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Precious Metals

September 25, 2008

Commodity	Open	High	Low	Close	Change
Gold Loco \$	887.50	902.0	874.50	895.80	+10.4
Gold Dec \$	895.3	907.80	880.40	888.5	-9.10
Gold Oct Rs.	13256	13256	12930	13102	+89
Silver Loco\$	13.23	13.64	13.01	13.19	-0.05
Silver Dec \$	13.35	13.73	13.13	13.29	-0.045
Silver Dec Rs.	20552	21057	20504	20851	+342
EURO/\$	1.4699	1.4745	1.4602	1.4611	-0.0047
Rupee/\$	45.5	46.105	45.2	46.06	+0.41
Yen/\$	105.58	106.35	105.32	106.09	+0.51
US \$ Index	76.735	77.190	76.545	76.880	+0.230

MARKET ANALYSIS

Gold prices ended mixed amidst volatile trading session yesterday, as uncertainty & delay over the future of the planned \$700 billion U.S. bail-out plan for the financial sector boosted safe-haven buying. Spot gold prices closed higher by 1.17% to close at \$895.80 per ounce,

In currency market, dollar traded mixed and ended marginally higher against its counterparts. Euro erased its earlier gain over dollar after weaker than expected German business climate index raised concern over economic slowdown in Germany, largest economy among euro zone countries. U.S. dollar index closed at 76.88, up by 0.30%. In Energy market, benchmark Crude-oil futures ended lower despite fall in oil inventory as concerns over falling oil demand weighed on oil prices. November crude oil futures closed at \$105.73 per barrel, down by \$0.88.

In other precious metals, Silver prices ended flat in yesterday's trading session. Spot Silver closed down by 0.38% to close at \$13.19 per ounce.

MAJOR HIGHLIGHTS

- US existing home sales data for the month of August came at 4.91M against the expectation of 4.93M, the US National Association of Realtors reported yesterday.
- The Munich-based Ifo economic research institute said on Tuesday that its German business climate index, based on a monthly poll of around 7,000 firms, decreased to 92.9 from 94.8 in August.
- Investment in the SPDR Gold Trust, the biggest exchange-traded fund backed by bullion, has increased 6.7 percent this week to a record 724.9 metric tons after climbing 11 percent last week.

OUTLOOK

Fed chairman Bernanke has warned in his testimony, that if rescue plan is not implemented promptly, then US economy can face severe consequences. We expect that this rescue plan can put inflationary pressure in the long term, which will support gold prices, as gold is often bought as a hedge against inflation. Gold prices would be also supported by strong physical demand ahead of festive season and by risk aversion, as traders and investors put money into gold as a safe haven asset amidst unrest in the financial markets. We expect gold prices to remain bullish in the long term.

Today, Gold and Silver prices are expected to trade range bound. On macro economic front, US will release data on New Home Sales, Initial Claims and Durable Orders, which is likely to support gold prices.

On intraday basis, Spot Gold prices are expected to trade sideways, with immediate and crucial support is seen at \$873.40/\$861.50 levels whereas resistance is seen at \$903.50/\$920 levels. Spot Silver prices shall find support at \$12.90/\$12.50 levels whereas resistance is seen at \$13.60/\$13.95 levels.

MCX October Gold has support at 12950/12710 whereas resistance is seen at 13250/13430 levels. MCX December Silver shall find support at 20535/20226 whereas resistance is seen at 21009/21250 levels.

TECHNICAL ANALYSIS





Base Metals

September 25, 2008

Commodity	Open	High	Low	Close	Change
LME Copper	6990	7067	6855	6895	-80
LME Zinc	1765	1826	1742	1780	+38
LME Nickel	17050	17250	16800	17000	-150
LME Lead	1989	2070	1965	1997	+29
LME Alum	2508	2527	2493	2495	-18
LME Tin	17400	17600	17200	17375	+75
MCX Copper	318.30	321.40	314.75	316.60	-1.35
MCX Zinc	80.85	83.45	80.55	81.50	-1.15
MCX Nickel	780.0	788.50	773.0	782.50	+3.80
MCX Lead	90.35	94.50	89.85	91.40	+1.10
MCX Alum	113.05	114.05	112.90	112.95	-0.35
MCX Tin	827	827	827	827	0

LME Stocks	Close	Previous	Change
Copper	201050	202075	(1,025)
Zinc	1363225	1,361950	+1275
Nickel	53358	52,752	+606
Lead	156625	156875	(250)
Aluminum	67575	68400	(825)
Tin	5865	5,885	(20)

MARKET ANALYSIS

Base metals, led by copper, lost ground rapidly towards the LME close on Wednesday, with attempts to rally fading as bouts of short-covering ran out of steam amid doubts about the US plan to rescue the finance system with the market just unable to hold onto it's earlier gains.

Copper raced deep into the minus column, falling as low as \$6,855 before settling at \$6,895, down \$80 from Tuesday. The market has been unable to build on earlier advances, when it rose to \$7,075. Yesterday's Inventory data was mixed, as a fall in the headline total was offset by another decrease in cancelled warrants - the metal booked for removal. Aluminium touched \$2,493, down \$18, ended trading at \$2,495, with the upside blocked off by the continued rise in inventories - LME stocks jumped 1,275 tonnes yesterday to 1,363, 225 tonnes, highest since Mar 5, 2004.

The US \$700 billion bailout plan to buy up toxic mortgage debt on financial institutions' balance sheets is currently the subject of Congressional discussions and a quick approval seems unlikely as senators said it put taxpayers at risk. This in itself is exerting downward pressure on the base metals pack. Warren Buffett gave the transformed fiscal landscape a vote of confidence on Wednesday with a \$5 billion investment in embattled banking titan Goldman Sachs. But Federal Reserve Chairman Ben Bernanke offered his bleakest outlook since a credit crisis set in last year, saying global markets were under "extraordinary stress" and threatening an already weak US economy. All this negative news-flow limited the upside movement in basemetals with profit booking coupled with short-selling at resistance levels was the order of yesterday's trading session.

