Bullion could be subdued

Bullion: Subdued trading to persist

Gold futures closed lower on Wednesday, failing to hold their ground at the $660 an ounce level as a retreat in the oil prices pared the metal's safe-haven appeal. Gold for April delivery closed $1.40 lower at $657.30 an ounce on the New York Mercantile Exchange. Gold did not take off as oil slipped on the price graphs yet again. Crude's failure to capture the $60 per barrel level prevented gold from scaling $660. Silver mirrored gold's moves and closed at $13.65 an ounce.

In India on the MCX gold for April delivery scaled a high of Rs9,468 and a low of Rs9,407, thus failing to touch either the resistances or the supports predicted yesterday. The yellow metal closed at Rs9,421, Rs10 below the previous closing. Silver for March delivery scaled a peak of Rs21,043, thus going beyond the first resistance forecasted yesterday and subsequently falling to Rs19,944, above the first forecasted support by Rs41. The white metal closed at Rs20,020, Rs18 above the previous closing.

Today the movement of the prices should be somewhat subdued. With crude having taken a beating, the gold investors are bound to be clueless at least for a major portion of the day. The direction may be visible only during the afternoon. Gold for April delivery may face resistances at Rs9,479 and Rs9,523 while the supports come in at Rs9,379 and Rs9,301. Silver for March delivery is likely to witness capping resistances at Rs20,101 and Rs20,194 while the supports come in at Rs19,909 and Rs19,804.

Copper: Pressured by stock build-up

Copper fell on the first build-up (of 3,175 tonne) in the LME stocks after three days of continuous fall. The red metal dipped to $5,354 before recovering on short covering. Yesterday's trading was choppy amid low volumes and the traders, especially the sellers, largely appeared reluctant to commit themselves at sub $5,400 levels. Probably the traders are waiting for further cues for the direction, as below $5,400 it is a risky proposition for both the buyers and the sellers. However, the bears clearly have a technical advantage. It has been reported that some Chinese producers are stocking ahead of the coming holidays. The stock analysis shows a huge-build up of 1,975 tonne at Singapore marking the first major inflows in the last few weeks. Cancelled tonnage stands at 10,300 making 4.77% of the total tonnage available at the LME. Long Beach (USA) recorded outflows for the first time. Norddeutsche Affinerie AG, Europe's copper refiner, said the Chinese demand for the metal improved last year. Crude oil is likely to slip lower today, which could put pressure on the prices of copper. During the day the LME stocks coupled with crude oil prices could influence the movement.

Other base metals: Aluminium falls after options expiry

Aluminium fell when all possibilities of making the $2,850 February call option "in the money" were exhausted. The metal has lost a major support and looks weak.

Zinc was tracking copper and slipped lower despite a drawdown in the LME stocks. Zinifex has said that China’s zinc exports were up on the LME price differential, which has narrowed down. As a result the incentive to export would come down. It could provide some additional support to the metal. The company maintains a bullish outlook in the medium to long term. During the day zinc should move along with copper and the $3,000 support could hold if the stock rise is modest and copper doesn't undergo a huge sell-off.

Nickel is prone to further correction as the bulls’ confidence has been dented by the difference of opinion among nickel experts. The cash to 3-month tightness is providing good support to the metal.