Content

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Precious Metals

September 26, 2008

Commodity	Open	High	Low	Close	Change
Gold Loco $	888	897.60	862.60	876.35	-19.45
Gold Oct $	882	894.4	864.1	879.4	-2.6
Gold Oct Rs.	13160	13245	12837	12914	-188
Silver Loco $	13.18	13.77	13.01	13.18	-0.01
Silver Dec $	13.315	13.88	13.10	13.275	-0.02
Silver Dec Rs.	20850	21383	20560	20701	-150
EURO / $	1.4613	1.4768	1.4559	1.4616	+0.0005
Rupee / $	45.62	46.34	45.61	46.32	+0.12
Yen / $	106.2	107.0	105.4	106.4	+0.2
US $ Index	76.79	77.28	76.30	77.00	0

MAJOR HIGHLIGHTS

- Key leaders of the House and Senate committees that oversee Wall Street announced Thursday that a "fundamental" bipartisan agreement has been reached on principles for a $700 billion rescue plan to patch the shattered financial sector.
- As per US employment data released yesterday, Initial claims for last week came at 493K against the expectation of 450K.
- New Home Sales for the month of August came at 460K against expectation of 518K, US govt. data reported yesterday.

TECHNICAL ANALYSIS

MARKET RECAP

Gold prices dipped yesterday, closing below $880 per ounce, after traders sold to cover positions related to expiration of COMEX October gold options. Prices were also undermined due to the rally in equity market, which was led by the news that U.S. govt. is closer to implement its bail-out plan. Spot Gold prices touched a low of $862.60 before ending lower by 2.17%, to close at $876.35 per ounce.

In currency market, dollar was trading lower due to weak unemployment and housing data. But later in the day, it managed to recover from its lows on the expectation of early implementation of bail out plan. Dollar index closed unchanged at 77. In energy market, Crude Oil prices traded higher on the hopes that implementation of bail out plan would help to recover US economy, and would revive energy demand. NYMEX November oil prices were down by $2.76 to close at $106.61 a barrel.

In other metals, Silver prices ended tad lower. Spot silver prices fell by 0.08% to close at 13.18 per ounce.

OUTLOOK

Unprecedented bail out plan is expected to get approval from US congress members, but till the time it is not implemented, we can see range bound trading in gold and silver. With concerns remaining over the impact of the U.S. government's proposed $700 billion bailout of the financial system, gold could be poised to trade higher in the long term. This plan is also expected to put inflationary pressure and that can weigh on dollar in the long term. Fed chairman has also indicated that he may lower interest rate by end of October, which will certainly support bullion prices. Given the weaker U.S. economic and dollar outlook, increased safe-haven demand and improved technical picture, gold is in a strong position to move higher in the long term.

On macro economic front, today US will release GDP data and Michigan manufacturing data. Data is likely to support dollar.

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 12910/12820 whereas resistance is seen at 13160/13275 levels. **MCX December Silver** shall find support at 20320/20120 whereas resistance is seen at 20830/21150 levels.

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Base Metals

September 26, 2008

Commodity	Open	High	Low	Close	Change
LME Copper	6912	6970	6831	6945	+50
LME Zinc	1775	1820	1768	1800	+20
LME Nickel	17075	17150	16825	16950	-50
LME Lead	1984	2010	1945	2005	+8
LME Alum	2493	2515	2465	2508	+13
LME Tin	16800	1755	1768	1800	+20
MCX Copper	318.20	319.40	315.10	317.65	+1.05
MCX Zinc	81.65	83.10	81.15	82.30	+0.8
MCX Nickel	786	788	776	779.30	-3.2
MCX Lead	91.75	92.92	90.00	91.85	+0.45
MCX Alum	113.05	113.95	112.40	113.95	+0.9

LME Stocks	Close	Previous	Change
Copper	200525	201050	-525
Aluminum	1369050	1363225	+5825
Nickel	53796	53358	+438
Zinc	156600	156625	-25
Lead	66575	67575	-1000
Tin	5885	5865	+20

MARKET RECAP

Base metals continued to move away from the lower end of the day's ranges during yesterday's trading session, with conditions in the complex increasingly nervous and choppy. Despite the wide price gyrations that have been seen at times - particularly in copper - the complex has largely been rangebound as the world awaits the passing of the US financial rescue plan that is still stuck in Congress. Lawmakers hope to reach a bipartisan consensus on a proposed $700 billion rescue for US financial firms in time for a meeting at the White House later today. It was given a Friday deadline earlier in the week.

Uncertainty is confusing the picture with focus switching back towards the demand picture. There's only so much a weaker dollar can do to help as it refers to the inverse relationship between the US currency and dollar-denominated commodities. In broader markets, the dollar see-sawed, but on balance was little-changed, and crude oil erased earlier losses, but gold tumbled heavily.

Copper ranged widely, moving near $7,000 a tonne with prices being supported around $6800 levels. Earlier, inventories fell 525 tonnes to 200,525 tonnes, but this was largely offset by another decrease in cancelled warrants, the metal earmarked for removal - down 8.4 percent today and 69 percent on the week.

