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Content

Precious Metal

Base Metal

Energy

Angel Commodities

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Precious Metals

November 28, 2008

Commodity	Open	High	Low	Close	Change
Gold Loco \$	820.60	823.20	807.60	812.50	-8
Gold Dec \$	819.1	822.0	806.8	810.8	-8.9
Gold Dec Rs.	13090	13109	12946	12984	-80
Silver Loco \$	10.28	10.47	10.14	10.28	-0.04
Silver Dec \$	10.26	10.455	10.15	10.25	-0.05
Silver Dec Rs.	17700	17900	17655	17728	-48
EURO/\$	1.3063	1.3070	1.2818	1.2883	-0.0178
Rupee/\$	49.55	50.00	49.24	49.44	-0.49
Yen/\$	95.21	95.94	94.59	95.57	+0.31
US \$ Index	85.05	86.25	85.015	85.735	+0.675

MARKET RECAP

The Indian Markets were closed yesterday on account of the Terrorist Attacks in Mumbai whereas the US markets were closed on account of Thanksgiving. Overall, the bullion pack witnessed another range-bound session yesterday in Spot Market with Spot Gold trading between \$805 - \$825 range. The earlier sharp move witnessed in gold prices last Friday, reinforces gold's appeal as a safe haven for investors in such times of grave financial crisis.

In currency market, the Euro continues to trade range-bound with crucial support seen at 1.2328 levels whereas immediate resistance is seen at 1.3079 levels. As stated in our earlier reports, the overall trend for the Euro remains bearish unless we see a close above 1.3079 (its intermediate - term trend). The low of 1.2328 made on 28th October shall continue to act as strong support.

MAJOR HIGHLIGHTS

The dollar index in New York, which measures the currency against those of six trading partners, has dropped this week for the first time in four weeks, declining 2.9 percent to 85.631 of 2007.

Gold demand in China rose 18 percent in the third quarter of this year, the World Gold Council said Nov. 19. Demand increased 29 percent in India and 15 percent in the Middle East.

OUTLOOK

Spot Gold continues to meet with stiff resistance at \$830-\$835 levels. The \$ is showing signs of weakness with resistance seen at 86.40 whereas support seen at 84.70. As a safe-haven asset, investors have chosen to retain their exposure to gold as a physical asset rather than maintain paper exposure which could provide a firmer base for gold to build price gains from, particularly if we see a continuation of the weaker dollar. Also, with central banks adding more liquidity to unfreeze credit markets could spur inflation and boost the appeal of the precious metal. On the other hand, lower crude prices are also exerting pressure on gold prices. Physical demand has been upbeat on falling prices which would provide some support to bullion prices.

On intraday basis, Spot Gold prices have immediate support at \$805/\$792 whereas resistance is seen at \$830/\$842. Spot Silver prices shall find support at \$10.00/\$9.70 whereas resistance is seen at \$10.55/\$10.70.

MCX December Gold has support at 12900/12700 whereas resistance is seen at 13120/13260 levels whereas MCX December Silver shall find support at 16850/16550 whereas resistance is seen at 17280/17500 levels.

TECHNICAL ANALYSIS



Technically speaking, spot gold prices are witnessing a short-term uptrend with crucial resistance seen between \$830 - \$840 zone. Daily MACD Histogram is in positive whereas prices are closing above its short-term 10-Day Moving average.



Base Metals

November 28, 2008

Commodity	Open	High	Low	Close	Change
LME Copper	3740	3775	3660	3720	-40
LME Zinc	1235	1255	1205	1225	-30
LME Nickel	10500	10600	10150	10220	-380
LME Lead	1186	1186	1100	1105	-80
LME Alum	1805	1812	1765	1784	-16
LME Tin	12800	12800	12225	12400	-350
COM Copper	1.6460	1.6460	1.6460	1.6460	-0.0200
MCX Copper	181.00	189.25	180.15	184.05	+2.45
MCX Zinc	61.00	63.95	60.55	61.60	+0.1
MCX Nickel	513.50	534.50	507.00	522.40	+9.3
MCX Lead	58.75	60.60	57.30	58.30	-0.5
MCX Alum	87.75	88.00	86.45	86.95	-0.65
MCX Tin	620.00	620.00	620.00	620.00	0

LME Stocks	Close	Previous	Change
Copper	288,725	286,350	2,375
Zinc	1,795,975	1,751,650	44,325
Nickel	63,264	62,928	336
Lead	190,875	190,475	400
Aluminum	41,200	40,950	250
Tin	4,325	4,285	40

MARKET RECAP

Base metals ended in the negative territory on the LME on Thursday on the back of bearish inventory data. Inventories for all base metals on the LME jumped yesterday, thereby adding pressure on the downside. Concerns over deteriorating demand amid a global financial crisis lead to weak sentiments. However, the overall trading climate remained slow on the back of absence of US markets for Thanksgiving celebrations. The MCX remained closed yesterday as Mumbai, India's financial capital came under a terror strike. Commodity and equity exchanges in India remained shut.

