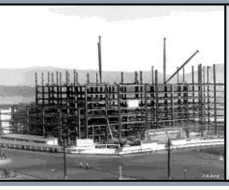



METALS WEEKLY

A Weekly Report on Metals


OUTLOOK

In the week gone by, base metal prices were expected to witness some pullback. However the pull back was supported by follow-through buying in the spot market as was witnessed for faster acceleration in spot prices and thereby sent prices higher. This is indicating that demand is picking up at lower levels.

On the economic data front, only few important data from major regions are due to be released. Housing data from US would be keenly watched wherein existing home sales might decline but new home sales might increase along with growth in durable goods orders. Euro zone's industrial new orders are also expected to get a boost. All the metals are witnessing faster acceleration of price in spot market with major change being witnessed in copper and nickel. Lead market continues to remain in backwardation indicating strong demand. Overall, base metal prices might continue to move higher on the back of expectation of higher demand along with largely positive economic data. However given the uncertainties on how the situation in Japan and tensions in Middle East might pan out, volatility could be witnessed.

TECHNICAL RECOMMENDATIONS*

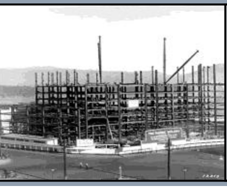
Commodity	Series	S3	S2	S1	CLOSE	R1	R2	R3	Recommendations
LME Aluminum	**Fwd**	2371	2411	2486	2560	2601	2641	2716	**Buy at 2500-30 TP 2630 SL 2440**
MCX Aluminum	**Mar-11**	107.4	109.0	111.9	114.8	116.3	117.9	120.8	**Buy at 112-113 TP 117.5 SL 110.5**
LME Copper	**Fwd**	8433	8689	9099	9510	9766	10022	10432	**Trading range 9950-8900**
MCX Copper	**Apr-11**	391.9	401.5	418.6	435.6	445.3	454.9	472.0	**Sideways**
LME Lead	**Fwd**	2160	2289	2483	2677	2806	2934	3128	**Buy at 2580-2620 TP 2750 SL 2490**
MCX Lead	**Mar-11**	100.4	105.4	113.5	121.7	126.6	131.6	139.7	**Buy at 118-119 TP 124 SL 115**
LME Nickel	**Fwd**	23225	23950	25350	26750	27475	28200	29600	**Sideways**
MCX Nickel	**Mar-11**	1060.7	1090.7	1150.0	1209.3	1239.3	1269.3	1328.6	**Sideways**
LME Zinc	**Fwd**	2146	2197	2261	2325	2377	2428	2492	**Sell at 2360-90 TP 2220 SL 2490.**
MCX Zinc	**Mar-11**	97.9	99.8	102.4	105.0	107.0	108.9	111.5	**Sell at 108 TP 102 Strict SL 111**
Steel NCDEX	**Apr-11**	26880	27040	27220	27400	27560	27720	27900	**Sideways**
MCX Iron Ore	**Mar-11**	6353	6487	6623	6760	6893	7027	7163	**Trading Range 6550-6850**
ICEX Iron Ore	**Mar-11**	7537	7769	7887	8006	8237	8469	8587	**Trading Range 7950-8150**

***NOTE: The calls shown above are purely WEEKLY Recommendations**

Key Economic Events this Week

Date Time	Region	Event	Period	Survey	Prior
21/03/2011 19:30	US	Existing Home Sales	FEB	5.12M	5.36M
23/03/2011 15:30	EC	Industrial New Orders SA (MoM)	JAN	1.20%	2.10%
23/03/2011 19:30	US	New Home Sales	FEB	290K	284K
24/03/2011 18:00	US	Durable Goods Orders	FEB	1.10%	2.70%
25/03/2011 19:25	US	U. of Michigan Confidence	MAR F	68	68.2

For all the data releases; click here




METALS WEEKLY

A Weekly Report on Metals


PERFORMANCE SNAPSHOT

Exchange	Commodity	Open	High	Low	Close	Close % Change	Volume	Volume % Change	Open Interest	OI % Change
LME 3-mth Forward (USD/tonne)	Aluminium	2540	2567	2452	2560	0.59	275,796	42.54	5,255	-39.84
	Copper	9230	9611	8944.5	9510	3.48	257,171	-16.37	4,108	-16.45
	Lead	2429	2739.75	2417	2677	10.30	81,455	36.54	1,950	-14.70
	Nickel	25970	26800	24675	26750	3.08	40,540	-22.56	1,005	-56.13
	Zinc	2280	2364	2248.5	2325	2.20	108,978	-34.88	1,913	-60.78
MCX Futures (`/Kg)	Aluminium	113.15	114.95	110.5	114.75	0.39	34,359	3.46	2,112	-3.34
	Copper	423.05	437.9	411.2	435.6	2.83	699,857	-3.88	20,494	-10.42
	Lead	111.3	123.45	110.35	121.65	9.20	140,404	18.60	7,434	106.10
	Nickel	1180	1210	1120.7	1209.3	2.34	304,796	-9.80	6,687	-25.47
	Zinc	103.5	106.3	101.75	105	1.94	131,265	-25.39	8,791	10.89

