

Commodities Insight

Daily Report - *SAMPLE*

May 10, 2010

O
I
GOLD
A
METALS

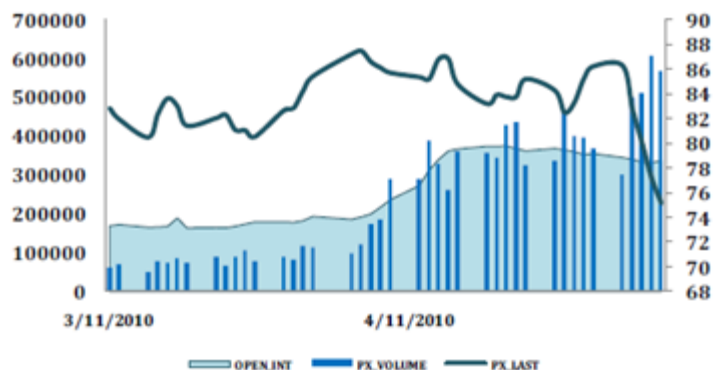


ENERGY

CRUDE OIL

Market Review: Crude prices on the NYMEX slumped 12.81% past week to close at \$75.11. Prices plunged drastically during the week amid concerns that the fallout of the Greece debt crisis could spill into other regional economies. The Department of Energy (DOE) inventory report showed a steep rise in inventory levels, as refiners continued to increase operating rates. However, prices are higher today as European policy makers and the IMF have announced a rescue package of nearly \$1 trillion to support the battered euro.

DERIVATIVE ANALYSIS-NYMEX-CRUDE OIL



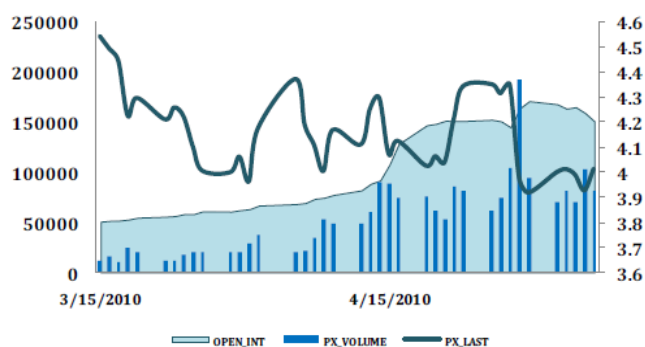
Exchange	Contract	Open	High	Low	Close	% chg	Volume	% chg	OI	% chg
WTI Light Sweet Crude Oil (\$/bbl)	Jun-10	76.92	78.19	74.51	75.11	-2.59	564,821	-6.64	337,413	1.69
	Jul-10	79.96	81.17	77.74	78.51	-2.08	196,188	-9.78	244,732	4.75
ICE Brent (\$/bbl)	Jun-10	79.87	80.65	77.58	78.27	-1.95	230,378	0.62	NA	NA
	Jul-10	80.9	81.7	78.65	79.34	3.18	152,540	47.03	NA	NA

Outlook: Economic data from Germany, in the form of trade balance, is expected to show a rising surplus, which will likely be positive for prices. There are no other significant data releases today. Crude prices are likely to advance today, after the emergency rescue plan for the euro zone economies was unveiled.

NATURAL GAS

Market Review: Natural gas prices on the NYMEX closed at \$4.015 past week, up 2.4 %. Prices gained toward the end of the week after non-farm payrolls, augmented by private sector hiring, scaled robust growth in April-10, the highest in four years. This boosted investor confidence despite the US unemployment rate rising to 9.9 %, on increased labor force.

DERIVATIVE ANALYSIS-NYMEX- Natural gas



Exchange	Contract	Open	High	Low	Close	% chg	Volume	% chg	OI	% chg
NYMEX Natural Gas (\$/mmbtu)	Jun-10	3.94	4.04	3.90	4.02	2.19	80,775	-21.45	151,313.00	-5.25
	Jul-10	4.04	4.15	4.01	4.12	2.03	31,854	-00.60	159,503.00	0.53

Outlook: The market is expected to trade steady today with no significant industrial news, while speculation over a swift economic recovery after the prior week non-farm payrolls report is expected to support prices to trade higher, at least in the interim.

Technical Recommendation

Commodity	S2	S1	PCP	R1	R2	Recommendation
NYMEX Natural gas June	3.8457	3.9303	4.0150	4.0693	4.1237	Sell at 2.12 TP 2.20 SL 2.08

GASOLINE

Market Review: Gasoline prices on the NYMEX closed at \$2.1251 past week, down 11%. As fears about the European economy spread, gasoline prices plunged nearly 13%.

