

MARKET COMMENTARY

GOLD

Gold declined for a fourth day as the dollar rebounded, reducing the appeal of the precious metal as an alternative investment. The dollar rose as much as 0.5 percent, extending yesterday's gain to a three-week high against the euro on speculation that President-elect Barack Obama's plan to cut taxes will help the U.S. recover from a recession faster than other countries. Gold and other precious metals generally move in the opposite direction to the dollar.



CRUDEOIL

Crude oil traded little changed near a five-week high on speculation that OPEC is implementing a 9 percent production cut and concerns an expansion of the Gaza Strip conflict may disrupt Middle East supplies. The Organization of Petroleum Exporting Countries is likely to make all the output cuts promised at its last meeting, causing global stockpiles to fall this quarter. Full implementation of OPEC's 4.2 million barrel-a-day reduction in supplies will send inventories below their five-year average. Oil gained yesterday as Israeli warplanes bombarded Palestinian targets and thousands of soldiers moved into Gaza.



COPPER

Copper dropped in London, erasing earlier gains, as higher inventories and recessions in the U.S., Europe and Japan cast doubt on increased investor demand for industrial metals. Nickel and aluminum also fell. Inventories of copper, nickel, aluminum and zinc advanced yesterday in the London Metal Exchange's daily warehouse report, signaling more supply than demand.



CURRENCY-USDINR

Indian rupee finally closed trading Monday slightly up at 48.565 per dollar as against Friday's close of 48.58/60. MCX-SX INR January'09 futures prices closed weaker towards 48.69 on Monday. Earlier, the rupee gained from government plans to give Rs 200 billion to boost the capital of state-run lenders and provide Rs 250 billion for non-bank finance companies.



Exchange Movement - 05.01.2009

Commodity	Exch	Contract	Open	High	Low	Close	% Change in Price
Gold	MCX	FEB	13518.0	13548.0	13190.0	13329.0	-1.40
Silver	MCX	MAR	18572.0	18690.0	17632.0	18362.0	-1.13
Copper	MCX	FEB	158.0	162.3	153.8	159.0	0.63
Nickel	MCX	JAN	624.4	628.4	598.0	619.0	-0.86
Lead	MCX	JAN	54.0	55.3	52.5	54.7	1.30
Zinc	MCX	JAN	61.7	63.0	60.7	62.5	1.30
Crudeoil	MCX	JAN	2260.0	2339.0	2226.0	2316.0	2.48
USDINR	MCXSX	JAN	48.7500	48.7925	48.2100	48.6900	-0.12
EURO		JAN	1.3899	1.3963	1.3544	1.3636	-1.89

LME BASE METAL STOCKPILES MOVEMENT ON 05.01.2009

Metals	Change from Previous Day
Copper	+ 1500
Nickel	+ 96
Zinc	+ 1050
Lead	Unchanged

**IMPORTANT ECONOMIC DATA OF UNITED STATES FOR THE WEEK
05.01.2009 TO 09.01.2009**

DATE	ET	RELEASE	FOR	Actuals	CONSENSUS	PRIOR
05.01.09	10:00	Construction Spending	Nov	-0.6%	-1.2%	-1.2%
05.01.09	14:00	Auto Sales	Dec		NA	NA
06.01.09	10:00	Factory Orders	Nov		-2.6%	-5.1%
07.01.09	10:35	Crude Inventories	01/02		NA	NA
08.01.09	08:30	Initial Claims	01/03		550K	492K
08.01.09	14:00	Consumer Credit	Nov		\$0.5B	-\$3.5B
09.01.09	08:30	Unemployment Rate	Dec		7.0%	6.7%
09.01.09	10:00	Wholesale Inventories	Nov		-0.90%	-1.10%

Construction spending data goes directly into the GDP report. Residential construction is has dropped to about 3% of GDP, while nonresidential construction is about 4% of GDP. The construction spending report is broken down between residential, non-residential, and public expenditures on new construction. The monthly changes are both volatile and subject to huge revisions, so this report rarely has any market impact. Only trends extending over three months or more can be viewed as significant. The spending figures are in both nominal and real (inflation adjusted) dollars.

The real figures for residential and nonresidential spending are used by economists to forecast the investment component of quarterly GDP. The annualized percent changes between the quarterly averages of these two components match up well with residential investment and commercial structure changes in the GDP accounts

GOLD(FEB)

GOLD 0902(MXGLDG9)00:00 01/06 - 5 Minutes B:13337.00 A:13344.00
 O 13343.00 H 13343.00 L 13329.00 C 13329.00 V 3 T 0 -11
 SMA(18) 13292



MSFL Recommendation: Buy around 13300 with stop loss below 13240 for target 13460

Silver (MAR)

SILVER 0903(MXSILH9)23:55 01/05 - 5 Minutes B:18442.00 A:18450.00
 O 18378.00 H 18479.00 L 18370.00 C 18442.00 V 880 T 475,984 +67
 SMA(18) 18235



MSFL Recommendation: Buy around 18400 with stop loss below 18270 for the target of 18700.

CRUDE OIL(JAN)

CRUDEOIL 0902(MXCROG9)00:00 01/06 - 5 Minutes B:2307.00 A:2309.00
O 2307.00 H 2316.00 L 2307.00 C 2316.00 V 7 T 0 +10
SMA(18) 2310.8



MSFL Recommendation: Buy around 2280 with stop loss below 2245 for target of 2350.

COPPER(FEB)

COPPER 0902(MXCOPG9)00:00 01/06 - 5 Minutes B:158.60 A:158.75
O 158.70 H 159.00 L 158.70 C 159.00 V 2 T 0 +0.4
SMA(18) 159.19



MSFL Recommendation: Buy around 156-157 with stop loss below 154 for target of 162.

ZINC(JAN)

ZINC 0901(MXZINF9)23:55 01/05 - 5 Minutes B:62.50 A:62.55
O 62.40 H 62.55 L 62.30 C 62.55 V 87 T 43,679 +0.2
SMA(18) 62.456



MSFL Recommendation: Buy around 61-61.50 with stop loss below 60.50 for target of 63.0

LEAD(JAN)

LEAD 0901(MXLEAF9)00:00 01/06 - 5 Minutes B:54.80 A:54.85
O 54.85 H 54.85 L 54.70 C 54.70 V 1 T 0 -0.1
SMA(18) 54.747



MSFL Recommendation: Sell around 54.50 with stop loss above 55.35 for target of 52.80

NICKEL(JAN)

NICKEL 0901(MXNICKF9)00:00 01/06 - 5 Minutes B:618.10 A:618.70

O 618.00 H 619.00 L 618.00 C 619.00 V 0 T 0 +1

SMA(18) 616.87



MSFL Recommendation: Buy around 610 with stop loss below 599 for the target of 624.

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