commodities buzz

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Soybean looks positive

Soybean: Positive bias

The domestic spot and futures prices surged yesterday on buying by the solvent extractors. On the CBOT, the surge in corn and fund buying helped drive the market to new contract highs. The traders believe that soybeans need to rally in order to avoid losing more acres to corn for the spring planting season just ahead.

Soy oil: Consolidation

The soy oil counter has been witnessing some selling pressure at higher levels. However, the strength in soybean helped the counter to some extent. The weakness in soy oil was primarily due to the weakness in the CPO futures on the BMD. This morning the CPO futures are down, which may put some pressure on the counter. Today the eCBOT prices are trading in positive territory.

Mustard: Rate reduction by NAFED

NAFED reduced the selling prices of mustard across the board yesterday, which was reflected in the NCDEX spot prices. The arrivals were steady amidst regular off take. However, there is some reluctance among the market players to buy before the arrival season begins.

Wheat: Weakness to persist

The weakness in the prices of wheat is expected to persist as the sown area is at record levels this year. The weather conditions too have been more or less good till now. As a result production is expected to be good this season. However, the industry experts do not see a huge rise in the output.

Gram (chana): Gradual decline in prices

The arrivals of chana have not gathered momentum, which is supporting the prices at the current levels. The arrivals are expected in about 4 weeks around the second half of February. The sown area stood at 7.9 million hectares. If the yield is good this year, chana looks bearish.

Copper: Increasing stocks negate positive factors

A build-up of 2,225 tonne in the LME stocks overshadowed the positive factors and the red metal ended in negative territory. The US Industrial production data (recorded 0.4% as against a forecast of 0.1%), a rally in bullion on the weaker dollar on account of the less than expected net long-term TIC flows, strong buying in nickel and tin and a late rebound in the crude oil prices arrested the slide of copper. However, it failed to close higher as the market continued to be concerned about the rising supplies. WBMS reported that global copper showed a surplus of 353,000 tonne in the January 2006 to November 2006 period. It has been hinted that China's imports of refined copper, used in homes, cars and appliances probably increased in December. There are few signs that the Chinese are buying the red metal, as the prices are attractive. The buying appears to be need-based as the Chinese expect the market to fall further. The market would closely watch the LME stocks and the US data to be released today. There is an immediate technical support at $5,430. A modest rise/fall in the LME stocks and supportive US data could lift the prices.

Zinc and nickel: Nickel to move higher

Zinc was down in line with copper on huge build-up of 5,725 tonne in the LME stocks. Should copper fall, zinc would be the most vulnerable among the base metals. Nickel was the most impressive base metal yesterday. The supply concerns increased further on the possibility of a strike by Xstrata Plc's Sudbury's (Ontario) workers when their current contract expires on January 31, 2007. Nickel touched an all-time high yesterday. With stable copper prices, nickel is likely to see further gains during the day and should be accumulated on dips.