Exchange	Contract	Open	High	Low	Close	% chg	Volume	% chg	OI	% chg
NYMEX RBOB Gasoline(\$/gallon)	Jun-10	215.24	218.84	210.21	212.51	-1.45	41,381.00	-40.27	87,672.00	-4.82
	Jul-10	215.90	219.57	213.48	213.48	-1.44	26,743.00	-17.29	62,088.00	1.64

Outlook: Prices are expected to recover during the day's trading, following the forecast of stronger crude prices, and the rescue package to address the European crisis.

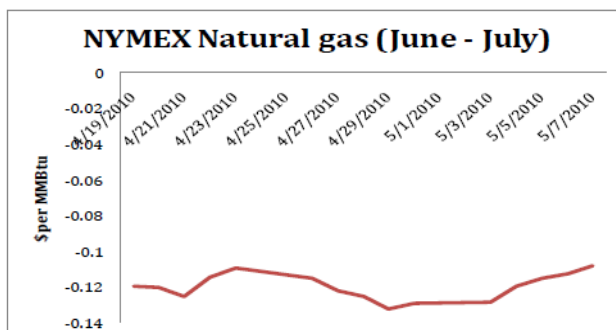
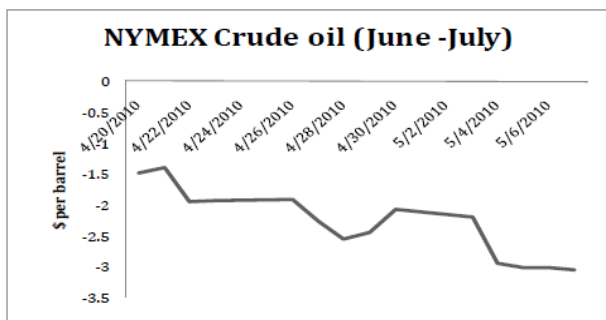
Technical Recommendation

Commodity	S2	S1	PCP	R1	R2	Recommendation
NYMEX Gasoline June	2.052	2.089	2.125	2.175	2.225	Sideways

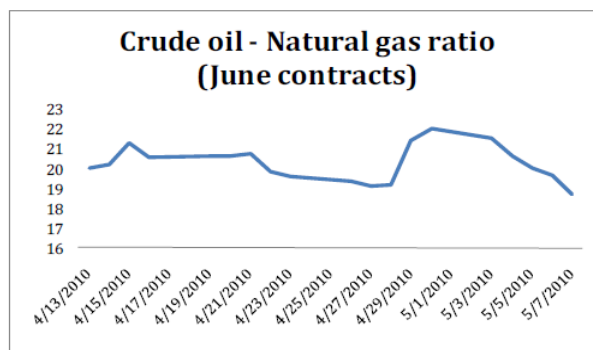
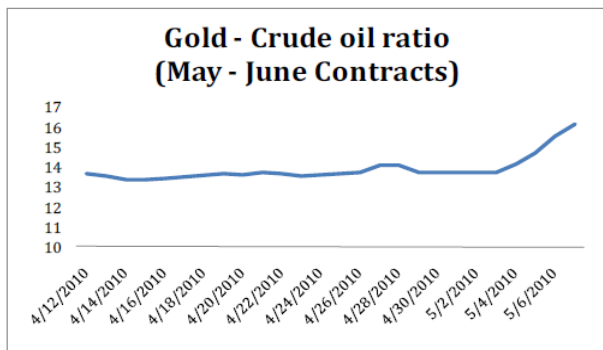
ENERGY SPOT MARKETS

Commodity	Open	High	Low	Close	% chg
WTI Cushing (\$/bbl)	76.81	76.81	75.11	75.11	-2.59
Brent Spot (\$/bbl)	81.62	81.62	81.62	81.62	-2.59
Henry Hub Natural Gas (\$/mmbtu)	3.87	3.98	3.87	3.90	-1.76
NY Harbour RBOB Gasoline (\$/gallon)	213.43	213.43	211.99	211.99	-0.61

Calendar Spreads



Ratios



BULLION

GOLD

Market Review

Gold prices surged during four out of five trading days past week, to close gaining more than 2.5% Gold ended higher to a near-record in New York on Friday, as investors were spooked by the potential contagion effect of the current Greek debt crisis.

- Comex gold futures for June delivery closed at \$1,210.40/oz, up 1.09%.
- The euro recovered on Friday after declining during four consecutive trading sessions in the week. The Dollar Index declined more than 0.5%.
- German industrial production rose unexpectedly by 4%, while the US unemployment rate edged up to 9.9%.
- Equities continued to witness sell-offs. The benchmark world index for stocks closed down 2.29%. Crude oil prices lowered further by 2.6% to \$75.11/barrel.
- The SPDR Gold Trust increased its gold holdings further by 2.71 MT, to 1188.50 MT yesterday. Gold holdings rose nearly 30 tonnes past week.

