



Volatile moves in soy

Soybean: Volatile moves

Soybean futures closed lower after opening higher. The spot prices were higher due to continued buying by the extractors. However, bird flu has turned the sentiment very weak in the entire soy complex. Stock liquidation by the wholesalers due to fears of a drop in soy meal prices because of the bird flu scare in South Korea also kept the prices down.

Bullions: Waiting for greenback's cue

As the weakness continued, gold and silver succumbed to selling pressure. The dollar rebounded as the euro lost its momentum and fund selling saw gold slip below the \$630 per ounce mark. The market is eyeing European Central Bank's decision on the interest rates and Friday's monthly US employment report. Any negative reaction in the dollar would see the yellow metal move up again.

Crude oil: Range-bound moves expected

Crude oil is still undecided about the direction of its next move. Crude traded almost flat on signs of increased refining activity amid mild temperatures.

Distillate inventories fell 459,000 barrels to 132.4 million barrels last week as refiners used 90.5% of their plant capacity. Surprisingly both oil and gasoline stocks fell. Oil stockpiles fell by 1.05 million barrels to 339.7 million barrels, leaving them 14% above the five-year average for the period and gasoline stocks fell by another 1.04 million barrels to 200 million barrels, thereby capping the downside. Expect

oil to trade in a range as the market is still undecided about the direction of its next move.

Soy oil: Negative international cues

Soy oil futures displayed a similar pattern as soybeans. The prices closed in the red after surging in the morning session. Soy oil was weak as the fall in soybean prices on the South Korean bird flu scare has been prominent. The CBOT prices were down last night, which might add to some pressure on the prices.

Mustard: Related to soy

NAFED did not revise the rates for mustard seeds due to the weak physical demand witnessed on the previously quoted rates. The open market rates for mustard seed [stocked during 2005-06] declared by NAFED stood at Rs1,810-1,850 per quintal in Rajasthan. The spot markets reflected some steadiness, as the buyers did not show interest to purchase seeds at the prevailing open market prices. The available buffer or carry forward stock with NAFED is sufficient to last till the end of February 2007.

Wheat: Range-bound

Dearth of arrivals has been supporting the prices of wheat. The demand from the south Indian states and Maharashtra has been good. This has affected the prices in north India. There was a rumour that the government is likely to sell around 14,000 tonne of wheat in the open market through an open tender.

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