



**Angel Commodities™**  
Service Truly Personalized



## Content

Precious Metal

Base Metal

Energy

Angel Commodities

For Intl. Commodities Research Queries, please contact the following:

Amar Singh	Head Commodity Research	(022)-40358638	amar.singh@angeltrade.com
Mandar Pote	Research Analyst(Bullion & Energy)	(022)-40358633	mandar.pote@angeltrade.com
Reena Walia	Research Analyst( Base Metals)	(022)-40358632	reena.walia@angeltrade.com



## Precious Metals

October 1, 2008

Commodity	Open	High	Low	Close	Change
Gold Loco \$	905.25	914.90	854.60	865.0	-38.6
Gold Dec \$	911.0	920.2	860.1	876.6	-33.5
Gold Oct Rs.	13533	13690	13235	13272	-288
Silver Loco \$	13.13	13.20	11.70	12.05	-1.04
Silver Dec \$	13.215	13.28	11.80	12.15	-1.02
Silver Dec Rs.	21000	21086	20019	20109	-847
EURO/\$	1.4415	1.4425	1.4008	1.4120	-0.0292
Rupee/\$	46.15	47.11	46.15	46.96	+0.46
Yen/\$	104.0	106.5	103.5	105.9	+1.91
US \$ Index	77.47	79.69	77.47	79.25	+1.53

### MAJOR HIGHLIGHTS

- After voting down the proposed legislation on Monday, leaders in the House of Representatives are expected to regroup, with a second vote on the bail out plan.
- U.S. stocks jumped the most in six years yesterday on renewed confidence a bailout will be passed this week. The Standard & Poor's 500 Index surged 5.3 percent, a day after posting an 8.8 percent decline.
- Chicago PMI for the month of September came at 56.7 against the expectation of 54, US govt. data reported yesterday.

### TECHNICAL ANALYSIS



### MARKET ANALYSIS

Gold prices retreated sharply in yesterday's trading session, as stronger USD and rally in stock markets erased previous session gains. Prices came under pressure on hopes that U.S. govt. will pass new bail out plan to bolster the financial sector, reduced safe haven buying. Spot gold prices traded as low as \$854.60, before ended lower by 4.27%, to close at \$865 per ounce.

US dollar traded higher, extending its gains against major currencies for second day in a row, as mounting woes in the European banking sector battered the euro. Dollar got further support on hopes that new bail out plan will be passed soon to avert credit crunch. In Energy market, crude oil prices traded higher, lifted by expectation of new rescue plan for financial markets.

In other precious metals, silver prices fell sharply for second day in a row, following weakness in gold prices. Spot Silver closed lower by 7.94% to close at \$12.05 per ounce.

### OUTLOOK

Gold prices are expected to remain volatile, until the final bail-out plan gets underway. Traders will watch out for the outcome of bail-out plan, which is expected to come tonight. We expect prices to trade on a volatile note in the near term. Investment demand is expected to rise in coming months in gold, amidst current financial turmoil, supporting precious metal prices in the long term. We maintain bullish outlook on gold, with prices target of \$950 in the medium term.

On macroeconomic front, today traders will have to watch out for ADP employment data, ISM manufacturing index. Data is expected to support gold prices. In other metals, Silver prices can remain under pressure, as slowdown in economy can lead to fall in its industrial usage. In the long term prices are expected to follow trend in gold prices.

On intraday basis, Spot Gold prices are expected to trade sideways, with immediate and crucial support is seen at \$870/\$855.10 levels whereas resistance is seen at \$895/\$910.50 levels. Spot Silver prices shall find support at \$11.95/\$11.50 levels whereas resistance is seen at \$12.48/\$13.10 levels.

MCX December Gold has support at 13110/12950 whereas resistance is seen at 13410/13560 levels. MCX December Silver shall find support at 19750/19500 whereas resistance is seen at 20370/20790 levels.