Spot Gold	05/07/2010	05/06/2010	% Chg
Comex (USD / Ozt)	1,208.40	1,208.57	-0.01
London AM Fix (USD / Ozt)	1,199.60	1,178.00	1.83
London PM Fix (USD / Ozt)	1,202.25	1,185.25	1.43
London (GBP / Ozt)	816.27	814.78	0.18
Canada (CAD / Ozt)	1,261.45	1,272.14	-0.84
Switzerland (CHF / Ozt)	1,338.91	1,346.47	-0.56
Euro (EUR / Ozt)	947.39	957.66	-1.07
Australia (AUD / Ozt)	1,360.81	1,365.46	-0.34
Japan (JPY / Ozt)	110,677.36	109,472.27	1.10
Singapore (SGD / Ozt)	1,686.81	1,695.74	-0.53
Mumbai (INR / 10 gms.)	17,817.00	17,480.00	1.93

Last 6 Trading Days - Comex Gold Jun' 10 Futures (USD/Oz)				
Date	Open	High	Low	Close
05/07/2010	1,208.40	1,214.90	1,193.00	1,210.40
05/06/2010	1,176.00	1,211.90	1,173.00	1,197.30
05/05/2010	1,171.20	1,177.70	1,156.20	1,175.00
05/04/2010	1,182.90	1,192.80	1,166.90	1,169.20
05/03/2010	1,181.00	1,188.40	1,177.10	1,183.30
04/30/2010	1,168.00	1,182.50	1,167.80	1,180.70

Outlook

Gold prices plunged during early trading hours Monday in Asia, after the European finance ministers crafted a huge aid package worth nearly \$1 trillion for countries under debt attack. This will ease debt concerns in Europe, further reducing gold's safe haven demand. The Dollar Index shed more than 1%, as the euro appreciated more than 1.6%. Stock markets have also bounced back after witnessing steep declines in the past few trading sessions. We expect gold to trade lower during the day's trading.

Comex Gold Jun 10 Recommendation					
Jun '10 Gold	S2	S1	R1	R2	Pre. Close
5/10/2010	1,184.00	1,197.00	1,219.00	1,218.00	1,210.40
Sell at 1,202/03 TP 1,192 SL 1208					

SILVER

Market Review

Silver rode on the coattails of gold, climbing more than 5%, as silver's recent losses enhanced the white metal investment appeal, in comparison to gold. Silver recovered from \$17.48/oz to close higher at \$18.45/oz in New York. The benchmark world index for stocks closed 2.29% lower. The base metals complex on the LME weakened further by 0.11%. Ishares Silver Trust consolidated its silver holdings by a further 76.22 MT, to 9087.72 MT.

Spot Silver	05/07/2010	05/06/2010	%Chg
Comex (USD / Ozt)	18.36	17.70	3.73
London 12 PM Fix (USD / Ozt)	17.70	17.69	0.06
Mumbai (INR / Kg.)	27,760.00	27,550.00	0.76

Last 6 Trading Days - Comex Silver Jun' 10 Futures (USD/Oz)				
Date	Open	High	Low	Close
05/07/2010	17.59	18.69	17.48	18.45
05/06/2010	17.59	17.78	17.26	17.52
05/05/2010	17.87	17.90	17.08	17.53
05/04/2010	18.84	18.85	17.81	17.84
05/03/2010	18.69	18.89	18.53	18.84
04/30/2010	18.51	18.79	18.48	18.64

Outlook

Silver opened lower in Asia and is currently trading at \$18.40/oz. The EU's aid package to halt debt crisis in Europe may provide some respite to the markets. Base metals stocks on the LME are trading marginally higher, and the stocks are also recovering. We expect silver to track the gains in gold and base metals and trade sideways today. MCX silver may open lower.

Comex Silver Jun 10 Recommendation					
Jun '10 Gold	S2	S1	R1	R2	Pre. Close
05/10/2010	17.00	17.72	18.94	19.42	18.45
Sideways					

Gold & Silver Contracts on Comex									
Contracts	Open	High	Low	Close	% Chg	Volume	% Chg	Open Interest	% Chg
Gold (Jun 10)	1208.40	1214.90	1193.00	1210.40	1.09	223,974	-17.43	347,155	0.00%
Gold (Aug 10)	1209.10	1216.10	1195.00	1212.20	1.12	43,005	185.31	69,758	0.00%
Silver (Jul 10)	17.59	18.69	17.48	18.45	5.34	50,869	-1.29	76,353	0.00%
Silver (Sep10)	17.63	18.70	17.53	18.48	5.35	1,007	-9.36	10,319	0.00%

