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Precious Metals

November 25, 2008

Commodity	Open	High	Low	Close	Change
Gold Loco \$	800.45	829.70	785.45	821.40	+21.1
Gold Dec \$	802	830.10	786.2	822.0	+21
Gold Dec Rs.	12840	13240	12723	13090	+213
Silver Loco \$	9.65	10.67	9.45	10.53	+0.91
Silver Dec \$	9.635	10.680	9.460	10.545	+0.895
Silver Dec Rs.	16405	17610	16349	17358	+883
EURO/\$	1.2589	1.2933	1.2565	1.2929	+0.0364
Rupee/\$	49.45	50.25	49.29	50.10	+0.57
Yen/\$	95.8	97.3	94.9	97.2	+1.29
US \$ Index	87.640	87.92	85.00	86.28	-2.135

MARKET RECAP

Gold prices rose for fourth consecutive session yesterday, surging to close at their highest level in six weeks, amid safe-heaven buying. Weak US dollar and sharp rally in oil prices also boosted bullion prices. Spot gold prices were up by 2.63% to close at \$821.40/oz, the highest closing level since 15th October. Silver prices traded higher, tracking higher gold prices. Spot Silver was up by 9.45%, to close at \$10.53/oz.

In the currency market, US dollar lost ground against major currencies, as rally in oil prices and weak macroeconomic data weighed on dollar. Dollar was down by 2.89% against euro. In energy market, oil prices traded sharply higher as rally in stock markets and expectation of production cut from OPEC boosted oil prices. NYMEX January Crude Oil futures were up by 9.15% to close at \$54.50 per barrel.

Mounting economic uncertainties & strong physical bullion demand triggered a bout of heavy buying. Gold is starting to re-emerge as the safe-haven asset. The fact that gold is holding up well in the midst of the commodity decline shows good physical support. Significant physical demand seems to crop up whenever prices dipped below \$700 psychological mark.

MAJOR HIGHLIGHTS

- The U.S. government agreed to extend Citigroup a \$326 billion rescue plan designed to avoid financial collapse, helping stocks to surge Monday.
- U.S. existing-home sales retreated last month as the weak stock market and a poor economic backdrop caused buyers to pull back, according to the National Association of Realtors on Monday.

OUTLOOK

As recessions grip the U.S., Japan & parts of Europe, central banks may be forced to lower interest rates and pump more liquidity into the financial system, devaluing their currencies. Even with all the money central banks have thrown at the financial system, it's not likely to stop the systemic risk very soon. Investors are looking for something that's going to go up, and that's gold. The dollar is likely to start softening once the global liquidation panic is over. The positive factors for gold are longer term. The massive dollar creation will lead to a decline in dollar value which could lead to stability in gold while crude oil makes new lows.'

On intraday basis, Spot Gold prices are expected to find immediate and crucial support at \$804.90/\$794.50 levels whereas resistance is seen at \$820.90/\$833 levels. Spot Silver prices shall find support at \$10.20/\$9.80 levels whereas resistance is seen at \$10.70/\$10.95 levels.

MCX December Gold has support at 12940/12810 whereas resistance is seen at 13210/13350 levels. MCX December Silver shall find support at 17105/16650 whereas resistance is seen at 17860/18370 levels.

Bullion prices are expected to trade sideways-up for the day. At the same time, we are likely to witness increased volatility in coming days; hence trading with stop-loss is advised.

TECHNICAL ANALYSIS



Technically, Spot gold prices breached and closed above the \$780 mark, a key resistance level. Daily MACD Histogram is in positive territory. Major resistance is seen at \$834 (200-Day Moving Average) and key support is seen at \$800.30/oz



Base Metals

November 25, 2008

Commodity	Open	High	Low	Close	Change
LME Copper	3495	3806	3430	3755	+165
LME Zinc	1160	1248	1157	1225	+60
LME Nickel	10100	10600	9815	10500	+300
LME Lead	1172	1235	1162	1205	+40
LME Alum	1767	1820	1757	1800	+40
LME Tin	11155	12700	11150	12620	+970
COM Copper	1.6660	1.6660	1.6660	1.6660	+0.0950
MCX Copper	176.15	189.45	173.55	183.90	+6.3
MCX Zinc	59.00	62.70	58.55	59.85	+0.7
MCX Nickel	507.00	532.70	495.40	518.20	+12
MCX Lead	58.80	62.00	58.15	59.80	+0.85
MCX Alum	86.80	89.25	86.10	87.50	+1
MCX Tin	596.25	596.25	596.25	596.25	-24.75

LME Stocks	Close	Previous	Change
Copper	284,400	283,125	1,275
Zinc	1,726,325	1,724,400	1,925
Nickel	62,148	61,794	354
Lead	190,650	187,825	2,825
Aluminum	41,300	41,450	(150)
Tin	4,290	4,290	0

MARKET RECAP

The base metals pack ended on an upbeat note on Monday as the rescue of US investment bank Citigroup cheered investors across the globe. Metal prices jumped despite of bearish LME inventory data as this news created positive trading sentiments. The rise in prices witnessed yesterday is purely a short-covering rally as the overall trend still remains down. The mood in the base metals market looks upbeat as metals producers have shut-down loss making units on a temporary basis.

Copper prices touched a high of \$3,806 on the LME yesterday, taking positive cues from the global equity markets. This rise in prices was despite a jump in LME copper inventories by 1,275 tonnes. Aluminum inventories too witnessed a gain of 1,925 tonnes on Monday but prices closed in the positive territory. Major positive news that pushed aluminum higher was the announcement of a cut in production by Rio Tinto at its Lynemouth aluminum smelter in the UK. The company said that they have cut production on a temporary basis as cost of electricity is very high and prices are trading lower on the LME. The smelter has a capacity of 180,000 tonnes per year. Lead inventories continued to decline and this helped the metal to trade in the green.

