



Crude oil to trade firm

Crude oil: OPEC cuts production by 500,000 barrels/day

Yesterday's OPEC meeting was a big market-moving factor for the oil counter. Registering a low of \$61.375 per barrel, January crude oil futures recorded a high of \$62.725 and closed marginally off the intra-day high at \$62.525. According to OPEC, market fundamentals clearly indicate that there is more than ample crude supply and stock levels are high. Further, OPEC opined that the November output stabilised the market and has decided to trim production by 500,000 barrels/day, effective February 1, 2007. Expect the prices of crude to be firm with \$60 forming a good base.

Bullions: Choppy session ahead

The precious metals continued to trade sideways in a choppy session. The lower jobless claims further put pressure on the counters. However, keep an eye on the November CPI, TICS and industrial output data that is likely to be dollar positive and a choppy session cannot be ruled out.

Soybean: Good demand in spot market

The direction of the prices would be governed by the decision regarding the tariff revision this fortnight. The direction of the international prices too would play a very important role. In the USA, a prominent research firm has pegged soybean planted area for 2007 at 70.4 million acres as compared with 75.6 million acres during 2006. The lower cultivated area could subtract 218.4 million bushels from

the production as compared with the current ending stocks estimate of 565 million bushels. However, there has been news of another outbreak of bird flu in South Korea.

Soy oil: Mixed international cues

Reports of a new bird flu strain in South Korea led to a bearish tone in the market and could affect the meal demand from exporters in the coming days. The market would also be watching the government's move on the import duty structure.

Mustard: Demand steady

Despite the dwindling stocks of mustard seeds, traders are reported to be comfortable with available seeds with private and government sources, keeping the demand steady. They opine that the monthly selling of around 5 lakh tonne of seeds until the new harvest would keep the crushing and off take a regular phenomenon without much change in the sentiments. The prices were not revised today. Stockists were actively selling off the seeds to processing units as per open market prices declared by NAFED.

Wheat: Range-bound

The Government of Punjab is likely to release some stocks through the public distribution system shortly. The Indian government has extended the ECA in respect of wheat for a period of six months or till further order. These factors saw the stockists release their stocks in the open market.

For Private Circulation only