Economic Events Today						
Date Time	Region	Event	Period	Survey	Actual	Prior
05/10/2010 09:30	CH	Trade Balance (USD)	APR	-\$0.55B	-	-\$7.24B
05/10/2010 09:30	CH	Exports YoY%	APR	28.90%	-	24.30%
05/10/2010 09:30	CH	Imports YoY%	APR	51.50%	-	66.00%
05/10/2010 11:30	GE	Trade Balance	MAR	14.0B	-	12.6B
05/10/2010 11:30	GE	Imports SA (MoM)	MAR	0.50%	-	0.20%

BASE METALS

Market Review

- The base metals complex recovered from the earlier lows, and prices edged higher due to supportive data releases, and with the Dollar Index paring some gains. Later during the day, China instructed banks to set aside additional reserve funds (revaluing it for the third time in a year), and Australia boosted taxes up to 40% on commodities producers, alarming the equity markets, but only had a modest impact on the commodities market.
- The Dollar Index, a six-currency gauge of the greenback's strength, roared initially to 85.145 levels, later paring the earlier gains to slump to 84.316, as the euro spurred, riding on the back of the bail-out package. The Dollar Index lost 0.52% to settle at 84.450. However, the euro is poised for huge declines during the week, as concerns that the Greek debt crisis could spread to other euro-zone countries prompted investors to shed riskier assets.
- Britain poll results were announced last week, which suggests a coalition government in the UK. The bailout package was a boon for the euro to recover 1.07% against the Dollar Index.

LME (\$/MT)	Open	High	Low	Close	% chg
Aluminum	2,225.00	2,266.50	2,206.00	2,255.00	2.50%
Copper	7,375.00	7,465.00	7,341.00	7,430.00	1.02%
Lead	2,215.00	2,295.25	2,196.00	2,230.00	0.00%
Nickel	25,500.00	26,469.00	25,400.00	26,300.00	3.54%
Zinc	2,274.00	2,330.00	2,264.00	2,285.00	0.75%

Outlook

- The emergency loan fund by the European leaders worth \$643 billion is expected to prevent the crisis to have a contagion effect on other nations, and could help bolster a recovery.
- The Asian equities are running considerable up, despite the downturn on the Wall Street on Friday. This follows the anticipation of a recovery, after the European bailout package was announced. Any uptrend in the equity markets would support confidence in the commodities markets as well.
- Consolidating the view, we foresee MCX base metals opening marginally higher as the electronic session at LME is taking a pullback after past week decline. Metals remain very vulnerable to the euro-zone scenario, and any unanticipated news could cause a movement in either direction. Moreover, China is due to release its import-export, and trade balance figures for April, suggesting improvement. The retreating Dollar Index and firm equities are likely to push prices higher for the day.

LME Warehouse Stocks as on 07/05/2010 (in tonnes)								
Metal	Previous	In	Out	Total	On	Cancelled	Change	Cancelled Ratio
Copper	492700	0	1825	490875	472825	18050	(1825)	0.037
Lead	182725	275	0.7	182,975	181675	1300	1.2	0.007
Zinc	572475	0	675	571800	560800	11000	(675)	0.019
Nickel	145446	0	516	144930	138930	6000	(516)	0.041
Aluminum	4511675	4125	9575	4506225	4233350	272875	(5450)	0.061

Note

This document is for sample representational purpose only. This is a white-labelled sample extract from an investment research report prepared by Karvy Global Services as part of our Client engagements.

Important Disclaimers

The information and views presented in this report are prepared by Karvy Global Services Limited. The information contained herein is based on our analysis and up on sources that we consider reliable. We, however, do not vouch for the accuracy or the completeness thereof. This material is for personal information and we are not responsible for any actions taken based upon it.

The investments discussed or recommended in this report may not be suitable for all investors. Investors must make their own investment decisions based on their specific investment objectives and financial position and using such independent advice, as they believe necessary. While acting upon any information or analysis mentioned in this report, investors may please note that neither Karvy Global Services nor any person connected with any associated companies of Karvy accepts any liability arising from the use of this information and views mentioned in this document.

The author, directors and other employees of Karvy Global Services and its affiliates may hold long or short positions in the above-mentioned companies from time to time. Every employee of Karvy Global Services and its associated companies are required to disclose their individual stock holdings and details of trades, if any, that they undertake. The team rendering corporate analysis and investment recommendations are restricted in purchasing/selling of shares or other securities till such a time this recommendation has either been displayed or has been forwarded to clients of Karvy Global Services. All employees are further restricted to place orders only through Karvy Global Services Limited.