



Pepper buying at lower levels

Pepper: Buying at lower levels

The spot pepper remained sideways during the weekend trade. However, some traders have witnessed buying at lower levels. Market players have been watching the developments in Vietnam for further clues to price direction. The long-term fundamentals, however, remain strong due to shortage of pepper in the major producing nations.

Soy bean: Range-bound

Firm spot prices of soy bean oil were witnessed in states of Madhya Pradesh and Maharashtra due to overseas firmness in soy bean oil. Soy meal traded with a slightly weak bias in the domestic markets and at ports. Daily arrivals also showed a slight improvement over the previous day. But the overall trend is declining during the lean period. Prospects of good weather in the USA for corn planting and strength in wheat market were seen as helping the soy bean futures on CBOT. The May contract of soy beans at NCDEX closed up at Rs1,556.1/quintal, well above the previous closing levels, tracking firm soy bean futures at CBOT.

Soy oil: International cues pull soy oil

Demand improved in the spot markets. The demand rose mainly due to buying by stockists and retailers. Solvent plants were reported to limit their soy oil production on poor availability of quality beans. Steady soy meal demand also helped bullishness. Although the crushing margin for soy oil remained low during the week, yet the same extended bullish support. Supportive weather conditions for corn in US Midwest, below follow-through selling, firmness in other related commodities and weak dollar supported bullish sentiments for US soy beans in near futures and helped soy futures gain at the CBOT on Friday. The May contract traded firm on Saturday. It showed fresh buying interest on the back of overnight-firmed CBOT prices and the market closed up Rs5.05 at Rs489.9 per 10kg to Friday's closing.

Mustard: Consolidating

Arrivals across spot markets have started to weaken in recent days. Around 2 lakh bags arrived on Saturday across major trading centres. Prices of seeds softened in Delhi, Jaipur and Alwar, shedding the previous gains. However, the ongoing marriage season is expected to throw up some demand for oil in the near to medium term across states

of Bihar, Rajasthan, West Bengal and Uttar Pradesh. Stockists may dispose of oil stocks in the near term, as imports of edible oil would soften the domestic prices of substitute edible oils as well.

Guar seed: Exporters stay away

Guar spot market witnessed weak sentiment during Saturday's trade. The prices of both guar seed and guar gum eased at the majority of markets amidst weak demand from exporters. The strengthening rupees vs the dollar further contributed to the weakness in the market by making exports expensive from India. Moreover, the price movement would also depend on the second forecast of the monsoon by the IMD; the same is expected by May end/beginning June. Total arrival at the majority of markets reportedly stood steady at 4,000-5,000 bags. The June contract moved in the range of Rs2,082-2,123 per quintal, while the May contract moved in the range of Rs2,031-2,064 per quintal. The guar gum May contract moved in the range of Rs4,905-5,025 a quintal and the June contract traded in the range of Rs5,011-5,134 per quintal.

Copper: \$8,000 is the key

Uncertainties on the Grasberg front and supportive LME stocks data boosted copper on Friday and it breached the \$8,000 level before the COMEX session started. It hit the day's high at \$8,039 before sliding below \$8,000. It closed with a gain of \$130 at \$7,955 with the traders closely monitoring the situation at Grasberg.

In the weekend, the strike at Grasberg was called off as the company hiked the workers' salaries and the workers returned to work. Thus the output has returned to normal. The quantity of the output lost in the strike is not known though Indonesia's Minister of Energy and Mineral Resources Purnomo Yugiantoro said on Thursday that according to reports from the ministry staff, open-pit mining operations at Grasberg had slowed to 20% while underground mining had slowed to 60% of the capacity. The General Administration of Customs, China said on Monday that China's March refined copper imports more than doubled in the year to 202,955 metric tonne. That's the highest since January 2004, as per Bloomberg. The impact of such a huge import in March on the import in April, when the difference between the domestic

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prices and the international prices is shrinking, would be significant in determining the direction of the metal in the days to come.

Friday's LME stock data was quite supportive of copper as the stocks fell 1,150 tonne while no inflow was recorded. Cancellations were solid with 5,725 tonne moving to the cancelled category which lifted the cancelled ratio to 11.39% from 8.62% earlier. The LME cash-to-three-month spread has tightened by \$9 to \$50 while even the forwards have tightened. The easing of supply concerns as the output returns to normal at Grasberg might put a downward pressure on the metal but the fundamentals are strong which should limit the downside. The market would wait to see if copper sustains above \$8,000. If it does it is likely to move towards \$8,100/8,200 with the rest of the complex moving up with it.

Gold: May move up slightly

Friday surprisingly did not see much action in the precious metals markets even as it was the last day and usually a vibrant day for gold trading. The international price dithered and owing to the rupee upvaluation, the price in India seemed to be even more sluggish.

In India on MCX, the gold June contract saw a high of Rs9,528 and a low of Rs9,472 before closing at Rs9,515. Silver May

swung between Rs19,582 and Rs19,366 before closing at Rs19,554, thus losing Rs158 compared to the previous close.

The going seems to be good today. Most of the Asian stock markets are in the positive territory. Japan's Nikkei 225 Stock Average has already added 1% to 17,622.81 and, according to Bloomberg, looks set for its biggest advance in a week.

The Asian stocks no doubt are upbeat because the stocks in the USA are doing fine. Shares in the USA climbed on Friday, with the Dow Jones Average rising 1.2%, while the Standard & Poor's 500 Index added 0.9%. The strength in the USA comes from the enhanced performance of the companies. According to a report in Bloomberg, about 67% of the companies in the S&P 500 that reported quarterly results topped analysts' estimates.

To bolster gold further, crude oil is within a whisper of \$64 and the euro is doing fine as well. So all the pointers are there that gold can add some more value to itself. How much though is uncertain at this moment. Though another upswing of \$3-4 from the current price (8.30am) of \$693 is not difficult to perceive. The only caveat is the profit booking at the higher levels which may bring the commodity back to the same levels.

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