


**PICK OF THE WEEK**

**JEERA: Buy with the Stop Loss of 10100**

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**THIS WEEK' RECOMMENDATION**

Commodity	Recommendation
Gold	Consolidation, Look for Daily recommendation
Silver	Consolidation, Look for Daily recommendation
Copper	Buy MCX Copper above Rs 262 SL of 252
Zinc	Buy MCX Zinc (Feb) around 148 to 150 with SL of 146.
Crude Oil	Buy crude oil if it closes above \$60

**REVIEW OF LAST WEEK' RECOMMENDATION**

Commodity	Outcome
Gold	Successful
Silver	Unsuccessful
Copper	Successful
Zinc	Not Materialized
Crude Oil	Not Materialized

**Anagram Research is also available on Bloomberg <Code ANGML> and ISI Emerging Markets**

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### MULTI COMMODITY EXCHANGE (MCX)

Commodity	Contract	Open	High	Low	Close	Change In Price	% Change In Price
Gold	April	9570	9634	9492	9592	11.00	0.11
Silver	March	20250	20479	19825	20329	65.00	0.32

### COMEX \$

Commodity	Contract	Open	High	Low	Close	Change In Price	% Change In Price
Gold	April	673.4	676.6	664.1	672.8	1.10	0.16
Silver	Mar	13.98	14.13	13.515	13.99	0.10	0.72

### BULLION INDICES

Index	9/2/2007	16/2/2007	% Change
Phlx Gold Silver Index	141.67	143.12	1.02
Amex Gold Bugs Index	340.06	347.09	2.07
CBOE Gold Index	147.27	149.01	1.18

### ETF HOLDINGS (Gold & Silver)

ETF	Holding	+/- tonne
Street Tracks Gold	475.76	14.18
Gold Bullion Securities	87.08	-0.01
Gold Bullion Securities	11.08	0.15
New Gold Debentures	10.24	0.00
Total Gold Holdings	584.16	
I-shares Silver Trust	3888.9	0.00

This week, we have Japan Interest Rate decision on 21<sup>st</sup> Feb. There are rumours in the market that Bank of Japan will rise rates from 0.25% to 0.5%. If this done, than bullion prices can fall drastically. Be cautious in creating position.

## GOLD

### View

Speculative long positions, or bets that prices will rise, outnumbered short positions by 124,750 contracts on the COMEX as per CFTC report. Net-long positions rose by 16,204 contracts, or 15 percent, from a week earlier. Gold futures rose this week, gaining 0.1 percent to \$672.80 a troy ounce. Miners, producers, jewelers and other commercial users were net-short 165,464 contracts, an increase of 18,800 contracts, or 13 percent, from the previous week.

**Many Gold ETF and Central Banks have increased their gold holdings, and everywhere there buying going on. Gold is in consolidation phase, neither sustaining at higher levels and nor at lower levels. Watch out for BOJ decision, and then trade cautiously.**



## SILVER

Speculative long positions, or bets that prices will rise, outnumbered short positions by 43,562 contracts on the COMEX according to CFTC Report. Net- long positions rose by 2,435 contracts, or 6 percent, from a week earlier. Silver futures rose this week, gaining 0.5 percent to \$13.99 a troy ounce. Miners, producers, jewelers and other commercial users net-short 63,607 contracts, an increase of 2,618 contracts, or 4 percent, from the previous week.

**Silver is in consolidation phase. If bullish trend continues, Silver prices have good room for going up to Rs 21200. Sell Silver if prices fall below this rising wedge. MACD and RSI are also in consolidation.**

SILVER 1 [Z100013]20335.00,20390.00,20187.00,20347.00, 800310 0.14%  
Price



## TECHNICAL LEVELS

Commodity	Contract	Support 1	Support 2	Pivot	Resistance 1	Resistance 2
MCX Gold	Apr	9511	9431	9573	9653	9715
COMEX Gold	Apr	665.7	658.7	671.2	678.2	683.7
MCX Silver	Mar	19943	19557	20211	20597	20865
COMEX Silver	Mar	13.63	13.26	13.88	14.24	14.49



