

PRECIOUS METALS

PRECIOUS METALS MARKET WATCH

| Precious Metals | Contract | Open | High | Low | Close | Change | % Chg |
|-----------------|----------|--------|--------|-------|--------|--------|-------|
| MCX Gold Rs. | OCT0 | 18948 | 19147 | 18920 | 19134 | 201 | 1.06 |
| COMEX Gold \$ | NOV0 | 1238.9 | 1240.4 | 1235 | 1239.2 | 2.6 | 0.21 |
| MCX Silver Rs. | SEP0 | 30351 | 30964 | 30251 | 30915 | 524 | 1.72 |
| COMEX Silver \$ | OCT0 | 19.04 | 19.405 | 18.88 | 19.405 | 0.358 | 1.88 |

LONDON FIXING

| | A.M. FIXING | P.M. FIXING |
|---------------|-------------|-------------|
| Gold | 1233.5 | 1246 |
| Silver Fix AM | 18.87 | |

US \$ INDEX

| | Close | % Change |
|-------------|--------|----------|
| US \$ INDEX | 83.082 | -0.082 |

ETF HOLDINGS as on previous close

| ETF | in tonnes | Change |
|-----------------|-----------|--------|
| SPDR Holding | 1297.95 | -1.52 |
| iShares Holding | 9175.38 | 24.35 |

FOREX MARKET WATCH

| Currency | Open | High | Low | Close | Change | % Chg |
|----------|-------|--------|--------|--------|--------|-------|
| USD/INR | 46.93 | 47.1 | 46.93 | 47.07 | 0.15 | 0.32 |
| USD/JPY= | 84.62 | 84.71 | 83.83 | 84.17 | -0.46 | -0.54 |
| EUR/USD | 1.267 | 1.2746 | 1.2626 | 1.2688 | 0.0023 | 0.18 |

FUNDAMENTAL OUTLOOK

Precious metals prices edged lower on COMEX today. Our outlook in gold remains bullish on the back of uncertain economic outlook that is likely to drive the gold prices up. Buying at every dip should be the investor's strategy today.

MARKET ROUNDUP

U.S. gold futures rallied to a two-month high on Tuesday, as uncertainty about the economic recovery boosted the metal's appeal as an alternative investment.

IN FOCUS

- The world's largest gold-backed exchange-traded fund, SPDR Gold Trust, said its holdings rose to 1,302,508 tonnes by Aug. 31, from 1,298,556 tonnes on Aug. 27. The holdings hit a record at 1,320,436 tonnes on June 29.
- The world's largest silver-backed exchange-traded fund, the iShares Silver Trust, said its holdings stood at 9227.13 tonnes as of August 31, rose by 76.1 from the previous business day.
- Northgate Minerals Corp discovers fault offset of the Magdala and Golden Gift orebodies at its Stawell Gold Mine and says diamond drilling at its Stawell Gold Mine has intersected a new zone of gold mineralization
- Jaguar Mining Inc announces first gold pour at caet. Reiterates its gold production target at new caeté operation will total approximately 20,000 ounces in Q4 2010.

BASE METALS

BASE METALS MARKET WATCH

| Base Metals | Contract | Open | High | Low | Close | Change | % Chg |
|----------------|----------|--------|-------|-------|-------|--------|-------|
| MCX Copper Rs. | NOV0 | 351.55 | 352.5 | 346.8 | 348.9 | -3.25 | -0.92 |
| LME Copper \$ | 3M | 7480 | 7480 | 7360 | 7440 | -19 | -0.25 |
| MCX Zinc Rs. | SEP0 | 96.55 | 96.6 | 95.5 | 96 | -0.5 | -0.52 |
| LME Zinc \$ | 3M | 2105 | 2105 | 2059 | 2075 | -20 | -0.95 |
| MCX Nickel Rs. | SEP0 | 991.2 | 991.2 | 967 | 969.3 | -25.5 | -2.56 |
| LME Nickel \$ | 3M | 21215 | 21215 | 20675 | 20700 | -350 | -1.66 |
| MCX Lead Rs. | SEP0 | 96.1 | 96.6 | 94.7 | 94.95 | -1.55 | -1.61 |
| LME Lead \$ | 3M | 2105 | 2105 | 2045 | 2055 | -35 | -1.67 |
| MCX Aluminium | SEP0 | 95.1 | 96.5 | 95 | 95.95 | 0.7 | 0.73 |
| LME Aluminium | 3M | 2055 | 2075 | 2035 | 2050 | -8 | -0.39 |

SHANGHAI MARKET WATCH

| Metals | Close | Change | % Chg | Index | Close | Change |
|-----------|-------|--------|-------|--------------------|--------|--------|
| Aluminium | 15250 | -65 | -0.42 | Baltic Dry Index | 2713 | 1 |
| Copper | 58300 | -1040 | -1.75 | CRB Index | 264.19 | -3.57 |
| Zinc | 16655 | -615 | -3.56 | DJ Commodity Index | - | - |

