



International Commodities

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International Commodities

News and Analysis

- European stocks up ahead of US employment data.
- Weekly Shanghai inventories of copper up by 36.6 pct last week.
- Crude oil trades higher on supply worries from Iran.

European markets traded higher today, ahead of US employment data which will measure the strength of the recovery in the world's largest economy. However, concerns with respect to Europe's debt crisis still persist and any negative news or developments from the Euro Zone front may lead to rise in risk aversion in the global markets.

Spot gold prices recovered from its earlier losses and were trading at \$1759/oz till 4.30 pm IST today. Weakness in the US dollar supported upside in the yellow metal prices in the international markets. Gold touched a two and a half month high of \$1762/oz till 4.30 pm IST today. However, appreciation in the Indian Rupee exerted downside pressure in the yellow metal prices on the domestic bourses.

Spot silver prices declined around 0.3 percent and touched an intra-day low of \$34.10/oz till 4.30 pm IST today. However, sharp decline was cushioned on account of a weaker dollar in today's trade. MCX Silver March contract traded on a flat note and was hovering around Rs57,065/kg till 4.30 pm IST.

The base metals complex traded higher on the LME today, mainly taking cues from weakness in the US dollar. However, appreciation in the Indian currency led metals to trade lower in case of copper, nickel and aluminium and sharp gains were capped in case of lead and zinc on the domestic platform.

Weekly copper inventories in warehouses monitored by the Shanghai Futures Exchange increased sharply by 36.6 percent to 179,891 tonnes in this week. This sharp rise in the red metal inventories will act as a negative factor for copper prices.

Nymex crude oil prices rose 0.7 by percent today taking cues from a weaker dollar and supply concerns from Iran. Oil prices were trading around \$97.01/bbl after touching an intra-day high of \$97.07/bbl till 4:30pm IST. On the MCX, crude oil prices rose around 0.4 percent as further gains were capped due to a stronger Rupee and were hovering around Rs4746/bbl till 4:30pm IST today.

Performance during the day

as at 4.30 pm – 3 February'12

| Index | Open | High | Low | Last | % Chg from Prev day |
|--------|----------|----------|----------|----------|---------------------|
| Nifty | 5276.10 | 5334.85 | 5255.55 | 5325.85 | 1.06 |
| Sensex | 17444.25 | 17630.53 | 17382.70 | 17604.96 | 0.99 |
| Nikkei | 8849.17 | 8877.57 | 8825.98 | 8831.93 | -0.51 |
| Kospi | 1982.24 | 1982.62 | 1961.95 | 1972.34 | -0.60 |
| FTSE | 16252.40 | 16362.88 | 16169.92 | 16169.92 | 0.52 |

Source: Reuters

as at 4.30 pm – 3 February'12

| Currency | Open | High | Low | Current | % Chg from Prev day |
|--------------|--------|--------|--------|---------|---------------------|
| Dollar Index | 79.13 | 79.22 | 78.915 | 78.945 | -0.21 |
| Euro/\$ Spot | 1.3145 | 1.3183 | 1.3112 | 1.3179 | 0.26 |
| INR/\$ Spot | 49.02 | 49.19 | 48.67 | 48.67 | -0.71 |

Source: Reuters

as at 4.30 pm – 3 February'12

| Commodity | Unit | Open | High | Low | Last | % Chg from Prev day |
|--------------------------|----------|----------|----------|----------|----------|---------------------|
| Spot Gold | \$/oz | 1759.20 | 1762.90 | 1754.44 | 1759.44 | 0.05 |
| Comex Gold Feb'12 | \$/oz | 1758.70 | 1761.30 | 1756.70 | 1760.30 | 0.20 |
| MCX Gold – Apr'12 | Rs/10gms | 28151.00 | 28233.00 | 28081.00 | 28081.00 | -0.26 |
| Spot Silver | \$/oz | 34.28 | 34.38 | 34.10 | 34.18 | -0.32 |
| Comex Silver Mar'12 | \$/oz | 34.335 | 34.39 | 34.12 | 34.255 | 0.23 |
| MCX Silver – Mar'12 | Rs/kg | 57257 | 57370 | 57026 | 57065 | 0.07 |
| Crude Oil Nymex – Feb'12 | \$/bbl | 96.61 | 97.07 | 96.18 | 97.01 | 0.67 |
| ICE -Brent Crude Oil | \$/bbl | 112.50 | 112.64 | 111.93 | 112.45 | 0.34 |
| MCX Crude Oil - Feb'12 | Rs/bbl | 4738 | 4760 | 4718 | 4746 | 0.40 |
| Copper LME - 3 Month | \$/tonne | 8345.25 | 8393.00 | 8318.00 | 8378.00 | 0.58 |
| MCX Copper - Feb'12 | Rs/kg | 412.10 | 414.10 | 409.70 | 411.30 | -0.10 |
| Zinc LME - 3 Month | \$/tonne | 2092.50 | 2117.50 | 2080.00 | 2114.75 | 1.34 |
| Zinc MCX - Feb'12 | Rs/kg | 102.85 | 103.40 | 102.50 | 103.05 | 0.49 |
| Lead LME - 3 Month | \$/tonne | 2165 | 2193 | 2158 | 2190 | 1.48 |
| Lead MCX - Feb'12 | Rs/kg | 106.10 | 106.70 | 105.50 | 106.55 | 0.66 |
| Nickel LME - 3 Month | \$/tonne | 20850 | 21030 | 20781 | 20950 | 0.24 |
| Nickel MCX - Feb'12 | Rs/kg | 1026.70 | 1032.50 | 1021.00 | 1024.70 | -0.19 |
| Aluminum LME - 3 Month | \$/tonne | 2212.00 | 2221.75 | 2191.00 | 2215.00 | 0.23 |
| Aluminum MCX - Feb'12 | Rs/kg | 108.30 | 108.60 | 107.00 | 107.55 | -0.42 |

