



Demand picking up in chana

Gram (chana): Demand picking up

The demand for chana from the dal and flour millers has surfaced as they want to build huge inventories. The millers felt it prudent to buy as the new *rabi* chana crop is of good quality and cheaper, compared with the prices in early December.

Soybean: Steady

The prices of soybean in the spot and futures markets were slightly up on the steady product prices amid stable supplies. The prices were firm as most stockists have not ended their buying spree in anticipation of a fall in the local oilseeds supplies during the second half of 2006-07 (November-October) edible oil year. In the spot markets, around 80,000 bags of 90kg each of soybean arrived in the wholesale markets of Madhya Pradesh.

Soy oil: Some bounce expected

The prices of soy oil closed marginally up as the prices of crude palm oil in Malaysia closed in positive territory after many days due to a pullback in the prices of crude oil and bargain hunting. Some improvement in the prices of soybean also helped in keeping the sentiment positive in soy oil.

Mustard: Industry estimates lower output

The prices of mustard seeds in the spot and futures markets were marginally down on reports that NAFED has reduced the prices. The sluggish demand from extractors also kept the sentiment weak in mustard. Around 8,000-12,000 bags of mustard seeds arrived in the wholesale markets of Rajasthan yesterday.

Wheat: Demand visible at lower levels

The demand for wheat at lower levels is visible due to the lower output estimates by industry experts. The market

players have started to buy in the spot markets, and any further chance of a huge slide in the prices is very remote. The arrivals have also slowed down.

Copper: Braving the rise in stocks

A built-up of 1,625 tonne at the LME and the falling energy prices put downward pressure on copper. However, the red metal did well and consolidated well above \$5,800. Copper was also supported by a rally in the secondary metals (zinc and nickel) and the news that China imported 11% more of the metal and its products in December 2006, the first year-on-year gain since October 2005. However, the Chinese imports of copper and copper products in 2006 dropped 19% to 2.1 million tonne, which was slightly discouraging but in line with the expectations. The two-way flow of the LME stocks continued as the US and European warehouses recorded an inflow of copper stocks while Asian warehouses showed a net outflow. It was yet another day of "no cancelled warrants" in the US warehouses. "No cancelled warrants" in the USA reflect that the spot demand is yet to pick up despite the recently released encouraging housing data. The red metal appears to be stable and could move higher on further short covering and technical buying.

Zinc and nickel: Leading the complex

Both zinc and nickel did extremely well yesterday as strong fundamentals underpinned by supply concerns triggered further buying. Nickel just fell short of its all-time high of \$34,950 and zinc tried to aim for \$4,000 before closing well above \$3,800. The steady prices of copper should help the metals to move higher provided speculative selling on the Commodity Index rebalancing doesn't occur as the rebalancing makes these two the most vulnerable metals among all the all the base metals.

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