OUTLOOK

In the Base metals pack, Lead is presently displaying the strongest sentiments with Nickel being the weakest of the pack. The sentiment seems to be negatively influenced by perceptions that the current turmoil is bound to slow global growth further.

Copper, on LME is presently trading sideways with prices finding support around \$6700 levels which is crucial as it has been held for many months, whereas resistance is seen at \$7250 levels. With rising inventory and slowing demand scenario, only a pick up in physical demand side from China could life the prices from dipping further. Nickel prices on LME continue to display sideways trend within a range of \$16500 - \$17500 levels Nickel dropping \$150 to \$17,00 - a 606-tonne increase in stocks lifted the stockpile to 53,358 tonnes, the highest since June 23, 1999.

Lead was more resilient, rising by \$29 to \$1,997 amid continued support from news that China's third largest producer, Yuguang, will be closing down a third of its capacity on October 6 for 35-45 days for maintenance work. In addition, stocks are falling consistently, and the metal that remains is said to be in strong hands. The positive news keep lead prices supported with resistance seen at \$2120 levels on LME. Zinc finished \$38 up at \$1,780, continuing to consolidate between \$1650 - \$1850 levels.



TECHNICAL ANALYSIS



Copper

Immediate support is seen at Rs.316.40 levels for MCX November contract whereas crucial support is seen Rs.312.00 levels.

Short-term resistance is seen at Rs.320.60 whereas major resistance is seen at Rs.324.20.



Zinc

Immediate support is seen at Rs.80.50 levels for MCX September contract whereas crucial support is seen Rs. 78.20 levels.

Short-term resistance is seen at Rs.83.60 whereas major resistance is seen at Rs.84.70.

ECONOMIC CALENDAR

Date	IST	Country	Indicator	For	Forecast	Actual	Prior
25-Sep	6:00	US	Durable Orders	Aug	-1.3%	-	1.30%
25-Sep	6:00	US	Initial Claims	09/20	NA	-	455K
25-Sep	7:30	US	New Home sales	Aug	518K	-	515K
26-Sep	6:00	US	Chain deflator-final	Q2	1.2%	-	1.2%
26-Sep	6:00	US	GDP Final	Q2	3.4%	-	3.3%
26-Sep	7:30	US	Mich Sentiment-Rev	Sep	74.0	-	73.1



Energy

September 25, 2008

Commodity	Open	High	Low	Close	Change
NYMEX Crude Nov	109.05	109.05	105.70	105.73	-0.88
MCX Crude Oct	4829	5026	4829	4884	+73
NYMEX Nat Gas Oct	8.04	8.04	7.610	7.679	-0.252
MCX Nat Gas Sept	377	383.50	362.0	363.30	-10.40

MARKET ANALYSIS

Crude Oil prices ended lower yesterday, retreating from a high of \$109 a barrel, as persistent concern over falling demand and uncertainty prevailing over global economic outlook outweighed fall in crude oil and gasoline stocks. Crude Oil futures closed down by 0.82%, to close at \$105.73 a barrel.

Demand for oil products in US has fallen sharply in last one month. As per EIA data, gasoline demand averaged 9.0Mbbbl, down by 3.5% from the 2007 period. Distillate fuel demand averaged 3.9 million bpd, down 5.5 percent. Earlier in the day, oil prices were lifted on supply concerns heightened by industry consultant Petrologistics saying OPEC output was expected to be lower in September.

New York Mercantile Exchange October Natural Gas futures ended lower, tracking late fall in oil prices. October natural gas ended at \$7.679, down by 3.17%.

MAJOR HIGHLIGHTS

- The U.S. Energy Information Administration's (EIA) weekly inventory report on Wednesday said, crude oil stocks fell by 1.5 million barrels, against a forecast for supplies to be down 2.0 million.
- Gasoline supplies fell for a ninth consecutive week, by 5.9 million barrels, a much larger decline than the 4.0 million barrel draw forecast. Total distillate stocks, which include diesel fuel and heating oil, fell 4.2 million barrels.
- As per Reuters survey, today's natural gas inventory is expected to rise by 62Bcf.

TECHNICAL ANALYSIS



Crude Oil prices are likely to face resistance at \$110 (200DMA) in the short term. With RSI trading in neutral zone and MACD is still below 0 line, we expect oil prices to trade sideways. On intraday basis, Nymex November Crude shall find support at \$104.20/\$101.30 levels whereas resistance is seen at \$109.70/\$111.50 levels.

OUTLOOK

Crude Oil demand is falling continuously amidst weak US economy. As per EIA report, consumption of oil products is currently at its lowest level since October 2003. Weak US housing data and fall in German manufacturing data have rekindled slowdown in global economies. In the short term, oil prices are likely to react more to economic news. We expect that oil prices will trade in the range of \$100 and \$110 in the near term.

Market's attention is clearly focused on the uncertainty related to the proposed \$700 billion bailout plan for the beleaguered U.S. banking sector. As long as measures taken to stabilize financial markets are not implemented promptly, there is more downside risk to the economy and therefore to energy demand. Under such situation we are likely to see volatile movements in the oil prices in the short term. On Intraday basis, prices are expected to remain sideways. For MCX October contract, immediate and crucial supports are seen at Rs. 4800/4699 and resistance is seen at Rs.4956/5046.

Natural Gas will take cues from today's inventory data. In near term, NYMEX October futures can face resistance at \$8.0Mcf.