MARKET OVERVIEW

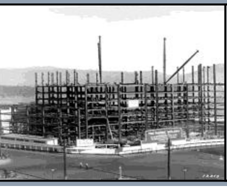
- After starting the week on a note, base metal prices recovered on the back of pick up in demand at lower levels thereby ending with gains of anywhere between half to ten percent
- Divergence in gains within the base metal pack escalated to unusual levels. Lead prices outperformed the entire base metal pack as it ended with gains of ten percent as demand is expected to pick up. Aluminium prices however underperformed the entire base metal pack and ended with marginal gains as the discount in the cash market widened
- All the metals witnessed increase in stocks, except for nickel on London Metal Exchange. Chinese warehouses also witnessed net build-up for copper and zinc while for aluminium draw-downs were witnessed

SHANGHAI MARKET PERFORMANCE

PRICES (CNY/MT)				
Commodity	Previous Week	This Week	Change	% Change
Copper	69360	71350	1990	2.87%
Zinc	17485	17875	390	2.23%
Aluminum	16530	16440	-90	-0.54%

COMEX MARKET PERFORMANCE

PRICES (USD/LB)				
Commodity	Previous Week	This Week	Change	% Change
Copper	419.5	432.95	13.45	3.21%





Commodity Futures Trading Commission (CFTC) Report- Copper

According to **US CFTC data on Copper**, market participants continue to trim positions. This might have been largely owing to whole host of uncertainty. On the non-commercial side, both long and short positions declined with short covering being more visible and same was witnessed on the commercial side as well. Overall, total positions continue to witness decline.

CFTC Report - Copper (In contracts)				
Non-Commercial	3/8/2011	3/15/2011	Change	% Change
Long	49103	46193	-2910	-5.93%
Short	24793	22831	-1962	-7.91%
Spreading	8954	7492	-1462	-16.33%
Commercial				
Long	67688	66453	-1235	-1.82%
Short	93617	88953	-4664	-4.98%
Total				
Long	125745	120138	-5607	-4.46%
Short	127364	119276	-8088	-6.35%

INVENTORY DETAILS

LME WAREHOUSE STOCKS (In tonnes)				
Commodity	Previous week	This week	Change	% Change
Copper	425875	429650	3775	0.89%
Zinc	734075	736200	2125	0.29%
Aluminium	4590300	4612825	22525	0.49%
Lead	288250	288650	400	0.14%
Nickel	128424	125100	-3324	-2.59%

COMEX WAREHOUSE STOCKS (In tonnes)				
Commodity	Previous week	This week	Change	% Change
Copper	85029	84507	-522	-0.61%

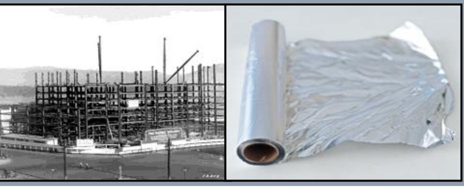
SHANGHAI WAREHOUSE STOCKS (In tonnes)				
Commodity	Previous week	This week	Change	% Change
Copper	158254	177365	19111	12.08%
Zinc	346673	354536	7863	2.27%
Aluminium	421727	411589	-10138	-2.40%

ECONOMIC REVIEW

- **In the week gone by, two major events that took place were the G-7 agreeing on intervention in currency market and Chinese central banks increase of reserve ratio**
- Chinese Central Bank increased reserve ratio by 50 bps to curb inflation. This is the third hike this year and hikes ahead might also continue as inflation levels continue to remain above the comfort level of 4 percent. A whole host of other measures are also being taken to combat inflation and cool down the economy and get it onto more sustainable growth rate
- G-7 nations agreed on joint intervention to stem the gains of Yen which on Thursday, hit highest level since World War II and might hurt the economy further where exports are expected to hit owing to recent catastrophe. Many central banks sold Yen thereby sending Yen lower by more than 3 percent on Friday
- Equity markets continued to remain under pressure and ended lower anywhere between one to ten percent. The most obvious Japanese market ended lower by 10 percent and underperformed all other major global markets. Dollar index however declined by 1.3 percent thereby supporting commodity prices to move higher
- Housing data from US came in below expectation as both housing starts and building permits declined. However investors took respite from declining jobless claims along with acceleration in manufacturing activity as indicated by Philadelphia Fed manufacturing index
- Reserve Bank of Indian hiked both repo and reverse repo rate by 25 bps each and the indications are that it might continue to hike rates ahead as well. The central bank has revised its inflation projection by March end to 8 percent as against previous estimate of 7 percent. This along with decline in dollar index sent Indian rupee higher by quarter percent

Equity Indices	Last Week	This Week	% Change
Dow Jones Ind. Avg.	12044.40	11858.52	-1.54%
S&P 500 Index	1304.28	1279.20	-1.92%
FTSE 100 Index	5828.67	5718.13	-1.90%
Nikkie 225	10254.43	9206.75	-10.22%
Shanghai Composite	2933.80	2906.89	-0.92%
Sensex	18486.45	17878.81	-3.29%

Currency	Last Week	This Week	% Change
Dollar Index	76.776	75.718	-1.38%
EUR/USD	1.3903	1.4182	2.01%
GBP/USD	1.6082	1.6234	0.95%
USD/INR	45.2425	45.1256	-0.26%



