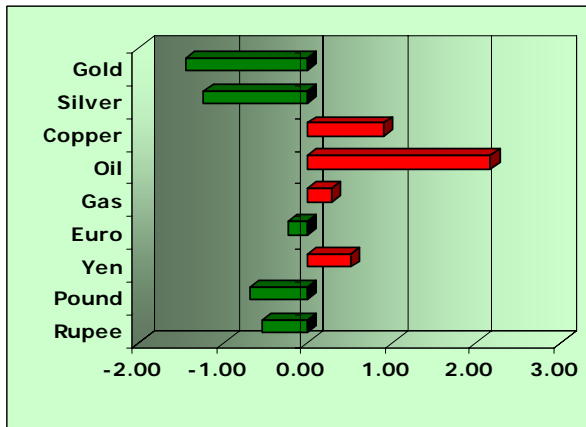


Fundamental Update

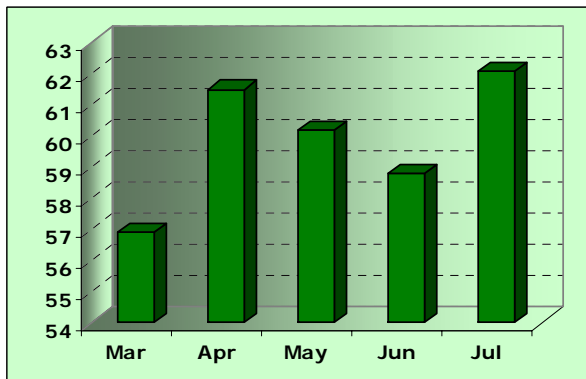
International market review



LME Warehouse stocks today

	+/-	Closing stock
Copper	-350	200175
Zinc	-100	156500
Nickel	+546	54342
Lead	-875	65700
Tin	+155	6040
Aluminium	+1650	1370700

U.S. Trade Deficit in Billion Dollars



Market Highlights

- U.S. durables orders, home sales skid lower
- Oil fell below \$107 as U.S. govt. may approve bailout plan
- China remained a net importer of refined zinc in August

Economy

Orders for long-lasting U.S. manufactured goods and sales of new homes plunged in August while jobless claims shot up last week, according to reports on Thursday that showed the economy rapidly weakening. A day after U.S. President George W. Bush warned of economic disaster if Congress didn't approve his bailout of the financial system, the Commerce Department said new orders for durable goods such as new cars and refrigerators slumped a sharper-than-expected 4.5 percent.

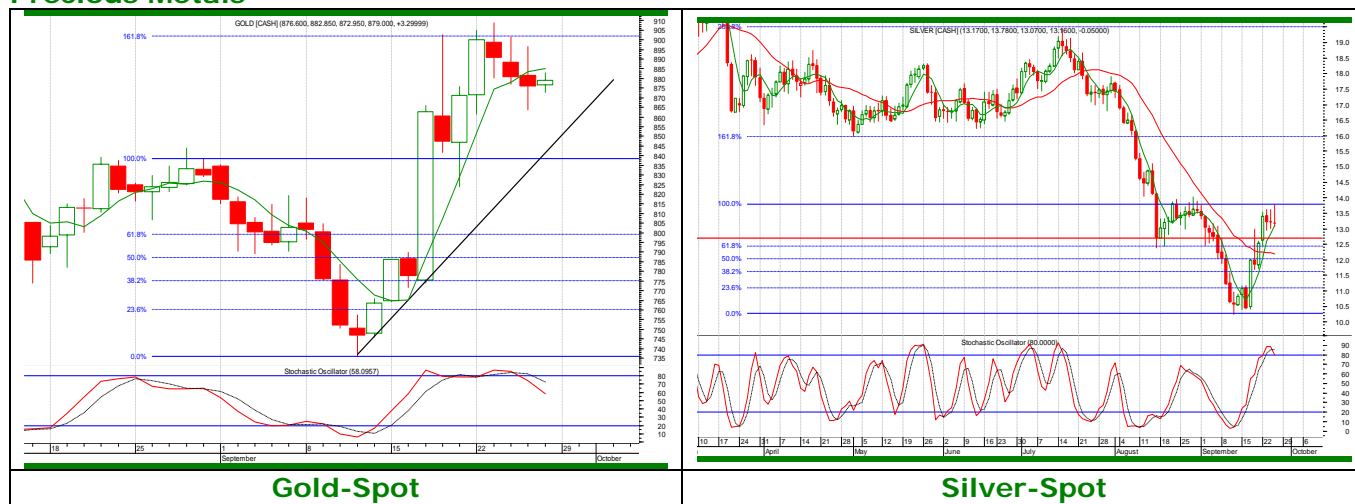
Oil fell more than \$3 to \$105 a barrel on Friday, wiping out the previous session's gains, after talks between U.S. lawmakers over a bailout package to mop up toxic debt stalled. But the deal to rescue the faltering U.S. financial system hit a wall on Thursday amid bickering between Democrats and Republicans. Separately, Shell Oil said on Thursday its Mars and several other Gulf of Mexico oil fields were expected to return online by the end of next week.

