



## Buy gold on dips

### **Bullions: Buy on dips**

Gold and silver moved up in thin trading ahead of the Thanksgiving holiday due to the weakness in the dollar. The weekly initial jobless claims came in at 321,000 against an expectation of 310,000, while the University of Michigan index failed to support the greenback, as the index fell to 92.1 versus an expectation of 93, triggering fresh buying in gold.

However, some position covering cannot not be ruled out amid concerns that the International Monetary Fund (IMF) may sell some of its \$64.7 billion in gold reserves on the fund's executive directors' recommendation. IMF holds 103 million ounces and plans to invest the proceeds in interest-bearing assets. Any dip in gold should be used as a buying opportunity.

### **Crude oil: Range-bound**

Crude oil traded near \$59 a barrel in New York on a report that US oil supplies jumped to a five-month high as the demand declined. The drop in the demand was the biggest since the week ended March 3 and took the daily consumption below 21 million barrels for the first time in six weeks. Oil inventories in the USA rose by 5.16 million barrels to 341.1 million barrels, the highest since June. The distillate inventory was also higher. The only hope for the market is for a revival in the winter demand. Till that happens, expect oil to be range-bound.

### **Soybean: Consolidation**

Soybean prices were range-bound with a positive bias on speculative buying in the futures market. According to the Solvent Extractors Association, India's oilseeds output in the year to June 2007 is projected to fall by 3.0-3.5 million metric

tonne. The scenario points to a tighter supply situation as stocking is expected.

### **Soy oil: Mixed international cues**

Soy oil futures ignored the decline in the palm oil prices and closed in the green. The bullish soybean prices also supported the prices. The eCBOT soy oil prices were higher. Around 67,592 tonne of crude soy oil and palm oil are lying at Kandla port. This morning the CPO futures were down sharply on profit booking.

### **Mustard: Supported by soy**

Support from the soy complex and the higher demand pushed up the prices of mustard. The arrivals in Rajasthan are estimated to be 10,000-16,000 bags of 100kg each, while Kota received 900-1,600 bags. The demand is expected to remain firm during the rest of the week. The sowing data expected next week would provide direction to the prices.

### **Wheat: Positive**

The prices of wheat staged a sharp upward correction after the recent decline. The decline in the prices was mainly due to stock limits coming into effect in Delhi. However, the underlying fundamentals remain short on supply due to imported wheat being stuck at the ports and the winter demand.

### **Maize: Strong demand**

On the CBOT, talks that India is likely to ban corn exports and may waive a 15% import duty added to the positive tone in the session. Slow producer selling helped keep the levels firm. The futures held the support. The domestic demand is expected to see some consolidation due to the high prices deterring buying in the spot market.