

COPPER

FUNDAMENTALS

Copper prices drifted down during Wednesday's session at the LME. The prices continued down on mounting concerns about the possibility of demand for copper and other base metals to get adversely affected from a slow down in the US economy. Moreover copper prices fell following weakness in the UK stock markets and recent continuous weakness in crude oil prices.

Copper prices in domestic markets on Thursday may try to recover a bit looking at weakness in the US dollar, recovery in US, Asian equity markets, a 75 basis points rate cut by the Fed and following a successive draw down in LME warehouse copper inventories.

The Federal Reserve recently slashed by 75 basis points its federal funds and discount rate to 3.5% and 4% respectively. The market is expecting a further rate cut likely in Fed's upcoming January 29-30 meet.

TECHNICALS

Candlestick pattern is revealing bearish sentiments. Copper prices have closed far below short as well as medium term EMA's showing weakness. MACD is declining in positive zone showing decreasing bullish momentum. Stochastic Oscillator and RSI are falling in neutral region indicating weakness. Copper may trade volatile during the session.

TUG-OF-WAR: Bulls vs. Bears

No.	Pressure Point	Favours
1.	LME stocks deplete	Bulls
2.	WBMS:Jan-Nov, ICSG:Jan-Oct global copper mkt in deficit	Bulls
3.	Fed cuts funds rate, discount rate	Bulls
4.	Weakness in dollar	Bulls
5.	Gains in US, Asian equity markets	Bulls
6.	Crude oil closes down	Bears
7.	US economy's slow down concerns	Bears



TRADE RECOMMENDATION

Contract	Call	Entry	T1	T2	SL	S2	S1	PCP	R1	R2
MCX-Feb	BUY	> 269.7	275.0	276.7	Below 266.0	261.4	265.5	270.25	277.9	281.9

ALUMINIUM

FUNDAMENTALS

Aluminium prices closed down at the LME PM Kerb session on Wednesday. Aluminium prices declined despite a draw down in LME warehouse aluminium stocks.

The prices fell obtaining cues from weakness in copper, losses in UK equities, decline in crude oil prices and fear of US economy affecting demand for industrial metals.

China's Aluminum Corp. of China or Chalco on Wednesday closed two aluminum production units in Guizhou province.

Aluminium prices may try to recoup a bit following Fed's emergency rate cut though may continue slightly weak later on looming US economic concerns and aluminium markets surplus.

TECHNICALS

Aluminium chart is exhibiting a short-term downtrend. Candlestick pattern is showing indecision. Prices continue to lay below short and medium term EMA's supporting the downtrend. MACD is declining in negative zone revealing increasing bearish momentum. RSI is falling in neutral region denoting weakness though Stochastic Oscillator's oversold levels are warranting caution to the bears. The prices may move volatile during the session.

TUG-OF-WAR: Bulls vs. Bears

No.	Pressure Point	Favours
1.	Fed's slashes funds, discount rate	Bulls
2.	Weakness in the US dollar	Bulls
3.	LME stocks draw down	Bulls
4.	Gains in US stock markets	Bulls
5.	Crude oil prices ends weak	Bears
6.	IAI: Dec global aluminium output Up	Bears
7.	WBMS: World aluminium market in surplus during Jan-Nov	Bears



TRADE RECOMMENDATION

Contract	Call	Entry	T1	T2	SL	S2	S1	PCP	R1	R2
MCX-Jan	BUY	> 93.7	94.6	94.8	Below 93.2	92.6	93.2	94.05	94.8	95.5

ZINC

FUNDAMENTALS

Zinc prices fell in line with declines in copper and lead prices Wednesday.

The prices further dipped following a hefty build up in LME warehouse zinc inventories, weakness in UK stock markets, losses in crude oil prices and due to concerns about the US economy moving towards a possible recession thus hurting demand for industrial metals like zinc.

The State Statistics Bureau of China reported China's GDP rose 11.2% during last quarter of 2007, as against 11.5 % of quarter three.

Zinc prices may follow copper's price movement in the near term though may not stick for long on any recovery amid zinc markets narrowing surplus.

LME Zinc inventories fell mt to reach 108,925 mt on Wednesday.

TECHNICALS

Zinc chart is displaying a short-term downtrend of prices. Candlestick pattern is showing bearish sentiments. The prices hold below short as well as medium term EMA's supporting the short-term downtrend. Oscillators are falling in neutral region indicating weakness. Zinc prices may move volatile during the session.

TUG-OF-WAR: Bulls vs. Bears

No.	Pressure Point	Favours
1.	Fed cuts int rates by 75 basis pts.	Bulls
2.	Gains in US, Asian equities	Bulls
3.	Weakness in US dollar	Bulls
4.	LME zinc inventories increases	Bears
5.	Declines in copper, lead prices	Bears
6.	WBMS: World zinc mkt in surplus	Bears
7.	US economy's slowdown concerns	Bears



TRADE RECOMMENDATION

Contract	Call	Entry	T1	T2	SL	S2	S1	PCP	R1	R2
MCX-Jan	BUY	> 87.3	88.9	89.7	Below 86.5	83.9	85.4	87.75	89.7	90.9

NICKEL

FUNDAMENTALS

Nickel prices ended down at the LME PM Kerb session. The prices were weighed down by another build up in LME warehouse nickel inventories on Wednesday.

Nickel fell on fear of demand to get reduced or delayed following increasing possibility of US economy moving towards a recession.

The potential buyers are keeping a track of price movement and performance of the global economy particularly of the US.

Further nickel took cues from declines in other base metals prices, losses in European stock markets and weakness in crude oil prices.

TECHNICALS

Nickel chart is displaying a short term down trend of prices. Candlestick formation is showing bearish sentiments. Nickel prices have closed below short and medium term EMA's showing weakness. MACD has made a bearish crossover in positive region showing decreasing bullish momentum. Oscillators are falling in neutral region indicating weakness. Nickel prices may move volatile during the session.

TUG-OF-WAR: Bulls vs. Bears

No.	Pressure Point	Favours
1.	Weakness in the US Dollar	Bulls
2.	Fed cuts funds, discount rate	Bulls
3.	US Equity markets ends positive	Bulls
4.	US economy's slowdown concerns	Bears
5.	LME nickel inventories build	Bears
6.	INSG, WBMS: Jan-Nov nickel market in surplus	Bears



TRADE RECOMMENDATION

Contract	Call	Entry	T1	T2	SL	S2	S1	PCP	R1	R2
MCX-Jan	BUY	> 1047	1068	1078	1033	1018	1034	1057	1082	1098

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