



METALS WEEKLY

A Weekly Report on Metals



OUTLOOK

The coming week for metals still looks plummeting as the overall global economic scenarios are likely to continue. While emphasizing on economic data we see data releases from US are likely to improve, primarily data in the form of employment are to improve along with better manufacturing figures which may support economic developments of U.S and that may have a revival impact on metals trend. Meanwhile, Euro zone concerns are lingering and the economic data releases are to be negative that might have negative impact on metals trend too. Subsequently, while looking at Asian economies the data releases from China in the form of manufacturing figures are to weaken further. So, overall economic activities are looking poor in the coming week and they may have negative pressure on the metals trend too. While correlating metals trend with oil we see oil prices are to correct in the coming and the same would have negative impact on metals. The weakness on global equity markets and bond yield rising high are likely to continue with the same trend may pressure on entire commodities markets and metals could get affected from such scenario. From fundamentals point of view, the spot demand has been poor which can be understood from poor cancelled warrant ratio and rising inventory data and the same is expected in the coming week too.

Looking at the above analysis we believe metals to trade lower in the coming and selling at higher levels is suggested.

TECHNICAL RECOMMENDATIONS*									
Commodity	Series	S3	S2	S1	CLOSE	R1	R2	R3	Recommendations
LMEAlumi	Fwd	1810	189	1946	1992	2082	2171	2218	Sell at 2035/2050 TP \$1980/\$1900 SL \$2100
MCX	Nov-	96.6	100.	101.9	103.7	107.3	110.8	112.6	Sell at 105.80-106.70 TP 103/101 SL 107.20
LME	Fwd	6687	689	7082	7270	7477	7683	7872	Range: \$6950-7450
MCX Copper	Nov-	353.5	363.	370.6	377.75	387.7	397.6	404.8	Range: 371-392
LME Lead	Fwd	1855	191	1955	2000	2055	2110	2155	Sell at 2030/2040 TP \$1900 SL \$2100
MCX Lead	Nov-	98.6	100.	101.9	103.4	105.2	107.0	108.5	Sell at 104.20-104.80 TP 102/99 SL 106.90
LME Nickel	Fwd	1538	161	1652	16938	17660	1838	1880	Sell on break of \$16700 TP \$16300 & \$16000 SL
MCX Nickel	Nov-	902.7	920.	903.0	885.2	903.3	921.5	903.6	Sell on beak of 880 TP 850/836 SL 915
LME Zinc	Fwd	1776	182	1861	1897	1946	1996	2031	Range: \$1880-2000
MCX Zinc	Nov-	94.4	96.4	97.9	99.35	101.4	103.4	104.9	Range :96-103
Steel	Dec-	3057	308	3112	314200	31673	3192	3223	Range: 30900-31950

*NOTE: The calls shown above are purely WEEKLY Recommendations

Key Economic Events this Week

Date Time	Region	Event	Period	Survey	Prior
11/28/2011 20:30	US	New Home Sales	OCT	313K	313K
11/28/2011 21:00	US	Dallas Fed Manf. Activity	NOV	5	2.3
11/28/2011	GE	Consumer Price Index (MoM)	NOV P	0.00%	0.00%
11/29/2011 15:30	EC	Business Climate Indicator	NOV	-0.3	-0.18

For all the data releases; [click here](#)



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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	2125	2125	1989	1992	-5.59	178,659	-3.92	3,832	-29.22
	Copper	7448	7495.5	7100.25	7230	-3.92	217,915	-13.95	1,581	-51.13
	Lead	2050	2065	1965.25	2004	-2.67	50,385	13.43	462	-71.30
	Nickel	17745	17965	16825	16950	-3.99	38,467	16.34	466	-46.06
	Zinc	1940	1960	1875	1910	-2.80	107,588	8.59	1,516	-52.71
MCX Futures (₹/Kg)	Aluminium	108.1	109	103.65	103.75	-4.02	33,089	-0.67	4,484	244.13
	Copper	387.6	390.35	373.3	377.1	-3.00	696,012	-8.99	22,283	22.19
	Lead	104.55	105.45	102.2	103.45	-1.90	64,313	-16.14	1,967	-39.18
	Nickel	920.9	939.3	885.2	889.6	-3.50	245,949	-18.14	16,609	35.31
	Zinc	100.05	101.9	98.4	99.45	-1.14	75,924	-6.85	2,518	-27.25