METALS WEEKLY

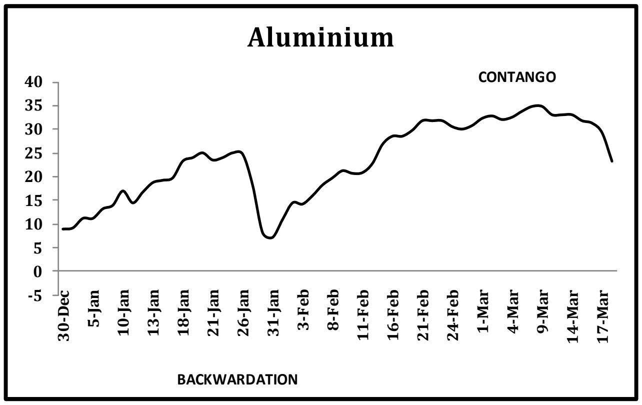
A Weekly Report on Metals

ALUMINIUM

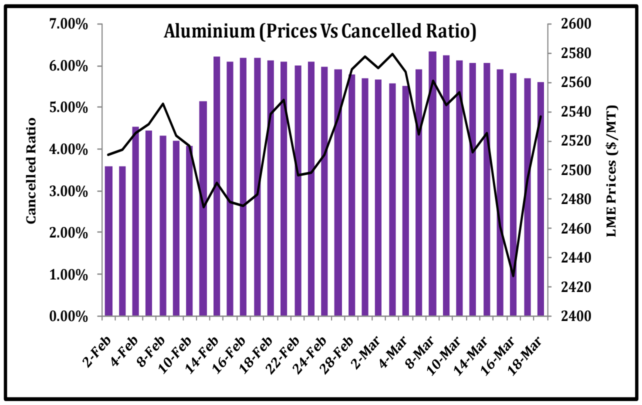
Aluminium prices underperformed the entire base metal pack on the back of increase in stocks along with increase in discount in the spot prices on London Metal Exchange. The discount moved to as high as $33/tonne thereby indicating weak demand.

However the discount has inched back lower and is at $23/tonne. The cancelled warrant ratio is also largely on the higher side, despite net increase this week and thereby draw-downs might continue in the near term.

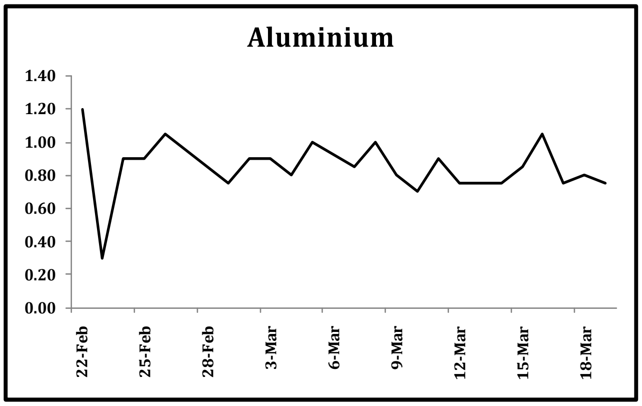
BASIS CHART
(LME 3 MTH FWD–LME CASH PRICES) {$/Tonnes)



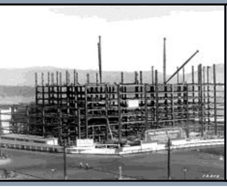
CANCELLED WARRANT RATIO ON LME



CALENDAR SPREAD ON MCX



TECHNICALS: Aluminium prices traded initially traded lower and recovered all the losses by the end of the week and closed in green with margin of 0.60%. Closing of the candle renders upside movements for the coming week. Prices are witnessing key ***"Trend Line"*** support at 2460 levels. On sustained trade above is likely to trade higher. Prices are also witnessing support at 2460 levels (previous swing highs). On sustained trade above would lead the prices to trade further highs. The principle of ***"Fibonacci Retracement"*** states that prices are witnessing support at 2457 levels which is 38.2% retracement of the range (2185-2628). On prolonged trade above would lead the prices to test the origin point. Incase prices breach and sustained trade below 2460 levels may escort the prices to limited gains. The ***"Moving Average"*** principle suggesting upside movements as prices are trading well above the short and medium term EMA's of (8, 21&34). The momentum indicator ***"RSI 14 Weekly"*** is treading at 0.610 and suggesting upside movements. However a mild correction on the lower side is expected before resuming its uptrend.




