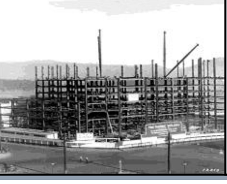



METALS WEEKLY

A Weekly Report on Metals


OUTLOOK

On Friday, Italian Senate approved a budget bill thereby making way for it to move to lower house and after its approval there, the prime minister would step down. So steps are being taken by policy makers there though they continue to remain very incremental thereby only providing short term relief to the markets.

In the coming week, GDP data from Euro and Japan would remain in focus. Japanese economy is expected to have grown at 1.5 percent in the third quarter as against contraction of 0.5 percent in the previous quarter. Activity in the country has picked up after the earthquake and thereby the same might be reflected in the GDP numbers. Euro zone however continue to grapple with the higher debt levels and thereby the region would witness modest growth. ZEW survey numbers from Germany and Euro zone are also expected to come in weak. From US, advance retail sales are expected to moderate. Regional manufacturing numbers might give mixed indication but industrial production numbers are expected to improve further in the month of October. On the fundamental front, supply concerns for some of the metals like copper remain on one hand and on the other demand remains strong. However in the near term, macro developments especially the happenings in the Euro area would continue to drive the movement for metal prices. Overall, given the expectation of positive GDP numbers from Japan along with Italian measures, base metals might witness some pull back however given the lack of any concrete measures, base metal prices are expected to remain under pressure.

TECHNICAL RECOMMENDATIONS*

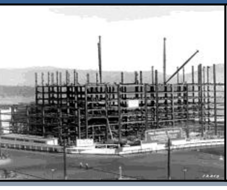
Commodity	Series	S3	S2	S1	CLOSE	R1	R2	R3	Recommendations
LME Aluminium	**Fwd**	2026	2061	2112	2162	2198	2233	2284	**Sell at 2232-2240 TP 2099 SL 2300**
MCX Aluminium	**Nov-11**	101.1	102.7	105.4	108.1	109.7	111.3	114.0	**Sell at 108.30-109 TP 106/104 SL 112**
LME Copper	**Fwd**	6709	7033	7336	7639	7963	8287	8590	**Trading Range 7550-8303**
MCX Copper	**Nov-11**	352.6	363.2	373.6	384.0	394.5	405.1	415.5	**Trading Range 378-403**
LME Lead	**Fwd**	1777	1843	1919	1995	2060	2126	2202	**Sell at 2080-2100 TP 1770 SL 2180**
MCX Lead	**Nov-11**	93.0	95.0	97.4	99.8	101.9	103.9	106.3	**Sell at 101-30-102 TP 96 SL 105**
LME Nickel	**Fwd**	16727	17288	17682	18075	18637	19198	19592	**Sell at 18270-350 TP 17300 SL 18800**
MCX Nickel	**Nov-11**	888.9	900.5	908.4	916.2	927.9	939.5	947.4	**Sell at 933-936 TP 885/880 SL 962**
LME Zinc	**Fwd**	1713	1786	1853	1920	1994	2067	2134	**Sell at 1960-1970 TP 1870 SL 2015**
MCX Zinc	**Nov-11**	90.4	92.5	94.6	96.7	98.7	100.8	102.9	**Sell at 98.50-99 TP 94 SL 103**
Steel NCDEX	**Dec-11**	31273	31507	31673	31840	32073	32307	32473	**Trading Range 30900-32280**

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

Key Economic Events this Week

Date Time	Region	Event	Period	Survey	Prior
14/11/2011 05:20	JN	Gross Domestic Product (QoQ)	3Q P	1.50%	-0.50%
15/11/2011 15:30	EC	Euro-Zone GDP s.a. (QoQ)	3Q A	0.20%	0.20%
15/11/2011 15:30	GE	ZEW Survey (Current Situation)	NOV	32	38.4
15/11/2011 19:00	US	Advance Retail Sales	OCT	0.30%	1.10%
16/11/2011 19:45	US	Industrial Production	OCT	0.40%	0.20%
17/11/2011 20:30	US	Philadelphia Fed.	NOV	9	8.7

For all the data releases; click here




METALS WEEKLY

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PERFORMANCE SNAPSHOT

Exchange	Commodity	Open	High	Low	Close	Close % Change	Volume	Volume % Change	Open Interest	OI % Change
LME 3-mth Forward (USD/tonne)	Aluminium	2150	2183	2097	2162	1.03	147,656	-26.12	5,185	-0.63
	Copper	7960.5	7984	7357	7639	-2.94	217,949	-21.20	2,103	-35.09
	Lead	2049.5	2049.5	1908	1995	-2.59	31,201	-12.13	1,061	-0.75
	Nickel	18800	18805	17850	18075	-4.37	20,407	-39.42	512	-63.79
	Zinc	1956	2000.2	1859.75	1920	-1.54	107,325	4.66	2,321	13.94
MCX Futures (₹/Kg)	Aluminium	105.5	108.55	104.25	108.05	2.32	31,001	-1.93	1,919	-36.98
	Copper	387.5	394.65	373.7	384	-0.94	658,683	-25.03	24,491	9.08
	Lead	99.5	101.55	97.1	99.8	-0.25	57,131	-25.89	3,857	36.39
	Nickel	928.4	931.7	912.2	916.2	-1.62	196,424	-34.68	17,779	26.12
	Zinc	96	98.7	94.55	96.65	0.36	78,251	-9.12	3,351	34.96