MARKET OVERVIEW

- The entire Base Metal sector traded down in the last week as all of them lost heavily on the ground of weak global equity performance and bond yield rising high. In the Indian Commodity Exchange, the scenario was of no difference and the complex as a whole lost between 1 to 4 per cent
- Among the metals Aluminum fell the most by 5.59 per cent in LME reasons being higher weekly inventory and marginally lesser cancelled warrant ratio
- According to the PVO analysis, LME prices of all the metals have declined between two and half to six per cent which was actually supported by rise in volumes with less open interest. This indicate investors are reluctant to carry over their short positions
- The inventory figures suggests except Nickel all other metals stocks declined however prices did not respect to the inventory trend

SHANGHAI MARKET PERFORMANCE

PRICES (CNY/MT)				
Commodity	Previous Week	This Week	Change	% Change
Copper	56190	54910	-1280	-2.28%
Zinc	14970	14905	-65	-0.43%
Aluminum	15940	15815	-125	-0.78%

COMEX MARKET PERFORMANCE

PRICES (USD/LB)				
Commodity	Previous Week	This Week	Change	% Change
Copper	340.2	326.8	-13.4	-3.94%



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INVENTORY DETAILS

LME WAREHOUSE STOCKS (In tonnes)				
Commodity	Previous week	This week	Change	% Change
Copper	398250	394725	-3525	-0.89%
Zinc	749000	741600	-7400	-0.99%
Aluminium	4560275	4562675	2400	0.05%
Lead	374950	372050	-2900	-0.77%
Nickel	84750	88668	3918	4.62%

COMEX WAREHOUSE STOCKS (In tonnes)				
Commodity	Previous week	This week	Change	% Change
Copper	86649	86405	-244	-0.28%

SHANGHAI WAREHOUSE STOCKS (In tonnes)				
Commodity	Previous week	This week	Change	% Change
Copper	83389	74199	-9190	-11.02%
Zinc	366503	365526	-977	-0.27%
Aluminium	139013	179443	40430	29.08%



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ECONOMIC REVIEW

The week gone by, started with the US lawmakers failure approach on saving at least \$1.2 trillion federal budget savings, while; US congress got divided and are scrambling to meet a deadline on how to curb massive deficit. Despite that, Moody's and Fitch maintained their US credit scores even after the congress budget super committee failed to reach the agreement on reducing the government deficit. Moody's however has maintained its negative outlook and Fitch said it expects to conclude a review on the US sovereign rating by the end of month. Fed minutes of the Nov 1-2 meeting showed that some officials favor a further easing of monetary policy after the commerce department cut its estimate of Q3 GDP growth to 2%. They hold the interest rate unchanged and decided to continue its twist program of shifting \$400 billion in its bond portfolio towards longer maturities and continue reinvesting maturing principal payments into mortgage backed securities. Yields on Italy's 10-year note on Tuesday climbed to 6.78% and Spain's benchmark Treasury note raised to 6.58%. Euro fell to a six weeks low against the greenback after Germany failed to get bids for 35% of its bonds in an auction which implies, debt investment is not attractive to the investors.

Conversely, the US sold \$29 billion seven year notes yesterday at a record low auction yield of 1.3449. Euro fell drastically after Portugal's debt rating was cut to junk by Fitch and Italy prepares to sell 8 billion Euros of bonds after the country's two year yield soared to the 14 year highest, at 7.32% (20bps) on Thursday. German chancellor's rejection of joint euro bonds damped optimism about a remedy for the region's crisis which again kept the Euro under stress. Moreover, ECB's consideration of extending the period of its loans to banks to two or three years clearly indicates an effort to avoid the credit crisis across the Euro zone. *(Courtesy: KCTL's Weekly Economic report)*

Currency	Last Week	This Week	% Change
Dollar Index	78.064	79.61	1.98%
EUR/USD	1.3525	1.3239	-2.11%
GBP/USD	1.5806	1.5439	-2.32%
USD/INR	51.335	52.255	1.79%

Bond Yields	Last Week	This Week	Change (in bps)
US 10 year bond	2.0104	1.9635	-4.7
German 10 year bond	1.967	2.263	29.6
India 10 year bond	8.84	8.823	-1.7



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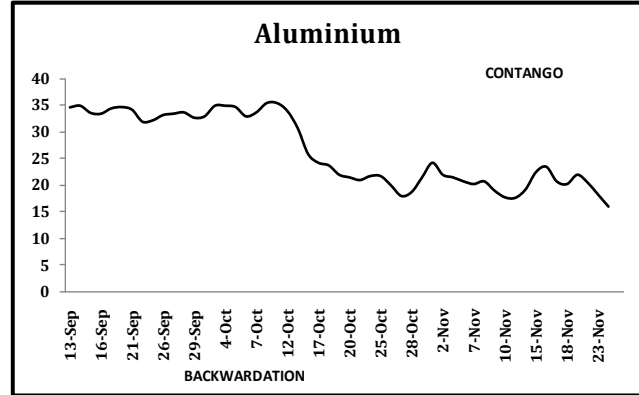
ALUMINIUM

Aluminum declined the most among the Base metal complex with a change of 5.59 percent over the week. The Volume and open interest has also reduced indicating some correction in the prices.

