commodities buzz

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Uptrend in wheat

Wheat: Showing an uptrend

Wheat witnessed some buying interest yesterday, rising by 1.07% to Rs1,020 per quintal. This came as a respite since the last three sessions on the NCDEX were in the grip of the bears. Wheat has a fair chance of witnessing some more bullish sessions, since many poultry industry owners are looking at it as a substitute for maize, which is seeing a hardening in the prices.

Copper: Sell-off pauses on dip in LME stocks

Just a momentary downward blip to $5,320 was seen in copper on the news of the resolution of the possible strike at Cerro Colorado suggesting that the outcome was widely anticipated. A drop of 1,225 tonne in the LME stocks temporarily assuaged the fear and the red metal looked somewhat steady through the day as the market slowly digests the "Red Kite" story. Copper spent a major portion of the day closer to the $5,400 level than the $5,300 level in a light volume session. However, it closed a little lower on a late session dip resulting from some fund selling in nickel. Some tentative buying support was seen from Asia. The bears, after a significant "technical" win, rested on the sidelines to let the dust settle. Cancelled warrants dipped slightly from 6.25% to 5.34% indicating the likelihood of limited outflow in the days ahead. The market is quite wary of another round of huge selling as the near-term technical advantage lies with the bears though fundamentally nothing significant has changed between the situation before and after Friday's unnerving sell-off. The bears are keeping their sight on the $5,000 level amid the possibility that the LME stocks especially in the European warehouses would start going up again. Broadly the red metal remains bearish and the LME stocks could largely decide the direction for the intra-day movement in the absence of any major news. The MCX supports are around Rs235 and Rs230.

Zinc and nickel: Zinc trying to be steady

Zinc like copper had an inside trading day and traded above $3,100 for almost the entire day. The positive LME stock data and probably the sentiment that selling in Zinc was overdone helped the metal to steady itself. The metal is still vulnerable to a sell-off, but the $3,000 support is likely to hold for the day if the LME stocks record a modest rise/fall.

Nickel is undergoing a correction to get in line with the complex that suffered huge losses in Friday's battering. It might correct to $34,500, the breaching of which could take it lower to test the supports at $33,000 and $30,000. However, despite fund selling being witnessed in nickel, the cash and the 3-month spread has tightened further to $3,500, which could limit the downside.

Bullion: Neutral to bullish

There are few days when the gold trade is as silent as it was yesterday. The entire day passed within a narrow band of about $6. Even the New York session, which is known for throwing up daily surprises, was surprisingly quiet. Silver too was calm with the entire day passing within a 25-cent band, a rarity of sorts these days.

Anyway, some calmness was welcome, especially after a fall of nearly 2% on Friday. The calmness was largely due to the steadying oil prices and lack of news on the dollar front.

Gold for April delivery closed at Rs9,402 after hitting a high of Rs9,427 and a low of Rs9,354, thus falling marginally short of the projected levels yesterday. Silver moved from a high of Rs19,925 to a low of Rs19,593 before closing at Rs19,863, thus clearing both the resistances predicted yesterday, as well as falling below the first support prediction.

The scenario stays within the broad band of neutral to bullish, tending to be more on the bullish side. The underlying trend is still there. And there is certainly interest in the market, particularly from the investors. Since many gold investors happen to be long-term players, they enter no sooner the prices are down.

Gold for April delivery may see resistances at Rs9,469 and Rs9,501 while the supports may come in at Rs9,344 and Rs9,301. Silver for March delivery may see resistances at Rs19,994 and Rs20,170 while the supports come in at Rs19,802 and Rs19,701.

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Chilli: Losing its bite

The prices of chilli plunged yesterday, pressurised by the relatively larger quantities arriving in the markets. Fresh arrival of 50,000 bags as against the daily inflows of 20,000 bags in the Guntur spot markets dragged the chilli futures on the NCDEX to the lower circuit of 6% at Rs4,224 per quintal.

Add to this the weaker advises from the international markets which led to extra liquidation of the long positions, thus leading to an overall bearish sentiment.

Chana: Exhibiting weakness

Chana also witnessed softer prices on the NCDEX and in the spot markets on expectations of a bumper *rabi* crop. Chana futures fell 2.65% to Rs2,060 per quintal while the prices in the New Delhi spot markets slipped by Rs100-200 to Rs2,350 per quintal.

Jeera: Losing its punch

Jeera futures were down to Rs9,280 per quintal in yesterday's trading. Jeera is likely to turn weaker in the days ahead on the news of heavier arrivals. The arrivals are likely to increase from Gujarat, and they will be followed by the arrivals from Rajasthan, which sows the crop slightly later. This coupled with the lukewarm response from the global buyers, cooks not an enticing recipe for the wonder spice--at least in the coming weeks.

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