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Precious Metals

November 26, 2008

Commodity	Open	High	Low	Close	Change
Gold Loco \$	821.45	830.80	802.10	820.50	-0.9
Gold Dec \$	822.0	833.5	803.	819.7	-2.3
Gold Dec Rs.	13009	13234	12928	13035	-55
Silver Loco \$	10.51	10.57	10.02	10.32	-0.21
Silver Dec \$	10.575	10.580	10.030	10.300	-0.245
Silver Dec Rs.	17379	17585	17005	17192	-166
EURO/\$	1.2955	1.3079	1.2803	1.3061	+0.0132
Rupee/\$	49.60	50.11	49.60	49.93	-0.17
Yen/\$	97.4	97.4	94.9	95.3	-1.95
US \$ Index	86.090	86.595	84.650	85.060	-1.220

MARKET RECAP

Gold prices ended marginally lower amidst volatile trading session yesterday, as sharp fall in oil prices and profit booking by traders weighed on yellow metal prices. Spot gold prices touched a high of \$830.80/oz before closing at \$820.50/oz, down by 0.10%. Silver prices followed suit, as Spot Silver was down by 1.99%, to close at \$10.32/oz.

Gold had been on the rise in the first half of trading session, helped by a weakening U.S. dollar, which fell against its major rivals after the Federal Reserve unveiled a new plan to support the issuance of debt backed by consumer and small-business debt. Dollar index, which tracks greenback against six major currencies, was down by 1.41%.

In energy market, crude oil prices tumbled, as weak US GDP data and profit booking by traders ahead of weekly inventory data weighed on oil prices. NYMEX January oil futures were down by almost 7%. Slide in oil prices weighed on bullion prices, but prices managed to bounce back towards the end of trading session.

MAJOR HIGHLIGHTS

- The Federal Reserve pledged \$800 billion to help ease the credit crisis for homeowners, consumers and small businesses.
- The US Commerce Department said yesterday, the U.S. economy contracted at a 0.5% annual rate in the third quarter, worse than the 0.3% initially estimated a month ago.

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. Today, there are host of US economic data, which will have their impact on dollar. As per expectation data is likely to support gold prices. Prices can witness volatility ahead of tomorrow's holiday in US markets.

On intraday basis, Spot Gold prices are expected to find immediate and crucial support at \$802.60/\$790.50 levels whereas resistance is seen at \$825.60/\$835 levels. Spot Silver prices shall find support at \$10.03/\$9.75 levels whereas resistance is seen at \$10.50/\$10.85 levels.

MCX December Gold has support at 12890/12760 whereas resistance is seen at 13105/13210 levels. MCX December Silver shall find support at 16930/16650 whereas resistance is seen at 17520/17840 levels.

Note: U.S. markets will be closed tomorrow on account of Thanksgiving holiday.

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/oz



Base Metals

November 26, 2008

Commodity	Open	High	Low	Close	Change
LME Copper	3650	3760	3560	3655	-100
LME Zinc	1200	1258	1200	1248	+23
LME Nickel	10400	10500	10050	10350	-150
LME Lead	1210	1225	1180	1185	-20
LME Alum	1805	1835	1790	1810	+10
LME Tin	12250	12850	12150	12500	-120
COM Copper	1.6460	1.6460	1.6460	1.6460	-0.0200
MCX Copper	183.00	187.30	178.80	181.60	-2.3
MCX Zinc	59.85	62.20	59.75	61.50	+1.65
MCX Nickel	516.50	526.40	502.00	513.10	-5.1
MCX Lead	59.90	61.10	58.55	58.80	-1
MCX Alum	88.00	89.00	87.20	87.60	+0.1
MCX Tin	596.25	596.25	596.25	596.25	0

LME Stocks	Close	Previous	Change
Copper	287,225	284,400	2,825
Zinc	1,742,150	1,726,325	15,825
Nickel	62,442	62,148	294
Lead	190,475	190,650	(175)
Aluminum	41,075	41,300	(225)
Tin	4,290	4,290	0

MARKET RECAP

Base metals remained steady on Tuesday as equity markets stabilised and the dollar weakened. The US economy has officially entered recession and this fact weakened the US Dollar which in turn helped to provide a cushion to the downside. Equities and fluctuations in currencies are currently dominating the base metals market as far as direction is concerned.

Copper prices felt the pressure of a rise in LME inventories by 2,825 tonnes on Tuesday. The red metal has witnessed a gain in inventories for twenty-five straight days and this is a major bearish factor. Rising inventories indicate falling demand amid a global economic recession. Aluminum inventories gained a whopping 15,825 tonnes yesterday and the metal remained volatile but the downside was limited.

