

ENERGY AND METALS UPDATE**ANALYSIS AND VIEW****GOLD & SILVER****Sell on rallies****FUNDAMENTALS****Bullish**

- Indian Imports of Gold rose in month of August to about 100 tonnes.
- Gold jewellery sales in Abu Dhabi soared 300 percent in volume and almost 250 percent in value in August from a year earlier after the metal prices dropped to nine-month lows
- Investment demand for gold has been increasing in recent weeks, indicating that sentiment towards gold is recovering. Flows into London based ETF Securities' physical gold ETF rose by \$40 million last week, the 10th consecutive weekly rise. Inflows have risen \$306 million since mid-July

Bearish

- The US Dollar index rose on the Fannie and Freddie bailout plan – both are now under government control in a conservatorship managed by the FHFA – as some argue that it proves the US has the power to do anything needed to protect the currency.

TECHNICAL

- Bearish

COPPER**Sell MCX Copper (Aug) below 316 SL 322****FUNDAMENTALS****Bullish**

- The falling SHFE stocks and low stockpiles of end consumers likely to further tighten the market, and hence result in more imports in August and September.
- China's consumption of copper cables and wires will recover after the Olympics as power projects suspended because of the games restart.
- China's manufacturers, the world's largest copper consumers, may raise imports by as much as 60% from June after a price slump.
- Codelco said mines in Chile would face rising costs to obtain water needed to process the metal.

Bearish

- Demand pickup from China still lagging, buildup in Shanghai copper inventories will represent increase in imports from China
- LME Copper stockpiles buildup continues (+6075 MT) to 179800 highest since Jan 2008.
- Slide in crude oil prices and strengthening dollar weighing over copper prices
- Increase in net-short position in New York copper futures in the week ended Aug 26. Speculative short positions, or bets prices will fall, outnumbered long positions by 11052 contracts. Net short positions are highest since June 2007.
- The world copper market was balanced in the first half of 2008, registering a slight surplus of 4,600 metric tons according to WBMS data. This compares with a deficit of 279,000 tons in January to June 2007.
- China's Yulong copper mine, the biggest in the country with the reserves of more than 6.5 million MT, will start production in late September. Output from the mine is initially expected to reach 30,000 tons in 2010. The long-term annual copper output target is 100000 tons.

TECHNICAL

- In downtrend
- Key support seen around \$7130 and \$7050
- Key Resistance seen around \$7450 and \$7380

ANALYSIS AND VIEW

NICKEL

FUNDAMENTALS

Bullish

- ❑ BHP Billiton's work on the proposed Hallmark nickel laterite project in the Philippines has been interrupted due to a dispute with a local shareholder
- ❑ China unwrought Nickel exports over January-July totalled 3,903 mt, down from 12,994 mt in the same period in 2007. Nickel imported in the first seven months was 75,302 mt compared with 62,527 mt a year earlier
- ❑ A slump in nickel prices of more than 30% this year, combined with rising costs, has forced several operations to shut down or scale back output.
- ❑ Metal producers have delayed new projects and cut output after nickel prices slid to near their production cost, curbing profits.

Bearish

- ❑ Series of announcements from stainless steel producers about weak demand and more switching to ferritic stainless steel grades to lower nickel usage.
- ❑ The continued deterioration of stainless steel demand for nickel has pushed the market to a two-year low.
- ❑ The world nickel market was in a 7100 MT surplus during Jan-May 2008 as per data released by WBMS.
- ❑ Stainless steel producers are currently well supplied and macro-economic conditions are discouraging which limit prices from sustaining at higher level.

TECHNICAL

- ❑ In downtrend
- ❑ Resistance seen around \$19600
- ❑ Key support seen around \$18860 and \$18220

ZINC & LEAD

Sell on rallies

FUNDAMENTALS

Bullish

- ❑ Lead rose the most in a week on signs of purchases by car battery makers before their busiest time of the year.
- ❑ Global demand will probably fall short of supply by 20,000 or 30,000 tons this year as Ivernia Inc.'s Magellan mine in Australia halted exports,
- ❑ China is now net importer of zinc and lead. In the case of lead, it was the first time the country was a net importer of refined metal since at least 2003, although net exports have been trending steadily lower since the imposition of a 10 percent export tax in June 2007. The Chinese lead market, by contrast, seems genuinely to have tightened up and demand for imported metal is evident in the rise in physical premiums in Shanghai to \$170 per tonne over LME cash.

