US Dollar, enhancing the currency's safe-haven attraction. Earlier, reports that China has asked to debate proposals for a new global reserve currency at next week's Group of Eight summit in Italy had supported the Bullion pack. India, the world's largest consumer of Gold, imported about 59.8 tonnes in the first six months this year, down 57 per cent from the same period last year, reflecting the overall weakening physical fabrication demand at higher prices.

MAJOR HIGHLIGHTS

Yesterday, the Dow Jones posted its biggest drop since April 20 after the U.S. unemployment rate rose to the highest in almost 26 years.

India's gold imports in June were likely around 8 to 10 tonnes, down 24 tonnes from the same month a year ago, as per the Bombay Bullion Association (BBA).

In the currency market, the Euro fell sharply against the USD during yesterday's trading session, closing below its 10-Day EMA but above its 30-Day EMA. The 14-Day RSI is at 52 levels. For the day, support is seen at 1.3855/1.3778 whereas resistance is seen at 1.4005/1.4085. The Rupee traded sideways against the USD during yesterday's trading session, closing just 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 50 levels. For the day, support is seen at 47.80/47.60 whereas resistance is seen at 48.20/48.45.

TECHNICAL ANALYSIS



Spot Gold has once again closed below 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 48 levels.

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, the US financial markets are closed on Friday for the Independence Day holiday which is likely to limit the movement in the bullion pack during today's trading session. The Dollar Index (DX) is presently trading above the 80 mark and moving in complete negative correlation with Gold. If it consistently trades above the 81 mark, we could witness a sharp correction in the bullion pack. For any major upmove in gold prices, Spot Gold has to trade consistently above \$948 - \$952 zone. Overall, gold has benefitted from persisting worries that heavy government borrowing could boost inflation.

On intraday basis, **Spot Gold** prices have immediate support at \$928/\$922 whereas resistance is seen at \$937/\$943. **Spot Silver** prices shall find support at \$13.30/\$13.10 whereas resistance is seen at \$13.60/\$13.85.

MCX August Gold has support at 14420/14345 whereas resistance is seen at 14540/14605. **MCX Sep Silver** shall find support at 21390/21170 whereas resistance is seen at 21730/21945 levels.



Base Metals

July 3, 2009

Commodity	Open	High	Low	Close	Change
LME Copper	5125	5144	4967	5038	-92
LME Zinc	1587	1590	1550	1575	-15
LME Nickel	16250	16545	16006	16499	+200
LME Lead	1734	1748	1693	1707	-38
LME Alum	1668	1668	1617	1639	-26
LME Tin	14600	14600	14180	14200	-350
COM Copper	231.50	232.45	225.25	229.00	-2.5
MCX Copper	246.20	247.25	241.75	245.50	-1.35
MCX Zinc	76.00	76.00	74.30	75.30	-0.5
MCX Nickel	776.00	794.90	768.70	790.90	+12.9
MCX Lead	82.70	83.35	81.05	81.55	-1.3
MCX Alum	79.25	79.40	77.60	78.40	-0.75
MCX Tin	713.75	713.75	713.75	713.75	0

LME Stocks	Close	Previous	Change	%Chg
Copper	264,225	265,725	-1,500	(0.6)
Aluminum	4,397,325	4,394,825	2,500	0.1
Nickel	109,584	109,584	0	0.0
Zinc	353,125	353,375	-250	(0.1)
Lead	92,250	91,650	600	0.7
Tin	17,230	17,130	100	0.6

MARKET RECAP

The base metals pack ended in the red on Thursday as the stronger dollar exerted pressure on the metals. Also, a weak US monthly employment report raised concerns over economic stability. Nickel was the only metal that ended in the positive territory as resurgence of fundamentals in favour of the metal helped the metal turn an outperformer in yesterday's trade. Prices came under pressure yesterday as a lot of these green shoot stories seem a bit premature in this time.

Copper prices that touched a high of \$5,187 on Wednesday reverted back to fluctuating around \$5,000. LME inventories for the red metal continued to decline for the 40th successive day, down by 1,500 tonnes to 264,225 tonnes, their lowest since November 10, last year. However, the metal booked for removal witnessed a reversal in the recent trend as cancelled warrants rose 24% to 12,250 tonnes. Nickel prices are trading higher as Chinese imports of nickel had jumped in May and this is adding as a supportive factor to prices. Hence, China's increased nickel imports, boosted by expanding stainless steel output and a price gap between the domestic and overseas market, have driven a rally in the metal.