METALS WEEKLY

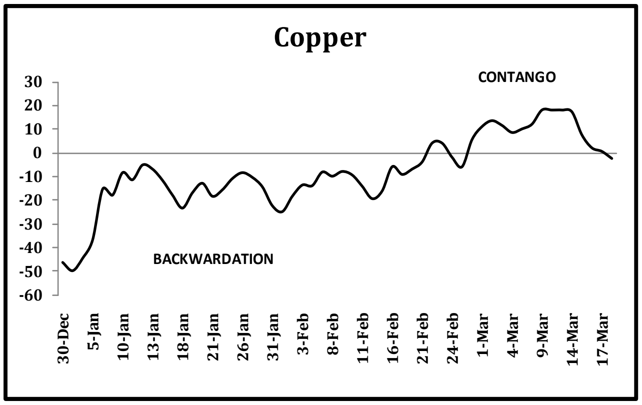
A Weekly Report on Metals


COPPER

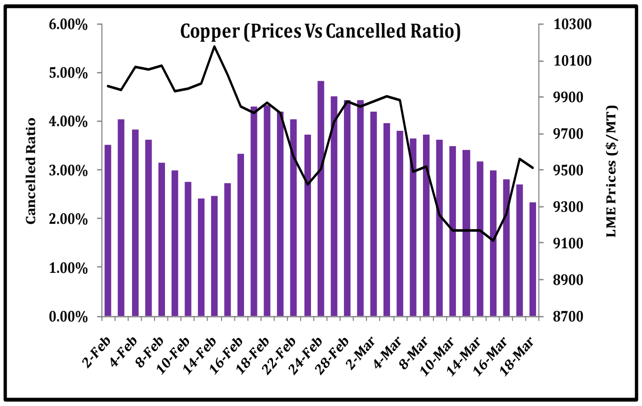
Copper stocks continue to witness net build-up and warehouses in China also witnessed net increase. However prices recovered from lows on expectation of increase in demand from Japan owing to reconstruction, but actual demand would take time to pick-up.

The market has however moved back into backwardation i.e., spot trading at premium. However the premium is just at $1/tonne as against nearly $50/tonne in December last year.

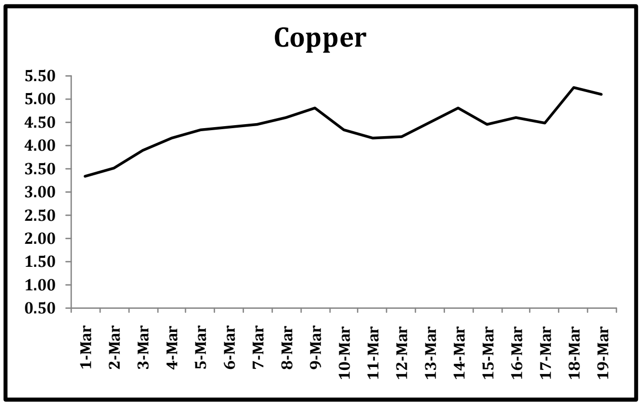
BASIS CHART
(LME 3 MTH FWD–LME CASH PRICES) {$/Tonnes)

