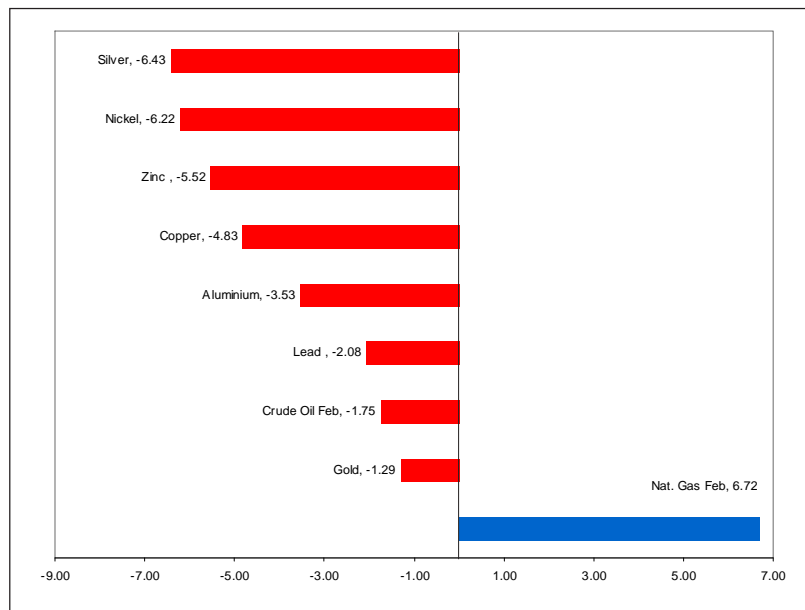


## Metals Reviews on MCX



## News Items

World stock markets slid to three-month lows on Friday as the worries intensified about a potentially huge bailout and a destabilization of the euro zone. The euro currency dropped to its lowest since May against the U.S. dollar.

Chilean copper miner Antofagasta Plc posted a 7.4 percent fall in full-year 2009 copper output but said production would rise this year due to expansion projects. The London-listed group said on Wednesday copper production declined to 442,500 tonnes last year from 477,700 tonnes in 2008, having last August raised its full-year 2009 forecast to about 447,000 tonnes.

Japanese Finance Minister Naoto Kan told his Group of Seven counterparts on Friday that Tokyo was focusing on China's economy as it was showing signs of a bubble. He had earlier said he would closely watch any G7 debate on the yuan as it could affect Japan's economy, which is heavily reliant on exports to fast-growing Asian nations like China.

The Jersey Mine was British Columbia's second largest lead zinc mine with historic production of over 8 million tons of lead zinc grading 3.8% zinc and 2.0% lead. An extensive network of underground workings from the mine remains in excellent condition.

## Currencies

Currencies	Close	Change	% Change
USD/INR	46.34	0.17	0.37
USD/JPY	89.25	-0.65	-0.72
EURO/USD	1.3682	-0.017	-1.26
US\$ Index	80.21	0.78	0.98

## COMEX Metals Watch

Metals	Contract	Close	% Change
Gold	Apr-10	1052.5	-2.89
Silver	Mar-10	14.82	-8.46

(Gold prices in US\$/ounce, Silver prices in cents/ounce)

## LME Warehouse Stocks (in tonnes)

Metals	Close	% Change
Copper	541150	0.02%
Zinc	499800	0.62%
Nickel	166386	0.96%
Lead	158375	0.68%
Alum	4587675	-0.53%

## LME Metals Watch

Metals	Contract	Close	% Change
Aluminium	3M	1990	-4.28%
Copper	3M	6375	-5.49%
Lead	3M	1945	-3.95%
Nickel	3M	17100	-7.57%
Zinc	3M	1949	-7.63%

(Quotations in US\$/tonne)

## Commentary

### Precious Metals

Precious metals lost substantial ground in the last week broadly on the sharp appreciation in the US dollar which triggered a strong sell off in this complex. The US dollar rose as the strong risk aversion on the back of Euro zone debt worries led to tremendous shift to US dollar from other high yielding currencies. Gold futures fell by just over 2 percent whereas Silver futures shed about 7 percent.

### Base Metals

Industrial metals traded lower and showed a sharp downturn rally last week. Copper pared losses as investors took comfort from U.S. jobs data that showed the unemployment rate surprisingly fell to a five-month low of 9.7 percent in January data released this week. Nickel being the underperformer in this complex with losses of around 6.22% on MCX.

