



Strong clues for soy oil

Soy bean: Quiet for the time being

Demand for soy bean has slowed down in the last few days as extraction units are waiting on the sideline. However, any major fall in prices is ruled out as the stocks in the markets are very low since the season is almost over. Soy bean spot prices in most wholesale markets of Madhya Pradesh, the main centre, were at Rs1,570-1,580 per 100kg.

Soy oil: Overseas cues very positive

Refined soy oil futures ended almost 1% up, tracking gains in Malaysian palm oil contracts. The benchmark contract on Bursa Malaysia rose to its highest closing level since December 1998. The June contract closed at 2,188 ringgits a tonne, up 35 ringgits from Tuesday. In Indore spot market, soy oil prices were quoted at Rs456-462 per 10kg, up Rs4-6.

Mustard: Strong

Mustard futures ended over 1% up, tracking gains in soy futures. Arrivals in Rajasthan were steady at 320,000-350,000 bags (1 bag = 100kg). Mustard spot prices in Rajasthan were at Rs2,020-2,035 per 100kg, up Rs15-30. The shortfall in mustard production in the current season has held the prices very steady in recent weeks. Any fall in the prices has been met by quick buying.

Guar seed: Short covering

Guar seed and guar gum futures on National Commodity and Derivatives Exchange closed marginally higher today on short covering. Demand in spot markets was steady today. At low prices, traders are not willing to offload their stocks. Good demand from overseas is expected in the coming days, leading to expectation of further rise in prices.

Pepper: Rapid recovery

Buying on dips helped pepper futures reverse weak trends shown earlier due to profit taking. Firm trends in Vietnam also helped speculative buying from investors. On the National Commodity and Derivatives Exchange of India, the active May contract gained around 3.67% to Rs16,521 per 100kg compared with Rs15,935 on Tuesday. Other contracts also gained over 3% during the day.

Grade Malabar Garbled

	Yesterday	Change
NCDEX	15,927	494
NMCE	14,750	214
Spot		
Garbled	15,400	300
Ungarbled	14,800	300

Gold: Another day of uncertainty ahead

In case you have been observing the precious metals, you may have noticed that Mr Gold Market begins the day confidently in New York and climbs up a couple of notches, but after an hour or so it loses the steam and then fizzles down from where it had begun the day. During the past three sessions gold has gone up initially and then come down. The same was the case yesterday; spot gold rose from \$677 level to \$681.70 but then came down to the initial level by the time the session drew curtains. Silver, which has the habit of following the yellow metal, went through the same jig.

In India on MCX Gold June saw a high of Rs9,596 and a low of Rs9,529 before settling at Rs9,555, just Rs5 less than the previous close. Silver May saw a high north of magical Rs20,000 figure (Rs20,039 to be precise) and a low of Rs19,721 before settling the day at Rs19,844, thus losing Rs49 over the previous close.

The prognosis for the day is evenly balanced with the bias tapering to the south side. The reason is the same old wretched one--the stock markets around the globe seem to be in the red. Asian stocks have fallen from a six-week high after the Federal Reserve said interest rates might have to rise to curb inflation. Nikkei is down almost 1% and Dow Jones is down by a slightly less margin. The favourable factors are that the crude is persisting to inch towards the \$62 mark and the US Dollar is showing renewed signs of weakness.

With the US shares falling yesterday for the first time this month and with the Standard & Poor's 500 Index losing 0.7%, the sentiment among the traders may remain somber. To counter this, as the day progresses, the US Dollar may show a little more weakness, given that the markets seem to have a feeling of being let down by the comments of the Fed. Simultaneously, the traders feel the economic recovery might be slowing down with the new talk of battling the inflation seeping in. The sum and substance remains that the New York market may alone provide the clues as to what the gold would like to do from this stage onwards. This is natural since the physical buyers are waiting on the sidelines even though the marriage season in India is at a stone's throw now.

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