

STRENGTH OF RESEARCH, FOUNDATION OF WEALTH
Feb 17th, 2010

US Market Summary

	INTL. MARKET	NYClose (In US\$)	Change (In US\$)
GOLD	Comex	1118.00	+28.00
SILVER	Comex	1613.50	+68.80
COPPER	Comex	3.2225	+0.1395
CRUDE	Nymex	76.95	+2.82
NATURAL GAS	Nymex	5.392	-0.076
DOW JONES		10268.81	+169.67
INR Level	46.00		

London AM Gold Fixing: \$1115.25/oz

London PM Gold Fixing: \$1115.25/oz

Commodity	Trend
NICKEL	UP
T.M.C.	UP
GUR	DOWN

Fundamental Comments

The US manufacturing sector has performed better than expected in the past month according to the New York Empire State Manufacturing Index which grew to 24.91 in February, up from 15.92 in January. The market had only expected an increase in this month to 17.10. The survey of manufactures in New York conducted by the Federal Reserve Bank of New York. It indicates the overall health of manufacturers in the United States.

US net long-term TIC flows for December fell to \$63.3 billion from \$126.4 billion in January. The market had expected a greater drop to \$50.3 billion. The total TIC flows for December grew beyond expectations to \$60.0 billion, up from \$26.6 billion in November. Forecasts had called for a more modest increase to \$50.0 billion. The total Net TIC Flows is released by the US Department of Treasury. TIC stands for Treasury International Capital. It shows in and out flows of financial resources in the United States. The TIC flows is one of the major events in the market, as it is seen by most participants as the Government resource for offsetting the current Trade Deficit. A high reading is positive (or bullish) for the USD, while a low reading is negative (or bearish).

Market Relay

The combination of a softer U.S. dollar and further rises in London Metal Exchange canceled warrants enabled copper prices to hit their highest level in more than two weeks Tuesday. The ICE Futures U.S. March dollar index is 0.160 point lower at 80.250. A weaker dollar makes commodities such as copper cheaper in other currencies, thus can help demand. A stronger tone in foreign currencies was encouraged by developments in Australia, where the latest minutes from the Reserve Bank of Australia suggested further rate increases down the road and an NAB business survey showed a healthy jump in confidence, currency analysts said. Economic data from the euro zone also helped the euro as the latest ZEW business sentiment index from Germany came in at 45.1. This was down from 47.2 in January but a lot higher than the 41.5 that had been forecast. Canceled LME copper tonnage stood at 16,400 metric tons as of Tuesday, well up from 3,125 at the beginning of last week. Copper extended its gains slightly after a stronger-than-forecast New York Fed Empire State manufacturing survey. The headline index rose to 24.91 in February from 15.92 in January, when the forecast was for a more modest 16 reading. The closing of Tuesday is encouraging for the market and make us to hold our bullish view on the metal, though we are not saying that in between this we don't have any connection but overall the trend is still up.

Gold prices broke above the \$1100 mark and rose to a two-week high as overnight trading got underway in Asia, giving rise to short-covering purchases that only accelerated once the \$1106 resistance area was also taken out. The yellow metal reached a high at very near another resistance point –that of \$1118.50 per ounce. Other commodities – mainly oil and copper – advanced as well, as speculators funneled money into the sector on currency weakness. That said, technical analysts see black gold as eventually falling back towards \$73 soon, as it has been unable to pierce overhead resistance at the \$76 level. This time, the advance in gold came with a corresponding (about 0.5%) decline in the US dollar –which slipped to 80.10 on the trade-weighted index (recall that gold and the dollar have experienced a short-term de-couple over the past several trading sessions). Also aiding bullion's gains were the declines in weak long spec positions that the market has witnessed in recent days. In gold we have a solid breakout in international market so here we are going for buy at the open of MCX and we will hold for 17100 level as a target for MCX active gold.

LME Stock Status

Sr. No	Commodity	Change
1.	Copper	+775
2.	Tin	-10
3.	Lead	+325
4.	Zinc	+1650
5.	Aluminium	+36800
6.	Nickel	-228

News Alert

- FED Hoening said US debt threaten FED price stability goal
- Spain another debt ridden EU member planning to sell 15 years bond
- Spain bond sell will show whether traders are still confident with Euro member nation
- Iran is going to face another round of sanction for the first time from Obama office

Important Events

Country	Time (IST)	Description	Forecast	Previous	Remarks
US	7.00pm	Building Permits	<u>0.63mll</u>	<u>0.65mll</u>	
US	7.00pm	Housing Permit	<u>0.58mll</u>	<u>0.56MLL</u>	
US	7.45pm	Industrial Production	<u>72.6</u>	<u>72.0</u>	

Important Levels

Commodity	Pivot	Resistance1	Resistance2	Support1	Support2
Gold Feb, MCX	16714	16813	16892	16635	16536
Silver March, MCX	25008	25457	25734	24731	24282
Crude Feb, MCX	3512	3595	3644	3463	3380
Copper Feb, MCX	324.30	330.60	334.10	320.90	314.60
Jeera	11686	11882	11985	11583	11387

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