Copper prices slumped on the LME yesterday as inventories for the metal gained 2,375 tonnes. Aluminum inventories jumped sharply gaining 44,325 tonnes and pulled the metal in the red. Overall inventory data was bearish for all base metals and the complex ended lower.

On the macroeconomic front, a Eurozone report indicated that economic sentiment had plunged to a 15-year low this month. China, after announcing a large rate cut on Wednesday said that its economic downturn was deepening. The overall sentiments in the global financial markets remain bleak.

OUTLOOK

Base metals are expected to face a volatile trading session ahead of the weekend as traders could wind up their positions prior to the weekend. It has been noticed in the last few weeks that Friday's usually witness a sharp decline in prices as traders don't want to maintain long positions in such financial uncertainty. Rising inventory on the other hand is also putting pressure on base metal prices. Demand concerns are hovering around the globe and raw material prices are coming under pressure.

We expect trade in base metals to remain volatile as the trend is down and markets have no respite from the weakening global economic situation.

On the macroeconomic front, worries over global economic performance could play on market sentiments and the movement of the US Dollar would remain crucial for base metals. Any news on the global economic front could impact base metal prices.



TECHNICAL ANALYSIS



Copper

Immediate support is seen at Rs.181.10 levels for MCX November contract. Further below, support is seen at 177.05 levels. Copper is expected to trade sideways up.

Whereas resistance is seen at Rs.188.10 levels & further upwards at Rs. 191.20.

Zinc

Immediate support is seen at Rs.60.10 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 Rs63.50 whereas major resistance is seen at Rs 65.10.

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%	-6.2%	0.80%
26-Nov	19.00	US	Initial Claims	22-Nov	NA	529K	NA
26-Nov	19.00	US	Personal Income	Oct	0.10%	0.3%	0.20%
26-Nov	19.00	US	Personal Spending	Oct	-0.70%	-1.0%	-0.30%
26-Nov	20.15	US	Chicago PMI	Nov	38.5	33.8	37.8
26-Nov	20.30	US	Mich Sentiment-Rev.	Nov	58	55.3	57.9
26-Nov	20.30	US	New Home Sales	Oct	450K	433k	464K



Energy

November 28, 2008

Commodity	Open	High	Low	Close	Change
NYMEX Crude Jan	52.90	54.50	52.90	54.44	+3.67
MCX Crude Dec	2593	2669	2525	2644	+66
NYMEX Nat Gas Jan	6.480	6.995	6.530	6.898	+0.462
MCX Nat Gas Dec	321	339.70	314.20	338.30	+18.9

MARKET RECAP

Crude Oil prices rose sharply on Wednesday, as interest rate cut announced by China outweighed bearish U.S. government inventory data which showed an unexpectedly large rise in crude stocks amidst falling demand. NYMEX January crude oil futures were up by 7.22% to close at \$54.44 per barrel.

Oil prices were also supported by news that, Russia, the world's second largest oil producer, may join the Organization of Petroleum Exporting Countries (OPEC) in implementing output cuts. Rally in US equity markets also supported oil prices.

New York Mercantile Exchange December Natural Gas futures traded higher, as bullish inventory data and higher oil prices boosted gas prices. January natural gas ended at \$6.898, up by 7.17%.

OUTLOOK

Crude Oil prices have rallied in previous trading session, but we expect that prices can remain range bound ahead of tomorrow's OPEC meet. As per market expectation, OPEC is expected to announce production cut. We believe that even if OPEC decides to cut production, current slowdown in world major economies can eventually put downward pressure on energy demand, which could pull oil prices lower. US Oil inventory data has shown large build up in energy stocks, indicating that demand in US is weakening at faster rate. Any recovery in dollar against major currencies can also pull oil prices lower.

For MCX December contract, immediate and crucial supports are seen at Rs. 2620/2540 and resistance is seen at Rs.2710/2775. *On Intraday basis, prices are expected to trade sideways.*

Natural Gas prices are likely to trade sideways after sharp rally in previous trading session. With winter season in US is going on, downside in gas prices can be limited. NYMEX January futures can trade in the range of \$7.15 and \$6.50.

MAJOR HIGHLIGHTS

- The central bank of China cut interest rates by as much as 1.08%, taking the one-year Yuan lending rate to 5.58% from 6.66%.
- As per U.S. govt. data released on Wednesday, crude oil inventories rose by 7.3Mbbbl against the expectation of 0.8Mbbbl rise. Gasoline stocks rose by 1.9Mbbbl against the expectation of 0.4Mbbbl increase. Distillates stocks increased by 1.4Mbbbl.
- As per Energy Information Administration (EIA), Natural gas inventory decline by 66bcf against the expected decline of 44Bcf.

TECHNICAL ANALYSIS



On intraday basis, Nymex December Crude shall find support at \$52.50/50.10 levels whereas resistance is seen at \$55.05/\$56.20 levels.