



## Soy spot demand strong

### Soybean: Off take strong in spot market

The demand for soybean is expected to increase during this week. Stockists and farmers are not willing to sell their stocks on expectations of the prices going up. However, the downtrend in soy meal prices has kept away the players from buying aggressively in the last month. Agriculture minister Sharad Pawar has said that the industry has estimated India's *kharif* 2006 oilseed output at 12.8 million tonne as against 13.7 million tonne a year ago.

### Bullions: All eyes on Federal Reserve

Gold and silver took a hit and fell following covering of positions and fund liquidation on the back of a strong dollar. The dollar rose for the fifth day against the euro on speculation that the Federal Reserve (Fed) will signal it is unlikely to cut interest rates in the coming months when the policy makers meet tomorrow.

The risk of core inflation might induce the Fed to increase the rates next year, rather than trim the rates. As a result short-term weakness is seen in bullions with crude trading lower.

### Crude oil: Range-bound

The market is eyeing the OPEC outcome this week. Some officials from OPEC opine a cut to reduce supplies because of rising inventories. However, there are concerns that ample inventories would keep the prices of oil steady.

Natural gas futures settled lower on Friday for the second consecutive session as crude oil futures fell and warmer

temperatures in large gas-consuming areas of the USA are expected to curb the heating demand next week. The sentiment is weak in the energy market and range-bound trading is likely.

### Soy oil: Range-bound

Some slowdown in soybean crushing due to the bird flu scare in South Korea could support local oil prices, raising fears of a demand-supply mismatch. The eCBOT futures were trading in the green this morning. In Malaysia the market participants are waiting for the export data for further direction.

### Mustard: Related to soy

The physical demand for mustard seeds is steady as NAFED has hiked the open market rates by Rs5 per quintal. The spot market should follow the open market prices of NAFED. Since the off take of seeds is usually in large volumes, a marginal hike in the selling price of seeds adversely affects the off take.

### Wheat: Range-bound

The acreage under cultivation of wheat is 207.44 lakh hectares as of December 8, which is roughly 80% of the normal area of 260.50 lakh hectares and up 22.5% as compared to 169.27 lakh hectares last year. The STC has contracted for the import of 55 lakh tonne of wheat out of which 35 lakh tonne have reached the country. In addition, it is estimated that 6.6 lakh tonne of wheat imported by private traders have also reached the country as on December 1, 2006.

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