MARKET OVERVIEW

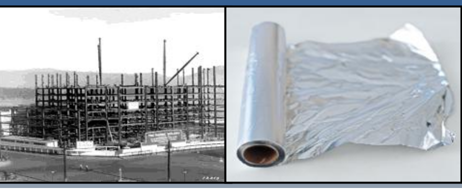
- Most of the base metal prices ended the week lower with losses of anywhere between one to four percent on LME. Persistent concerns, especially the political developments, happening in the Euro zone continue to weigh on prices. In Indian markets however losses were limited to half to one percent owing to rupee depreciating by more than two percent
- Aluminium was the top gainer among the base metal pack as it ended with gains of one percent on LME and 2.3 percent in Indian markets. Continued decline in stocks along with trimming of discount in the cash prices is indicating strong demand for the metal. Nickel underperformed the entire base metal pack as it ended with losses of more than 4 percent on LME and 1.6 percent in Indian markets
- Volumes on LME declined further this week while open interest for most of the metals also indicated unwinding of positions. In India volumes might have been on the lower side owing to fewer working days

SHANGHAI MARKET PERFORMANCE

PRICES (CNY/MT)				
Commodity	Previous Week	This Week	Change	% Change
Copper	59230	56340	-2890	-4.88%
Zinc	15435	14740	-695	-4.50%
Aluminum	16285	16090	-195	-1.20%

COMEX MARKET PERFORMANCE

PRICES (USD/LB)				
Commodity	Previous Week	This Week	Change	% Change
Copper	356.3	346.2	-10.1	-2.83%



Commodity Futures Trading Commission (CFTC) Report- Copper

NOTE: Data is of previous week as gone by week's data was not released owing to holiday in US on Friday.

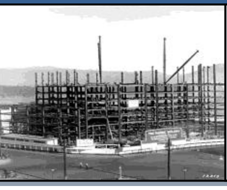
CFTC Report - Copper (In contracts)				
Non-Commercial	10/25/2011	11/1/2011	Change	% Change
Long	28375	28641	266	0.94%
Short	31313	26854	-4459	-14.24%
Spreading	15885	15387	-498	-3.14%
Commercial				
Long	73267	71273	-1994	-2.72%
Short	62365	64692	2327	3.73%
Total				
Long	117527	115301	-2226	-1.89%
Short	109563	106933	-2630	-2.40%

INVENTORY DETAILS

LME WAREHOUSE STOCKS (In tonnes)				
Commodity	Previous week	This week	Change	% Change
Copper	417850	407700	-10150	-2.43%
Zinc	765000	752725	-12275	-1.60%
Aluminium	4545725	4533675	-12050	-0.27%
Lead	384575	376850	-7725	-2.01%
Nickel	85476	84180	-1296	-1.52%

COMEX WAREHOUSE STOCKS (In tonnes)				
Commodity	Previous week	This week	Change	% Change
Copper	88978	87643	-1335	-1.50%

SHANGHAI WAREHOUSE STOCKS (In tonnes)				
Commodity	Previous week	This week	Change	% Change
Copper	83868	83389	-479	-0.57%
Zinc	370501	366503	-3998	-1.08%
Aluminium	121943	139013	17070	14.00%




ECONOMIC REVIEW

- Employment European Union cut down its growth forecast to 1.5 percent for this year and a meager 0.5 percent in the coming year. Previous forecast were at 1.6 percent and 1.8 percent respectively. From the Euro zone, reports indicated that former European commissioner might replace the Italian Prime Minister. Also main political parties in Greece agreed on the coalition government headed by Papademos. All this indicated that steps are being taken to resolve the crisis. This also led to bond yields of some of the peripheral nations declining

- Chinese inflation moderated substantially in the month of October to 5.5 percent. This is the lowest level in five months and interest rate hikes along with increase in bank reserve requirements has lead to curbing of price rise. Industrial production and retail sales are ruling

- Bank of England left interest rates unchanged at 0.5 percent. Even the bond buying program was left unchanged after last month's increase which was intended to push the declining economic growth

- India's trade deficit widened substantially owing to declining in exports and increase in imports, especially crude oil thereby weighing on the Indian rupee. Domestic equity markets also witnessed cuts of more than two percent thereby sending the Indian rupee depreciating by more than two percent