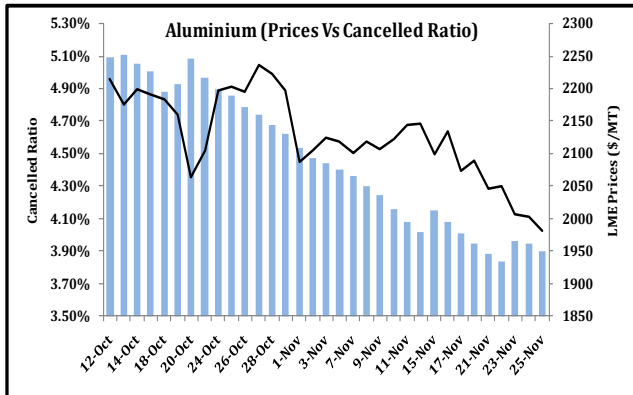
Cancelled warrant ratio though have improved from previous days but holding lower while inventories have increased suggesting a bearish trend in the future.

BASIS CHART

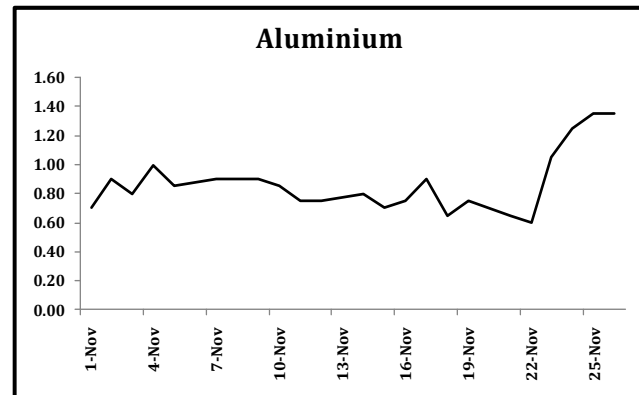
(LME 3 MTH FWD-LME CASH PRICES) {\$/Tonnes}



CANCELLED WARRANT RATIO ON LME



CALENDAR SPREAD ON MCX





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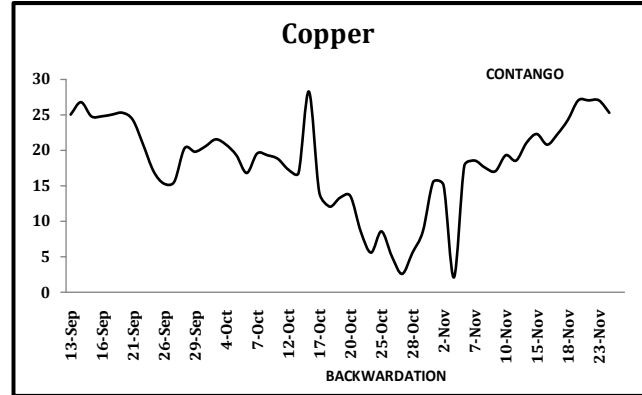
COPPER

Copper stock witnessed a decline of 3.92 per cent in prices followed by similar trend in volume and open interest. This clearly indicates that the positions are not carried forward and even short selling has contributed for this decline. However, the inventories are declining indicating that the demand is still present for the metal.

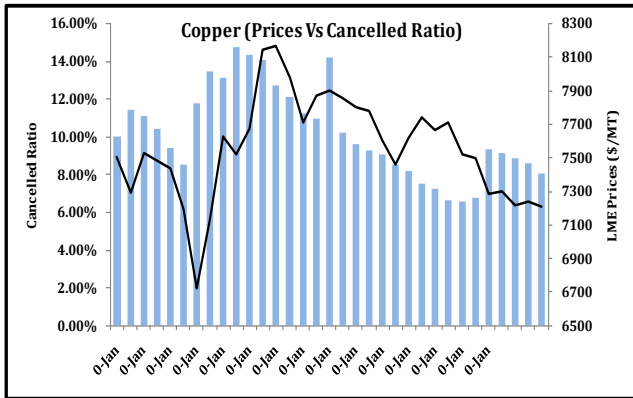
The spread basis has increased confirming that the contango effect to continue in the near term.