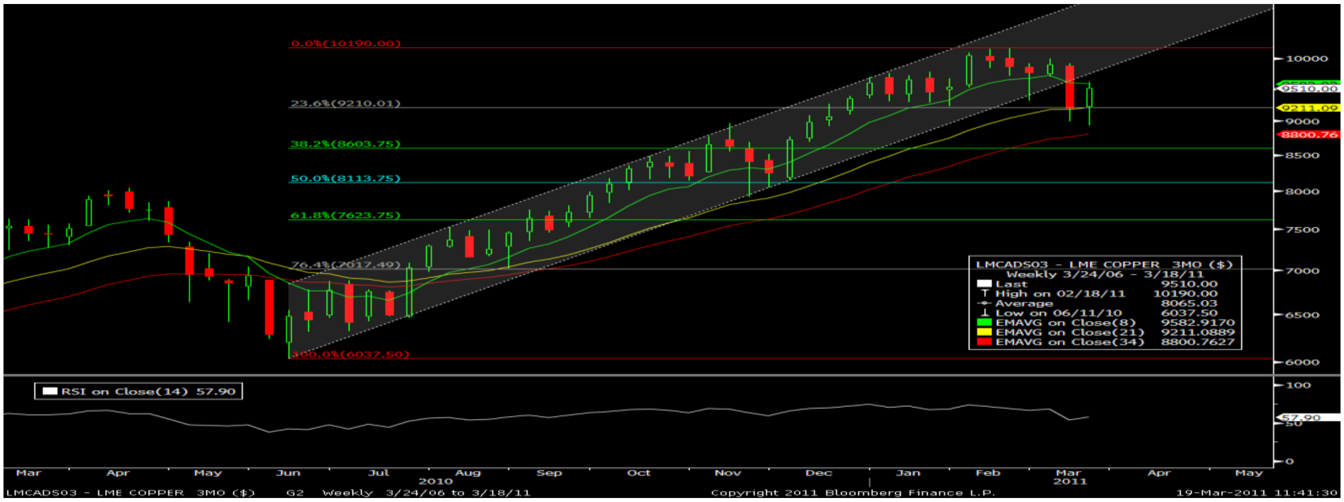


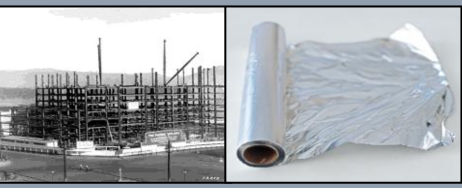
CANCELLED WARRANT RATIO ON LME



CALENDAR SPREAD ON MCX

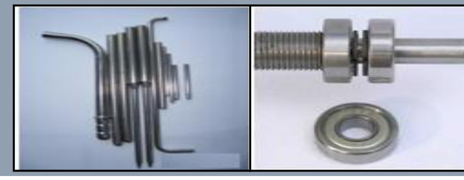






METALS WEEKLY

A Weekly Report on Metals

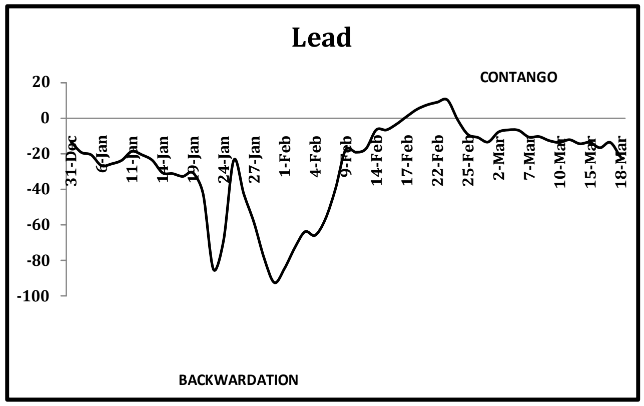


LEAD

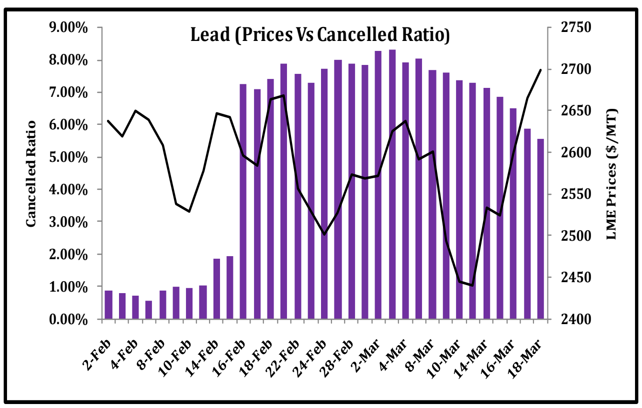
Lead prices outperformed the entire base metal pack as demand for the metal is expected to get boost from more usage of batteries in Japan. Catastrophic event in Japan has made power outages in Japan and thereby more and more batteries might be used in the near term. Batteries are the major user industry of lead. Also Shanghai Futures Exchange has received regulatory approval for lead futures and the trading would start from March 24.

BASIS CHART

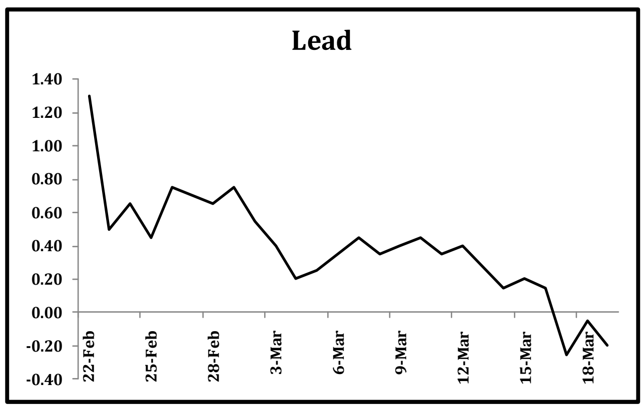
(LME 3 MTH FWD–LME CASH PRICES) {$/Tonnes}



CANCELLED WARRANT RATIO ON LME



CALENDAR SPREAD ON MCX



METALS WEEKLY

A Weekly Report on Metals

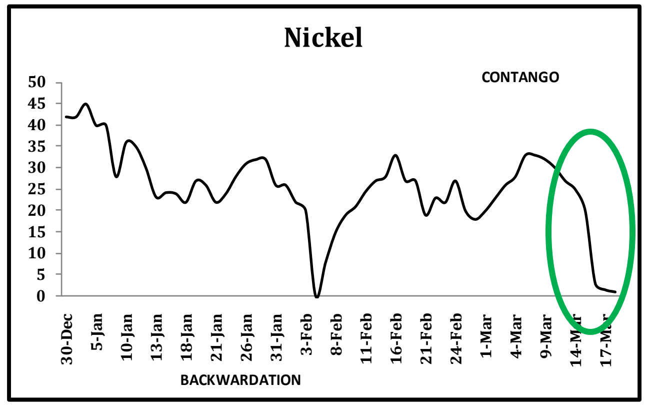
NICKEL

Luding Mining said that operations at its mine in Spain will not resume until 2012. Landslide because of heavy rains has disrupted production from the mine which produces both copper and nickel.

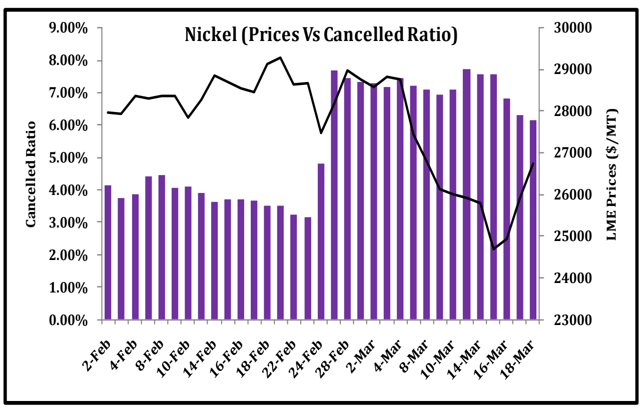
The basis on LME has declined substantially from $20/tonne to zero indicating trimming of discount in the spot market and might be largely owing to pick-up in demand. In fact, nickel has been the only base metal to witness consistent decline in stocks for 13 consecutive days now.

