



## Base metals recover

### Soybean: No fundamental trigger

The prices of beans declined across the spot markets on lack of fresh fundamental triggers and the weak sentiments for edible oil and oil meal amidst a slight decline in the daily arrivals. According to reports the solvent units have procured beans at relatively lower rates from the stockists and producers.

### Soy oil: Some bounce expected

The soy oil prices continued to slide as both the CPO and the CBOT soy oil prices weakened. The demand from the domestic players has not been very encouraging. The stockists are still waiting for a further drop in the prices to see some activity in the near term. However, this morning the CPO prices were up on short covering and so was the eCBOT soy oil counter, which may help the local futures.

### Mustard: Industry estimates lower output

Thin slack supplies of mustard seeds in the Delhi region saw the rates firm up amidst normal demand. Elsewhere the rates remained range-bound and the sentiments were steady. NAFED revised the prices downward across the spot markets. The new rates quoted by NAFED stood at Rs1,735 per quintal for the Jaipur region and for the rest of the centres the rate was Rs1,690 per quintal.

### Wheat: Production estimates slightly higher than last year

Despite the outlook for higher production of wheat coupled with the favourable weather, the prices were ruling much above the minimum support price, due to the lower stocks with the private stockists. However, the demand from roller flourmills is expected to rise on lower stocks. The increased demand from the millers in Punjab (Sunam) improved the wheat prices to Rs990/quintal (loose) with the arrival of 500 bags. While the agriculture ministry is hopeful for a

crop of around 74 million tonne, the trade is putting the crop estimates at 72.8 million tonne.

### Gram (chana): Support at lower levels

Chana futures bounced back from lower levels as uncertainties over the crop size led to some bargain hunting. Chana arrivals in Delhi picked up today to about 35-40 trucks, each carrying 14 tonne, compared with hardly 10-15 trucks till last week. The Indore warehouse has just 1,738 tonne of chana. As a result the traders with short positions would try and cover their positions, helping the January contract to jump higher.

### Copper : Up on bargain hunting and short covering

Copper staged a good relief rally as the CTAs and the funds stood aside as their initial target of \$5,500 had been achieved. The bounce back was driven by short covering and some bargain hunting by physical players (especially by the Chinese buyers) when the psychological support of \$5,500 was regained and well defended. The market holds the opinion that the rise in cancelled warrants witnessed of late in Singapore and South Korea warehouses denotes that the Chinese spot buying interest has picked up. The bounce back is expected to continue for a while before the funds move in once again to drop the other shoe as the Chinese demand is unlikely to pick up in a big way as the buyers are looking for the prices to come down further amid the presently deteriorating fundamentals.

### Zinc: Fundamentals rule the day

Zinc has been punished in the last few sessions on account of the commodity index reweighting (as its weightage has been reduced in the DOW AIG Commodity Index from 4.9% to 2.8%) and the fall in the copper prices. However, with the constructive fundamentals and the gains in copper, zinc bounced back yesterday. The long-term outlook remains bullish, but as of now its fate seems to be tied up with copper.

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