### WEEKLY MOVEMENT

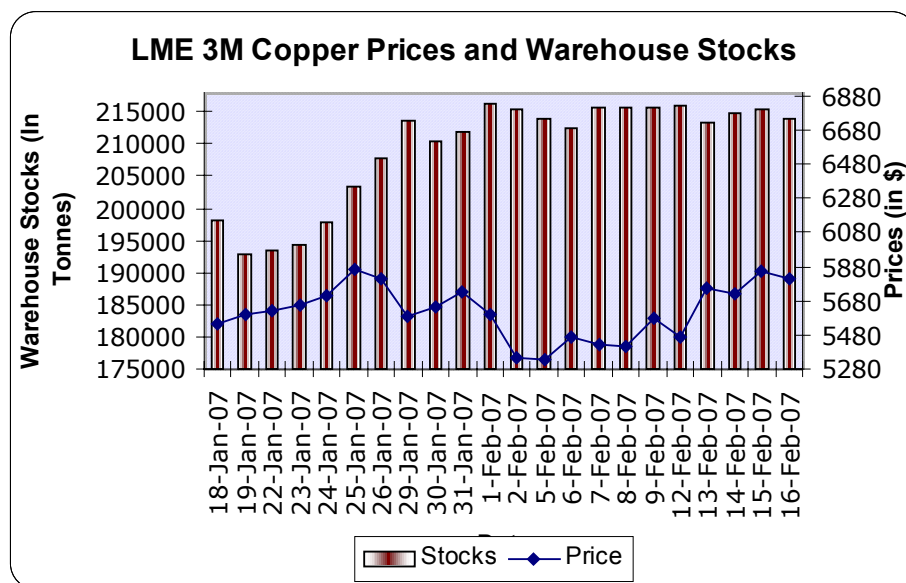
Exchange	Contract	Open	High	Low	Close	Closing Change	% Closing Change
<b>MCX (Rs/Kg)</b>	<b>February</b>	<b>246.90</b>	<b>261.95</b>	<b>241.20</b>	<b>257.70</b>	<b>10.80</b>	<b>4.37</b>
<b>LME (\$/Tonnes)</b>	<b>3 Month</b>	<b>5580</b>	<b>5935</b>	<b>5435</b>	<b>5810</b>	<b>230</b>	<b>4.12</b>
<b>COMEX (\$/ Lb)</b>	<b>March</b>	<b>253.35</b>	<b>270</b>	<b>247.50</b>	<b>265.15</b>	<b>11.80</b>	<b>4.65</b>

### WEEKLY CHANGE IN WAREHOUSE STOCKS

Change In LME Stocks (In Tonnes)	Change In COMEX Stocks (In Tonnes)	Change In Shanghai Stocks (In Tonnes)
<b>213800(-1825)</b>	<b>35881(-604)</b>	<b>31007(+4355)</b>

### MARKET COMMENTS

Copper across the exchanges posted another week of strong gains with LME turnover exceeding that of Aluminium. Copper rose this week on signs that an improving economy in the U.S. and rising imports by China, the largest buyer, will boost demand for the metal used in pipes and wires. China's Copper imports for the month of January stood at 229100 tons up by 44% YoY. This week saw a net decline in warehouse inventories of Copper at LME and COMEX.



In a report released by **International Copper Study Group**, the global refined copper market was in an apparent production surplus in November of about 14,000 metric tons, rising to around 30,000 tons after making seasonal adjustments for usage.

The apparent refined copper balance for the first 11 months of 2006, including revisions to previous data, indicates a production surplus of about 108,000 tons. When seasonally adjusted, this becomes a surplus of 207,000 tons.

Meanwhile data released by **CFTC** shows that Hedge-fund managers and other large speculators decreased their net-short position in New York copper futures in the week ended Feb. 13. Net-short positions fell by 1,222 contracts, or 6%, from a week earlier

### VIEW

With Copper demand on recovery path in US after housing led de-stocking and rising Chinese demand specifically after the NEW Year Holidays scheduled for next week, Red metal prices are expected to form a base and rally upward. Copper near resistance stand around \$5960.