## Base Metals

October 1, 2008

Commodity	Open	High	Low	Close	Change
LME Copper	6330	6420	6145	6370	+30
LME Zinc	1675	1700	1625	1670	0
LME Nickel	15500	16100	15490	15700	-500
LME Lead	1780	1835	1725	1830	+65
LME Alum	2410	2535	2405	2435	+20
LME Tin	16550	17400	16480	17400	+40
COM Copper	2.8880	2.8880	2.8880	2.8880	-0.0295
MCX Copper	298.80	304.10	293.30	302.20	-1.2
MCX Zinc	77.10	78.25	75.25	77.70	-0.05
MCX Nickel	752.00	752.00	721.00	741.90	-19.8
MCX Lead	82.95	84.80	79.95	84.55	+0.3
MCX Alum	112.00	112.65	110.50	112.35	+0.35
MCX Tin	807.00	807.50	806.50	806.75	-33.25

LME Stocks	Close	Previous	Change
Copper	198,600	198,925	(325)
Zinc	1,376,400	1,372,900	3,500
Nickel	56,070	55,596	474
Lead	155,125	155,375	(250)
Aluminum	64,250	64,525	(275)
Tin	5,835	6,020	(185)

### MARKET ANALYSIS

The base metals pack managed to close above their lows on Tuesday on the back of a revival in equity markets. Currently the base metals market is not reacting to its fundamentals as global economic worries are playing in. The unexpected rejection of the US bailout plan worth \$700bn has troubled the US banking sector. However, yesterday's minor revival in prices was on the back of bargain-hunting buying and short-covering. Fundamentally strong metals looked attractive at lower levels. Another factor that boosted sentiments yesterday was that investors are bullish that Washington will find a way out to pass the bailout plan.

All base metals except Nickel ended yesterday's trade in the positive territory on the LME. Falling inventories in the case of four out of six base metals helped sentiments. Though metals received a short-term boost, any negative news on the macroeconomic front could pull prices lower.

On the macroeconomic front, US consumer confidence jumped unexpectedly for the third straight month in September despite weak conditions in financial markets. The US Dollar traded on a strong note yesterday but this factor could not pull metals lower as the US bailout issue is playing a major role currently.

### OUTLOOK

Consumption figures for Japan indicate that Zinc, Lead and Nickel consumption has declined in Jan to August 2008. We have mentioned in our earlier reports that these three metals fall in the weaker category amongst the base metals pack. A decline in consumption coupled with low prices could force metals producers to dampen production activity for these metals. We could expect some production cuts in Zinc, Lead and Nickel in the coming months which will come in as a rescue to falling prices.

*We foresee volatility in base metal prices as the current macroeconomic scenario is highly uncertain. We do not expect metals to react to fundamental factors as of now and feel that global economic issues would play a key role in determining prices. The US will take a call on the bailout plan tonight and markets await this news. Hence, base metals will remain under pressure until they get some direction.*

On the macroeconomic front, the US is expected to announce data on auto sales, truck sales, construction spending and ISM Index today. We feel that the release of this data may not be able to have a direct impact on the US Dollar as currently there are other major factors that are on the forefront.



## TECHNICAL ANALYSIS



### Copper

Immediate support is seen at Rs.299.80 levels for MCX November contract. Further below, support is seen at 295.50 levels. Copper is expected to trade sideways.

Whereas resistance is seen at Rs.305.50 levels & further upwards at Rs. 308.

### Zinc

Immediate support is seen at Rs.75.80 levels for MCX Oct contract whereas crucial support is seen at Rs.73.00 levels. Zinc is expected to trade sideways for the day.

Short-term resistance is seen at Rs79.85 whereas major resistance is seen at Rs 81.10.