BASIS CHART

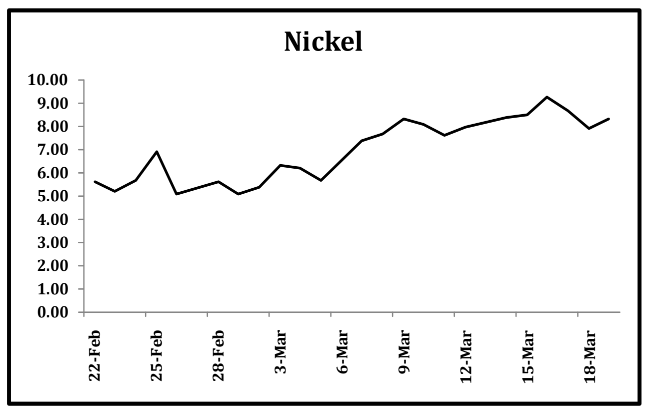
(LME 3 MTH FWD–LME CASH PRICES) {$/Tonnes)

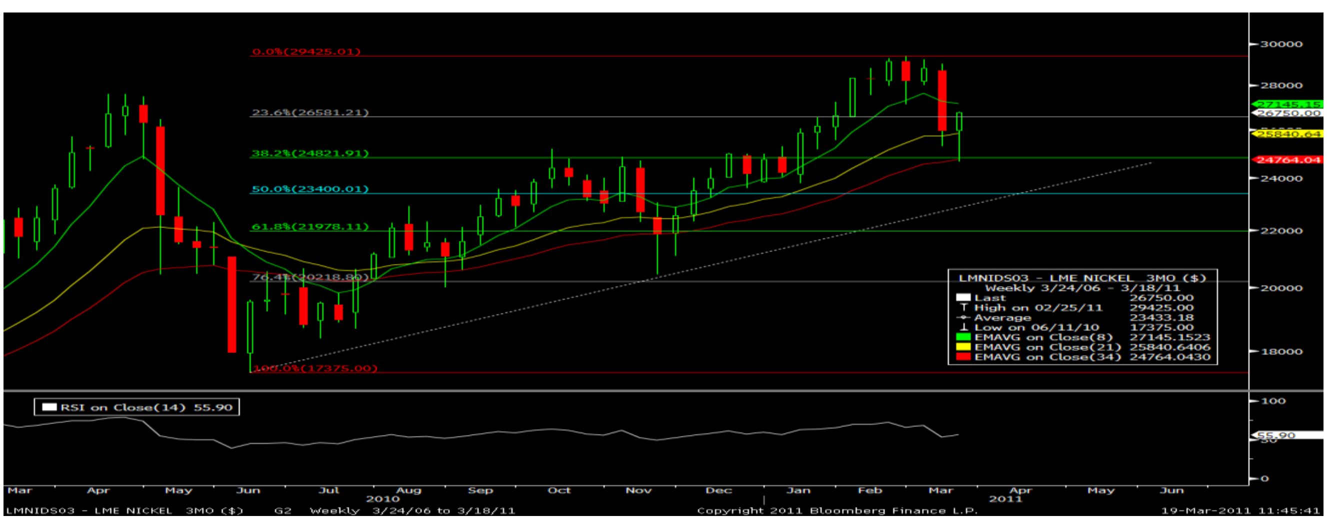


CANCELLED WARRANT RATIO ON LME



CALENDAR SPREAD ON MCX





METALS WEEKLY

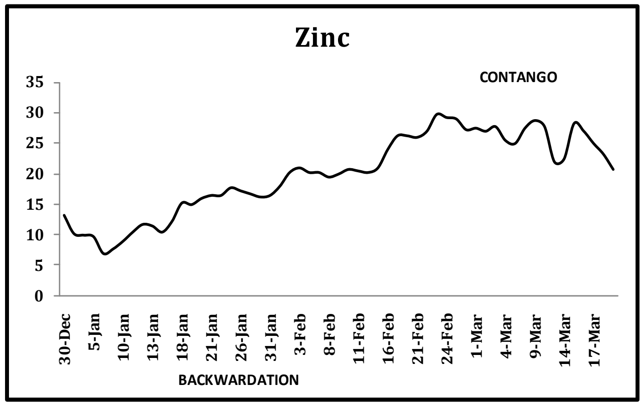
A Weekly Report on Metals

ZINC

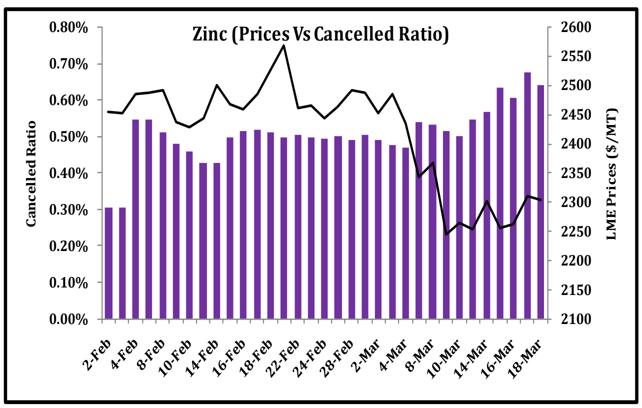
Zinc stocks continue to witness net build-up on both London Metal Exchange and warehouses in China.