- Except for US equity markets, which witnessed increase of more than a percent after Friday's rally, rest all markets ended lower. Asian equity markets were the worst performer as they witnessed cuts of one to three percent. Euro and dollar index ended largely flat for the week

Equity Indices	Last Week	This Week	% Change
Dow Jones Ind. Avg.	11983.24	12153.68	1.42%
S&P 500 Index	1253.23	1263.85	0.85%
FTSE 100 Index	5527.16	5545.38	0.33%
Nikkie 225	8801.40	8514.47	-3.26%
Shanghai Composite	2528.29	2481.08	-1.87%
Nifty	5284.20	5168.85	-2.18%

Currency	Last Week	This Week	% Change
Dollar Index	76.962	76.945	-0.02%
EUR/USD	1.3792	1.375	-0.30%
GBP/USD	1.6033	1.6065	0.20%
USD/INR	49.1112	50.115	2.04%

Bond Yields	Last Week	This Week	Change (in bps)
US 10 year bond	2.0327	2.0564	2.4
German 10 year bond	1.823	1.888	6.5
India 10 year bond	8.957	8.936	-2.1

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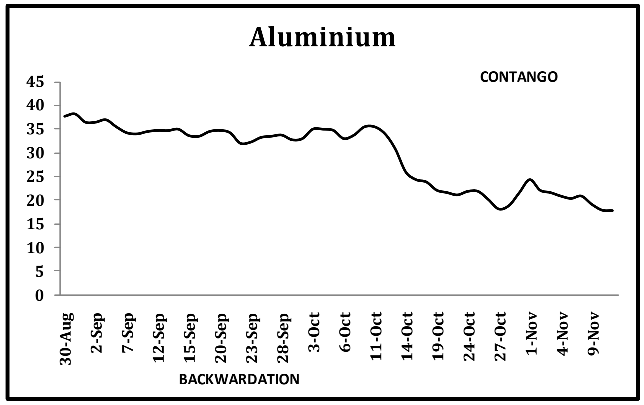
ALUMINIUM

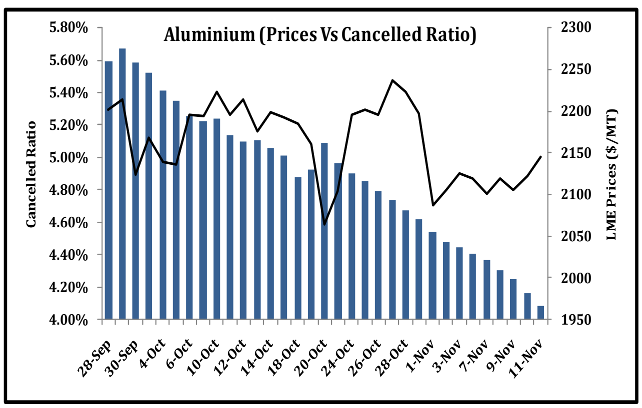
National Aluminium Company (NALCO), India's state run aluminium company, sold 9,000 tonnes of aluminium ingots at $89/tonne premium over the London Metal Exchange cash price on a cost, insurance and freight basis (CIF) basis. This is substantial decline from premium of $97/tonne from the previous sale of 7,500 tonnes.

Cancelled warrant ratio continues to decline but still the stocks from LME are witnessing draw-downs.

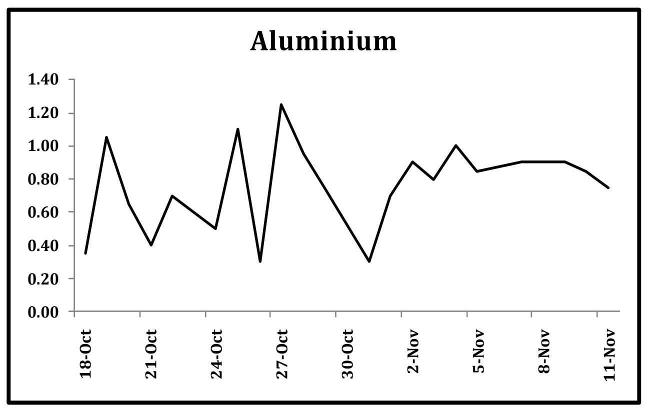
BASIS CHART
(LME 3 MTH FWD–LME CASH PRICES) {$/Tonnes}