## ECONOMIC CALENDAR

Date	IST (p.m.)	Country	Indicator	For	Forecast	Actual	Previous
29-Sep	6:00	US	Personal Income	Aug	0.20%	0.0%	-0.70%
29-Sep	6:00	US	Personal Spending	Aug	0.20%	0.50%	0.20%
30-Sep	7:15	US	Chicago PMI	Sep	54	56.7	57.90
30-Sep	7:30	US	Consumer Confidence	Sep	55.00	59.8	56.90
1-Oct	9:30	US	Auto Sales	Sep	NA	-	4.5M
1-Oct	9:30	US	Truck Sales	Sep	NA	-	5.9M
1-Oct	5:45	US	ADP Employment	Sep	NA	-	-33K
1-Oct	7:30	US	Construction Spending	Aug	-0.50%	-	-0.60%
1-Oct	7:30	US	ISM Index	Sep	50.00	-	49.90
2-Oct	6:00	US	Initial Claims	9/27	NA	-	NA
2-Oct	7:30	US	Factory Orders	Aug	-1.80%	-	1.30%
3-Oct	6:00	US	Hourly Earnings	Sep	0.30%	-	NA
3-Oct	6:00	US	Nonfarm Payrolls	Sep	-90K	-	NA
3-Oct	6:00	US	Unemployment Rate	Sep	6.10%	-	NA
3-Oct	7:30	US	ISM Services	Sep	50.00	-	50.60



## Energy

October 1, 2008

Commodity	Open	High	Low	Close	Change
<b>NYMEX Crude Nov</b>	98.30	100.64	97.80	100.64	+4.27
<b>MCX Crude Oct</b>	4479	4779	4426	4744	+106
<b>NYMEX Nat Gas Nov</b>	7.310	7.460	7.310	7.438	+0.217
<b>MCX Nat Gas Oct</b>	335.10	356.50	335.10	354.50	+10.2

### MARKET RECAP

Crude Oil prices rebounded from a previous day's heavy sell off and managed to close above \$100 a barrel, on hopes that the U.S. Congress will approve a new bailout plan. Oil prices also gained ahead of Wednesday's weekly inventory report, which is expected to show fall in gasoline and distillates stocks. November crude Oil futures gained by 4.43% to close at \$100.64 a barrel.

Energy traders also watched movements in the currency markets, where the U.S. dollar rose against most of its major counterparts. Strengthening of US dollar limited gains in oil prices. Prices slid more than \$10 a barrel, biggest drop in dollar terms since 1991, on Monday after the U.S. House of Representatives rejected the 700 billion-dollar rescue plan.

New York Mercantile Exchange October Natural Gas futures ended higher, lifted by rise in oil prices. November natural gas ended at \$7.438, up by 3%.

### MAJOR HIGHLIGHTS

- According to Bloomberg survey, today weekly crude oil inventory is expected to show a rise in crude oil stocks by 2.75Mbbbl. Gasoline and distillates stocks are expected to decline by 2.5Mbbbl and 1.1Mbbbl respectively.
- The U.S. Senate will vote on Wednesday night on a new version of the \$700 billion bailout package for Wall Street.
- U.S. fuel demand averaged 19.5 million barrels a day in the four weeks ended Sept. 19, the lowest since October 2003, according to Energy Department data.

### OUTLOOK

Crude Oil prices are tracking developments in the US bail out plan for financial institutions. Traders will be waiting for the outcome of bail out plan, which is expected to finalize by tomorrow. In the near term oil prices will be at the mercy of bail out plan progress. Today oil prices will take cues from weekly inventory data, which is expected to show mix data. Oil prices can remain range bound ahead of inventory data.

Due uncertainty in the financial markets and widespread collapse of banking systems, we expect commodity prices to trade on volatile note in the short term. Despite any measures taken to solve current financial crisis, we expect that demand for oil will remain subdued and oil prices can challenge its recent lows of \$90 a barrel in the medium term.

On Intraday basis, prices are expected to remain sideways. For MCX October contract, immediate and crucial supports are seen at Rs. 4710/4620 and resistance is seen at Rs.4830/4905. Natural Gas prices will take cues from oil prices. In near term, NYMEX November futures can face resistance at \$7.75Mcf and support at \$7.25.

### TECHNICAL ANALYSIS



Crude Oil prices can face resistance at \$105 (30DMA) in the near term and strong resistance is seen at \$109.60 (200DMA). On intraday basis, Nymex November Crude shall find support at \$99.20/\$96.05 levels whereas resistance is seen at \$102.90/\$105.10 levels.