Bearish

- ❑ According to ILZSG, World Zinc and Lead Market was in surplus of 72000 tonnes and 41000 tonnes from Jan-Jun respectively

TECHNICAL

- ❑ Bearish for short term

ANALYSIS AND VIEW

CRUDE OIL & NATURAL GAS

Sell MCX Crude (Sep) around 4680 SL 4745 TGT 4620

FUNDAMENTALS

Bullish

- ❑ Crude prices may go up as Hurricane IKE could be a major hurricane before it gets to the western Gulf Friday and Saturday. Ike is forecast to move over the waters between the Isle of Youth and the south coast of Havana province in the next several hours, then move over western Cuba later in the day. It is moving with the forward speed of 13 MPH and maximum sustained wind speed of 80 MPH.
- ❑ Just before the OPEC Meet Iran, Venezuela, Libya and Algeria have all raised worries about oversupplying the market, suggesting a reduction in production by the group could be needed to help maintain prices.
- ❑ Intermittent supply concerns due to the above average forecasted hurricane season and ongoing conflicts such as that between Russia and Georgia are likely to halt any sharp slide in pricing.

Bearish

- ❑ OPEC Meeting is scheduled in Vienna tonight at 12:30 IST. Saudi Arabia expressed satisfaction with recent steep falls in oil prices on tuesday and appeared in no mood to approve a cut in output by the OPEC group despite fears among some members of oversupply. Moreover Nigeria also expects no significant changes in oil output. It is likely that OPEC will not take any decision to cut oil production in this meeting.
- ❑ oil prices are likely to remain suppressed amid concerns that a global economic slowdown may further dampen world oil demand.

TECHNICAL

- ❑ Bearish
- ❑ MCX Crude(sep) has Important support at Rs.4680
- ❑ Important resistance at Rs.4940
- ❑ NYMEX Crude has important resistance of \$112.50
- ❑ Support in NYMEX Crude lies at \$100.10

INTRADAY CALLS COVERED

Commodity	Reco	Reco. Price	Covering Price	Gain /loss	Lot size	Margin %	Margin Money	Per contract	ROI (%)	Target Achieved
Gold	Long	11700	11730	30	100	5.5	64350	3000	4.66	Booked
Crude oil	Long	4815	4868	53	100	7.5	36113	5300	14.68	Achived
Gold	Short	11730	11690	40	100	5.5	64515	4000	6.20	Booked
Crude oil	Short	4780	4780	0	100	7.5	35850	0	0.00	Cost
Natural Gas	Short	335.4	338.5	-3.1	1250	11.5	48214	-3875	-8.04	SL Trgd
Natural Gas	Short	336	336	0	1250	11.5	48300	0	0.00	Cost

POSITION CALLS INITIATED OR CONTINUED

Commodity	Reco	Trade Initiated On	Reco. Price	Stop loss or Recived	Next Target	Lot Size	Margin %	Margin Money	Target Achieved
Silver	Short	8-Sep-08	19300	19700	18800	30	7.5	43425	---
Copper	Short	5-Sep-08	316	320.90	306	1000	6	18960	---

ECONOMIC DATA

Date	Country	Event	Time	Consensus	Previous	Actual
5/9/2008	USA	Change in Nonfarm Payrolls (AUG)	18:00	-75K	-51K	-84K
	USA	Unemployment Rate (AUG)	18:00	5.70%	5.70%	6.10%
	USA	Change in Manufact. Payrolls (AUG)	18:00	-35K	-35K	-61K
	USA	Mortgage Delinquencies (2Q)	19:30	--	6.35%	6.41%
9/9/2008	USA	Pending Home Sales (MoM) (JUL)	19:30	-1.30%	5.30%	--
	USA	IBD/TIPP Economic Optimism (SEP)	19:30	44	42.8	--
	USA	Wholesale Inventories (JUL)	19:30	0.70%	1.10%	--