Aluminium slipped to $2,465 before jumping back above $2,500. However, the upside was blocked off by the continued rise in inventories - up 5,825 tonnes at 1,369,050 tonnes, the highest since March 2004. There has been talk of more Chinese production coming onto the market. **Zinc** rose to $1,800, a $20 gain, while **tin** rose $300 to $17,500.

OUTLOOK

Across the Base metals pack, it can be observed that prices are trading in a range in the absence of any positive triggers. **Lead** is presently displaying the strongest sentiments with **Nickel** being the weakest of the pack. Whereas, **Copper** the leader of the pack, continues to trade aimlessly in a narrow range - $6750 - $7250. The overall sentiments continue to be negatively influenced by perceptions that the current turmoil is bound to slow global growth further.

Copper prices have been dented by concerns that demand from China is not picking up to full steam following the Olympics. 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, as stocks jumped 438 tonnes to 53,796 tonnes, the highest since June 1999, amid stagnant demand from the stainless steel sector.

Elsewhere, **lead** bounced off support at the 100-day moving average of $1,944 to close at $2,005, up $8. Inventories continued to fall, as stocks were down 1,000 tonnes at 66,575 tonnes, the lowest since May 30, 2008. Lead continues to be supported 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. *We expect base metals pack to trade sideways for the day.*

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TECHNICAL ANALYSIS

Copper

Copper prices are expected to trade sideways down for today with; immediate support is seen at Rs.315.50 levels for MCX November contract whereas crucial support is seen Rs.312.40 levels.

Short-term resistance is seen at Rs.319.90 whereas major resistance is seen at Rs.321.70.

Zinc

Zinc prices are expected to trade sideways up with immediate support is seen at Rs.81.20 levels for MCX September contract whereas crucial support is seen Rs. 80.10 levels.

Short-term resistance is seen at Rs.83.20 whereas major resistance is seen at Rs.84.10.

ECONOMIC CALENDAR

Date	IST (p.m.)	Country	Indicator	For	Forecast	Actual	Previous
24-Sep	7:30	US	Existing Home sales	Aug	4.93M	4.91M	5.00M
25-Sep	6:00	US	Durable Orders	Aug	-1.3%	-4.5%	1.30%
25-Sep	6:00	US	Initial Claims	09/20	450K	493K	455K
25-Sep	7:30	US	New Home sales	Aug	518K	460K	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 26, 2008

Commodity	Open	High	Low	Close	Change
NYMEX Crude Nov	105.81	108.20	105.65	108.02	+2.29
MCX Crude October	4880	5026	4851	4884	+73
NYMEX Nat Gas Oct	7.545	7.724	7.480	7.724	+0.045
MCX Nat Gas Oct	364	374.90	354.10	367.90	+4.6

MAJOR HIGHLIGHTS

- Yesterday, U.S. president George Bush strongly urged lawmakers to pass administrations bail out plan for financial markets, saying that "our entire economy is in danger" as a result of credit crunch.
- As of Wednesday, 59.3% of natural-gas production and 56.4% of oil production in the Gulf remained shut due to hurricanes Gustav and Ike, according to the U.S. Minerals Management Service.
- Natural gas inventory increased by 51Bcf against the expected 62Bcf increase, Energy Information Administration (EIA) reported yesterday.

MARKET RECAP

Crude Oil prices ended higher yesterday; as prices got support from the news that the U.S. government's $700 billion bailout plan is closer to approval, which would help to improve weak economic conditions prevailing in U.S. NYMEX November crude oil futures were up by 2.16%, to close at $108.02 per barrel.

Oil prices were also supported by ongoing supply concerns in Nigeria and Gulf of Mexico. Strike against Chevron's Escravos terminal in Nigeria by the National Union of Petroleum and Natural Gas could impact supplies.

NYMEX Natural gas prices ended higher yesterday, supported by less than expected rise in gas inventory and higher oil prices. NYMEX October Natural Gas futures were up by 0.34%, to close at $7.494.

TECHNICAL ANALYSIS

Crude Oil prices are likely to face resistance at $110 (200DMA) in the short term. On intraday basis, Nymex November Crude shall find support at $104.30/$101.30 levels whereas resistance is seen at $109.75/$111.50 levels.

OUTLOOK

Crude Oil prices are expected to remain range bound till the bailout proposal becomes law. On macroeconomic front, economic data from US and Europe is showing signs of economic slowdown and this is definitely hampering oil demand. 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. Delay in implementation of this plan could be bearish for oil prices. Confidence in U.S. economy is waning and there is a lot of concern over falling global oil demand, which can weigh on oil. We are maintaining our medium sentiment to be **Bearish** in crude oil and expect prices to test $90 a barrel.

On intraday basis we expect, that MCX October contract shall find immediate and crucial support at Rs.4870/4795 and resistance is seen at Rs.5010/5100, oil prices are expected to trade sideways for the day.

Natural gas prices will track movement in crude oil prices. NYMEX Natural gas has key support at $7.45 and resistance at $8.05.

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