On the macroeconomic front, the US economy contracted by 0.5% as expected in the third quarter, sending the dollar to a three week low against the euro. The US government is struggling to manage a severe financial crisis and has unveiled two new programs on Tuesday that will provide \$800bn to help unfreeze the credit market for consumer debt.

OUTLOOK

The new rescue package of \$800bn by the US government may provide some cushion to the equity markets and hence help base metal prices remain stable. However, markets could remain quiet tomorrow as traders close positions ahead of the long Thanksgiving weekend. The US markets will remain shut tomorrow on the back of Thanksgiving. Market expectations about the latest package could keep equities higher and lead base metals higher too. But we feel that short-covering rallies in times of financial uncertainty could be met with profit-booking. Hence, we recommend traders to remain cautious.

Base metals markets is expected to take cues from equity and currency markets. A weakness in the dollar could help base metals remain stable as a weaker dollar makes base metals look attractive for holders of other currencies.

On the macroeconomic front, the US is expected to announce a host of economic data today. Data will be released on durable orders, initial claims, personal income and spending, Chicago PMI, Michigan Sentiment and new home sales. Markets could become volatile if the data is on the negative side.



TECHNICAL ANALYSIS



Copper

Immediate support is seen at Rs.177.80 levels for MCX November contract. Further below, support is seen at 174.05 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.59.80 levels for MCX November contract whereas crucial support is seen at Rs.58.70levels. Zinc is expected to trade sideways up for the day.

Short-term resistance is seen at Rs61.85 whereas major resistance is seen at Rs 63.50.

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	4.2%	4.2%	4.20%
25-Nov	19.00	US	GDP-Prel.	Q3	-0.3%	-0.5%	-0.30%
25-Nov	20.30	US	Consumer Confidence	Nov	39.5	44.9	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 26, 2008

Commodity	Open	High	Low	Close	Change
NYMEX Crude Jan	53.45	53.45	50.70	50.77	-3.73
MCX Crude Dec	2711	2725	2563	2578	-157
NYMEX Nat Gas Jan	6.837	6.863	6.347	6.374	-0.456
MCX Nat Gas Dec	338	340.50	318.30	319.40	-17.2

MARKET RECAP

Crude Oil prices plunged more than 6% yesterday, erasing most of the gains of previous session, on concerns about declining demand after a government report showed the U.S. economy shrank by more than estimated during the third quarter. Crude oil for January delivery was down by 6.84%, to close at \$50.77 a barrel on NYMEX.

Profit booking by traders ahead of weekly inventory data and subdued US equity markets also weighed on oil prices. Continuing slide of oil prices reinforces the signs of the declining fuel demand as the downturn of the economy intensifies.

New York Mercantile Exchange December Natural Gas futures traded lower, as sharp fall in oil prices weighed on gas prices. December natural gas ended at \$6.374, down by 6.67%.

OUTLOOK

Today, Crude Oil prices are likely to take cues from weekly inventory data, which will be released at 9.05p.m. IST. More than expected rise in oil stocks can weigh on oil prices. Apart from inventory data, there are host of US economic data. Most of the economic data are expected to be weak, raising concern over weakening oil demand. That means the consumption issue is going to be top of mind for the oil markets, and that will put the price under pressure.

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.

For MCX December contract, immediate and crucial supports are seen at Rs. 2520/2430 and resistance is seen at Rs.2680/2750. *On Intraday basis, prices are expected to trade sideways down.*

Natural Gas prices will take cues from today's inventory data. As per expectation data is supportive for gas, but less than expected decline in inventory can limit the upside in gas prices. NYMEX January futures can trade in the range of \$6.05 and \$6.75.

MAJOR HIGHLIGHTS

- As per Reuters survey, crude oil inventory is expected to rise by 0.8Mbbbl, while distillates stocks are expected to fall by 0.8Mbbbl. Gasoline stocks are likely to rise by 0.4Mbbbl.
- The US Commerce Department revised the annual rate of decline in third-quarter gross domestic product to 0.5 percent from the 0.3 percent that it reported a month ago.
- As per market survey, Natural gas inventory data is expected to decline by 44Bcf. Data will be released a day early, because of Thanksgiving Holiday in US tomorrow.

TECHNICAL ANALYSIS



On intraday basis, Nymex December Crude shall find support at \$49.20/47.05 levels whereas resistance is seen at \$53.80/\$56.50 levels.