China remained a net importer of refined zinc in August, while imports of zinc concentrates also continued to run at a robust pace. Both phenomena are underpinned by the London-Shanghai arbitrage, which has been import-friendly since just about the start of the year. However, the continued flow of metal and concentrates into China may be a harbinger of future problems for both the domestic and international zinc markets. Imports of refined zinc (not including zinc alloy) were 25,590 tonnes in August, compared with just 5,900 tonnes in August 2007. Cumulative imports of refined zinc surged by 36.9 percent to 125,499 tonnes in the first eight months of this year.

Economic Calendar

	US Economic Data	Month	Actual	Survey	Prior
25th Sept'08					
6.00pm	Initial jobless claims (000s)	Sep 25		448	455
6.00pm	Durable goods orders %	Aug		-1.60	1.30
7.30pm	New home sales (Mln)	Aug		0.510	0.515
8.05pm	Natural gas storage	Sep 25		62	---
26th Sept'08					
6.00pm	Gross Domestic Product	Q2final		3.3	3.3
6.0pm	Personal Consumption expenditure	Q2final		4.2	4.2
7.30pm	Mich. Sentiment -Final	Sept		71	63

Precious Metals



- Gold price fell with profit taking in the existing long positions yesterday. Prices unable to close above Rs.13200/10gr in MCX-October contract and International spot prices traded below 161.8% correction-\$902 has given signs of profit taking yesterday.
- Gold prices can fell further to test \$853.5 i.e. Rs.12735/10gr on breaking below \$866.1 i.e. Rs.12930/10gr levels today. Prices can recover immediately on testing above given target level through intraday short covering with U.S. economic data. Prices can take trend reversal on bargain hunt as few traders can take opportunity lower prices to buy.
- Dollar is strengthening against to the basket of currencies on concerns that U.S. treasury bail out will be approved. This is supporting weaker outlook for precious metals on down side correction in the bull market.
- USDINR-spot breached above crucial resistance 46.25 and it is likely to target 46.8. But trend is still not decided. Weekly close above 46.35 would indicate uptrend. U.S. GDP expected to show par with the expectation and Michigan consumer sentiments are indicating positive for dollar today.
- Silver prices have exactly shown yesterday's view that making fresh high around \$13.76 would allow profit taking. Prices can fall on breaking below \$13.10 i.e. Rs.20555/kg to test support at \$12.70 i.e. Rs.20060/kg level today. But prices can rebound immediately on testing this level. Silver prices are expected to trade weak as Gold vs silver ratio rebounded from 66 levels today.

Base Metals



- Today U.S. GDP data is due at 6.00 pm which can drag down prices further. In earlier session copper prices can take support at \$ at \$6820/ton i.e. Rs.312.3/kg in MCX and intraday buying can be seen there while on upside copper prices are expected to face resistance at \$7075/ton i.e. Rs.324.4/kg in MCX and selling can be seen there. Copper prices are expected to remain range bound today and if prices settle below \$6820/ton i.e. Rs.312.8/kg then further selling can be seen.
- Zinc prices are trading sideways and bullish confirmation can be received once prices close above \$1825/ton i.e. Rs.83.8/kg in MCX September contract and prices can target \$1905/ton i.e. Rs.87.2/kg in MCX. Zinc prices have support at \$1770/ton i.e. Rs.81.4/kg in MCX and intraday selling can be seen below this for \$1730/ton i.e. Rs.79.7/kg in MCX.
- Nickel prices are also trading sideways and waiting for some cue. Nickel prices are expected to face resistance at \$17200/ton i.e. Rs.789/kg in MCX September contract and buying can be seen only above this. Prices are expected to remain range bound.
- Lead price chart has something to write home about. Lead prices are now in good buying mode. Prices can test \$1910/ton i.e. Rs.88.2/kg in MCX September contract in coming day and huge buying interest can be seen there as it is 20 days moving average support. Today lead prices are expected to have support at \$1970/ton i.e. Rs.90.9/kg in MCX and intraday trading can be seen below this for middle band. Lead prices can shoot up only above \$2020/ton i.e. Rs.93.0/kg in MCX but first it should test 20 days moving average.

Energy



Crude oil-NYMEX-Futures

Natural gas-NYMEX-Futures

- Crude oil prices are still showing weakness on dollar recovery but fall is limited because it is short term bullish market for \$116.6/Barrel target level. Oil price can fall for \$100.4 i.e. Rs.4670-4637/Barrel levels today on breaking below \$104.2 i.e. Rs.4830/Barrel levels.
- Prices can trade below \$106.6 i.e. Rs.4940/Barrel to show selling indication. Price fall can be considered as a correction for near term rally. NYMEX October futures expiry shown huge short covering which brought prices to test around \$130/Barrel in the recent time (Observe chart). Chart pattern indicate oil market is a bullish market.
- Natural gas prices are still projecting towards bearish targets of \$6.76 i.e. Rs.313.0/mmBtu levels. If price falls below \$7.68 i.e. Rs.355.5/mmBtu level then they are expected to target \$7.45 i.e. Rs. 345.5/mmBtu at immediate. Upside is restricted with \$8.03 i.e. Rs.372/mmBtu levels.

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