**Buy Copper above Rs 262 SL of 252**

COPPER.1 [Z100022] 259.60, 260.15, 255.40, 257.60, 42181000 -0.77%  
Price





### MULTICOMMODITY EXCHANGE (MCX)

Commodity	Contract	Open	High	Low	Close	Change In Price	% Change In Price
<b>Zinc (Rs/Kg)</b>	<b>February</b>	<b>141.55</b>	<b>151.85</b>	<b>138.4</b>	<b>150.6</b>	<b>9.85</b>	<b>7.00</b>

### LONDON METAL EXCHANGE (LME)

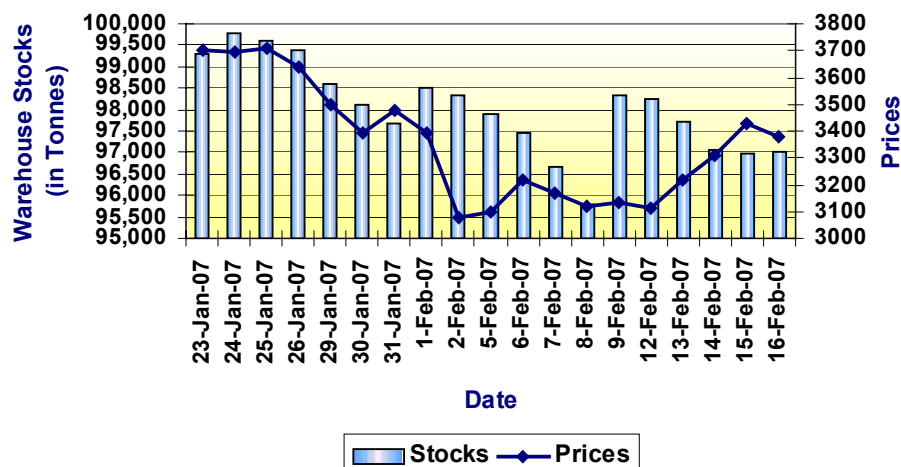
Commodity	Contract	Open	High	Low	Close	Change	% Change	LME Stocks (In Tonnes)
<b>Zinc (\$/ton)</b>	<b>3 Month</b>	<b>3140</b>	<b>3435</b>	<b>3080</b>	<b>3380</b>	<b>250</b>	<b>7.99</b>	<b>97025(-1325)</b>

### NEWS

### MARKET COMMENTS

### VIEW

**LME Zinc Warehouse Stocks and 3M Contract Price**



### BULLISH

LME Warehouse Stocks of Zinc were down by 1.3% last week.

Technically, RSI and MACD have also shown reversal in trend.

**Buy on dips with SL of 146 Rs with target of 154 and 160.**

## THE INDICATOR

19th February 2007

ZINC 1 [Z100070] 151.85, 151.85, 149.30, 150.40, 35635000 -0.69%  
Price





### WEEKLY MOVEMENT

#### MCX & NYMEX

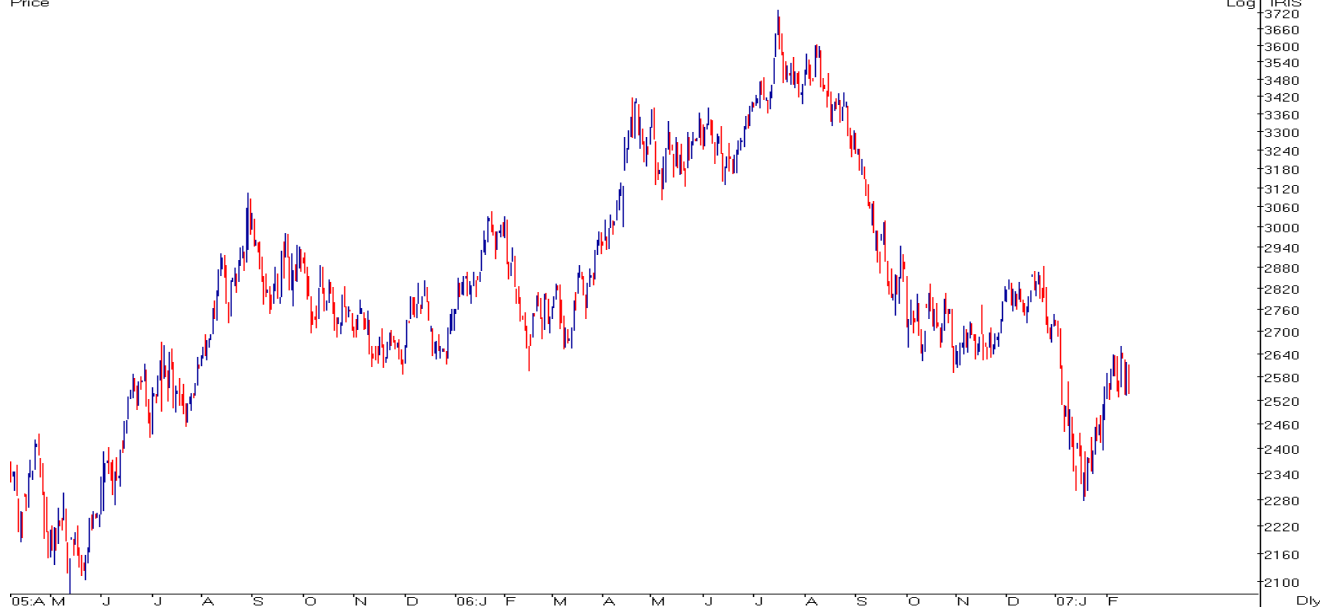
Commodity	Contract	Open	High	Low	Close	Change In Price	% Change In Price
MCX	March	2662	2664	2527	2623	-50	-1.85
NYMEX	March	59.68	59.76	56.62	59.39	-0.60	-1.01