### Energy

Crude Oil futures settled 1.75% percent lower compare to the prices ended on last week, weighed by concerns about the Euro zone economy that pressured the euro against the dollar and a mixed U.S. unemployment report. Natural Gas gained almost 7% on MCX from the last week, pressured by US government data showing another light weekly inventory draw.

## Shanghai Metals Watch

Metals	Close	Change	% Change
Aluminium	16128	36	0.22%
copper	52150	-3600	-6.46%
Zinc	16720	-380	-2.22%

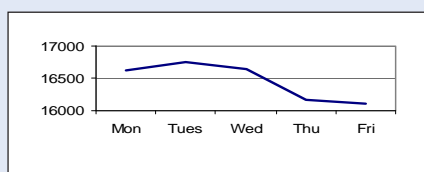
(Quotations in Yuan/tonne)

## NYMEX Energy Watch

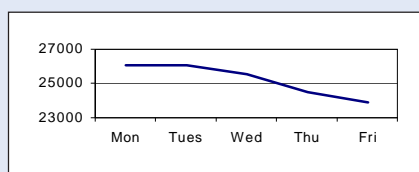
Commodity	Contract	Close	% Change
Crude Oil	Mar-10	71.71	-1.62%
Natural Gas	Mar-10	5.515	7.48%

(Crude oil prices in US\$/barrel & Natural Gas prices in US\$/btu)

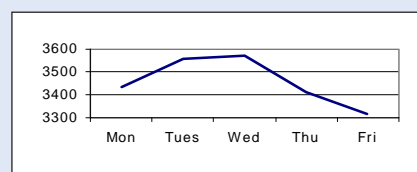
**Performance Check**



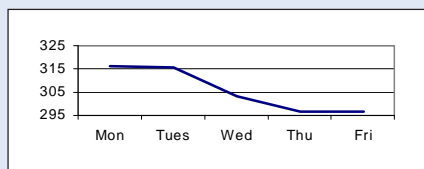
**Gold**



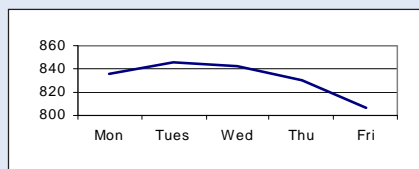
**Silver**



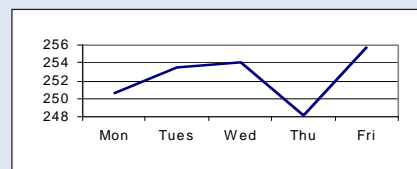
**Crude Oil**



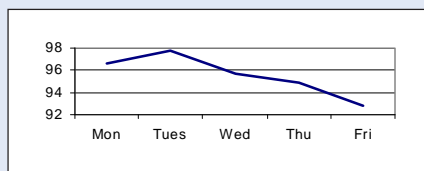
**Copper**



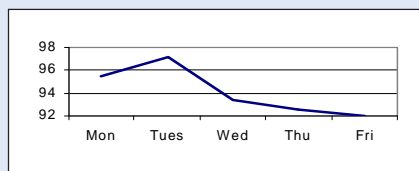
**Nickel**



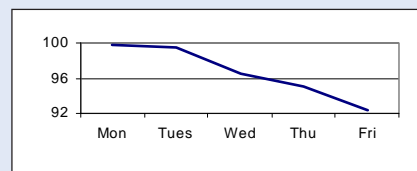
**Natural Gas**



**Aluminium**



**Lead**



**Zinc**

**Economic Indicator**

Date	Indicator	Time	Region	Period	Expected	Prior
7-Feb	JP Bank lending yy	5:20	Japan	Jan		-1
8-Feb	JP Bankrutcies mm	10:00	Japan	Jan		0.40%
8-Feb	US Employment Trends	20:30	USA	Jan		91.8
8-Feb	CA House starts,annualized	18:45	Canada	Jan	180.0k	174.5k
9-Feb	US Wholesales sales mm	20:30	USA	Dec	1%	3.30%

**Strategy**

Commodity	BUY/SELL	Levels	Target	Stop Loss
Nickel	SELL	830-840	800-785	863
Copper	SELL	310-312	300-295	319.50