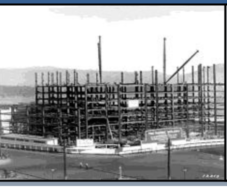


CANCELLED WARRANT RATIO ON LME



CALENDAR SPREAD ON MCX






METALS WEEKLY

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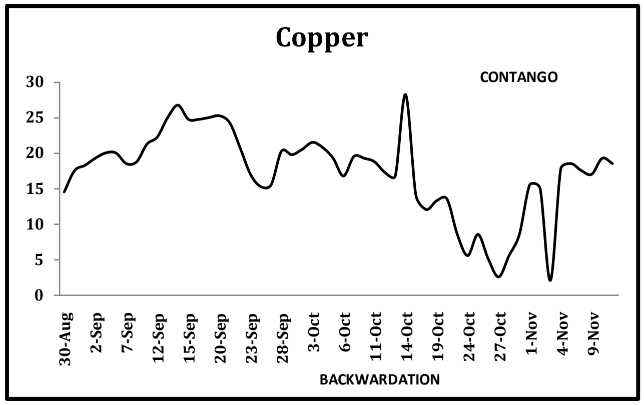
COPPER

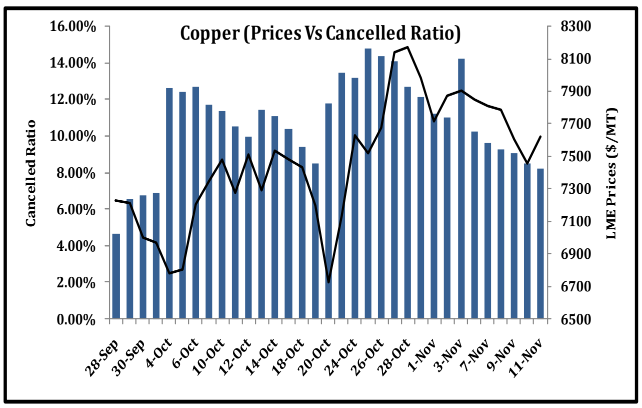
Strike at the Grasberg copper mine in Indonesia, majority owned by Freeport, is now in its eighth week. The company has already declared partial force majeure on copper concentrates earlier this month.

On the other hand, copper imports by China in the month of October came in at 383,507 tonnes which is at the highest level since May 2010 indicating strong demand for the metal. However concerns on the Euro front is restricting the upside for copper prices.

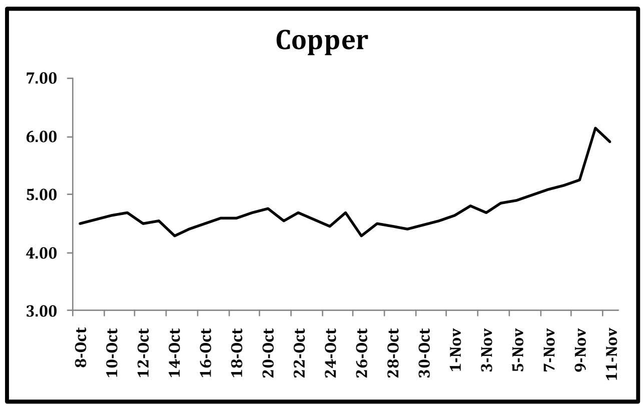
BASIS CHART
(LME 3 MTH FWD–LME CASH PRICES) {$/Tonnes}

