Speculative buying in pepper

Pepper: Speculative buying

Pepper futures gained on speculative buying triggered by expectations that the commerce ministry may restore pepper export subsidy. Unsubstantiated reports on export subsidy helped the bullish trend in the market. The active March contract on the National Commodity and Derivatives Exchange of India crossed the level of Rs12,900 per 100 kilogram and hit a high of Rs13,099 before slipping down to Rs12,865.

Soy bean: Meal prices supportive

Soy bean spot and futures were down today due to weakness in soy oil prices owing to steady supplies. However, the fall in soy bean prices was much less than the drop in soy oil prices as firm soy meal prices supported soy bean. The crop was selling in the mandis at Rs1,360-1,390 per 100 kilogram and the plant delivery rates were Rs1,440-1,460 per 100 kilogram, up Rs10 from last Friday. In Maharashtra, around 45,000 bags of soy bean arrived and in Rajasthan around 13,000 bags of soy bean arrived yesterday.

Soy oil: Lack of international cues

Soy oil opened weak today and maintained its downward trend throughout the day as liquidation pressure ahead of the expiry of the February contract spilled over to the other contracts as well. Lack of cues from Malaysian crude palm oil markets due to a local holiday also kept buyers disinterested.

Wheat: Government to cut FCI floor price

Spot wheat prices in Indore and Jalgaon continued to fall on heavy arrivals after a three-day holiday and lack of institutional buying. In Jalgaon, the prices were down Rs50 to Rs980 per 100 kilogram on the arrival of over 7,000 bags. The prices are also down as on being left with carryover stocks big corporates like ITC and Cargill are not making any fresh purchases.

Chana: Arrivals gain speed

All chana contracts on the National Commodity and Derivatives Exchange closed down yesterday on selling pressure due to the increasing arrivals coupled with market talks of government intervention in chana futures. The market was also rife with talks that the government may ban futures trading in chana, just like it did for tur and urad in January this year. Another talk that has been doing the rounds since last Saturday is that the government may announce a 15% subsidy on the pulses imported by the government agencies.

Copper: A quiet day

The metal traded in a narrow band and closed slightly lower amid light profit booking as the market awaits the return of the US market players from a holiday for fresh clues to the direction. A strike has been reported at Indeni, Zambia's only oil refinery, and if the situation worsens, it could affect mining operations. The news is likely to support copper prices up to an extent. The London Metal Exchange (LME) stocks recorded an outflow of 2,725 tonne yesterday. It was the third day of no fresh arrival (yesterday's report wrongly mentioned that last Friday marked the second consecutive day of no arrival, last Friday was actually the second day this year that the market did not see any arrival this year). Increased outside activity was noted at European warehouses. The momentum of stock inflow appears to be waning as the February stock analysis shows rather a net outflow of 750 tonne. However, fresh cancellations with a figure of 950 tonne failed to match the outgo, thereby reducing the cancelled tonnage to 3.94%. The off-warrant stock in Asia is now only 1,000 tonne which means that fresh cancellations should accelerate to maintain the balance in the stock flow. C-3m contango has increased further by $4 to $30.The metal is likely to stay firm in the expectation that Chinese demand is likely to pick up after the holidays. Energy and currency fronts are likely to favour the metal today.

Other base metals: Listless trading

With US market players on a holiday, nothing spectacular was observed yesterday in the other metal counters as well.

Aluminium: No bauxite shipments have been reported as yet from the Republic of Guinea's port of Kamsar, though limited production has started. The metal is still being supported by the Guinea news and a short squeeze at the LME. However the C-3m tightness has eased by $10 to $54 and the same has been observed across the far dated contracts also. In the short term, the metal can move up and could be accumulated around $2,700.

Zinc: Of late, the metal is slowly finding some support from the analysts after its massive fall of around $1,500 from its peak last year. Still the metal is closely tied with copper at least in the short term. With copper stable, the metal could try to take out the $3,500 resistance and move higher, though overall, the bearish trend continues and the metal is yet to start looking good on the charts.

Nickel: A gain of 282 tonne in the LME stocks yesterday made it the ninth consecutive rise in stocks. In February the warehouses have recorded a net increase of 462 tonne. The gain in the stocks could see the metal correcting to $38,000 before it tries to test the resistance at $40,000. Low stockpiles and 50.88% cancelled tonnage are still providing good support to the metal. The same is evident from the C-3m spread, which has tightened further by $25 and stands at $2,825 (it had shrunk to less than $2,000 last week) presently.

Gold: Upward movement likely

A weaker US dollar helped lift the bullion prices by more than $3 an ounce to a fresh seven-month high. The trading was subdued due to a holiday in the USA and the entire movement of gold price took place within two dollars for almost the entire day. Boosted by the euro's climb to 1.3181, the yellow metal made a high of $673.90 while silver hit the peak at $14.11 an ounce.

In India, the April Gold contract at the MCX swung between a narrow band of Rs9,649 and Rs9,594 before settling at Rs9,630. Silver aped the sequence and moved between Rs20,445 and Rs20,349 before closing at Rs20,395.

The resumption of trading in the USA today is likely to liven up the precious metals markets. With crude holding on above $59, there are all the signs that the gold rally may continue, unless of course there is some new disturbing news. The April Gold contract is likely to find resistances at Rs9,694 and Rs9,738 while the supports come in at Rs9,574 and Rs9,508. The March Silver contract is likely to witness trouble going beyond resistances at Rs20,484 and Rs20,576 while the supports come in at Rs20,297 and Rs20,164.