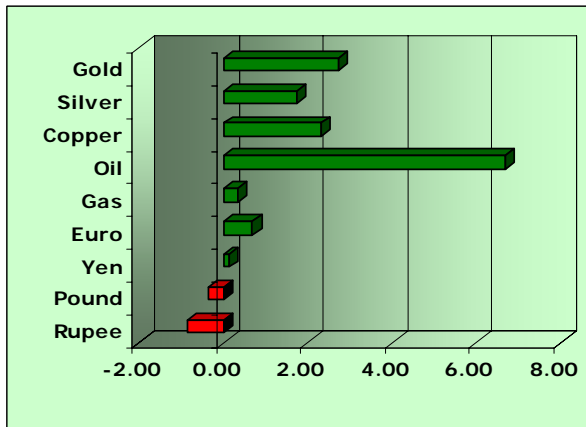


Fundamental Update

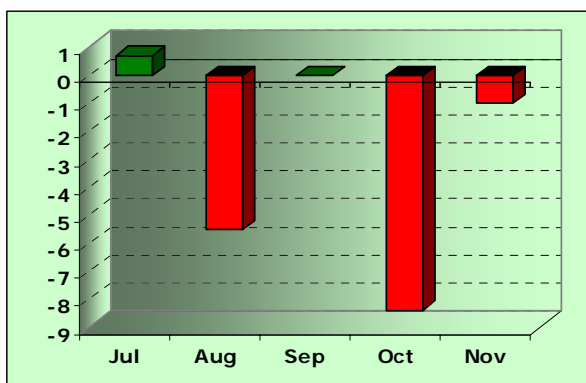
International market review



LME Warehouse stocks as on 26th Dec'08

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

U.S. Durable goods orders (% change)



Market Highlights

- Gold gains to 11-week high on mounting tension in Middle East
- Crude oil rose 5.6 percent as supply from The Middle East may be disrupted
- US Manufacturing, Home Prices expected to sink to fastest pace since 1980

Economy

Gold advanced for a second day to an 11-week high as mounting geopolitical tensions in the Middle East boosted the appeal of the precious metal as a haven. Gold rose as much as 2.4 percent to \$890.49 an ounce, the highest since Oct. 10, after Israel called up reservists following two days of air attacks against the Hamas-led Gaza strip.

Crude oil rose after Israeli air strikes in the Gaza strip raised concerns that supply from the Middle East, the world's largest producing region, may be disrupted. The Israeli air strikes, launched to halt rocket attacks by Islamic militants after a six-month truce with Hamas ended Dec. 19, killed more than 285 people, prompting protests across the region from Saudi Arabia to Syria.

Manufacturing in the U.S. probably shrank at the fastest pace since 1980 as the deepening global recession forced customers in North America, Europe and Asia to cut back according to survey. The Institute for Supply Management's December factory index dropped to 35.4, the lowest reading in almost three decades. Automakers have been among the hardest hit as sales in November dropped to the lowest level in a quarter century. The U.S. recession has spread overseas and that's hurting foreign demand for American-made goods.

Economic Calendar

	US Economic Data	Month	Actual	Survey	Prior
23rd Dec'08					
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
24th Dec'08					
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
25th Dec'08					
7.00pm	Natural gas storage change Bcf	w/e		--	-124

