

PICK OF THE WEEK
Buy NCDEX GuarSeed (June) around 1920 SL 1865 TGT 1995
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THIS WEEK' RECOMMENDATION

Commodity	Recommendation
Gold	Buy MCX Gold (Jun) around 12300 with SL of 12120 and Target 12500
Silver	Buy MCX Silver (Jul) above 23600 SL 23250 Target 24000
Copper	Buy MCX Copper (Jun) around 353 SL 347 Tgt 362
Lead	Buy MCX Lead (May) above 99 SL 96 Tgt 105
Zinc	Buy MCX Zinc (May) around 99 SL 95 Tgt 104
Crude Oil	Sell MCX Crude Oil (Jun) below 5299 SL 5420 TGT1 = 5180 TGT2 =5150
Nat Gas	Sell MCX NatGas (Jun) below 472 SL 485 TGT 1 = 459, TGT 2 = 452

REVIEW OF LAST WEEK' RECOMMENDATION

Commodity	Outcome
Gold	Successful
Silver	Partly Successful
Copper	Price levels did not materialize
Zinc	Successful
Lead	Successful
Crude Oil	Unsuccessful
Natural Gas	Unsuccessful

COMMODITY WEEKLY WATCH

MULTI COMMODITY EXCHANGE (MCX)

Commodity	Contract	Open	High	Low	Close	Change In Price	% Change in Price
Gold	Jun	11897	12357	11731	12344	454.00	3.82
Silver	Jul	23000	23669	22750	23551	651.00	2.84

COMEX \$

Commodity	Contract	Open	High	Low	Close	Change In Price	% Change in price
Gold	Jun	884.3	905.6	860	899.9	14.10	1.59
Silver	Jul	16.9	17.37	16.55	16.96	0.05	0.30

TECHNICAL LEVELS

Commodity	Contract	S3	S2	S1	Pivot	R1	R2	R3
MCX Gold	Jun	11305	11518	11931	12144	12557	12770	13183
MCX Silver	Jul	22059	22404	22978	23323	23897	24242	24816
COMEX Gold	Jun	825.80	842.90	871.40	888.50	917.00	934.10	962.60
COMEX Silver	Jul	15.73	16.14	16.55	16.96	17.37	17.78	18.19

ETF HOLDINGS (GOLD & SILVER)

ETF Holdings	10/05/2008	17/05/2008	+/- tonne during last week
Street Tracks Gold	590.37	583.93	-6.44
Gold Bullion Securities (LSE)	114.01	111.85	-2.16
Gold Bullion Securities (ASX)	20.91	20.91	0
New Gold Debentures (JSE)	27	27	0
COMEX Gold Trust (IAU)	61.25	61.25	0
Total Gold Holdings	813.54	804.94	-8.6
I-shares Silver Trust	5927.99	5989.57	61.58

FUNDAMENTAL COMMENTS

MCX Gold prices rose more than COMEX Gold due to 3% depreciation in Indian Rupee. Gold market is currently focusing on movements in the currency markets whereas its reaction to the crude oil prices has subsided. If the US currency extends its recent firmness against major counterparts, some more correction in gold prices can be seen. But, overall trend is still up for the gold prices. CFTC Gold Open Interest has increased 35% and Silver 32%

US Dollar Index fell as US Consumer Confidence came at 28 year low. Venezuela on Thursday shut the door to new gold projects and threatened other mining and logging concessions in a step by leftist President Hugo Chavez to tighten control of natural resources. Environment Minister Yuviri Ortega said the South American country will not give permits for any open-pit mines and will not allow companies to look for gold in its vast Imataca Forest Reserve.

Gold hedging positions of mining companies fell 18 percent to 22 million ounces in the first quarter of 2008 due to high gold prices, forecasting a full-year drop of 10-12 million ounce. AngloGold Ashanti reduced 1.2 million ounces of hedging, Barrick cut 1.1 million ounces, Buenaventura closed out their entire hedging positions of 0.9 million, while Newcrest removed 0.7 million ounces

TECHNICAL VIEW

Gold has successfully crossed resistance of \$900. If Crude oil continues to upward movement then Gold and Silver will accumulate buying to edge prices to \$950 in Gold and \$18 in Silver.

Buy MCX Gold (Jun) around 12300 with SL of 12120 and Target 12500
Buy MCX Silver (Jul) above 23600 SL 23250 Target 24000

WEEKLY MOVEMENT

Exchange	Contract	Open	High	Low	Close	Closing Change	%Closing Change
MCX (Rs/Kg)	Jun-08	341.2	357.45	338.4	355.9	15.35	4.51
LME (\$/Tonnes)	3-month	8174	8490	8055	8439	339.00	4.19
COMEX (\$/ Lb)	June-08	371.2	385.95	365.25	382.65	11.00	2.96

WEEKLY CHANGE IN WAREHOUSE STOCKS

Change In LME Stocks (In Tonnes)	Change In COMEX Stocks (In Tonnes)	Change In Shanghai Stocks (In Tonnes)
121225(-50)	10658 (-169)	51507(+388)

MARKET COMMENTS AND NEWS

Copper extended a powerful rally from levels earlier this week under \$8,100, trading up to a one-month high of \$8,490 before settling at \$8,439. Much-vaunted warehouse stock increases have failed to materialise, so technical tightness has increased, centered around the May-June period.

There was a weekly SHFE stock rise of 388 tonnes - a decrease in the 1,000-tonne region had been expected. And LME inventories increased by 375 tonnes to 121,225 tonnes, but cancelled warrants jumped again and since May 13, cancelled warrant tonnage has jumped 84 percent from 8,100 tonnes.

