



Steady trades expected in crude

Crude Oil: Colder weather forecast supports prices

Crude oil futures dipped below the psychological support of \$50 per barrel, but subsequently climbed above \$51 on the forecast of colder than normal weather in the northeastern part of the USA. The National Weather Service's latest 8-10 day (up to February 4) forecast expects below-normal temperatures to continue along the east coast. The heating demand in New York will be 4% higher than in the week ended January 26. Speculative short positions on the NYMEX have come down as per the January 16, 2007 CFTC report. The commodity seemed to have found a short-term bottom and is likely to trade steady during the day.

Copper: Up on falling stocks

The red metal moved up as the LME stocks fell 5,275 tonne on Friday. The last week marked the first week that saw a decline in the stocks after seven straight weekly gains in the LME stocks. The stock flow is showing the usual two-way movement. However, last week saw the first cancellation of warrants in

the US warehouses after a long time. This fact should provide support to the prices of copper to some extent. Copper was also supported by the rise in the prices of crude oil on the forecast of lower than normal temperatures in the northeast regions of the USA. Friday was the fourth time when the three-month LME prices dipped to \$5,500 or lower. If crude oil holds and the LME stock data is supportive, the red metal is likely to gain further to test the resistance of \$5,700.

Nickel and zinc: Another day, another high

Nickel touched a new all-time high on supply concerns stoked largely by the possibility of a strike at Xstrata's Sudbury nickel mine. With the low LME stocks amid the possibility of supply disruptions, the metal remains bullish. However, it should be bought only at lower levels as record high prices could lead to speculative selling given the rapid gains of the metal in the last few sessions especially after the statements by the union on Thursday that talks are progressing, though some language issues are to be resolved. Zinc is likely to track copper.

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