BASIS CHART

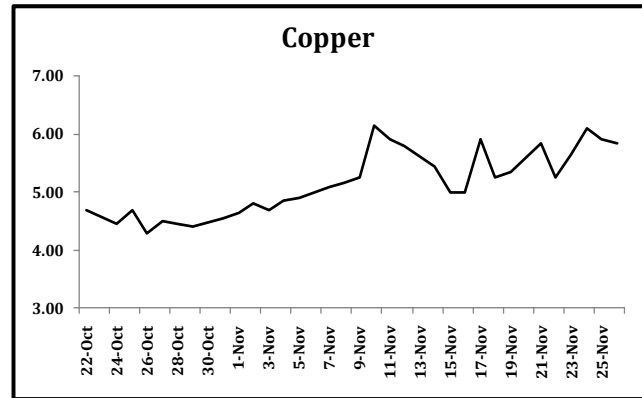
(LME 3 MTH FWD-LME CASH PRICES) {\$/Tonnes}



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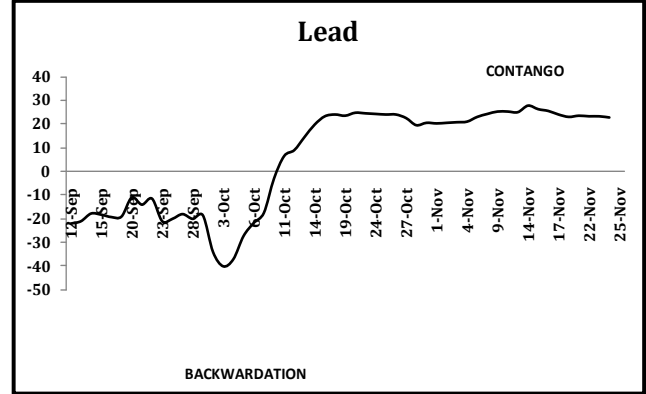


LEAD

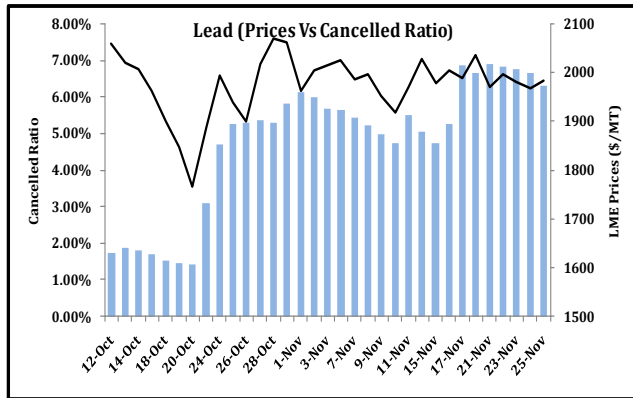
Like the other metals Lead too lost 2.67 percent at the LME. There has been a slight increase in the Volume but the open interest has declined by 71.30 percent, indicating the future bearish trend. The inventory has also increased which will intend to put a pressure on the present price levels.

BASIS CHART

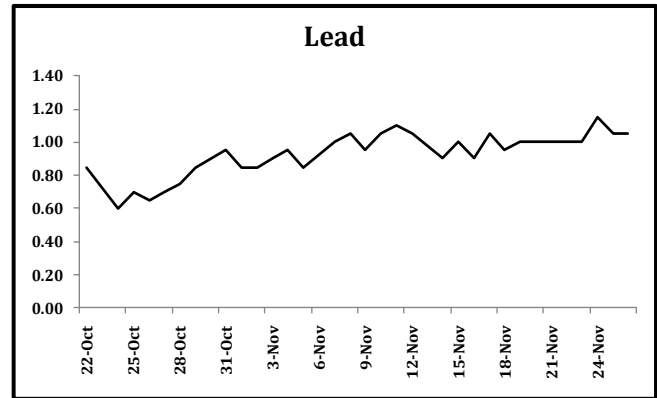
(LME 3 MTH FWD-LME CASH PRICES) {\$/Tonnes}



