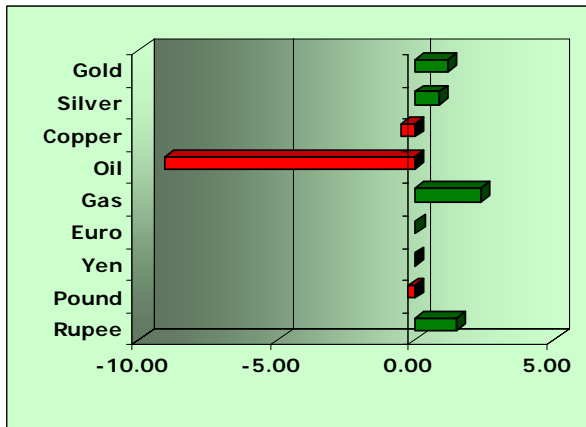


### Fundamental Update

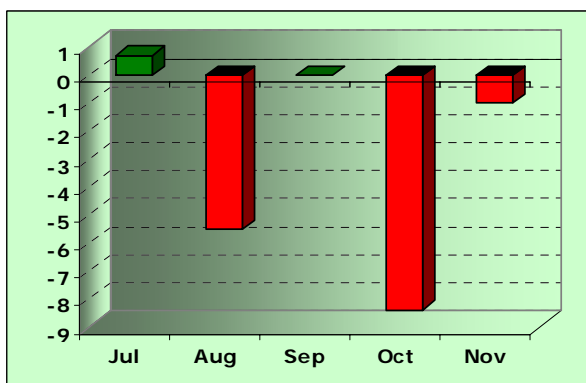
#### International market review



#### LME Warehouse stocks as on 24<sup>th</sup> Dec'08

|                  | +/-    | Closing stock |
|------------------|--------|---------------|
| <b>Copper</b>    | +3250  | 331450        |
| <b>Zinc</b>      | +18900 | 253625        |
| <b>Nickel</b>    | +1164  | 77640         |
| <b>Lead</b>      | +50    | 447575        |
| <b>Tin</b>       | +145   | 7920          |
| <b>Aluminium</b> | +17400 | 2250000       |

#### U.S. Durable goods orders (% change)



### Market Highlights

- **Jobless claims surge to 26-year high**
- **Durable goods orders continued slump in November**
- **Oil falls 9 percent on economic gloom and inventory**

### Economy

The number of U.S. workers filing new claims for jobless benefits jumped by 30,000 to a 26-year peak last week, government data on Wednesday showed, as the country's year-long recession continued to chill the labor market. Nearly 2 million U.S. workers have lost their jobs this year, driving the unemployment rate up to 6.7 percent and slowing consumer spending as incomes shrank. Number of states had reported increasing layoffs in the auto industry, which has been hit hard by consumers cutting back on their spending in the face of rising unemployment and scarcer credit.

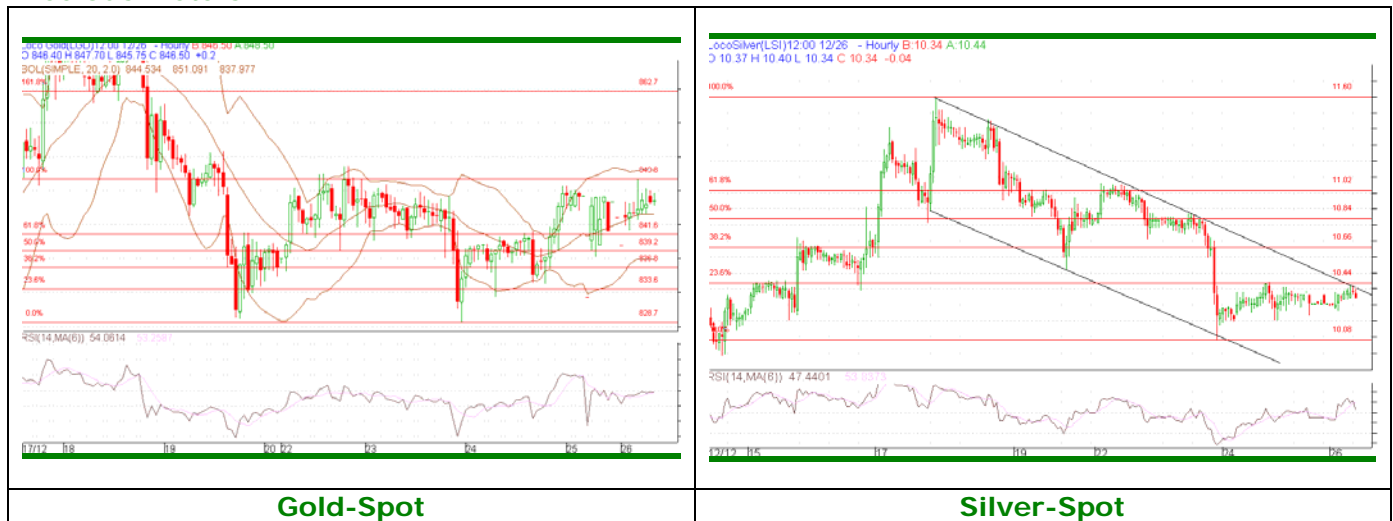
New orders for long-lasting manufactured goods fell 1 percent in November a less severe drop than anticipated though it followed a steeply revised plunge in October orders. The Commerce Department now estimates that October orders plummeted by 8.4 percent instead of 6.9 percent it previously reported, for the biggest monthly decline since a 14 percent drop in July 2000.