Precious Metals

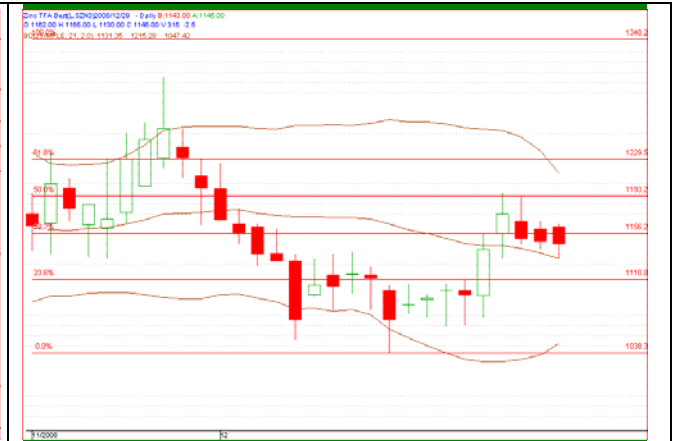


- Gold prices have rebounded from \$829/Troy ounce in the previous week. Prices spurred to \$890/Troy ounce level in the spot market after crucial resistance \$849.6/Troy ounce level was breached on Friday. There was no U.S. economic data scheduled on Friday but precious metals were gained on geo-politician tensions.
- Gold prices can fall on testing resistance around \$888.7 i.e. Rs.13825/Barrel level. If price falls below \$880.7 i.e. Rs.13734 then it can indicate negative outlook and breaking below \$877.7 i.e. Rs. 13680/10gr would give huge selling pressure on profit taking in existing long positions.
- Prices can find support around \$871 i.e. Rs.13550/10gr level and they may not break below \$865.3 i.e. approximately Rs. 13466/10gr level today. Due to non availability of economic data in active trading session, prices may trade as per technical view.
- Silver prices are likely to show mixed trend. Prices can show negative trend on breaking below \$10.78 i.e. Rs.17740/kg level. Prices can target \$10.65 i.e. Rs.17580/kg level. Prices can hold above \$10.59 i.e. Rs.17430/kg support level. If price breaks above \$10.93 i.e. Rs.17990, they can enter into positive zone to take target \$11.25 i.e. Rs. 18555/kg level.

Base Metals



Copper-MCX-February



Zinc-MCX-December



Nickel-MCX-December



Lead-MCX-December

- Copper prices moved a lot in absence of LME traders on Friday. LME is still holding key support of \$2825/ton i.e. Rs.140.6/kg in MCX February contract and fresh selling can be seen only below this. Today copper prices opened sharply higher with a 'Doji' pattern at support. Copper prices are expected to have support at \$2870/ton i.e. Rs.142.8/kg in MCX and buying can be seen there. While on upside Copper prices can give breakout above \$2940/ton i.e. Rs.146.6/kg in MCX February contract and prices can target \$3070/ton i.e. Rs.152.5/kg in MCX and selling will again emerge there.
- Zinc prices are trading sideways but still above 20 days moving average. Today zinc prices are expected to have support at Rs.54.00/kg in MCX December contract and intraday buying can be seen there. While on upside zinc prices are expected to face resistance at Rs.56.30/kg in MCX and fresh buying can be seen above this for Rs.58.6/kg in MCX.
- Nickel prices are still holding above the trend line support. Today nickel prices are expected to have support at \$9680/ton i.e. Rs.467.0/kg in MCX December contract and buying can be seen there. While on upside, fresh buying can be seen above Rs.473/kg in MCX December contract and prices can target Rs.498.0/kg. Nickel prices can target 522.0/kg in MCX on breach of 498.0/kg with good volumes.
- Lead Prices are trading sideways. Today Lead prices are expected to have support at Rs.42.70/kg in MCX and buying can be seen there. While on upside lead prices can target Rs.45.10/kg in MCX and Lead prices can face resistance at Rs.46.30/kg in MCX selling can be seen again there.

Energy



- Crude oil prices were gain on short covering and prices are trading above the trend line resistance in the hourly chart of NYMEX-February futures contract. Crude oil prices can test resistance around \$39.2 i.e. Rs. 1939/Barrel level. If price falls below \$38.4 i.e. Rs.1897 then they are expecting to target \$37.7 i.e. Rs.1855/Barrel target support level. If price holds above the support level, then immediate price recovery expected in the evening session.
- Natural gas prices are likely to be sluggish today. Prices may trade in the range of \$6.05 to \$5.8/mmBtu level. In MCX-February futures contract, prices can trade between Rs.292-282.5/mBtu level. If price falls below \$5.87 i.e. Rs.282.5 then it can target support at \$5.75 i.e. Rs.276.5/mmBtu level. Prices can show immediate gains at support level as short covering expected at this level.

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