



Seasonal upside in metals

Bullions: Seasonal upside

As most of the Indian demand comes during the fourth and first quarters, the next two quarters are the best quarters for physical consumption. Our sources indicate that the investment demand has picked up in India, which is at the cost of the jewellery demand.

The tension prevailing on the North Korea front amid crude oil prices bouncing up further supported the prices of gold. Expect gold and silver to rule firm in the next few days.

Crude oil: Eyeing an OPEC cut

A near 14% rise in natural gas yesterday amid lower temperatures in the USA increased concerns of a rise in natural gas usage, which supported the prices of oil. Further OPEC members are scheduled to meet on October 19, 2006, to discuss a one-million-barrel-per-day production cut.

It is also believed that fund money is flowing back into the oil counter on speculation of a production cut and a possible upside in oil prices. Although oil has taken support at around \$57 a barrel, any upside would be limited for the time being.

Soy oil: Bias is up

The approaching festival season is expected to lead to some demand in the immediate future, helping the prices to move up. The recovery in crude oil prices has also helped the international soy oil prices. The export data of Malaysian palm oil was in line with expectations, giving a mild boost to the BMD futures.

Soybean: Steady demand in spot market

The demand in the spot markets has been steady for the last few days and is expected to continue for the rest of the week. However, the prices are not expected to see a major upside from here, as the arrivals would increase in the coming days.

Wheat: Range-bound

There has been a steady increase in the prices of wheat in the last seven days. The arrivals have slowed down considerably. The demand is expected to increase as the new season approaches. The shortage in the international markets has increased, which is not helping the imports. Further the USDA has slashed the supply for the 2006-07 season.