



Weakness to continue in bullions

Bullion: Weak sentiment to continue

Of the three options we discussed yesterday, the first option played out last night when the democrats got a clear mandate in the US mid-term elections, thereby taking both gold and silver down. Expect bullions to trade lower for a few more days and medium term investors should accumulate the precious metals at current levels.

Crude oil: Range-bound moves

Crude oil inched up marginally when the distillate stocks came in lower than expected. Diesel supplies plunged 2.92 million barrels to 78.4 million barrels last week. Stockpiles of distillate fuel, a category that includes heating oil and diesel, declined by 2.68 million barrels, more than the drop of 800,000 barrels forecasted.

With the peak winter demand ahead, crude oil is likely to trade firm. However range-bound movement is likely to continue for a while.

Soybean: Spot prices firming up

The buying in the spot markets continued unabated as the spot prices in Indore neared the Rs1,300 per quintal mark.

The CBOT soybean futures are under the grip of the bulls. The vegetable oil prices have also been strong, helping the prices of beans. The reduction in the production of maize could help shift some demand towards soybean meal, which is an animal feed competing with maize.

Soy oil: International cues positive

Soy oil prices have been sluggish in the last few days due to lack of demand. However, the strength in soybeans has prevented the prices from falling sharply even as the arrivals have increased. The CPO prices have been sluggish affecting the domestic soy oil prices. The rise in crude oil could help the palm oil futures, which would have a positive bearing on the soy oil prices.

Wheat: Demand in spot

The demand for wheat in the spot markets has been good and the rates in Delhi have already reached Rs1,120 per quintal. The futures too closed in the green and are expected to firm up further in the coming days. The government is planning to scrap the duty free import provision given to the private players from January 1, 2007 onwards.