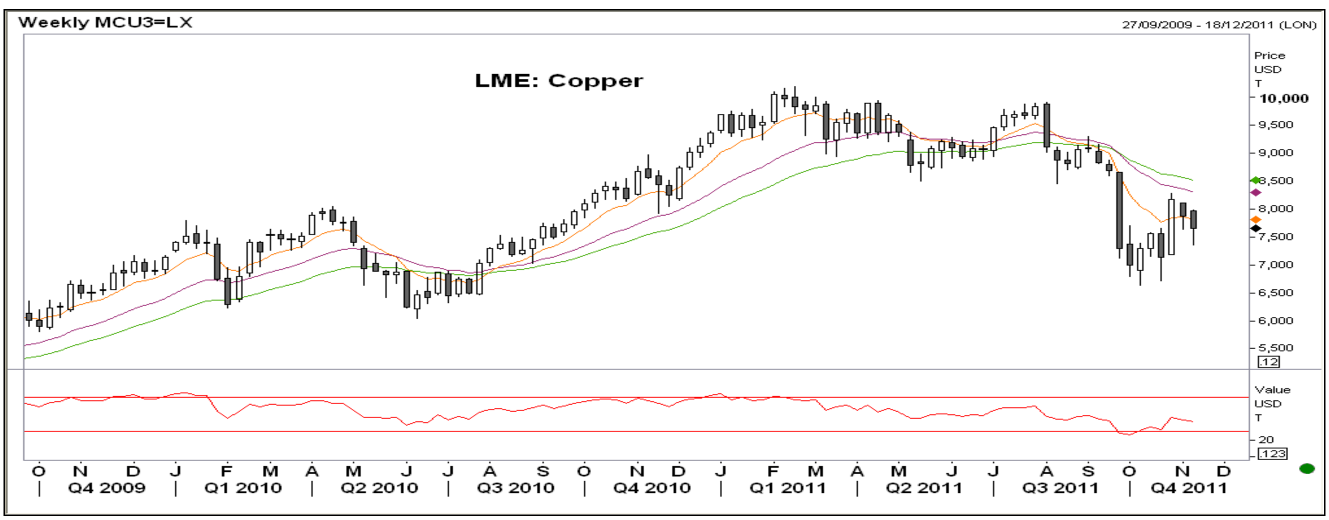


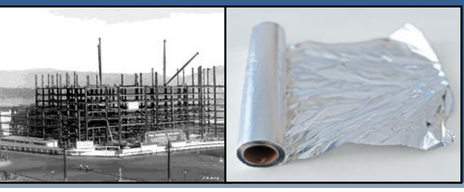
CANCELLED WARRANT RATIO ON LME



CALENDAR SPREAD ON MCX







METALS WEEKLY

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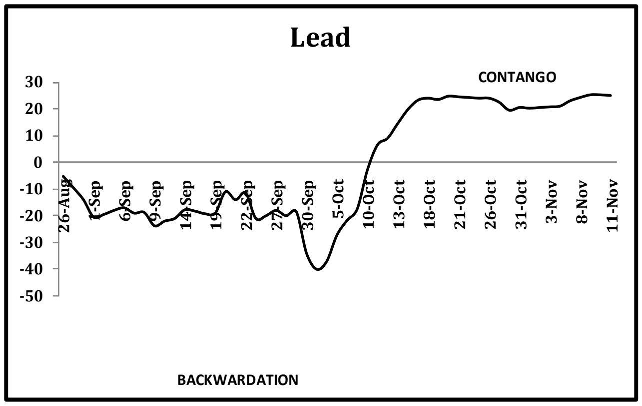
LEAD

Lead prices ended lower with losses of 2.5 percent on LME while in Indian markets losses of limited to 1.6 percent.

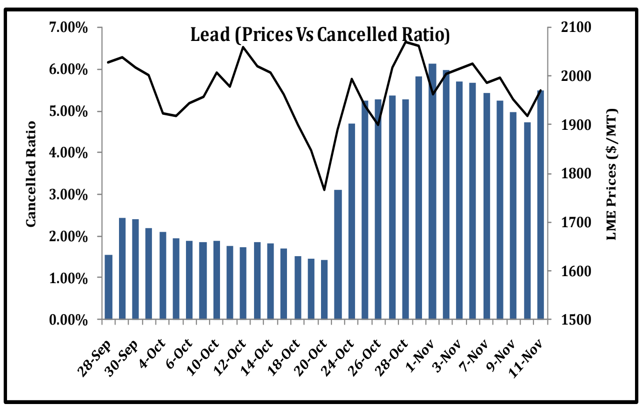
Lead's cancelled warrant ratio has bounced back strongly and now stands back above the 5 percent mark of total stocks indicating draw-downs might continue in the near term. Basis continues to hover close to average levels of $20/tonne.

BASIS CHART

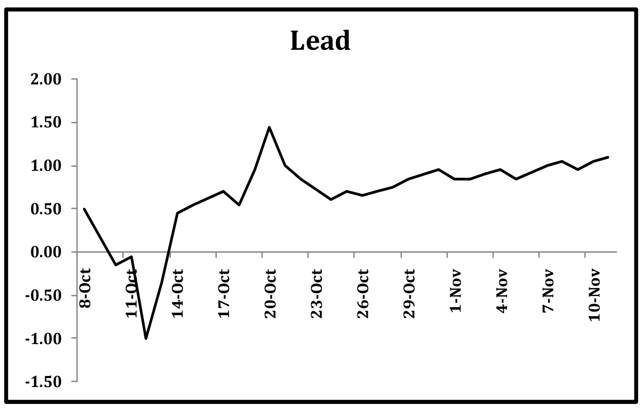
(LME 3 MTH FWD–LME CASH PRICES) {$/Tonnes)