INDICES

LME WAREHOUSE STOCK

| Metals | Prev. | Net | Total | Metals | L/W* | C/W* | Change |
|--------|---------|-------|---------|--------|---------|--------|--------|
| Copper | 400100 | -1575 | 398525 | Copper | 368275 | 30250 | -25 |
| Zinc | 623100 | -550 | 622550 | Zinc | 561825 | 60725 | -175 |
| Nickel | 118860 | -198 | 118662 | Nickel | 114996 | 3666 | 54 |
| Lead | 192150 | -650 | 191500 | Lead | 184175 | 7325 | -775 |
| Alum | 4445600 | -3125 | 4442475 | Alum | 4307725 | 134750 | 1625 |

LME WARRANTS

FUNDAMENTAL OUTLOOK

Industrial metals prices are trading up on LME. Metals look strong for the day, positive manufacturing PMI data from China is likely to support the prices of metals during the day. Buying at dips is recommended today.

MARKET ROUNDUP

U.S. metals prices settled sharply lower on Tuesday, erasing the steep gains made a day earlier while London markets were closed, but the latest weak data, along with month-end position squaring, sent prices to their two-day lows.

IN FOCUS

- Japan's copper cathode inventories fell 6% in July compared with June, to 35,975 metric tons, according to preliminary data released Wednesday by the Ministry of Economy, Trade and Industry.
- Russian aluminum giant United Co. Rusal PLC (0486.HK) is on track with its increase in production output and will continue reducing its workforce in the second half, the company's management said at a briefing Tuesday.
- Russia's zinc output increased 24.9% on year in January-July, the state statistics committee reported Tuesday.
- Rio Tinto on Monday signaled it was pushing ahead with its expansion plans in iron ore while it awaits competition authority clearance to form a partnership with rival BHP Billiton in Australia.

ENERGY

ENERGY MARKET WATCH

| Energy | Contract | Open | High | Low | Close | Change | % Chg |
|------------|----------|-------|-------|-------|-------|--------|-------|
| MCX Crude | SEP0 | 3518 | 3527 | 3421 | 3449 | -73 | -2.07 |
| NYM Crude | OCT0 | 74.07 | 74.73 | 71.53 | 71.92 | -2.78 | -3.72 |
| MCX Natgas | SEP0 | 182.3 | 184.4 | 177.3 | 182.2 | -0.9 | -0.49 |
| NYM Natgas | OCT0 | 3.861 | 3.877 | 3.727 | 3.816 | 0.004 | 0.10 |

INDICES

EXCHANGE VOLUME on previous close

| Index | Close | Change | Exchange | Volume (in crores) |
|--------------------|-------|--------|----------|--------------------|
| Clean Tanker Index | 679 | -7 | MCX | 41110.61 |
| Dirty Tanker Index | 715 | -9 | NCDEX | 3323.26 |

ENERGY INDICATORS

| Date | Time | Energy Data | Country | Prior | Consensus | Actual |
|-------|--------|----------------------------|---------|--------|-----------|--------|
| 01Sep | 8.00pm | Crude Stock | U.S. | 4.108 | 1.100 | |
| 01Sep | 8.00pm | Gasoline Stock | U.S. | 2.273 | -0.200 | |
| 01Sep | 8.00pm | Distillate Stock | U.S. | 1.763 | 1.200 | |
| 01Sep | 8.00pm | Refinery Utilisation | U.S. | -2.3 | | |
| 01Sep | 8.00pm | Stocks at Cushing Oklahoma | U.S. | -0.779 | | |
| 01Sep | 8.00pm | Natural Gas Inventory | U.S. | 40 | | |

FUNDAMENTAL OUTLOOK

Crude oil prices are trading steady on NYMEX today. We expect crude to trade down today. We have crude oil inventory data to be released from EIA later in the evening session today. Any major draw down in the stocks is likely to limit the down side in crude oil prices.

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MARKET ROUNDUP

U.S. crude oil futures extended losses in post-settlement trading on Tuesday, ahead of weekly inventory reports that are forecast to show domestic crude stocks rose last week.

IN FOCUS

- U.S. crude inventories rose 4.8 million barrels in the week to Aug. 27, the API data showed, versus expectations for a 1.1 million barrel rise.
- Qatar, one of OPEC's smallest producers, has notified at least one Asian buyer that it will supply its Marine crude at full contracted volumes for October, unchanged from September levels, a trade source with knowledge of the matter said on Wednesday.
- U.S. oil demand in June was slightly less than previously estimated, but consumption was still at its highest level since October 2008, the Energy Information Administration said on Monday.
- U.S. crude oil imports in June topped 10 million barrels per day on a monthly basis for the first time since October 2008 thanks to strong petroleum demand, the federal Energy Information Administration said on Monday.