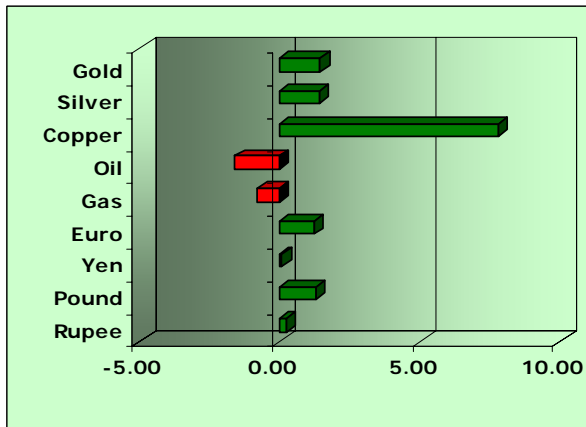


Fundamental Update

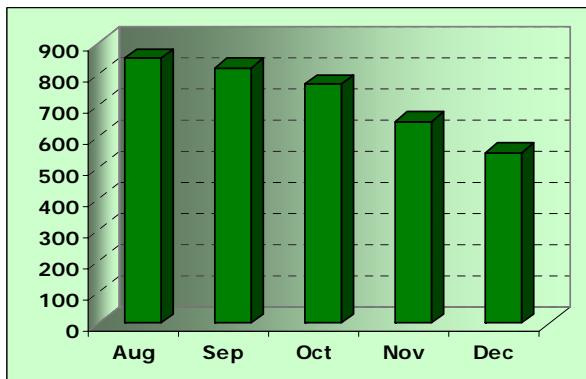
International market review



LME Warehouse stocks as on 27th Jan'09

	+/-	Closing stock
Copper	+12375	451800
Zinc	+9025	314775
Nickel	+498	81966
Lead	+1700	52125
Tin	+20	9055
Aluminium	+37800	2719350

U.S. Housing starts (In Thousands)



Market Highlights

- Gold jumped as government spending boosts inflation-hedge demand
- Crude oil rose as weaker dollar spurs demand from investors
- China Dec aluminium output falls 18 pct vs yr-ago

Economy

Gold rose to the highest closing price in almost five months in New York on speculation that government spending will spur inflation, boosting demand for the precious metal as a hedge. Silver also gained. Investment in the SPDR Gold Trust, the biggest exchange-traded fund backed by bullion, rose 4.7 percent last week to a record 832.6 metric tons. In 2008, the metal advanced for the eighth straight year as U.S. equity and commodity indexes lost more than 30 percent.

Crude oil gained after the U.S. currency retreated against the euro, spurring investor demand for dollar-priced commodities. The euro rose for a second day against the dollar, trading for \$1.3245 at 8:34 p.m. in London as concerns eased over financial losses by banks in Europe. Prices also rose after Venezuelan President Hugo Chavez said the Organization of Petroleum Exporting Countries may need to cut production by a further 4 million barrels a day.

China's primary aluminium production fell 18 percent in December from a year-earlier, but rose 4.1 percent in 2008, provisional figures from the International Aluminium Institute (IAI) showed on Friday. Output dropped to 946,000 tonnes in December from 1.147 million tonnes in the year-earlier month and 991,000 tonnes in November 2008.

Economic Calendar

	US Economic Data	Month	Actual	Survey	Prior
16th Jan'09					
7.00pm	Consumer Price Index	Dec	-0.7	-1.0	-1.7
8.15pm	Industrial Production	Dec	-2.0	-0.8	-0.6
8.15pm	Mich Sentiment-Prel.	Jan	61.9	60.0	60.1
22nd Jan'09					
7.00pm	Initial jobless claims (000s)	w/e	550	548	524
7.00pm	Building permits (000s)	Dec	549	615	616
7.00pm	Housing starts (000s)	Dec	589	610	625
9.00pm	EIA Inventory (Million Barrel)	w/e			
	Crude oil			--	1.2
	Gasoline			--	6.4
	Distillate			--	2.1
22nd Jan'09					
7.00pm	Consumer Confidence	Jan		39	38

Precious Metals



- Gold prices have achieved target at \$910.0/Troy ounce level on Friday. MCX-February futures tested Rs.14169/10gr level. If price falls below \$901.0 i.e. Rs.14100/10gr level then prices can target \$895.6 i.e. Rs.14018/10gr target levels. Price fall is due to profit taking in the existing long positions and overall market sentiment remains under bullish favor.
- Prices can target \$886.8 i.e. Rs.13921/10gr level on trading below \$901/troy ounce (Rs.14100) level. U.S. consumer confidence and Euro zone current A/C balance is indicating bearish outlook today.
- Silver prices are likely to trade below \$12.28 i.e. Rs.19750/kg level today. If price falls below \$12.00 i.e. Rs.19305 they are expected to fall for \$11.68 i.e. Rs.18750/kg level today, Silver prices can find resistance around \$12.17 i.e. Rs.19600/kg level.

Base Metals



Copper-MCX-February



Zinc-LME-Select



Nickel-LME-Select



Lead-LME-Select

- Copper prices rose sharply yesterday and now near to recent price peak. Prices are expected to take correction from \$3620/ton i.e. Rs.174.7/kg in MCX February contract. While on lower side copper prices are expected to have support at \$3450/ton i.e. Rs.169.4/kg in MCX and buying will again emerge there. Copper prices are expected to target \$3868/ton i.e. Rs.186.0/kg in MCX in coming days.
- Zinc prices are expected to show further bullishness. Today Zinc prices can give breakout above Rs.58.60/kg in MCX January contract and prices can target Rs.60.1/kg in MCX and profit booking can be seen there. While on lower side Zinc prices have strong support at Rs.55.1/kg in MCX and buying can be seen there.
- Nickel prices also rose sharply. Nickel prices are expected to have resistance at Rs.592/kg in MCX January contract and profit booking can be seen there. While on lower side nickel prices have support at Rs.563/kg in MCX and buying can be seen there. While if prices successfully breach 592/kg, then prices can target Rs.530.0/kg in coming days.
- Lead prices are expected to give breakout above Rs.57.40/kg in MCX January contract and prices can target Rs.58.90/kg in MCX today. While on lower side, lead prices are expected to have support at Rs.55.10/kg in MCX and buying can be seen there.

Energy



- Crude oil prices have taken exactly target level \$48.4 in the NYMEX-March contract on Friday. Today prices can show bearish trend on long covering. Prices can test resistance at \$47.5 i.e. Rs.2315/Barrel level. If price falls below \$45.4 i.e. Rs. 2210/Barrel then prices can crash for \$44.7 i.e. Rs.2179 and \$43.8 i.e. Rs.2142/Barrel target levels. Prices are likely to maintain above \$42.2 i.e. Rs. 2055/Barrel support level in the short term
- Natural gas prices are likely to show gains on breaking above \$4.47 i.e. Rs.220.5/mmBtu level today. Prices can maintain support \$4.38 i.e Rs. 217.4/mmBtu level today. Short term support level is at \$4.25 i.e. Rs.209.4/mmBtu level. Prices can target \$4.61 i.e. Rs.226.6/mmBtu level.

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