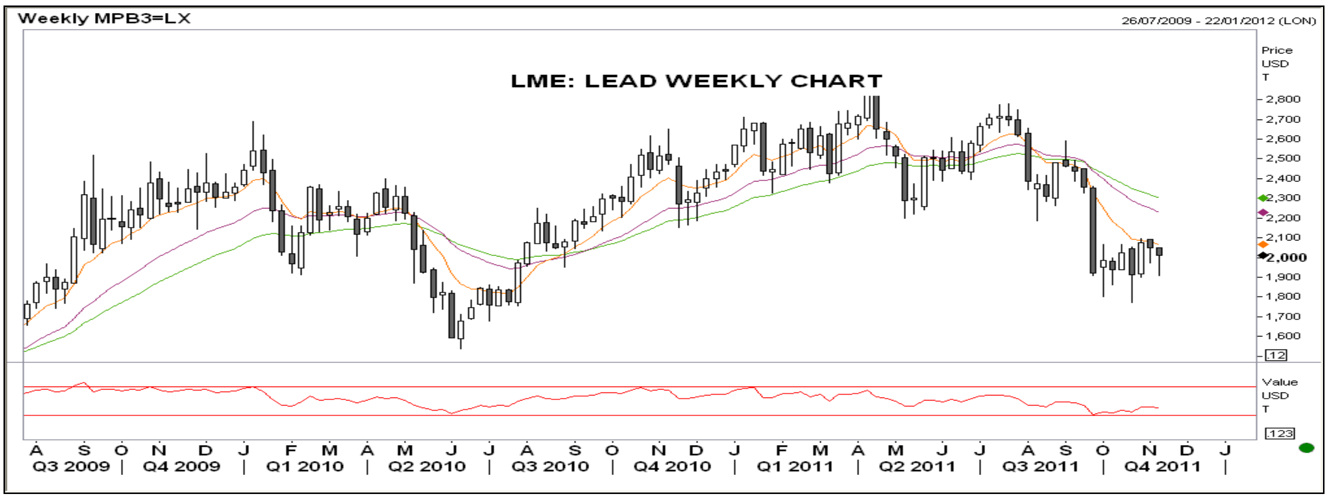


CANCELLED WARRANT RATIO ON LME



CALENDAR SPREAD ON MCX





METALS WEEKLY

A Weekly Report on Metals

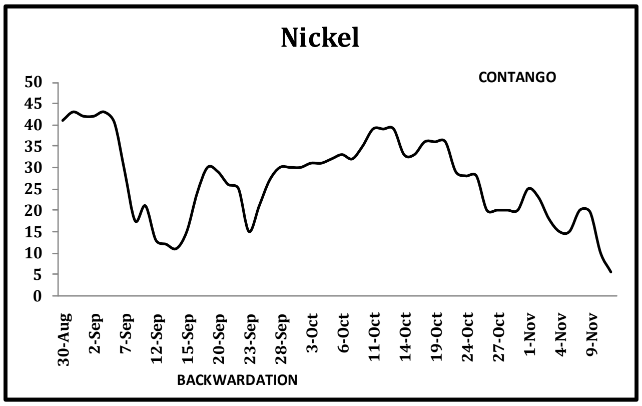
NICKEL

Nickel stocks on LME witnessed draw-downs of 1,296 tonnes thereby taking the total stocks to 84,180 tonnes.

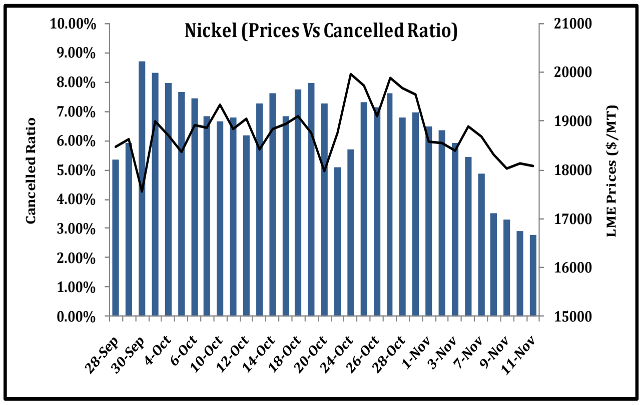
After witnessing draw-downs for initial few days of the week, nickel cancelled warrant ratio has declined substantially. In fact at close to three percent mark is at one of the lowest among the base metal pack. This is indicating that in the near term build-up of stocks might be witnessed in the near term.

BASIS CHART

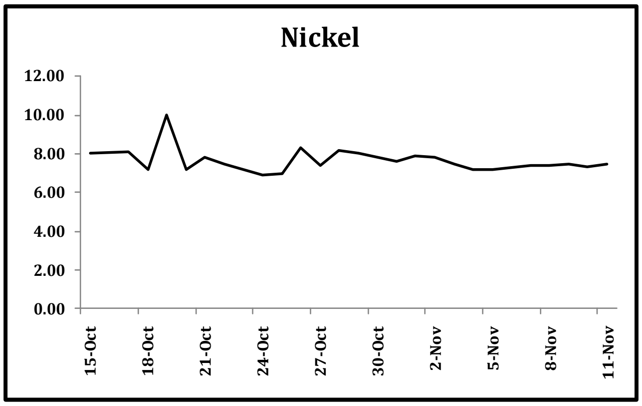
(LME 3 MTH FWD–LME CASH PRICES) {$/Tonnes)