Oil dropped 9 percent on Wednesday as another round of gloomy economic data showed the United States has fallen deeper into recession. The dismal economic data outlook overshadowed a U.S. Energy Information Administration report on Wednesday showing that U.S. crude inventories dropped 3.1 million barrels last week as imports slowed, countering expectations of a 400,000 barrel rise. Gasoline stockpiles, meanwhile, rose by 3.3 million barrels, exceeding the build of 500,000 barrels prediction. Distillates, including heating oil, rose by 1.8 million barrels versus expectations for a 200,000 barrel increase.

## Economic Calendar

|                               | US Economic Data                | Month | Actual | Survey | Prior |
|-------------------------------|---------------------------------|-------|--------|--------|-------|
| <b>23<sup>rd</sup> Dec'08</b> |                                 |       |        |        |       |
| 7.00pm                        | Gross Domestic Product          | Q3    | -0.5   | -0.5   | -0.5  |
| 8.30pm                        | Existing home sales (Million)   | Nov   | 4.49   | 4.93   | 4.98  |
| 8.30pm                        | Michigan sentiment-Rev.         | Dec   | 60.1   | 58.6   | 59.1  |
| <b>24<sup>TH</sup> Dec'08</b> |                                 |       |        |        |       |
| 7.00pm                        | Durable orders                  | Nov   | -1.0   | -3.0   | -6.9  |
| 7.00pm                        | Jobless claims (000s)           | Nov   | 586    | 558    | 554   |
| 9.05pm                        | EIA Inventory (Million Barrels) | w/e   |        |        |       |
|                               | Crude oil                       |       | -3.10  | +0.40  | 0.500 |
|                               | Distillate                      |       | +1.80  | +0.20  | 0.290 |
|                               | Gasoline                        |       | +3.30  | +0.50  | 1.300 |
| <b>25<sup>th</sup> Dec'08</b> |                                 |       |        |        |       |
| 7.00pm                        | Natural gas storage change Bcf  | w/e   |        | --     | -124  |

## Precious Metals



- Gold prices declined to reach our target level around Rs.12880/10gr level in MCX-Feb futures, while international spot prices trialed \$829/Troy ounce for the second time. A double bottom pattern in the hourly chart of spot-gold is suggesting that the bottom out of gold prices from the recent downside correction.
- Consolidation of international gold prices at previous top in the in the daily chart is a sign of strength in the gold market. Today, spot prices are likely to target \$862.4/Troy ounce level by trading above \$841.7 (Rs.12945) level. A break above of \$849.6 (Rs.13056) is bullish sign. Prices can target \$854.6 i.e. Rs.13168 and \$862.4/Troy ounce i.e. Rs.13240/10gr levels today.
- Silver prices are showing sideways pattern. Prices can trade above \$10.2 i.e. Rs.16850/kg level today. A break out of \$13.44 i.e. Rs.17227/kg would allow to hit target \$13.55 i.e. Rs. 17390/10gr level. If price trades above \$13.55 level, then it is a bullish indication for \$13.66 i.e. Rs.17520 and \$10.84 i.e. 17837/kg target levels. There is no U.S. economic data scheduled in the evening.