On the macroeconomic front, US employers cut 467,000 jobs in June, exceeding expectations for 360,000 job losses and above May's figure of 322,000, while the unemployment rate rose to 9.5 percent - the highest since August 1983 - from 9.4 percent in May. However, factory orders data from the US was positive as it rose higher-than-expected by 1.2% in May from 0.5% in April.

OUTLOOK

Copper production in Chile during the first five months of the year totalled 2,121,892 tonnes, down 4.4 percent from the 2,219,853 tonnes produced in the corresponding period of last year. Chile is the world's largest copper producer, with output of 5.4 million tonnes last year. The mining production index fell 1.5 percent, mainly driven by a lower copper output

The base metals market is driven by the dollar movement. Global equity markets extended losses yesterday and the dollar strengthened further against a basket of six other major currencies after the data was published, highlighting that the labour market continues to struggle with a deep recession. If the dollar continues to strengthen in the near term then base metals could remain under pressure.

The US markets remained closed today on account of the Independence Day holiday. Hence, we feel that markets could remain subdued today.



TECHNICAL ANALYSIS



Copper

Copper prices are sideways with immediate support for MCX August contract seen at Rs.239.35. Further below, crucial support is seen at 235 levels.

Whereas resistance is seen at Rs.247.90 levels & further upwards at Rs. 251 levels.



Zinc

Zinc prices are sideways with immediate support seen at Rs.73.80 levels for MCX July contract whereas crucial support is seen at Rs.71.85 level.

Short-term resistance is seen at Rs.76.10 whereas major resistance is seen at Rs 77 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	-467K	-345K
2-Jul	18.00	US	Unemployment Rate	Jun	9.60%	9.5%	9.40%
2-Jul	18.00	US	Hourly Earnings	Jun	0.20%	0.0%	0.10%
2-Jul	18.00	US	Average Workweek	Jun	33.1	33.0	33.1
2-Jul	18.00	US	Initial Claims	27-Jun	NA	614K	627K
2-Jul	19.30	US	Factory Orders	May	0.20%	1.2%	0.70%



Energy

July 3, 2009

Commodity	Open	High	Low	Close	Change
NYMEX Crude Aug	69.22	69.74	66.26	66.73	-2.58
MCX Crude July	3322	3334	3216	3238	-64
NYMEX Nat Gas Aug	3.795	3.795	3.606	3.615	-0.18
MCX Nat Gas July	183.30	184.20	179.00	180.10	-3.7

MARKET RECAP

Crude oil prices declined yesterday, poised for a third week of decline as a stronger dollar put pressure on dollar-denominated commodities. Unemployment rate in the US rose to 9.5% in May, the highest in almost 26 years.

Oil prices declined more than \$2 a barrel after the US released weak economic data. US employers cut 467,000 jobs in June and markets are now concerned about unemployment as the numbers lower expectations of a demand recovery. This negative employment report was not taken well by the financial markets yesterday and this boosted demand for the dollar as a safe-haven investment. A stronger dollar makes dollar-denominated commodities look expensive for holders of other currencies, and this factor pushed oil prices lower.

MAJOR HIGHLIGHTS

- US Energy Information Administration reported that US natural gas storage rose 70 billion cubic feet last week, below the forecast of 75 billion cubic feet.
- The natural gas supplies were 21% higher than the five-year average compared with a 22% surplus in last week's report. Stockpiles typically gained 85 billion cubic feet for the week over the past five years.

TECHNICAL ANALYSIS



Crude Oil prices are trading below its 10 Day EMA (3353) as well as its 30-day EMA. 14-Day RSI is at 44 levels. Daily MACD Histogram is the negative zone. On intraday basis, MCX July Crude shall find support at 3190/3145 levels whereas resistance is seen at 3262/3285 levels.

OUTLOOK

Crude oil prices have come under pressure once again on the back of weak US economic data as concerns have once again been expressed over rising unemployment in the U.S. (9.5%) to the highest in almost 26 years. This will reduce fuel demand in the world's largest energy user. The rising dollar has been further adding to the bearish sentiments in the market.

US market will have long week end, as financial markets will be closed today on account of Independence Day holiday. We believe that oil prices can have crucial support near \$64 - \$65 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 \$65.50/\$64.00 level & resistance at \$67.80/\$69.50 levels.

Natural Gas, MCX July contract has major support at Rs. 175 & resistance at Rs.183.