



## Greenback holds the key

### **Bullion: Greenback holds the key**

Gold finally succumbed to selling pressure as the greenback moved up following better-than-expected Empire Manufacturing numbers. However, the yellow metal managed to bounce back following good Q3 demand numbers, as the demand from India and Middle East supported the prices.

In other news, the minutes of the FOMC meeting reiterated that the core inflation still remains high and inflationary concern is high among policy makers. However, the minutes added that the policy makers are more optimistic on the economy as the downside risk has diminished. This is a positive statement for the dollar that could cap the upside in gold for the time being.

The precious metals complex is waiting for as many as six US economic data this evening. Any movement in the greenback would impact the precious metals, as investors continue to view this counter as a currency hedge. Further, the Bank of Japan has kept the interest rates on hold as it waits for more evidence that consumer spending will recover, sustaining economic growth.

### **Crude oil: Weakness to persist**

Oil prices continued to be range-bound. The distillate inventory was down more than expected, but the prices

failed to rally as speculators continued to hold record short positions. The market is still trying to digest the news of the IEA demand reduction and slower Chinese industrial output. Expect weakness in crude oil.

### **Soybean: Positive**

Soybean futures rose sharply on account of heavy gains in the CBOT prices. The firmness in other oilseeds like mustard also helped the counter. The arrivals have slackened amidst strong demand. The bullishness in vegetable oils too is expected to continue, which should support soybeans.

### **Soy oil: International cues mixed**

After a sharp rally in the soy oil CBOT futures yesterday, the prices on the CBOT closed in the red. However, the CPO prices have been trading higher this morning, which could propel the prices of soy oil even higher.

### **Wheat: Trend is up**

The arrivals have been declining as the season draws to a close. The government stocks of wheat as of November 1 stood at 5.99 million metric tonne (MMT), as compared to 9.05MMT last year, a drop of 33.8%. The quantity of imported wheat has been just 2.8MMT out of the total 5.5MMT to be imported.