



Base metals under pressure

Copper: Under pressure

Copper pared its earlier gains by \$260 yesterday on the LME. The existing US home sales data that sets the trend for the housing sector was higher than expectations. However on a month-on-month basis it showed a decline of 1.33% while the decline was 6.58% on a year-on-year basis.

The International Copper Study Group stated that in the first quarter on 2006, the consumption in the USA and China declined by 2.70% and 6.40% respectively. And in the first quarter of 2006 there was a surplus of 64,000 tonne of copper. The mine production was down by 0.8% while the refined copper production was up by 4.80%. The demand seems to have decreased owing to the high prices and the US consumption is expected to slow down further. The red metal is expected to slip further and should be sold on rises.

Sugar: Stuck in a range

There was no market moving news and sugar seems to be stuck in a range. The July quota is awaited and the demand

has still to take off. In such a situation expect range-bound movement in the counter.

Soybean: Range-bound with a weak bias

The prices in the spot market have remained range-bound in the past few days. However, the futures market improved on account of the improvement in soy oil futures. The prices are expected to be dependent on soy oil in the coming days. The trend is weak for soybeans in the medium term as the demand is lacklustre. There is also anticipation of a good sowing season.

Wheat: Looks stable

The prices of wheat improved in both the spot as well as futures markets after being battered heavily in the past few days. The government has also ruled out any ban on agriculture commodity futures, lifting the spirits. The prices are expected to remain stable and could witness some improvement in the coming days.

The Snapshot

Commodity	Month	Closing price	%Cng	OI(000)	% Cng	View	Remarks
Copper	June	324.80	-3.86	1,943	-50.24	Weak	Weak demand
Sugar	July	1,884	-0.11	26,070	-1.18	Range-bound	Weak demand
Wheat	July	833.40	1.09	121,590	-3.15	Stable	No ban on futures, no market moving news

For Private Circulation only

"This document has been prepared by Sharekhan Commodities Pvt. Ltd. and is intended only for the person or entity to which it is addressed to and may contain confidential and/or privileged material and is not for any type of circulation. Any review, retransmission, or any other use is prohibited. Kindly note that this document does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. If you have received this in error, please contact the sender and delete the material immediately from your computer/mailbox. The information contained herein is from sources believed reliable. We do not represent that it is accurate or complete and it should not be relied upon as such. We may from time to time have positions in, or options on, and buy and sell securities referred to herein. We may from time to time solicit from, or perform investment banking, or other services for, any company mentioned. Any comments or statements made herein do not necessarily reflect those of Sharekhan Commodities Pvt. Ltd."