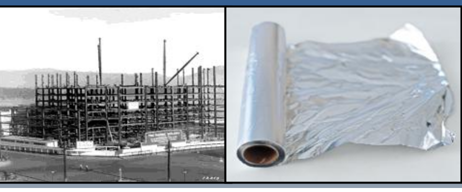
CANCELLED WARRANT RATIO ON LME



CALENDAR SPREAD ON MCX



TECHNICALS: LME Nickel prices ended at $18211 down by 3.53 per cent from its previous close and expected to continue the fall as an inverse flag is seen in the weekly chart while weekly RSI_14 is seen treading at 0.35 shows prices still have potential to trade lower. Moreover, the trend has been bearish and expected the same to continue in the coming week too. Therefore, selling at higher levels may be near pivot point be apt. The pivotal point is seen at $18277 levels. If market sustains below the same may see prices correcting down side having immediate supports at $17770 and then $17350 levels. Market has also closed below 50% retracement ($8693 to $29333) range so expected to continue the down trend may be towards the 61.80% levels which is at 16580 may be in the short term. Looking at the above analysis we believe Nickel prices to trade lower in the coming and selling at higher levels is suggested.



METALS WEEKLY

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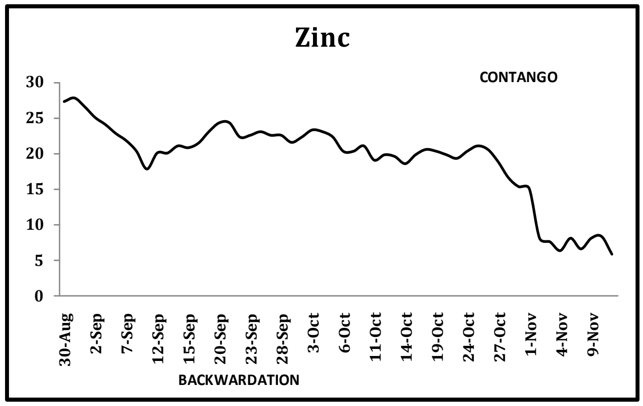
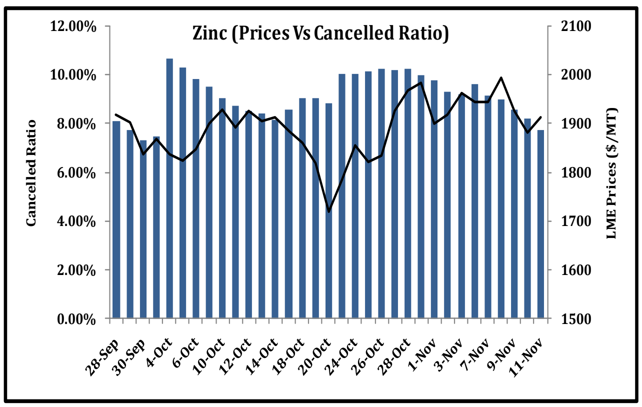
ZINC

The lead-zinc spread for the past two weeks has been hovering near levels of 3. For the year 2011, the low that the spread has made is 0.5 levels and touched a high of more than 15 levels. In the coming week, lead might outperform zinc as zinc stocks have witnessed substantial draw-downs but is also accompanied by decline in cancelled warrant ratio. So we might see it underperforming lead and thereby the spread might widen further.

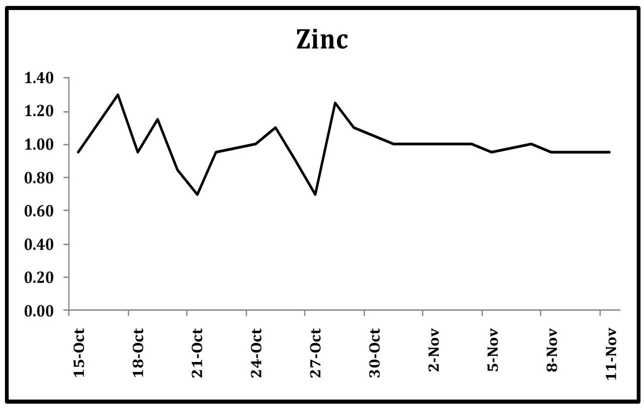
BASIS CHART
(LME 3 MTH FWD–LME CASH PRICES) {$/Tonnes}

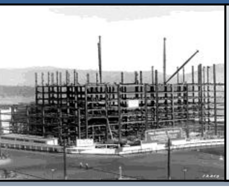


CANCELLED WARRANT RATIO ON LME



CALENDAR SPREAD ON MCX






METALS WEEKLY

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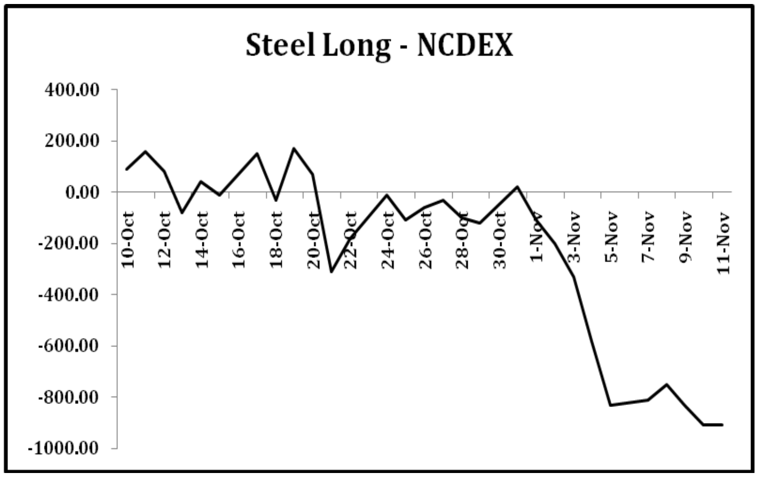
STEEL LONG NCDEX

