



Buy guar seeds May contract

Guar seed: Buy May contract

As a result of the seasonal price rise in conjunction with an optimistic export scenario for guar gum in the coming days, the prices of guar seeds are expected to stay on the higher side. Following the historical seasonal trend, the prices have been on an upswing since early March. This upswing would continue till the middle of April. Dips should be used as a buying opportunity.

Soybean: Range-bound

Soybean futures are expected to remain range-bound due to lack on any major fundamental change. However, due to the strong product prices a major downside is not expected. The decline in the inventories too would support the prices as the season comes to an end. Some correction from the current levels is expected, but should be treated as a buying opportunity as the underlying trend is bullish.

Soy oil: Buy on dips

Substantial gains in the palm oil and crude futures have given the prices of soy oil a major boost in the last few days. The decline in the total oilseed production in the coming year is also supporting the prices. The overall oilseed production for 2006-07 is down and the country is expected to face a shortage of edible oils. The seasonal revival of soy oil too would keep the trend up.

Mustard: Stay long and add on dips

A drop in the output of mustard is expected this season. The recent rains in Rajasthan have also affected the crop. As the government is not able to procure mustard, there is speculation that some bonus would be given in addition to the minimum support price. The positive news is expected to keep the mustard prices firm in the coming days.

Gold: Passive to market news

The precious metals markets have been pretty confused of late, for they have not been able to react to the most favourable indicators. Take for example the geopolitical situation; with Iran's seizure of hostages there is no gainsaying the situation is worsening in the Persian Gulf. During the last week Iran withdrew an offer to release the

sole female sailor in the group and said the UK must acknowledge the violation of its territorial waters. This kind of straight-from-the-heart statement shows that the Persian country is in no mood to relent, even as it already faces additional United Nations sanctions over its refusal to end uranium enrichment, which the USA alleges is for weapons. This was a time gold should have been moving up smartly.

Gold has also been shrugging off the steep rise in the oil prices. Oil has risen 7% since Iran seized the group on March 23 while they were searching merchant vessels as part of a US-UK task force. During the past couple of sessions gold has made new highs, with spikes becoming increasingly violent and sharp.

Last but not the least, the market is not even reacting to the rising euro. Ideally under such compelling reasons, gold should have been bracing the \$700 per ounce mark, but its inability to do so clearly shows that the market forces are more confused than they have ever been in the past. On the contrary the yellow metal has been often reacting to stock market movements, with which it has basically no relation.

In India on the MCX gold for June delivery saw a high of Rs9,564 and a low of Rs9,511 before closing at Rs9,524. Silver for May delivery contract was seen moving between the extremes of Rs19,680 and Rs19,540, before closing at Rs19,622, which was marginally higher than the previous closing.

Goes without saying, that there is not much that can be expected from gold right now; it has repeatedly failed to climb the upper ridges, even though it has been managing to hold on to its base levels. It would not be surprising if gold continues to dither during the new week, given the fact that too many conflicting news items are pouring in. Wait and watch will pay better dividends--at least during the first two days of the week--rather than indulging in forced trading.

Gold for June delivery may face resistances at Rs9,579 and Rs9,639 while the supports may be coming in at Rs9,466 and Rs9,401. Silver for May delivery could face resistances at Rs19,713 and Rs19,822 while the supports may come in at Rs19,504 and Rs19,387.

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