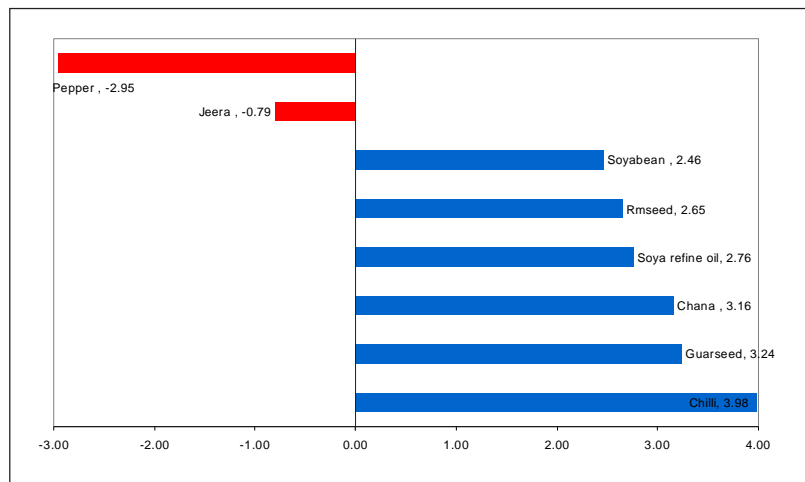
**Outlook**

Precious metals may bounce back slightly as it seems that financial markets have over-reacted to the Euro zone debt worries. We expect the dollar to cool off slightly in the coming week and this development is likely to lend some strength to precious metals prices. However, any significant rise in gold futures prices shall be used as a good selling opportunity as the strength in the dollar is likely to continue in the weeks ahead. We do not expect to see a major downside in silver prices from the current levels.

Industrial metals are likely to witness some bounce back in the coming week. However, the rise may not be sharp as the European countries growth concerns would continue to weigh on the prices. Furthermore, China's liquidity tightening measures coupled with thin trading volumes on account of Lunar year holidays may also cap any major upside in industrial metals prices. However, a rise of 3-4 percent cannot be ruled out in this complex.

Crude oil futures fell in line with other commodities. We can see some bargain hunting at the current levels in Crude oil futures. Furthermore, the strong risk aversion is also likely to subside in the coming week which may trigger fresh round of buying in Crude futures. A slight cool off in the dollar will also lend some support to the crude oil futures.

**Agro Commodities reviews**



**Commentary**

Spices were the underperformer in the entire agro commodities. Jeera pared losses this week on pressure from arrivals and higher output estimates this season due to favorable weather in the growing regions. India's pepper output in 2010 is expected around last year's levels, but prices are unlikely to fall sharply in coming months due to low carry-over stocks. Guar seed settled above 3% up from last week supported by increasing international demand for guar gum.

**Weather Check**

The overall Rabi production prospects are promising this year in view of the delayed withdrawal of South-West monsoon, good progress of North-East monsoon and improved sowing, particularly for food grains, supported by planned Government efforts towards enhancing Rabi production. Scattered to fairly widespread rainfall occurred over Tamil Nadu & Pondicherry on many days during the week and over Jammu & Kashmir and Madhya Pradesh on 17th & 18th and over East Uttar Pradesh, Coastal Andhra Pradesh on 17th and over Lakshadweep on 20th and 21st. Mainly dry weather prevailed over the remaining parts of the country during the week.

**Strategy**

Commodity	BUY/SELL	Levels	Target	Stop Loss
Chana	BUY	2170-2210	2340-2370	2150
Guar seed	BUY	2370-2390	2480-2520	below 2330

**Outlook**

Spices complex is expected to remain under pressure as we approach expiry tenure lots of this spices can witness some correction, Chilli and Turmeric is expected to remain firm during next week but pepper and jeera prices can correct by 2-3% during next week. Cardamom we believe, drop in production in Guatemala is seen supportive for prices of cardamom and mentha oil because of slack demand from China prices are expected to remain under pressure

Guar seed is expected to extend it upward rally; we recommend buying at each dips this week. A talk on banning the exports of essential commodities from India is likely to weigh on the prices of Grains. We expect Wheat prices to trade low this week. Chana is expected to trade up on account of increasing festive demand. Soybean will trade side-ways this week.

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