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Content

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Precious Metals

September 29, 2008

Commodity	Open	High	Low	Close	Change
Gold Loco $	877.50	911.90	865.20	877.90	+1.55
Gold Dec $	879.1	910.5	867.8	877.5	-1.9
Gold Oct Rs.	12960	13526	12915	13154	+240
Silver Loco $	13.19	13.64	13.01	13.27	+0.09
Silver Dec $	13.31	13.74	13.11	13.395	+0.12
Silver Dec Rs.	20835	21355	20679	21141	+440
EURO/$	1.4617	1.4677	1.4554	1.4613	-0.0003
Rupee/$	45.62	46.75	45.61	46.50	+0.3
Yen/$	106.5	106.5	105.0	106.0	-0.47
US $ Index	77.01	77.15	76.70	70.90	-0.05

MAJOR HIGHLIGHTS

- Lawmakers on Friday balked at backing the $700 billion rescue plan proposed by U.S. Treasury Secretary Henry Paulson that aimed to revive stalled credit markets.
- Washington Mutual Inc. became the latest casualty of the credit crunch on Friday, as the Federal Deposit Insurance Corp. seized its assets and sold to JPMorgan Chase & Co.
- US GDP growth for second quarter increased by 2.8% against the expectation of 3.4%, US commerce department reported on Friday.

TECHNICAL ANALYSIS

MARKET ANALYSIS

Gold prices ended mixed amidst volatile trading session on Friday, as uncertainty over the future of the planned $700 billion U.S. bail-out plan for the financial sector boosted safe-haven buying. Gold prices touched a high of $910 after standoff over a $700 billion rescue package for US financial institutions. Spot Gold prices closed at $877.90, up by 0.17%. Gold prices ended 0.5% higher over previous week amidst range bound trading.

In currency market dollar traded lower against major currencies, as weaker than expected GDP numbers and uncertainty over execution of bail out plan put pressure on dollar. US dollar index closed at 70.90, down by 0.07%. In Energy market, benchmark Crude-oil futures ended lower after talks over bail out plan stalled. November crude oil futures closed at $106.89 per barrel, down by $1.13.

In other precious metals, Silver prices ended marginally higher on Friday. Spot Silver closed higher by 0.68% to close at $13.27 per ounce.

OUTLOOK

Rescue plan proposed by US govt. has been agreed upon and the US Senate will vote on 1st October. This plan is likely to ease concern over credit crunch in the short term and would support dollar. In the short term gold prices can trade lower due to spurt in dollar with good support at $850 per ounce. There are host of US economic data during this week, which will guide the movement in dollar and will also affect gold prices. Today, Gold and Silver prices are expected to trade range bound.

We expect that this rescue plan will put inflationary pressure in the long term, which will support gold prices, as gold is often bought as a hedge against inflation. Today "Shradh" period will end and traders and investors are expected to start fresh buying in gold. Physical demand for gold in India is also expected to be robust ahead of festive season. In the long term we maintain our bullish outlook on Gold with a price target of $1000 per ounce

On intraday basis, Spot Gold prices are expected to trade sideways down, with immediate and crucial support is seen at $858.60/$840.10 levels whereas resistance is seen at $885/$905 levels. Spot Silver prices shall find support at $12.95/$12.60 levels whereas resistance is seen at $13.30/$13.60 levels.

MCX October Gold has support at 12950/12710 whereas resistance is seen at 13190/1320 levels. MCX December Silver shall find support at 20760/20380 whereas resistance is seen at 21110/21430 levels.

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Base Metals

September 29, 2008

Commodity	Open	High	Low	Close	Change
LME Copper	6950	6950	6771	6815	-130
LME Zinc	1805	1811	1760	1770	-30
LME Nickel	17050	17200	16900	17005	+55
LME Lead	2010	2010	1952	1955	-50
LME Alum	2510	2515	2485	2500	-8
LME Tin	17600	18100	17400	18000	+500
MCX Copper	317.50	318.55	313.80	315.80	-1.85
MCX Zinc	81.90	83.20	81.20	81.30	-1
MCX Nickel	778.10	794.8	778.10	783.70	+4.4
MCX Lead	91.90	92.65	90.35	90.55	-1.3
MCX Alum	113.75	114.70	113.75	113.95	+0.1
MCX Tin	903.25	903.25	903.25	903.25	0

LME Stocks	Close	Previous	Change
Copper	200175	200525	-350
Zinc	156500	156600	-100
Nickel	54342	53796	+546
Lead	65700	66575	-875
Aluminum	1370700	1369050	-1650
Tin	6040	5885	+155

MARKET ANALYSIS

Base metals veered towards the lower end of their current holding ranges during late Friday LME trading, as end-week squaring came into play, ahead of a weekend of high uncertainty. The $700 billion plan announced on Sunday allows the US Treasury Department to buy troubled mortgage-backed securities from firms that are having difficulty selling these assets in the marketplace.

The $700 billion will be doled out in tranches of $250 billion immediately, $100 billion upon the approval of the president and $350 billion upon the approval of Congress. Even though the US has averted a repeat of the near financial meltdown of two weeks ago, the outlook for banking firms is anything but settled, and this week will see further high profile casualties - which will unhinge commodities as well. So the US deal - mooted just over a week ago may only provide short-term relative stability to the world's financial markets, as further ahead, the outlook for the global economy is gloomy, both for the US & Europe as well. On the LME, benchmark metal **Copper**, which ended Friday at $6,815 a tonne whereas **Aluminum**, which closed at $2,500, which is expected to find support at $2400 levels.