Source: Reuters

International Commodities

Outlook

Rising concerns with respect to global economic growth will lead to rise in risk aversion in the global markets. On account of this, we expect strength in the US dollar today. Investors are also caution ahead of US employment data which is to be release today later in the evening.

Taking cues from this we expect precious metals and base metals to trade lower today.

We expect crude oil prices to trade with a sideways bias today, taking cues from supply concerns from Iran and mixed sentiments in the global markets.

Technical Outlook for evening session – 3 February'12 (CMP as of 5.00 pm)

| Commodity | Unit | Trend | Support 2 | Support 1 | CMP | Resistance1 | Resistance 2 |
|-------------------------------|-----------|----------|-----------|-----------|--------|-------------|--------------|
| Gold Apr'12 | Rs/10 gm | Up | 28240 | 28330 | 28382 | 28511 | 28590 |
| Spot Gold | \$/oz | Up | 1733 | 1747 | 1759.5 | 1766 | 1773 |
| Silver Mar'12 | Rs /kg | Up | 56430 | 56840 | 56950 | 57420 | 57900 |
| Spot Silver | \$/oz | Up | 33.68 | 34.03 | 34.2 | 34.64 | 34.99 |
| Crude Oil Feb '12 | Rs /bbl | Sideways | 4652 | 4701 | 4741 | 4769 | 4803 |
| Nymex Crude Oil Mar'12 | \$/bbl | Sideways | 95.1 | 96.1 | 96.9 | 97.5 | 98.2 |
| Natural Gas Feb'12 | Rs /mmBtu | Up | 118 | 121.2 | 122.9 | 128.2 | 130.5 |
| LME Copper | \$/tonne | Down | 8180 | 8260 | 8375 | 8410 | 8510 |
| Copper Feb'12 | Rs /kg | Down | 405.6 | 408.6 | 410.9 | 415.2 | 418 |
| Zinc Feb'12 | Rs /kg | Up | 101 | 102.2 | 103.05 | 103.4 | 104.4 |
| Lead Feb'12 | Rs /kg | Up | 104 | 105.5 | 106.45 | 107.2 | 108.2 |
| Aluminum Feb'12 | Rs /kg | Sideways | 105.25 | 106.65 | 107.5 | 108.6 | 109.7 |
| Nickel Feb'12 | Rs /kg | Down | 1001 | 1014 | 1023.3 | 1033 | 1044 |

Important Events for Today

| Indicator | Country | Time (IST) | Actual | Forecast | Previous | Impact |
|------------------------------------|---------|------------|--------|----------|----------|--------|
| Services PMI | UK | 3:00pm | 56.0 | 53.6 | 54.0 | High |
| Retail Sales m/m | Euro | 3:30pm | -0.4% | 0.4% | -0.8% | Medium |
| Non-Farm Employment Change | US | 7:00pm | - | 156K | 200K | High |
| Unemployment Rate | US | 7:00pm | - | 8.5% | 8.5% | High |
| Average Hourly Earnings m/m | US | 7:00pm | - | 0.2% | 0.2% | Medium |
| ISM Non-Manufacturing PMI | US | 8:30pm | - | 53.2 | 52.6 | High |
| Factory Orders m/m | US | 8:30pm | - | 1.5% | 1.8% | Medium |