



Crude prices firm

Crude oil: Firm prices

Crude oil was little changed after rising last week on signs OPEC may lower production for the second time in two months as the peak US winter demand approaches. It appears that the cold temperatures would increase the demand for heating oil.

Further, concerns that OPEC may trim output next month if the present 1.2 million barrel-a-day cut doesn't stabilise prices are keeping the counter firm.

Bullion: Bullish bias

Gold continued to rise following the persistent fall of the dollar, which fell to a 19-month low against the euro. With the euro breaking the 1.30 level, the stop loss orders were triggered inducing momentum in the yellow metal. The dollar dropped for the fifth day against the euro, the longest slide in seven months, as traders raised bets the Federal Reserve will cut interest rates in the first quarter next year.

Before Bernanke's speech the National Association of Realtors' will release a report tomorrow showing purchases of previously owned homes dropped 0.5% last month to an annual rate of 6.15 million, the weakest since January 2004. Further, new home sales probably also fell, according to expectation from the Commerce Department. With dollar bearish news flowing in, gold and silver should continue to rise and we maintain our bullish bias and suggest accumulation at all levels.

Soybean: Consolidation

Soybean prices remained range-bound. Buying interest in the spot markets was strong on the stocking of seeds. The arrivals too have been declining as the peak harvest season has ended. The counter is expected to consolidate and any future direction would be provided by international prices. The eCBOT soybean was trading sharply higher.

Soy oil: Palm oil at 2006 high

Palm oil futures were trading at a new 2006 high at MYR1,960/tonne. The eCBOT too was seen trading with gains. On the domestic front the stocks of imported soy oil at various ports are relatively low. This could help the counter. The bullishness in soybean is good for the soy oil prices.

Mustard: Range-bound with a positive bias

The NAFED selling prices stood at Rs1,890 per quintal for the old crop. This was higher by Rs5 per quintal from the last quoted price. However, the small and medium scale players are reluctant to buy at these high prices. Large scale processors are buying to stock for future use.

Wheat: Positive

The piling up of imported wheat is still not being cleared at the needed pace. The supplies are decreasing as the season comes to a close. However, the sowing has been good this season. The tight supply situation is likely to continue till January.

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