The cancelled warrant ratio continues to remain lower and thereby indicating tepid inventory movement ahead as well. The lead-zinc spread moved to two year high of 17 levels. This was largely owing to outperformance of lead as demand is expected to pick up in the near term. The bias is still on the higher side, however caution is advised.

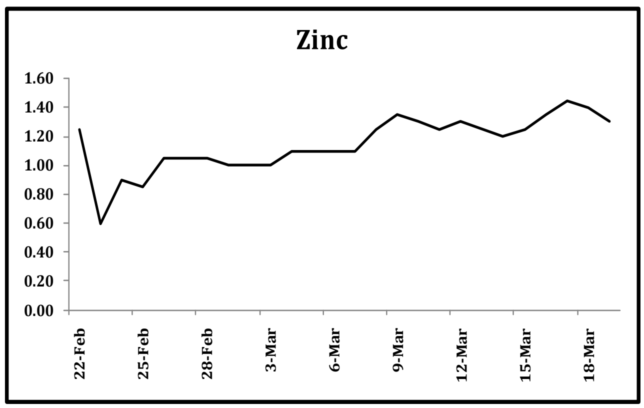
BASIS CHART
(LME 3 MTH FWD–LME CASH PRICES) {$/Tonnes)

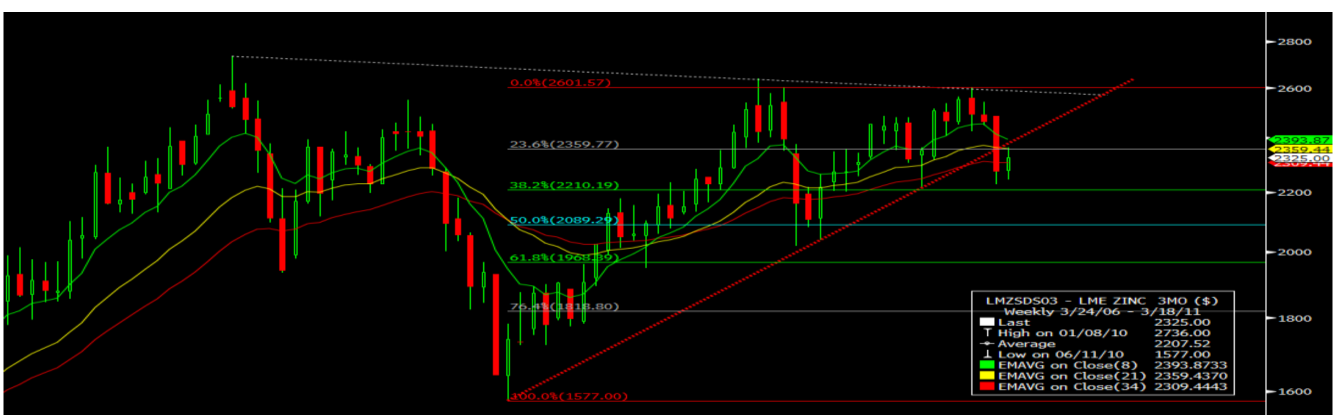


CANCELLED WARRANT RATIO ON LME

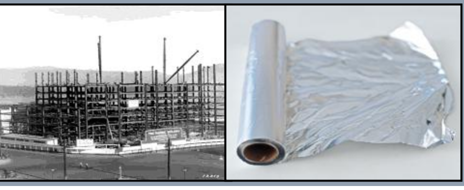


CALENDAR SPREAD ON MCX





TECHNICALS: Zinc prices traded higher on last week by reversing the previous trend. It made a low of 2248.5 then high of 2364 and settled at 2325 levels. It was up by 2.20% on last week. Closing of the candle renders indecisive movements for the coming week. Prices are witnessing ***"Trend Line"*** resistance at 2490 levels. Only on breach and sustained trade above would guide the prices to further highs. Prices are witnessing support at 2220 levels (previous swing lows). On sustained trade above is likely to trade higher. Incase market breach and sustains below the support of 2220 levels may expect the prices to trade lower for the near term. The principle of ***"Fibonacci Retracement"*** states that prices are witnessing immediate resistance at 2360 levels which is 23.6% retracement of the range (1577-2599.75). On sustained trade below would limit the gains. Prices are witnessing support at 2210 levels 38.2% retracement of the above mentioned range. On sustained trade above is likely to remain higher. The momentum indicator ***"RSI 14 Weekly"*** is treading at 0.495 and showing indecisiveness for the prices. However a mild correction on the higher side may be expected before resuming its down trend.