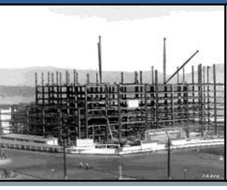
Commodity	Exchange	Contract	Open	High	Low	Close	Close % Change	Volume (in lots)	Volume % Change	Open interest (in lots)	OI % Change
IRON ORE ($/DMT)	THE STEEL INDEX		122.9	137.7	122.9	137.7	12.04%	-	-	-	-
STEEL LONG	NCDEX	Dec-11	31930	32140	31740	31840	-0.25%	16,100	-30.18%	20,210	10.56%

STEEL LONG NCDEX:

As was the expectation, steel long prices continued to witness consolidation for second consecutive week. For the week, steel long prices on NCDEX, December contract, ended lower by 0.25 percent at 31,840/tonne. Iron ore prices however continue to witness recovery and ended higher with gains of more than 12 percent at $137.7/Dry Metric Tonne. Spread between Nov and Dec contract has widened further on to the negative side and is indicating weak demand. India's industrial production numbers for the month of September came in at 1.9 percent, which is the lowest level in two years. This is indicating that domestic growth is moderating substantially and even the investment activity remained stall. Overall, given higher ore prices and weak demand, steel prices might continue to consolidate.

CALENDAR SPREAD ON NCDEX (Dec – Nov)







DATA RELEASES SCHEDULED FOR THE WEEK AHEAD

Date Time	Region	Event	Period	Survey	Prior
14/11/2011 05:20	JN	GDP Annualized	3Q P	5.90%	-2.10%
14/11/2011 05:20	JN	Gross Domestic Product (QoQ)	3Q P	1.50%	-0.50%
14/11/2011 10:00	JN	Industrial Production (MoM)	SEP F	- -	-4.00%
15/11/2011 12:30	GE	GDP s.a. (QOQ)	3Q P	0.50%	0.10%
15/11/2011 15:00	UK	CPI (MoM)	OCT	0.20%	0.60%
15/11/2011 15:30	EC	Euro-Zone GDP s.a. (QoQ)	3Q A	0.20%	0.20%
15/11/2011 15:30	GE	ZEW Survey (Current Situation)	NOV	32	38.4
15/11/2011 15:30	EC	ZEW Survey (Econ. Sentiment)	NOV	-55.3	-51.2
15/11/2011 15:30	GE	ZEW Survey (Econ. Sentiment)	NOV	-52.5	-48.3
15/11/2011 15:30	EC	Euro-Zone Trade Balance	SEP	2.0B	-3.4B
15/11/2011 19:00	US	Producer Price Index (MoM)	OCT	-0.10%	0.80%
15/11/2011 19:00	US	Advance Retail Sales	OCT	0.30%	1.10%
15/11/2011 19:00	US	Empire Manufacturing	NOV	-2.2	-8.48
15/11/2011 20:30	US	Business Inventories	SEP	0.10%	0.50%
16/11/2011 15:30	EC	Euro-Zone CPI (MoM)	OCT	0.30%	0.80%
16/11/2011 19:00	US	Consumer Price Index (YoY)	OCT	3.70%	3.90%
16/11/2011 19:30	US	Net Long-term TIC Flows	SEP	- -	$57.9B
16/11/2011 19:30	US	Total Net TIC Flows	SEP	- -	$89.6B
16/11/2011 19:45	US	Industrial Production	OCT	0.40%	0.20%
16/11/2011 19:45	US	Capacity Utilization	OCT	77.60%	77.40%
17/11/2011 19:00	US	Housing Starts	OCT	606K	658K
17/11/2011 19:00	US	Building Permits	OCT	600K	594K
17/11/2011 19:00	US	Initial Jobless Claims	12-Nov	395K	390K
17/11/2011 19:00	US	Continuing Claims	5-Nov	3615K	3615K
17/11/2011 20:30	US	Philadelphia Fed.	NOV	9	8.7
18/11/2011 12:30	GE	Producer Prices (MoM)	OCT	0.10%	0.30%
18/11/2011 20:30	US	Leading Indicators	OCT	0.60%	0.20%

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