There is a speculation that Chile's Confederation of Copper Workers may resume protest as workers haven't received bonuses outlined in the agreement that ended the original 20-day strike.

There were some negative also that the National Bureau of Statistics of China disclosed Chinese copper output in April rose by about 23% on year to 329,000 mt. China's copper production in January-April increased by approx. 18% on year to 1.16 million mt

Buy MCX Copper (Jun) around 353 SL 347 Tgt 362

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MULTI COMMODITY EXCHANGE (MCX)

Commodity	Contract	Open	High	Low	Close	Change In Price	%Change in price
Lead (Rs/Kg)	May	92	99.9	90.45	99.25	7.15	7.76
Zinc (Rs/Kg)	May	90.25	99.9	90.1	99.35	9.40	10.45

LONDON METAL EXCHANGE (LME)

Commodity	Contract	Open	High	Low	Close	change	%change	LME stocks (in tonnes)
Lead (\$/ton)	3 Month	2220	2360	2170	2342	151.00	6.89	63200(+4600)
Zinc (\$/ton)	3 Month	2180	2375.5	2160	2365	211.00	9.80	123500(-2250)

FUNDAMENTAL COMMENTS

Zinc Prices rose 8.5% during the week. And Lead rose 5% during the week after falling 15% during the previous week. Zinc established itself at over \$2300 a ton. It was announced that two zinc smelters with a total capacity of 110 thousand tons in the Chinese Gansu province would remain closed until the end of the month due to damages caused by the earthquake. Disrupted production in China will probably erode some of the global surplus estimated to be as much as 700,000 tons this year

At the same time, Canadian mining company Lundin announced that it had cut its forecast for zinc production this year by 7 thousand tons on account of a delay in starting work at the Aljustrel mine in Portugal. A labor strike at Anglo American Plc's Namibian Skorpion mine, Africa's largest zinc operation, is also hampering production, with the dispute entering a seventh day. Skorpion, near Namibia's border with South Africa, has the capacity to produce about 150,000 tons of zinc a year. That's about 1 percent of global mine output forecast at 12.08 million tons this year.

TECHNICAL VIEW
Lead:

- As lead is produced jointly with zinc, it has also been subject to speculation on news of the earthquake in China. **Buy MCX Lead (May) above 99 SL 96 Tgt 105**

Zinc:

- From a technical viewpoint, zinc remains vulnerable, as it failed to take the 55-day line at 2422. There is a strong support line at 2101, its January low.
- Given that zinc has been the one most impacted by the Chinese quake, this seems to be a reasonable bet going into next week. **Buy MCX Zinc (May) around 99 SL 95 Tgt 104**


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WEEKLY MOVEMENT - MCX & NYMEX

Commodity	Contract	Open	High	Low	Close	Change In Price	%Change in price
MCX Crude	Jun	5200	5388	5121	5343	121.00	2.32
MCX Natural Gas	Jun	481	497	472	474	-8.50	-1.76
NYMEX Crude	Jun	125.84	127.82	120.75	126.29	0.33	0.26
NYMEX Natural Gas	Jun	11.644	11.794	11.01	11.094	-0.44	-3.84

FUNDAMENTAL COMMENTS

Crude oil prices may remain too volatile in this coming week. Oil has maintained its upward journey as the dollar weakened against the euro and amid expectations of increased demand from China in the wake of Monday's earthquake, which will tighten the distillates market. Crude prices also rose after Goldman Sachs increased its oil forecast for the second half of the year by 32%. Venezuelan President Hugo Chavez, whose country is the biggest oil exporter in the Americas, said crude oil would rise to 400 or \$500 a barrel in the case of a U.S. attack. Iran is reviewing a proposal to reduce its crude oil production Iranian output would be cut by between 400,000 barrels a day and 1 million barrels a day from next month.

On the other side Saudi Arabia announced that it was increasing its output by 300,000 barrels a day for the month of June. Though the announcement came after Bush met with Saudi King Abdullah, Saudi oil minister Ali al-Naimi said that the decision was made a week ago in response to requests for bigger volumes from 50 of its customers worldwide. The Bush administration has halted purchases of crude oil for the nation's Strategic Petroleum Reserve, reversing its policy on the emergency reserve to ease the upward pressure on oil prices. Buying 76,000 barrels a day of crude oil for the reserve was needlessly adding to upward pressure on prices, especially for the high quality, light crude that is benchmark on the New York Mercantile Exchange.

TECHNICAL VIEW

Sell MCX Crude Oil (Jun) below 5299 SL 5420 TGT1 = 5180 TGT2 =5150
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Date	Country	Event	Time	Consensus	Previous
19/05/08	USA	Leading Indicators	19:30	0.00%	0.10%
20/05/08	JAPAN	BOJ Target Rate	---	0.50%	0.50%
	USA	Producer Price Index (MoM)	18:00	0.40%	1.10%
	USA	PPI Ex Food & Energy (MoM)	18:00	0.20%	0.20%
21/05/08	USA	ABC Consumer Confidence	2:30	- -	-47.00
	USA	Minutes of April 29-30 FOMC Meeting	23:30		
22/05/08	UK	Retail Sales (MoM)	14:00	-0.50%	-0.40%
	UK	Retail Sales (YoY)	14:00	4.20%	4.60%
23/05/08	Europe	PMI Manufacturing	13:30	50.5	50.7
	UK	GDP (YoY)	14:00	2.50%	2.5%
	USA	Existing Home Sales	19:30	4.85M	4.93M

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