



Take home some profits in bullion

Bullions: Trading firm; book profits

Bullions are likely to be firm in thin trading amid the market speculating on major central banks' buying interest in gold. After the UAE, it is now the Chinese story that is circulating in the market. China should take advantage of any weakness in the prices of bullion to build its official gold holdings as part of a strategy for diversifying its foreign exchange reserves, a senior government economist said.

Despite the bullishness, it is normal for the prices to skew upwards in the absence of an active trading session and dips are expected following covering of positions and profit taking ahead of the resumption of trading on the Comex tomorrow.

Crude oil: At an eight-week high

Crude oil traded near an eight-week high in London after Iran rejected US and European demands to suspend its nuclear research programme. Further US gasoline prices rose on the holiday demand.

On the flip side, fund managers and the speculators increased their bets on rising oil prices for the first time in eight weeks according to the CFTC data. The speculative long positions, or bets that the prices will rise, outnumbered

the short positions by 36,814 contracts in the week ended June 27, up 38% from the week before. With buying interest creeping in following Iran's rejection, this counter is likely to see further gains.

Iran's latest snub to the United Nations, and the increased tension between Israel and Palestine, will probably add to the traders' concern that the Middle East oil supplies may be disrupted.

Copper: Range-bound with a positive bias.

The red metal is expected to gain a bit during the week. The imminent strike at the Grupo Mexico mines may also provide some positive undertone to the counter. The last week witnessed gains in the prices that were not accompanied with the increase in the open interest. Through the day expect narrow range-bound moves with a positive bias. This week might provide opportunities to sell for the medium term.

Sugar: Expect consolidation

After the release of the July quota, substantial demand was witnessed in the spot market, which lifted the prices. However, expect the counter to consolidate in the coming sessions.