



# Commodity Research

11<sup>th</sup> March 2010

## MORNING MANTRA (METALS & ENERGY)

### NEWS ROUND UP

- China's inflation reached a 16- month high in February, industrial output climbed and new loans exceeded forecasts, adding to the case for the government to pare back stimulus measures.
- Japan's economy expanded less than initially estimated in the fourth quarter as companies pared spending and stockpiles as deflation deepened.
- Australian employers added the fewest jobs in six months in February, suggesting the central bank has room to slow the pace of future interest-rate increases.
- Copper declined in Shanghai as an increase in China's imports last month boosted supplies in the world's largest consumer.

### MOVEMENTS IN INTERNATIONAL EXCHANGES AS ON 10<sup>th</sup> March 2010

COMMODITY	EXCHANGE	CONTRACT	UNIT	CLOSING	%CHANGE
<b>BULLIONS</b>					
GOLD	COMEX	APR	USD/TROY OUNCE	1,106.10	-1.44
SILVER	COMEX	MAR	USD/OUNCE	17.005	-1.81
PLATINUM	COMEX	MAR	USD/TROY OUNCE	1,588.30	-0.42
<b>BASE METALS</b>					
COPPER	COMEX	MAR	USD/POUND	3.3635	-1.02
ZINC	SHFE*	MAY	YUAN/TONNE	18645.00	-2.61
COPPER	SHFE*	MAY	YUAN/TONNE	59340.00	-1.67
ALUMINIUM	SHFE*	MAY	YUAN/TONNE	16750.00	-0.86
<b>LME</b>					
COPPER	LME	3 MONTHS	USD/TONNE	7570.00	1.82
ALUMINIUM	LME	3 MONTHS	USD/TONNE	2260.00	1.44
ZINC	LME	3 MONTHS	USD/TONNE	2391.00	1.92
LEAD	LME	3 MONTHS	USD/TONNE	2310.00	3.68
NICKEL	LME	3 MONTHS	USD/TONNE	22080.00	0.36
TIN	LME	3 MONTHS	USD/TONNE	17725.00	2.43
<b>ENERGY</b>					
CRUDE OIL	NYMEX	APR	USD/BARREL	81.83	0.42
NATURAL GAS	NYMEX	APR	USD/MMBTU	4.567	1.13
<b>CURRENCY</b>			<b>CLOSING</b>		
DOLLAR INDEX (MAR)			80.505		-0.12
EURO/ USD (MAR)			1.35905		0.000

\* Closing as per first session of 11.03.10

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**MOVEMENTS IN MCX AND NCDEX AS ON 10<sup>th</sup> March 2010**

COMMODITY	EXCHANGE	CONTRACT	UNIT	CLOSING	% CHANGE
<b>BULLIONS</b>					
GOLD	MCX	APR	INR / 10 GM	16484	-1.45
SILVER	MCX	MAY	INR /1KG	26546	-1.80
<b>BASE METALS</b>					
COPPER	MCX	APR	INR /1KG	337.90	-1.34
ALUMINIUM	MCX	MAR	INR /1KG	100.55	-1.37
ZINC	MCX	MAR	INR /1KG	106.45	-0.28
LEAD	MCX	MAR	INR/1KG	103.15	0.88
NICKEL	MCX	MAR	INR /1KG	974.60	-3.91
NEW STEEL LONG	NCDEX	MAR	INR /MT	25660.00	1.14
<b>ENERGY</b>					
CRUDE OIL	MCX	MAR	INR /1BARREL	3711	-0.32
NATURAL GAS	MCX	MAR	INR /1MMBTU	204.80	-0.82
<b>CURRENCY</b>				<b>CLOSING</b>	<b>% CHANGE</b>
INR/ 1 DOLLAR MCX (MAR. CONTRACT)				45.46	-0.50
INR/ 1 EURO (RBI REFERENCE RATE)				61.75	-0.42

**STOCK POSITIONS AT LME WAREHOUSES AS ON 10<sup>th</sup> March 2010**

COMMODITY	CLOSING STOCK POSITION	+/-	LME WARRANT	LME CANCELLED WARRANT
<b>Copper</b>	538175	-700	510850	27325
<b>Aluminium</b>	4527825	-5150	4238000	289825
<b>Nickel</b>	159702	-210	157092	2610
<b>Zinc</b>	539300	-625	535825	3475
<b>Lead</b>	170475	125	157625	12850
<b>Tin</b>	23855	185	23080	775

**Note:** **LME WARRANT:** - A document of possession, issued by the warehouse company, for each lot of LME approved metal held within an LME approved facility. Warrants are used as the means of delivering metal under LME contracts.

**LME CANCELLED WARRANT:** - Change in stockpiles of metal, which may no longer be available at warehouses and is booked for removal or onward shipment. This information is a valuable indicator of consumption trends, which in turn can provide valuable information in price trends.

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### Yesterday results of key U.S economic releases

Indicator	Period	Forecast	Previous	Actual
MBA Mortgage Applications	Mar	-	14.6%	0.5%
EIA Crude Oil Stocks change	Mar	2.1M	4.1M	1.4M

### Market Update

Gold may recover partly in early trade on Thursday on bargain-buying after the yellow metal shed 1.5 percent in the previous session. Traders would be awaiting the weekly U.S. jobless claims due later in the day for direction. On COMEX division gold regained some strength on Thursday after falling to its lowest in nearly two weeks, though failure to sustain recent gains may spur selling further on. Bullion has seen a series of correction since striking a lifetime high \$1,200 an ounce last December. Although it has rebounded from a three-month low around \$1,043 February, a build up in long positions in New York futures has now threatened to cap any gains.

India copper futures may extend the previous day's losses on Thursday morning following weak overseas leads, but a weaker rupee, which makes the dollar-quoted asset expensive, could limit the downside. The Indian rupee started slightly weaker on the back of the dollar's gains versus major currencies and a choppy start to the local share market. Copper may trade in the range of 332-344.

U.S. crude futures fell below \$82 a barrel on Thursday after hitting an eight-week high above \$83 a day earlier on government data showing an unexpected decline in U.S. gasoline inventories. Wednesday's gains came after the U.S. Energy Information Administration data showed a surprise drop of 2.9 million barrels last week. U.S. commercial crude oil stockpiles rose 1.4 million barrels, below the 1.9 million barrels rise that analysts had been expecting. Distillate stocks, which include heating oil and diesel, fell by 2.2 million barrels, far more than the 900,000 barrel draw predicted by the market.



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