### COMMENTS

Weakness in crude oil prices continued as it failed to cross \$60 level. Warm weather outlook across U.S. has dragged prices lower. Nymex March contract opened at \$59.68 and made low of \$56.62 during the week. The prices recovered on Friday after U.S. warned of further militants attack in Nigeria. The contract closed 0.84% down over a week at \$59.39. Next week, crude oil prices might be more volatile as U.N.'s deadline to Iran for stopping enrichment program is approaching, Feb 21. Buy crude oil if it closes above \$60.

#### Buy crude oil if it closes above \$60

CRUDEOIL 1 [Z100023] 2599.00, 2613.00, 2537.00, 2548.00, 1401100 -2.15%



**NATURAL GAS**
**WEEKLY MOVEMENT**

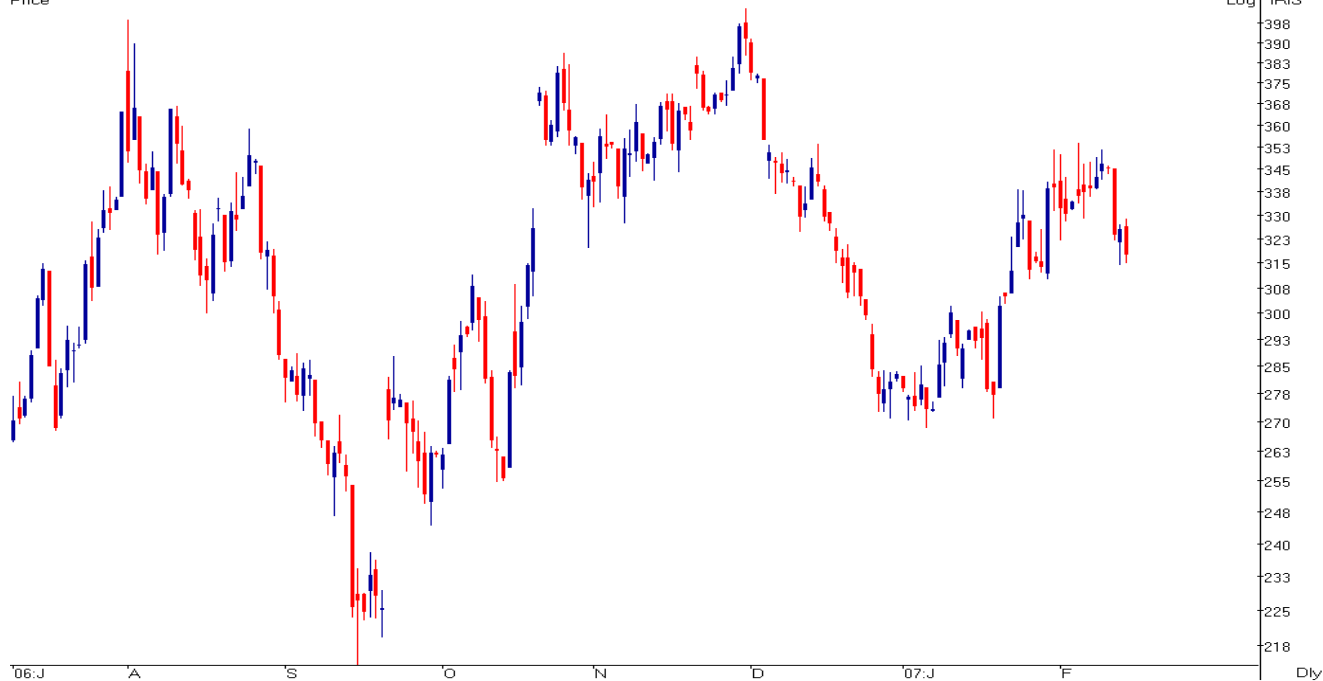
Commodity	Contract	Open	High	Low	Close	Change In Price	% Change In Price
<b>MCX</b>	<b>March</b>	<b>343.20</b>	<b>343.20</b>	<b>315.80</b>	<b>329</b>	<b>-15.80</b>	<b>-4.51</b>
<b>NYMEX</b>	<b>March</b>	<b>7.66</b>	<b>7.67</b>	<b>7.05</b>	<b>7.50</b>	<b>-0.33</b>	<b>-4.20</b>

