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Precious Metals

October 29, 2008

Commodity	Open	High	Low	Close	Change
Gold Loco \$	731.2	756.1	724.1	746.0	+15.3
Gold Dec \$	730.80	755.70	723.00	742.00	+12.4
Gold Oct Rs.	12031	12099	11911	11965	-77
Silver Loco \$	9.025	9.295	8.400	9.185	+0.135
Silver Dec \$	9.025	9.295	8.400	9.185	+0.135
Silver Dec Rs.	16380	16450	16151	16286	-162
EURO/\$	1.2459	1.2774	1.2328	1.2772	+0.0307
Rupee/\$	49.60	49.87	49.47	49.87	-0.02
Yen/\$	92.82	98.90	92.62	98.90	+6.11
US \$ Index	87.20	87.88	86.10	86.14	-1.03

MAJOR HIGHLIGHTS

FOMC policy statement is expected tonight after market hours. The Fed is expected to cut interest rates by 50 basis points - 100 basis points.

The Dollar Index fell almost 2% (1.03) to end yesterday's trading session at 86.14.

Spot Silver prices breached the psychological level of \$9 during yesterday's trading session.

TECHNICAL ANALYSIS



Technically speaking, spot gold prices have bounced back from their important support level of \$680 levels. A hammer formation is seen on daily charts, which should act as short-term bottom. The short-term trend still remains down for the bullion pack. But prices could bounce back as they are approaching oversold zone. Closing above \$772 and consistently trading above the same would only lead to a change in the downtrend.

MARKET RECAP

Gold prices recovered during yesterday's trading session on the back of a correction in the \$ and slight support from the crude prices. With the global equities markets also showing some signs of respite from the sharp fall, leveraged investors appear to be less inclined to sell other asset classes. Crude prices have bounced back from its lows to currently trade at \$65 levels (Nymex Dec contract).

In currency market, Euro appears to have found support around 1.2330 levels after one of its worst performances in many years, losing almost 0.0787 during last week. The Dollar Index fell sharply during yesterday's trading session. On the daily charts, a tweezers top formation can be seen, which indicates that a short-term top has been formed, though the up-trend still remains intact.

Silver prices fell intra-day below the \$9 mark but managed to stage a recovery during the later part of the trading session. Silver found support from the upmove witnessed in gold prices. Overall, silver tends to remain weaker as compared to gold.

OUTLOOK

Gold prices have taken extremely good support at \$680 levels, last week's low wherein buying was witnessed at \$680 - \$700 levels. Also, rate cuts in US would lead to a weakness in the \$ which could support bullion prices. A short-term bottom formation is seen on daily charts with the recent low likely to hold strong in coming days.

On the physical side, Increased buying activity has been reported across India, the world's major gold consuming nation on account of Dhanteras & Diwali. As gold prices have corrected by almost 16% from its all-time highs, investors are finding it attractive at current levels. Indian physical demand could further pick up on account of approaching marriage season.

On intraday basis, Spot Gold prices have immediate and crucial support at \$735/\$720 whereas resistance is seen at \$758/\$765. Spot Silver prices shall find support at \$8.80/\$8.40 whereas resistance is seen at \$9.40/\$9.85.

MCX December Gold has support at 11940/11780 whereas resistance is seen at 12180/123320 levels whereas MCX December Silver shall find support at 16230/16000 whereas resistance is seen at 16650/16890 levels. *Prices are likely to trade sideways for the day.*



Base Metals

October 29, 2008

Commodity	Open	High	Low	Close	Change
LME Copper	3920	4250	3815	4250	+350
LME Zinc	1185	1185	1100	1135	-5
LME Nickel	11200	11900	10600	11750	+450
LME Lead	1310	1460	1245	1455	+155
LME Alum	2010	2130	1995	2130	+115
LME Tin	13550	15200	13050	14650	+1525
COM Copper	1.8415	1.8415	1.8415	1.8415	+0.0555
MCX Copper	209.50	214.00	209.50	212.75	+4.35
MCX Zinc	58.50	59.50	55.90	56.05	-2.2
MCX Nickel	568.00	583.00	568.00	576.70	+25.1
MCX Lead	65.70	70.95	65.70	69.50	+4.15
MCX Alum	100.00	100.60	98.10	99.65	+0.45
MCX Tin	624.00	624.00	624.00	624.00	+50.75

LME Stocks	Close	Previous	Change
Copper	215,550	213,375	2,175
Zinc	1,505,775	1,505,575	200
Nickel	57,084	56,856	228
Lead	177,350	171,875	5,475
Aluminum	52,250	53,375	(1,125)
Tin	3,830	4,080	(250)

MARKET RECAP

The base metals pack ended in the positive territory on Tuesday on the back of a short-covering rally that helped revive prices. Reports of vast production cutbacks finally started having a psychological effect on markets. Pessimistic confidence figures in the US weakened the US Dollar and this helped create buying interest for base metals.