METALS WEEKLY

A Weekly Report on Metals

STEEL & IRON ORE

Commodity	Exchange	Contract	Open	High	Low	Close	Close % Change	Volume (in lots)	Volume % Change	Open interest (in lots)	OI % Change
IRON ORE	MCX	Mar-11	6870	6890	6620	6760	-1.49%	33	-48.44%	17	13.33%
	ICEX	Mar-11	8065	8350	8000	8006	-1.23%	498	171.70%	12	-33.33%
IRON ORE ($/DMT)	THE STEEL INDEX		166.3	166.3	163.9	164.7	-1.61%	-	-	-	-
STEEL LONG	NCDEX	Apr-11	27320	27540	27200	27400	0.00%	94,370	151.18%	62,530	140.69%

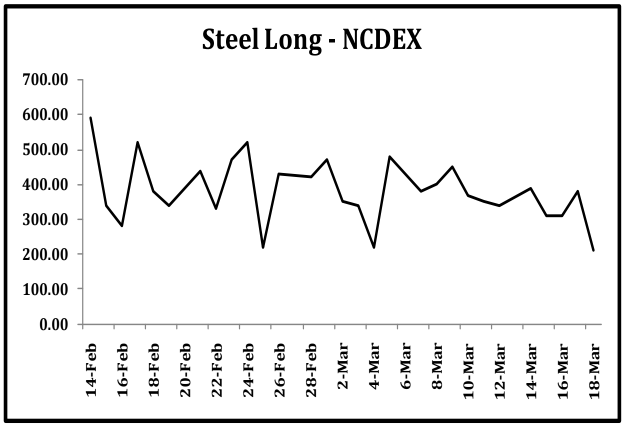
- For third consecutive week, iron ore prices continued there downward trajectory. Prices on both ICEX and MCX declined by more than a percent. 62% Fe Iron Ore prices, as per by The Steel Index, also declined by more than one and half percent

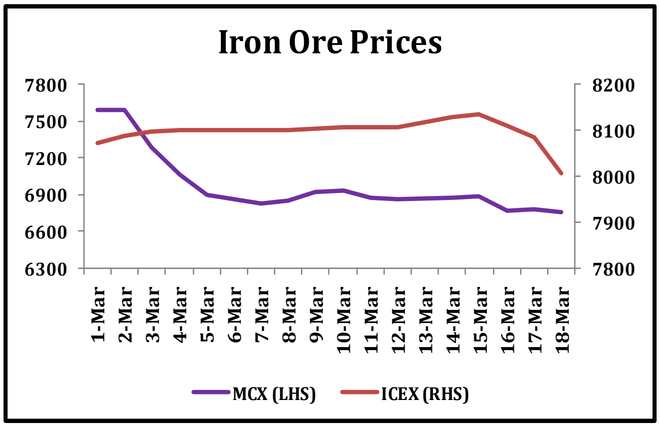
- Japan is one of the largest producers of steel and thereby shutdown of plants there owing to earthquake might lead to decline in demand in the near term and thereby prices of iron ore, material used in making steel turned lower. Reports indicated that Chinese steel makers are also delaying purchases on back of expectation of lower prices

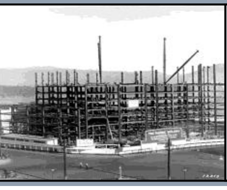
- China's iron ore imports fell by 29 percent in February in comparison to January as surging prices along with long holiday lead to lower purchases. Overall iron ore prices might continue to remain under pressure in the near term

- **Steel long** prices continue to consolidate and ended flat at 27,400/tonne. Ahead also consolidation might continue in the absence of any major triggers. However lower iron ore prices makes the bias on the negative side

CALENDAR SPREAD









DATA RELEASES SCHEDULED FOR THE WEEK AHEAD

Date Time	Region	Event	Period	Survey	Prior
21/03/2011 19:30	US	Existing Home Sales	FEB	5.12M	5.36M
21/03/2011 19:30	US	Existing Home Sales MoM	FEB	-4.50%	2.70%
22/03/2011 19:30	US	House Price Index MoM	JAN	-0.20%	-0.30%
23/03/2011 15:30	EC	Industrial New Orders SA (MoM)	JAN	1.20%	2.10%
23/03/2011 19:30	US	New Home Sales	FEB	290K	284K
23/03/2011 19:30	US	New Home Sales MoM	FEB	2.10%	-12.60%
24/03/2011 14:00	GE	PMI Manufacturing	MAR A	61.9	62.7
24/03/2011 14:00	GE	PMI Services	MAR A	58.4	58.6
24/03/2011 14:30	EC	PMI Composite	MAR A	57.7	58.2
24/03/2011 14:30	EC	PMI Manufacturing	MAR A	58.2	59
24/03/2011 14:30	EC	PMI Services	MAR A	56.3	56.8
24/03/2011 18:00	US	Durable Goods Orders	FEB	1.10%	2.70%
24/03/2011 18:00	US	Initial Jobless Claims	19-Mar	383K	385K
24/03/2011 18:00	US	Continuing Claims	12-Mar	3715K	3706K
25/03/2011 12:30	GE	Import Price Index (MoM)	FEB	1.00%	1.50%
25/03/2011 18:00	US	GDP QoQ (Annualized)	4Q T	3.00%	2.80%
25/03/2011 18:00	US	GDP Price Index	4Q T	0.40%	0.40%
25/03/2011 18:00	US	Personal Consumption	4Q T	4.10%	4.10%
25/03/2011 19:25	US	U. of Michigan Confidence	MAR F	68	68.2

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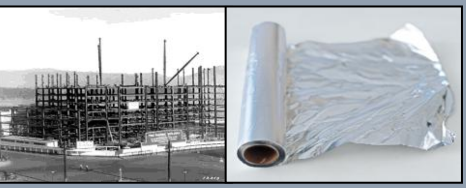

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