**COMMENTS**

Bearishness continued in natural gas on warm U.S. weather outlook. Natural gas prices on nymex opened at \$7.66 and fell to the low of \$7.05 during the week. But on profit booking at lower levels, the contract closed 4.20% down over a week to close at \$7.83. On mcx, March contract opened at high of the week and closed 4.50% over a week. Sell natural gas below \$7.35.

**Sell natural gas below \$7.35**

NATURALGAS 1 [Z100077] 326.40, 328.90, 315.20, 317.80, 3604000 -2.31%



## MILD STEEL INGOT

WEEKLY MOVEMENT

Commodity	Contract	Open	High	Low	Close	Change In Price	% Change In Price
NCDEX	February	19750	19940	19662	19910	19679	0.67

COMMENTS

Steel prices remained in a narrow range during the week. Ncdex February contract opened at Rs.19750 and touched high of Rs.19940 during the week. The contract ended flat at Rs.19910.

STLINGGZB 1 [Y100020]19803.00,19928.00,19803.00,19870.00, 1260 0.29%



**ECONOMIC DATA****LAST WEEK****US Trade Gap widens to a new annual record**

The nation's trade gap widened by 5.3% in December, reaching \$61.2 billion. Analysts had expected the deficit to increase to \$59.5 billion.

Despite the improvement in September through November, for all of 2006, the U.S. trade deficit amounted to a record \$763.6 billion, wider by 6.5% from 2005. But in a sign that the trade gap could be stabilizing, the deficit accounted for 5.8% of GDP in 2006, the same percentage as in 2005. Another sign of improvement was that exports rose faster than imports in 2006, the first time this has happened since 1997. In December, imports rose faster than exports. As economists had forecast, imports of petroleum products rose sharply and exports of civilian aircraft declined. Imports increased 2.1%, reaching \$186.7 billion. December exports rose 0.6% to \$125.5 billion. Imports of goods alone rose 3.8% to \$186.7 billion. The U.S. imported a record amount of automobiles and auto parts and consumer goods.

**Import prices tumbles 1.2% on drop in Oil prices**

Prices paid for goods imported into the US fell by 1.2% in January reflecting large declines in petroleum and natural gas prices. The 1.2% drop in import prices was in line with the 1.1% drop that had been projected by economists. Import prices had risen 1.1% in December.

Imported petroleum prices fell 7.3%, while prices for imported natural gas plunged 12% after having risen by 11% in December and by 43% in November. Excluding fuels such as crude oil and natural gas, however, January's import prices rose 0.3%, the third straight increase. Excluding only petroleum, import prices were unchanged. Meanwhile, prices received for exports from the United States rose 0.3% in January and are up 4.1% in the past 12 months. Agricultural export prices rose 0.7% and are up 13.5% in the past year. Export prices excluding agriculture were 0.3% in January and have moved up 3.3% on a year-over-year basis.