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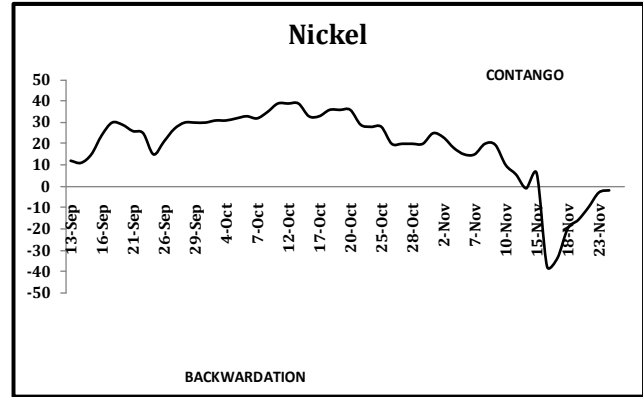


NICKEL

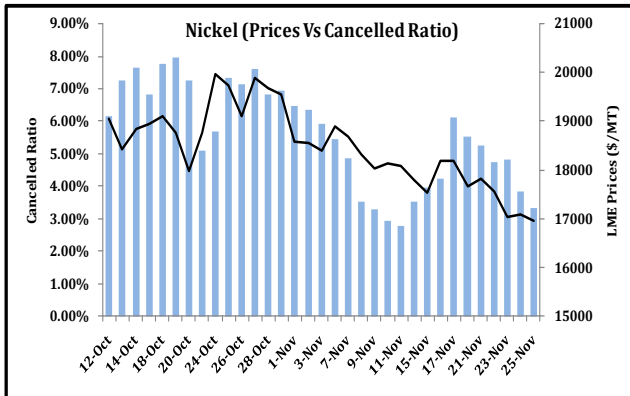
Nickel has been highly volatile and the cancelled warrants have reduced in the recent two session. The price has declined by 3.99 percent, and the open interest also witnessed a decline of nearly 46 percent. The basis has now come down to backwardation suggesting short term demand to remain poor.

BASIS CHART

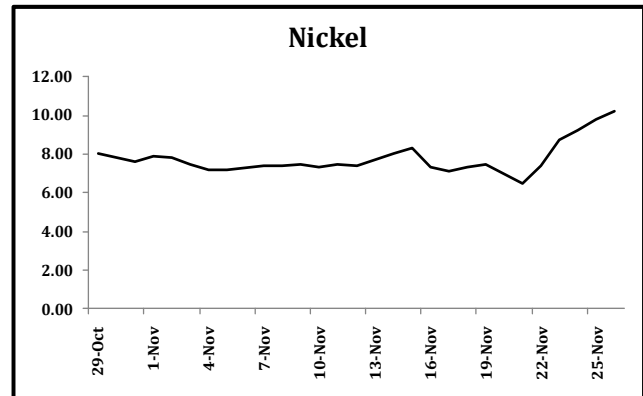
(LME 3 MTH FWD-LME CASH PRICES) {\$/Tonnes}



CANCELLED WARRANT RATIO ON LME



CALENDAR SPREAD ON MCX



NICKEL-3-MONTH FORWARD LME:WEEKLY PRICE CHART





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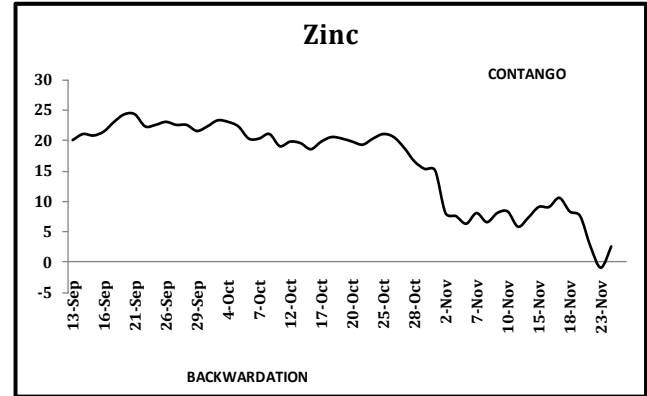


ZINC

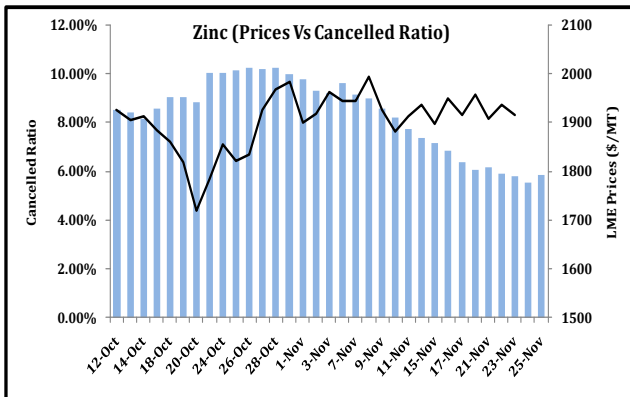
Zinc, like other base metals continued the downtrend and lost 2.9percent. The cancelled warrant ratio has improved in the last trading session, and also the inventories experienced draw downs at the LME. This clearly signifies that the demand is increasing for the metal in the future.