Lead and **zinc** lost ground as well, even though current price levels in the latter metal have contributed to another mine closure. Galmoy Mines in Ireland, owned by Canadian company Lundin, is to close on a phased basis between now and 2011 as it is reaching the end of its natural lifespan. In 2007, Galmoy produced 45,000 tonnes of zinc and 11,000 tonnes of lead.

This week also sees a raft of data, including the all-important US nonfarm payrolls report due on Friday, which will likely show further deterioration in the economy.

OUTLOOK

Across the Base metals pack, it can be observed that prices are trading in a range in the absence of any positive triggers. Also, the base metals are being impacted by the global slowdown and US/Europe financial market upheavals. **Copper** prices have been a downslide over the past week with prices likely to find strong support at $6660 level, its Jan 08 low. Prices have also been dented by concerns that demand from China is not picking up to full steam coupled with global slowdown. With rising inventory and slowing demand scenario, only a pick up in physical demand side from China could lift the prices from dipping further. On the upside, prices are likely to run into a wall of resistance at $7200 level.

Nickel prices on LME continue to drift sideways within a range of $16500 - $17500 levels Nickel, Earlier, stocks rose by 546 tonnes to 54,342 tonnes, the highest since June 1999 amid stagnant demand from the stainless steel sector.

Lead prices are unable to consistently hold above $2100 levels with selling pressure being witness at these levels in the absence of fresh triggers. Prices are expected to trade between $1750 - $2050 levels in this week. Whereas Zinc has been trading on a quieter note in a range of $1670 - $1890 levels. *We expect base metals pack to trade sideways for the day.*

TECHNICAL ANALYSIS

Copper

Immediate support is seen at Rs.309.90 levels for MCX November contract. Further below, support is seen at 305.70 levels. Copper is expected to trade lower.

Whereas resistance is seen at Rs.314.90 levels & further upwards at Rs. 317.10.

Zinc

Immediate support is seen at Rs.78.10 levels for MCX Sep contract whereas crucial support is seen Rs.76.50 levels. Zinc is expected to trade lower for the day.

Short-term resistance is seen at Rs81.20 whereas major resistance is seen at Rs82.60.

ECONOMIC CALENDAR

Date	IST (p.m.)	Country	Indicator	For	Forecast	Actual	Previous
29-Sep	6:00	US	Personal Income	Aug	0.20%	-	-0.70%
29-Sep	6:00	US	Personal Spending	Aug	0.20%	-	0.20%
30-Sep	7:15	US	Chicago PMI	Sep	54.00%	-	57.90%
30-Sep	7:30	US	Consumer Confidence	Sep	55.00%	-	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	Average Workweek	Sep	3370.00%	-	NA
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%

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Energy

September 29, 2008

Commodity	Open	High	Low	Close	Change
NYMEX Crude Nov	107.70	108.11	104.25	106.89	-1.13
MCX Crude Oct	4909	4940	4845	4923	0
NYMEX Nat Gas Oct	7.48	7.55	7.34	7.472	-0.252
MCX Nat Gas Sept	371	371	350.80	356.80	-11.1

MAJOR HIGHLIGHTS

- Washington Mutual Inc bank was seized by federal regulators on Thursday, selling its assets to JPMorgan Chase & Co for $1.19bn.
- As of Friday, 57.4% of oil production and 52.8% of natural-gas production in the Gulf remained shut due to hurricanes Gustav and Ike, according to the U.S. Minerals Management Service.
- US GDP for second quarter increased by 2.8% against the expected rise of 3.4%, the US commerce department said on Friday.

TECHNICAL ANALYSIS

Crude Oil prices are expected to face strong resistance at $110 (200DMA) in the short term with 14-Day RSI at 53 levels. The Daily MACD histogram is in positive territory. On intraday basis, Nymex November Crude shall find support at $103.20/$101.90 levels whereas resistance is seen at $108.10/$110.30 levels.

MARKET RECAP

Crude Oil prices ended lower on Friday, after talks between US politicians on bailout package stalled, raising concern that US economic growth will falter due to current financial crisis. Failure of one of the largest US bank also pulled oil prices lower; it created negative sentiments about the financial markets outlook. November crude oil prices fell by 1.04%, to close at $106.89.

Despite Friday's loss, oil prices ended the week 4.11% higher than previous week amidst range bound trading. In the last week, oil prices were at the mercy of US bail out plan. Prices were also supported by supply disruptions issues in Nigeria and slow recovery in Gulf of Mexico after recent hurricanes Gustav and Ike.

New York Mercantile Exchange October **Natural Gas** futures ended lower, tracking fall in oil prices. October natural gas ended at $7.472, down by 3.26%.

OUTLOOK

Uncertainty over US bail out plan is now over, as Congressional leaders from both parties have reached an agreement on Sunday. Due to this rescue plan, dollar is expected to strengthen in the near term against major currencies, putting pressure on oil prices, but factors like supply disruption in Gulf of Mexico and Nigeria would help oil prices to stay above $100 a barrel. We expect Oil prices to sideways down for the day with good support is seen at $102 a barrel.

Despite the rescue plan offered by US govt., it is doubtful as to how much impact, the economic plan will have on demand for crude and refined products. Fear of global economic slowdown could lead to further fall in oil demand, which is bearish for crude oil in the medium term. We maintain bearish outlook on oil for medium term with prices target of $90 a barrel.

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 crude oil price movements. In near term, NYMEX October futures can face resistance at $8.0Mcf and support at 7.05.