**NAHB Home Builders Index rose to 40, highest since last June**

US Home Builders confidence returns and are still pessimistic about the housing market as the Housing market Index rises to 40 in February from 35 in January. It's the highest since June 2006. The index had fallen to a 15-year low of 30 in September. A year ago, the index was at 56. The index has been below 50 for 10 months. A reading of 50 would indicate builder sentiment is equally divided between those who view the market as good and those who see it as bad

All three components of the index improved in February. The current home sales index rose to 42 from 36, the buyers' traffic index rose to 31 from 26 and the future sales index rose to 55 from 47, the first reading above 50 since June. Builders in all four regions were more optimistic in February. The Northeast and South were the most optimistic at 46. Builder sentiment in the West was at 35, while sentiment in the Midwest was at 29. The Northeast and South were the most optimistic at 46. Builder sentiment in the West was at 35, while sentiment in the Midwest was at 29.

### Industrial Output falls: Biggest drop in 16 months

US Industrial production plunged in January as a big drop in manufacturing of vehicles and parts, more than offset a rebound in utilities. Automakers and other producers are slashing production to bring down their inventories of unsold goods. The decline in factory output was even steeper, with production down 0.7%. Production of motor vehicles and parts fell 6%. Vehicle assemblies fell to their lowest level in nearly a decade. The decline in factory output was broad based. Factory output excluding vehicles fell 0.4%.

Capacity utilization fell to 81.2% in January from 81.8% in December. This is the lowest level since last February. The Fed had been worrying about high rates of capacity utilization feeding into inflation. Industrial production excluding autos fell 0.2% in January after a 0.5% gain in December. The decline in industrial output would have been worse without the sharp rise in utility output in January. The output of utilities rebounded 2.3% in January after falling 2.7% in December, as temperatures grew colder. The output of consumer goods fell 0.2% after rising 0.1% in December. Business equipment production fell 1.6% in January after a 2.3% rise in the previous month.

### January Housing Starts Plunged 14.3% to near a 10 year low.

US New home building pace down by 37.8% year over year to a seasonally adjusted rate of 1.408 million much lower than expected drop of 2% to 1.60 million by economists. January's rate was the lowest for housing starts since April 1997. Starts were down 37.8% compared with January 2006, the largest year-over-year decline since early 1991. Also, building permits dropped 2.8% to 1.568 million in January, 28.6% below the same month a year ago.



The number is not only well below the December pace, but it is 22 percent below the average for all of 2006, when housing was already slowing down. Severe storms in parts of the country could have had a large impact on the starts figures. Permits are not as sensitive to the weather.

### Consumer Sentiment drops in February

University of Michigan consumer sentiment index eroded in February after hitting a two-year at 96.9 high the previous month to 93.3. The decline in February was larger than expected by economists the index to slip to 96.2.

The current index fell to 108.3 points in February from 111.3 in January, but remained slightly above the 108.1 level in December. The expectations index fell to 83.7 points from 87.6 in the previous month. It was still above the 81.2 level in December. Inflation expectations remained stable in February. This is a key factor in the Federal Reserve's interest rate playbook. The Fed has held interest rates steady at 5.25% since last summer and economists expect no change in policy over the next few meetings.

### Inflation at Producers level falls further in January to 0.6%

U.S. Wholesale prices shrank a slightly bigger-than-forecast 0.6% in January, as energy prices declined sharply while core producer prices inched up as expected while core producer prices increased modestly for the second consecutive month. The drop in wholesale prices and the gain in the core rate were in line with the expectations of economists. In December, produce prices rose 0.9% and the core rate rose 0.2%.

The main factor behind the drop in wholesale prices in January was the sharp decline in energy prices. Gasoline prices fell 13%. Natural-gas prices fell 1.9%. A slew of factors led to the increase in the core rate, including higher prices for drug preparations, civilian aircraft, cigarettes and women's apparel. Drug preparations rose 1.3%, the biggest gain since May. Civilian aircraft prices rose 1.1%, the biggest gain since November. The basic industrial-materials index rose 1.6% in January after a 0.5% gain in the previous month.