LME WAREHOUSE STOCKS

Commodity	Stocks	+/- Change
Aluminium	1170450	-1500
Copper	202125	1300
Lead	76775	-1675
Nickel	50166	840
Zinc	159725	-425

EXCHANGE MOVEMENT

MCX/NCDEX MOVEMENT

Commodity	Contract	Open	High	Low	Close	% Change In Price
Gold	Oct	11700	11790	11617	11649	-0.23
Silver	Sept	19590	19750	19063	19154	-1.78
Copper	Nov	309.25	311.8	306.1	308.3	-0.16
Nickel	Sept	837.5	847.9	829.6	841.1	0.57
Lead	Sept	81	83.8	80.3	82	1.74
Zinc	Sept	78.15	79.15	77.8	78.25	0.26
Steel	Sept	29100	29900	29050	29190	0.41
Crude Oil	Sept	4778	4895	4691	4733	-0.55
Natural Gas	Sept	337.9	342.8	328.1	338	1.81

EXCHANGE MOVEMENT

INTERNATIONAL MOVEMENT

Commodity	Contract	Open	High	Low	Close	% Change In Price
Gold	COMEX	805.9	823	800.8	802.5	-0.04
Silver	COMEX	12.525	12.795	11.94	12.065	-2.11
Copper	LME	6980	7025	6852	6950	0.72
	COMEX	310.8	316.75	308.7	309.3	-0.18
Nickel	LME	18750	18950	18600	18850	1.34
Lead	LME	1815	1880	1800	1851	2.55
Zinc	LME	1758	1785	1745	1770	1.14
Crude Oil	NYMEX	107.75	109.89	104.7	106.34	0.10
Natural Gas	NYMEX	7.6	7.705	7.3	7.527	1.05

TECHNICAL LEVELS

Commodity	Contract	S2	S1	Pivot	R1	R2
Gold	Oct	11512	11581	11685	11754	11858
Silver	Sept	18635	18895	19322	19582	20009
Copper	Nov	303	306	309	311	314
Nickel	Sept	821	831	840	849	858
Lead	Sept	78.5	80.3	82.0	83.8	85.5
Zinc	Sept	77.1	77.7	78.4	79.0	79.8
Steel	Sept	28530.0	28860.0	29380.0	29710.0	30230.0
Crude Oil	Sept	4569.0	4651.0	4773.0	4855.0	4977.0
Natural Gas	Sept	321.6	329.8	336.3	344.5	351.0

OUR TEAM

Anagram Comtrade Ltd:

Bandra Kurla Complex, Bandra(E), Mumbai 400 051.

Regd. Office: Anagram House, H.L. Commerce Collage - Stadium Road, Navrangpura, Ahmedabad – 380 009.

COMMODITIES RESEARCH

Analyst	Coverage	E-mail	Tel. (Direct)
Devarsh Vakil	Manager-Research	devarsh.vakil@anagram.co.in	+91 79 4001 9985
Roopa Kataria	Copper/Nickel/Alu/Spices	roopa.kataria@anagram.co.in	+91 79 4001 9886
Renisha Chainani	Gold/Silver/Zinc/Lead	renisha.chainani@anagram.co.in	+91 79 4001 9859
Ruchir Kapadia	Crude Oil/Natural Gas	ruchir.kapadia@anagram.co.in	+91 79 4001 9801

Sales	E-mail	Mobile	Tel. (Direct)
Brijesh Patel	brijesh.vpatel@anagram.co.in	+91 92272 60030	+91 79 4001 9879
Bhavin Shah	bhavin.shah@anagram.co.in	+91 92272 60028	+91 79 4001 9804

For any clarification and more information: Commodity Research Desk: 92272 60068

Disclaimer

This document has been prepared by Anagram Comtrade Ltd. (Anagram), For use by the recipient only and not for circulation. The information and opinions contained in the document have been compiled from sources believed to be reliable. Anagram does not warrant its accuracy, completeness and correctness. This document is not, and should not be construed as, an offer to sell or solicitation to buy any securities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from us. Anagram and the analyst(s), including his dependant family members may have an interest in the securities recommended above
 Copyright in this document vests exclusively with Anagram comtrade Limited.

To unsubscribe, send a mail to unsubscribechinta@gmail.com