On the macroeconomic front, global equity markets extended gains on the back of the rescue plan for Citigroup. Gold and Crude oil prices surged and the US Dollar weakened on the back of weak *existing home sales* data. Weakness in the dollar additionally helped base metals prices end in the green.

OUTLOOK

The rise in global equity markets has provided a boost to the base metals market. News on Citigroup came in as a bullish factor yesterday and helped revive short-term sentiments. Since base metals are taking cues from the global equities, the current gain could help metals trade in the green. However, we see this as a short-term phenomenon as the overall trend still remains down amid a deteriorating global economic outlook. The weak economic outlook is expected to cap gains in base metals and prices could witness a decline on the back of profit-booking.

Copper inventories are rising steadily but the metal is managing to trade above its marginal cost of production of \$3,100. This indicates that prices shall be supported in the near future. The latest production cut announcement by Rio Tinto for Aluminum could help prices to receive some support.

On the macroeconomic front, the US is expected to announce data on third quarter GDP today, which is expected to decline. This data could weaken the US Dollar and provide a boost to base metal prices. Yesterday's rise in prices could invite profit-booking but a weakness in the dollar could provide a cushion to the downside.



TECHNICAL ANALYSIS



Copper

Immediate support is seen at Rs.180.50 levels for MCX November contract. Further below, support is seen at 177.10 levels. Copper is expected to trade sideways.

Whereas resistance is seen at Rs.185.90 levels & further upwards at Rs. 188.20.

Zinc

Immediate support is seen at Rs.58.05 levels for MCX November contract whereas crucial support is seen at Rs.56.20levels. Zinc is expected to trade sideways for the day.

Short-term resistance is seen at Rs 62.20 whereas major resistance is seen at Rs 64.50.

ECONOMIC CALENDAR

Date	IST	Country	Indicator	For	Forecast	Actual	Previous
24-Nov	20.30	US	Existing Home Sales	Oct	5.05M	4.98M	5.18M
25-Nov	19.00	US	Chain Deflator-Prel.	Q3	NA	-	4.20%
25-Nov	19.00	US	GDP-Prel.	Q3	-0.60%	-	-0.30%
25-Nov	20.30	US	Consumer Confidence	Nov	39.5	-	38
26-Nov	19.00	US	Durable Orders	Oct	-2.50%	-	0.80%
26-Nov	19.00	US	Initial Claims	22-Nov	NA	-	NA
26-Nov	19.00	US	Personal Income	Oct	0.10%	-	0.20%
26-Nov	19.00	US	Personal Spending	Oct	-0.70%	-	-0.30%
26-Nov	20.15	US	Chicago PMI	Nov	38.5	-	37.8
26-Nov	20.30	US	Mich Sentiment-Rev.	Nov	58	-	57.9
26-Nov	20.30	US	New Home Sales	Oct	450K	-	464K



Energy

November 25, 2008

Commodity	Open	High	Low	Close	Change
NYMEX Crude Jan	51.20	54.55	51.20	54.50	+4.57
MCX Crude Dec	2581	2763	2506	2735	+176
NYMEX Nat Gas Dec	6.705	6.950	6.640	6.888	+0.408
MCX Nat Gas Dec	329.30	338.20	328.70	336.60	+6.4

MARKET RECAP

Crude Oil prices surged more than 9% yesterday, on expectations that the OPEC cartel will cut output again and as stock markets across the globe rallied on the US government's plan to rescue Citigroup, the troubled banking company. Crude oil for January delivery was up by 9.15%, to close at \$54.50 a barrel on NYMEX.

Weakness in the US dollar against major currencies also supported oil prices. Dollar weakness typically spells gains in the prices of dollar-denominated commodities such as gold and oil, because they're cheaper for holders of other currencies. Dollar index, which tracks dollar against major currencies, lost 2.4%.

New York Mercantile Exchange December Natural Gas futures traded higher, as strong rally in oil prices lifted gas prices. December natural gas ended at \$6.888, up by 6.29%.

OUTLOOK

Crude Oil futures have followed stock markets recently, using equities as a proxy for economic outlook and investor sentiment. Traders will be waiting for the outcome of the OPEC meet, which is scheduled on 29th November. Since trend in oil price is southward, we expect cartel cut production by at least 1million barrels. OPEC decided to cut production by 1.5 million barrels during their last month meeting to shore up prices. After yesterday's sharp rally in oil prices, today prices are expected to cool down on back of profit booking.

Most of the economic data in the coming months is expected to remain weak. That means the consumption issue is going to be top of mind for the oil markets, and that will put the price under pressure.

For MCX December contract, immediate and crucial supports are seen at Rs. 2670/2580 and resistance is seen at Rs.2830/2920. *On Intraday basis, prices are expected to trade sideways down.*

Natural Gas prices are expected to trade sideways up. NYMEX December futures can trade in the range of \$6.50 and \$7.12

MAJOR HIGHLIGHTS

- OPEC president Chakib Khelil said yesterday, that a further output cut of more than one million barrels per day would be necessary to support the oil market in its current state.
- The U.S. government agreed to extend Citigroup a \$326 billion rescue plan designed to avoid financial collapse, helping stocks to surge Monday.
- Motorists in the U.S., the world's largest energy consumer, drove 4.4 percent fewer miles in September even as gasoline prices dropped, the Federal Highway Administration said on Nov. 19.

TECHNICAL ANALYSIS



On intraday basis, Nymex December Crude shall find support at \$50.20/47.05 levels whereas resistance is seen at \$54.80/\$56.50 levels.