



Metals stuck in a range

Bullions: Range-bound

With the US gross domestic product (GDP) numbers slightly below expectations there was some room for bullions to move up, especially as the talks with Iran ended inconclusively. Both gold and silver witnessed huge volatility with gold testing the key \$640-636 per ounce range. Buying interest coming in at these levels acted as a good support. The strength in the Australian dollar and the New Zealand dollar further lifted the yellow metal.

The rise in the precious metals could sustain for a day or so, but these counters are vulnerable to further retracement in the days ahead. With the US silver ETF's first fall in the metal holdings to 70.5 million ounces from a high of 73 million ounces, investors have turned cautious. Expect a range-bound market.

Crude oil: Firm prices

Crude oil moved up by another \$1.36 to \$71.07 per barrel on good US GDP numbers that came in at 5.3%, indicating that the world's largest economy is growing at the fastest pace in 2 1/2 years. Coupled with this, the talks with Iran ended inconclusively, triggering a fresh round of buying in this counter. Expect the prices to remain firm for the day.

Wheat: Range-bound with a negative bias

The prices of wheat have been marginally down as arrivals

have started to gather speed in various *mandis* including Delhi. The farmers have been reluctant to deliver the produce to the government agencies. With the procurement by the government agencies more or less stopped, the farmers have started to sell their stocks.

On the import side, only two bids for the import of wheat have been accepted amounting to about 2 million tonne. The intended size of the import was 3 million tonne. Some government sources indicate that another tender could be floated in the future, if needed.

Copper: Range-bound with a negative bias

The production of Codelco, the world's largest copper producing company, for the current year has been revised upwards by 9,000 tonne. Antofagasta's copper production is expected to fall by 4.50% to 440,000 tonne in the current year. However the long weekend in the USA ahead of the Memorial Day could result in profit booking. Expect a range-bound market with a negative bias.

Sugar: Positive

Pakistan is expected to issue further import orders to India and the June quota is expected to be around 13 lakh tonne. Hence the off take is expected to drive the market upwards. The sugar counter is expected to trade with a positive bias.

The Snapshot

Commodity	Month	Closing price	%Cng	OI(000)	% Cng	View	Remarks
Gold	June	9,674	1.62	6,127	6.09	Range-bound	Decline in demand of ETF
Crude oil	June	3,259	1.21	337.40	-0.18	Range-bound	Inconclusive Iran meeting
Copper	June	337.40	-8.27	2,875	11.97	Weak	Downward revision of production and profit booking
Sugar	June	1,967	-0.35	66,980	2.30	Positive	Import demand from Pakistan, June quota
Wheat	June	893.60	-0.80	144,110	1.96	Range-bound	Increased arrivals

Events Watch

Date	Location	Description	Forecast	Previous
26-05-06	USA	Consumer sentiments	79.0	79.0
26-05-06	USA	Personal income	0.7%	0.5%
26-05-06	USA	Personal spending	0.6%	0.6%
26-05-06	USA	PCE Deflator	2.9%	2.9%
26-05-06	USA	PCE Deflator(m-o-m)	0.2%	0.3%
26-05-06	USA	PCE Deflator(y-o-y)	2.1%	2.0%

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