### NEXT WEEK

Date	Country	Event	Time *	Consensus	Previous
<b>21/02/07</b>	<b>JAPAN</b>	<b>BOJ Target Rate</b>	<b>10:30/ 11:30</b>	<b>0.25%</b>	<b>0.25%</b>
	<b>USA</b>	<b>Consumer Price Index (JAN)</b>	<b>19:00</b>	<b>0.10%</b>	<b>0.50%</b>
	<b>USA</b>	<b>Core CPI (JAN)</b>	<b>19:00</b>	<b>0.20%</b>	<b>0.20%</b>
	<b>USA</b>	<b>Leading Indicators (JAN)</b>	<b>20:30</b>	<b>0.30%</b>	<b>0.30%</b>
	<b>USA</b>	<b>FOMC Minutes for JAN 30-31 Meeting</b>	<b>0:30</b>	<b>--</b>	<b>--</b>


**AGRI WATCH**
**WEEKLY MOVEMENT**

Commodity	Contract	Open	High	Low	Close	Change In Price	% Change In Price
CHANA	20-Mar-07	2,103	2,156	2,079	2,052	-44.00	-2.10
RED_CHILLI	20-Mar-07	3,761	4,020	3,750	3,755	-40.00	-1.05
GUAR_GUM	20-Mar-07	4,785	4,785	4,520	4,512	-136.00	-5.67
GUAR_SEED	20-Mar-07	1,935	1,942	1,837	1,840	-98.00	-5.06
JEERA	20-Mar-07	9,650	10,479	9,555	10,412	787.40	8.18
MAIZE	20-Mar-07	800	810	794	803	7.00	0.88
MUSTARDSEED	18-May-07	388	394	384	387	-2.25	-0.58
PEPPER	20-Mar-07	12,735	12,840	12,302	12,640	-101.00	-0.79
SOYA_OIL	20-Mar-07	449	453	444	447	-1.95	-0.43
SOYABEAN	20-Mar-07	1,429	1,451	1,416	1,446	14.10	0.98
SUGARM	20-Mar-07	1,530	1,550	1,525	1,523	-6.00	-0.39
TURMERIC	20-Apr-07	2,038	2,043	1,990	2,001	-36.00	-1.77
WHEAT	20-Mar-07	952	975	951	968	20.00	2.11
CARDAMOM	15-Mar-07	470	487	461	465	-10.00	-2.11
MENTHA OIL	30-Mar-07	614	616	577	588	-24.40	-3.98

**SUPPORT - RESISTANCE LEVELS**

Commodity	Contract	Support 1	Support 2	Resistance 1	Resistance 2
CHANA	20-Mar-07	2,035	2,019	2,112	2,173
RED_CHILLI	20-Mar-07	3,663	3,572	3,933	4,112
GUAR_GUM	20-Mar-07	4,426	4,341	4,691	4,871
GUAR_SEED	20-Mar-07	1,804	1,768	1,909	1,978
JEERA	20-Mar-07	9,818	9,225	10,742	11,073
MAIZE	20-Mar-07	795	786	811	818
MUSTARD_SEED	18-May-07	383	379	392	398
PEPPER	20-Mar-07	12,348	12,056	12,886	13,132
SOYA_OIL	20-Mar-07	443	439	452	457
SOYABEAN	20-Mar-07	1,424	1,403	1,459	1,473
SUGARM	20-Mar-07	1,515	1,508	1,540	1,558
TURMERIC	20-Apr-07	1,980	1,958	2,033	2,064
WHEAT	20-Mar-07	954	941	978	989
CARDAMOM	15-Mar-07	455	445	481	497
MENTHA OIL	30-Mar-07	572	555	610	632

**AGRI COMMODITIES****CEREALS****STC Imported 49.93 lakh tonnes Wheat So Far**

The State Trading Corporation has imported 49.93 lakh tonnes of wheat so far as on 12.02.07. The imported wheat had arrived at eight Indian ports i.e., Mundra, Kandla, Vizag, Chennai, Tuticorin, Kakinada, Mumbai and Cochin ports. Of the wheat arrived so far, 49.09 tonnes had been discharged from ships. About 42.26 lakh tonnes had been moved out of the ports. The rest amount i.e., 5.57 lakh tonnes is expected to arrive by the end of February. U.S. Corn Supply, Stocks Projection 2006/07 Unchanged This Month

**Other**

**Sugar :** Sugar prices traded higher during the week on recovery in international markets and strong demand from Russia. On ncdex March contract opened at Rs.1530 and rose to the high of Rs.1550. Prices fell on Saturday after International Sugar Organisation upward revised world sugar surplus. The contract closed 1.4% down at Rs.1523.

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