



## Consolidation in gold

### Bullions: Consolidation likely

Gold rose on Monday after hitting a three-week low with bargain hunters and physical buyers supporting a market that remained vulnerable on thin trading ahead of Christmas. As a currency hedge, the market is waiting to see further weakness in the dollar. But the greenback has been steady against the other major currencies. Today's FOMC minutes might dictate the future direction for gold and any hint of no rate cuts would send the dollar higher and the precious metals complex lower. On the data front, October's trade balance is likely to be \$63 billion against \$64.3 billion, which should support the dollar.

A sideways consolidating phase is likely to continue following an active physical sector in Hong Kong and purchases by asian jewellers on price dips, helping gold to stay above \$620 per ounce.

### Crude oil: Range-bound trade

Crude oil is caught in the \$63-60 per barrel range as the OPEC is divided on production cuts. With weather playing foul, the energy market is waiting for a trigger to inch up. Tomorrow's oil inventories and Thursday's OPEC meet might provide clarity on the oil front.

The weakness in the natural gas counter did not support the prices of oil. With no cold weather and plenty of gas in storage the prices are down as the traders tried for profits by short selling. Expect oil to see range-bound trading.

### Soybean: Good demand in spot market

The demand for soybean is expected to gather speed during this week along with the demand for soy meal. The selling is by the stockists and not by the producers as they expect the prices to move up further. The CBOT soybean prices were firm last night, as a hot and dry trend over the next 5-6 days for southern Brazil and Argentina provided underlying support.

### Soy oil: Positive international cues

The soy oil prices bounced back sharply on the strong eCBOT prices yesterday. The palm oil futures on the BMD have also been trading in positive territory today. The palm oil traders are watching for the monthly export data, which is expected during the day.

### Mustard: Related to soy

Wheat sowing in Haryana and Bengal gram in Madhya Pradesh have taken up most of the mustard acreage that has seen a decline in the *rabi* mustard seed acreage. The physical demand for mustard seeds firmed up as NAFED eased the open market rates by Rs10 per quintal.

### Wheat: Range-bound with a positive bias

The demand-supply scenario has been stable for wheat in the major *mandis*. There was no demand from South India and Maharashtra due to regular arrivals of imported wheat. As on December 1, 2006 the private traders had imported 6.6 lakh tonne of wheat.

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