BASIS CHART

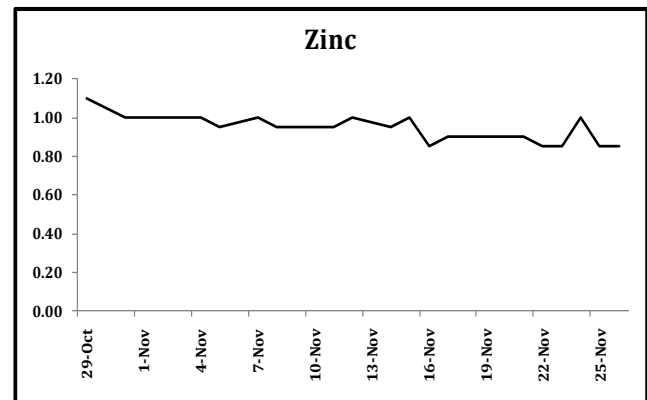
(LME 3 MTH FWD-LME CASH PRICES) {\$/Tonnes}



CANCELLED WARRANT RATIO ON LME



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DATA RELEASES SCHEDULED FOR THE WEEK AHEAD

Date	Time	Region	Event	Period	Survey	Prior
11/28/2011	20:30	US	New Home Sales	OCT	313K	313K
11/28/2011	21:00	US	Dallas Fed Manf. Activity	NOV	5	2.3
11/28/2011		GE	Consumer Price Index (MoM)	NOV P	0.00%	0.00%
11/29/2011	15:30	EC	Business Climate Indicator	NOV	-0.3	-0.18
11/29/2011	15:30	EC	Euro-Zone Consumer Confidence	NOV F	-20.4	-20.4
11/29/2011	15:30	EC	Euro-Zone Economic Confidence	NOV	93.9	94.8
11/29/2011	15:30	EC	Euro-Zone Indust. Confidence	NOV	-7.6	-6.6
11/29/2011	15:30	EC	Euro-zone Services Confidence	NOV	0	0.2
11/29/2011	19:30	US	S&P/CaseShiller Home Price Ind	SEP	--	142.84
11/29/2011	20:30	US	Consumer Confidence	NOV	44	39.8
11/29/2011	20:30	US	House Price Index MoM	SEP	-0.10%	-0.10%
11/30/2011	05:20	JN	Industrial Production (MoM)	OCT P	1.10%	-3.30%
11/30/2011	12:30	GE	Retail Sales (MoM)	OCT	0.10%	0.40%
11/30/2011	18:45	US	ADP Employment Change	NOV	130K	110K
11/30/2011	19:00	US	Nonfarm Productivity	3Q F	2.60%	3.10%
11/30/2011	19:00	US	Unit Labor Costs	3Q F	-2.10%	-2.40%
11/30/2011	20:30	US	Pending Home Sales MoM	OCT	1.50%	-4.60%
12/01/2011	06:30	CH	PMI Manufacturing	NOV	49.8	50.4
12/01/2011	08:00	CH	HSBC Manufacturing PMI	NOV	--	51
12/01/2011	14:25	GE	PMI Manufacturing	NOV F	47.9	47.9
12/01/2011	14:30	EC	PMI Manufacturing	NOV F	46.4	46.4
12/01/2011	15:00	UK	PMI Manufacturing	NOV	47	47.4
12/01/2011	19:00	US	Initial Jobless Claims	26-Nov	390K	393K
12/01/2011	19:00	US	Continuing Claims	19-Nov	3650K	3691K
12/01/2011	20:30	US	Construction Spending MoM	OCT	0.30%	0.20%
12/01/2011	20:30	US	ISM Manufacturing	NOV	51.5	50.8
12/01/2011	20:30	US	ISM Prices Paid	NOV	45	41
12/02/2011	15:30	EC	Euro-Zone PPI (MoM)	OCT	0.20%	0.30%
12/02/2011	19:00	US	Change in Nonfarm Payrolls	NOV	120K	80K
12/02/2011	19:00	US	Change in Private Payrolls	NOV	145K	104K



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