Copper prices revived and gained almost 9% against the earlier session despite an increase of 2,175 tonnes in LME inventory. A large numbers of smelters and refiners in China are planning to cut production and delay expansions as copper demand declined around 20% in the third quarter. Lead prices gained a whopping 12% as inventories declined 1,125 tonnes on Tuesday. A major bout of buying came in on Tuesday that helped prices recover from their lows.

On the macroeconomic front, the US released consumer confidence data that came in on the negative side and pulled the US Dollar Index lower. This helped to provide a respite to prices that were trading at multi-year lows. A relief in global equity markets also helped to regain market sentiments and pushed metals higher.

OUTLOOK

Tuesday's trade witnessed a rebound in prices on the back of short-covering amid a weaker US Dollar. The viability of this rally is most important as prices remain susceptible to high volatility on the back of overall weakness in global equity markets. There could be a further downside in base metal prices but prices could receive cushion on the downside by production cutback announcements by miners across the globe.

On the macroeconomic front, the US is expected to announce data on durable orders today. The Fed is also expected to announce the FOMC policy statement today. The Federal Reserve is expected to lower its benchmark interest rate to 1% today.



TECHNICAL ANALYSIS



Copper

Immediate support is seen at Rs.211 levels for MCX November contract. Further below, support is seen at 207 levels. Copper is expected to trade sideways.

Whereas resistance is seen at Rs.216.7 levels & further upwards at Rs. 220.50.



Zinc

Immediate support is seen at Rs.54.70 levels for MCX Oct contract whereas crucial support is seen at Rs.52.50 levels. Zinc is expected to trade sideways for the day.

Short-term resistance is seen at Rs 58.40 whereas major resistance is seen at Rs 60.70.

ECONOMIC CALENDAR

Date	Ist	Country	Indicator	For	Forecast	Actual	Prior
27-Oct	19.30	US	New Home Sales	Sep	450K	464K	460K
28-Oct	19.30	US	Consumer Confidence	Oct	52	38.0	59.8
29-Oct	18.00	US	Durable Orders	Sep	-1.00%		-4.50%
29-Oct	23.45	US	FOMC Policy Statement				
30-Oct	18.00	US	Chain Deflator-Adv.	Q3	4.00%		1.10%
30-Oct	18.00	US	GDP-Adv.	Q3	-0.50%		2.80%
30-Oct	18.00	US	Initial Claims	25-Oct	473K		478K
31-Oct	18.00	US	Employment Cost Index	Q3	0.70%		0.70%
31-Oct	18.00	US	Personal Income	Sep	0.10%		0.50%
31-Oct	18.00	US	Personal Spending	Sep	-0.20%		0.00%
31-Oct	19.15	US	Chicago PMI	Oct	48		56.7
31-Oct	19.30	US	Mich Sentiment-Rev.	Oct	57.5		57.5



Energy

October 29, 2008

Commodity	Open	High	Low	Close	Change
NYMEX Crude Dec	62.24	65.20	61.61	64.65	+2.5
MCX Crude Nov	3310	3310	3231	3250	-61
NYMEX Nat Gas Nov	6.386	6.549	6.307	6.514	+0.178
MCX Nat Gas Nov	322.00	322.00	315.50	316.70	-2.2

MARKET RECAP

Crude Oil prices recovered during yesterday's trading session on the back of weakness seen in the \$ and also expectations that further rate cuts would positively impact the industrial sector. Decline OPEC's announcement last Friday to cut production by 1.5 million barrels from 1st November, prices slid further. As prices have already corrected by more than 58% from its all-time highs, some short-term support is seen around \$60 levels.

New York Mercantile Exchange November Natural Gas futures ended slightly higher during yesterday's trading session. Prices have taken good support around \$6 levels. NG prices have fallen by almost 56% from its earlier high of \$14.350 witnessed on 7th July 2008.

MAJOR HIGHLIGHTS

OPEC said yesterday that it may meet again before December to consider a second cut in production in as many months.

The U.S. Energy Department (EIA) report this evening will probably report that U.S. supplies of crude oil, gasoline and distillate fuel, a category that includes heating oil and diesel, rose last week, as per a Bloomberg News survey.

World annual production is set to drop by 9.1 percent in the absence of additional investment, according to the draft of the agency's World Energy Outlook.

OUTLOOK

The overall trend still remains down for Crude prices as global fundamental factors also point towards a slow-down in demand. With OPEC announcing a meet ahead of December to decide on 2nd round of cuts were prices to fall further, prices could find support around \$55 - \$60 range.

We believe that, intensifying global financial crisis can lead to recession in US, Japan and some European countries, leading to further fall in energy demand. With US dollar soaring against Euro and other major currencies, commodities could come under further downward pressure. We maintain bearish outlook on crude oil in the short term with a downside target of \$58 per barrel.

For MCX November contract, immediate and crucial supports are seen at Rs. 3210/3160 and resistance is seen at Rs.3345/3430. *On Intraday basis, prices are expected to trade sideways.*

TECHNICAL ANALYSIS



Prices appear to be supported around \$60 levels presently with Daily MACD histogram still in negative territory. 14-Day RSI is trading flat in the oversold zone indicating that prices could witness a slight bounce back from the current levels. Yet, the overall trend still remains down.