



Bullions exhibiting strength

Bullion: Bullish undercurrent

Gold jumped more than 1% to scale a seven-week high peak on Tuesday on the back of a sharp decline in the dollar and firmer oil prices. Bolstered by speculative fund buying, the yellow metal finished at Rs9,223 per 10 grams against Monday's closing of Rs9,117. Silver followed the lead, and jumped by a whopping Rs231 to end the day at Rs19,601 per kilogram.

The undercurrent appears to be strong, owing to the firming oil prices. The sustained gains in the crude oil prices should attract more customers to the precious metals markets on Wednesday as well. However gold is likely to face resistance at Rs9,290 while silver faces a resistance at Rs19,740. If these two resistances are breached, we may witness an upswing in gold to Rs9,359 and silver could test Rs19,849.

Copper: Cautious optimism in the short term

Despite a build-up of 775 tonne in the LME warehouses the red metal rallied breaching the psychological resistance of \$5,700 as buyers become more optimistic on the demand factors. Copper was supported by numerous factors including the US warehouses recording yet another draw from Baltimore, a re-look at the recent positive data from the USA (industrial production, housing, durable goods orders) and China's improving imports. The weaker US Dollar, as the euro and the pound rallied yesterday on the interest rate outlook based on recent data amid increasing energy prices, firm crude oil prices, a rally in nickel and tin and talks of China planning to handle its natural reserve management in a new way also supported the red metal.

Yesterday was a data light day (thus helpful to buyers in a way) with only the US leading indicators on the cards that showed a reading in line with the expectations. The market is looking forward to the US housing and durable goods orders data to be released in the next two days. Copper is looking better amid the positive factors and is likely to move higher in the short term if crude oil doesn't show a steep fall.

Nickel and zinc: Nickel reaching dizzying heights

Nickel posted yet another all-time high of \$38,300 per tonne on supply concerns and moved closer to its perceived target of \$40,000. The bullish trend is intact, but the high prices in the tight supply situation could make both the buyers and the sellers nervous. The possibility of heavy profit booking around \$39,000 is not ruled out. Hence it is advisable to pick long positions at lower levels with reasonable targets.

Zinc was totally ignored yesterday, as it appears that funds were more focused on the rallying prices of copper, nickel, tin and aluminium. Zinc is likely to get its fair share of focus today if the complex is stable.

Crude Oil: Expected to be steady

Crude oil is likely to trade steady during the day on talks of the plans by the USA to double the nation's emergency stockpiles. It has been reported that the US government will start buying 100,000 barrels a day this spring to increase the capacity of the US strategic petroleum reserve to 1.5 billion barrels during the next 20 years. The EIA petroleum status report could show a high surplus. However, the market is likely to recover after the initial sell-off on weather reports and the US SPR news.

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