## Base Metals



**Copper-MCX-February**



**Zinc-MCX-December**



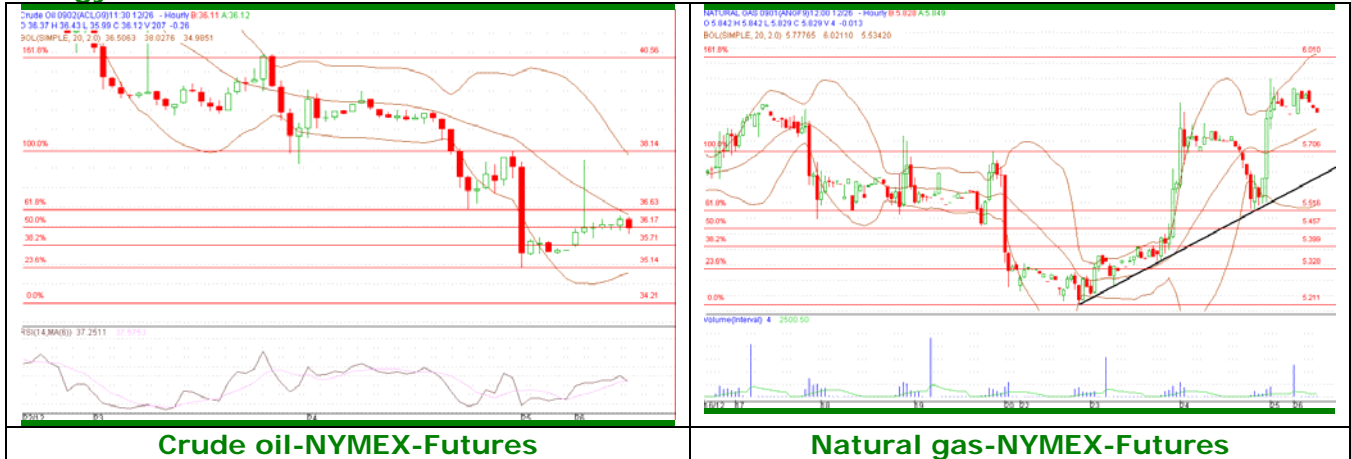
**Nickel-MCX-December**



**Lead-MCX-December**

- Today LME will remain closed on Boxing Day holiday. Japan reported weak industrial output today and there is no economic data in U.S. but appreciating Rupee can trigger fresh selling in base metals. Copper prices are expected to have resistance at 144.2/kg in MCX February contract as this is trend line resistance and selling can be seen there. Copper prices are expected to have support at Rs.140.3/kg in MCX and selling can be seen below this for Rs.133.2/kg in MCX and intraday recovery can be seen there.
- Zinc prices made Head and Shoulder pattern in MCX and tested neck line yesterday. Zinc prices can face resistance at Rs.55.2/kg in MCX December contract and selling can be seen there. While on lower side zinc prices can crash below Rs.53.90/kg in MCX and prices can target Rs.52.70/kg in MCX today.
- Nickel prices are also looking weak. Nickel prices are expected to have resistance at Rs.472.0/kg in MCX December contract and selling can be seen there. While on lower side fresh selling can be seen below Rs.459.0/kg in MCX and prices can target Rs.436.0/kg in MCX and recovery can be seen there.
- Lead prices are trading sideways in last three days while zinc gained at lot, indicating less buying interest. Today lead prices can crash below Rs.42.00/kg in MCX and selling can be seen there and prices can target Rs.39.40/kg in MCX and recovery can be seen there as prices have trend line support there.

## Energy



- Crude oil prices are likely to take bottom out at \$34.2 i.e. Rs.1684/Barrel level on huge short covering today. Expecting short covering by hedge funds due to closing books of accounts in U.S. as financial year is ending on 31<sup>st</sup> December.
- As per long term Fibonacci retracement studies, NYMEX-February futures prices would take support at \$34.2/Barrel which is Rs.1684 in MCX-January futures contract. Prices can find resistance around \$36.6 i.e. Rs.1799/Barrel before falling for target supports on intraday correction. If price breaks below \$35.7 i.e. Rs.1751 then intraday selling can seen. Traders should be conscious about short covering today.
- Natural gas prices are under consolidation and target price-\$6.00 is remained unachieved which is 161.8% of \$5.70 to \$5.22/mBtu level. This level becomes a price cap today and Indian prices may not break above Rs.285/mBtu level today. if price falls below \$5.82 i.e. Rs.277.2 then they can reach target at \$5.70 i.e. Rs.271.5/mBtu level. Prices may hover around target level to take clues from inventory data. If EIA inventory rises then prices will fall for \$5.61 i.e. Rs.266.7/mBtu level.

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