



## Lower duty on SAFTA edible oil imports

### Soy oil: Lower duty on SAFTA edible oil imports

India has cut the import duty on refined edible oil coming from Pakistan and Sri Lanka to 52.5% from 68.75%. The duty on edible oil imports from Nepal, Bangladesh, Maldives and Bhutan has been cut to 52.5% from 56.67%, an official notification from the Central Board of Excise and Customs said. The duty on crude palm oil imports from the South Asian Free Trade Agreement (SAFTA) member nations has been reduced to 50%. However, this move is not going to make a very big impact, as edible oil imported from SAFTA constitutes a very negligible part of the total edible oil imports.

### Gold: Exhibiting strength

Gold continued to attract good buying from stockists and nearly hit a four-week high in the overseas markets. The yellow metal closed firm on the back of the currency hedge when the euro hit a 7-year high against the yen.

Further concerns about the dollar declining against the euro for the sixth day pushed up the yellow metal. The US currency may fall on speculation that a report to be released today will show that manufacturing failed to grow in December, raising the prospect the Federal Reserve may lower interest rates. A German report today may show that unemployment fell last month, backing the case for the European Central Bank to raise borrowing costs. The yield-spread advantage to the euro would keep the yellow metal moving upwards.

### Crude oil: Range-bound

Crude oil rose as some analysts and traders speculated that hedge funds and large investors are buying contracts at the

start of 2007. Crude oil for February delivery rose as much as 45 cents, or 0.7% to \$61.50 a barrel in after-hours electronic trading on the New York Mercantile Exchange.

However the US Northeast, the country's largest heating oil-consuming region, will have above-average temperatures till January 15, according to the National Weather Service. This would put the counter under pressure. Expect a range-bound market.

### Soybean: Arrivals low

Lack of cues from the international markets led to some indecisiveness in the domestic markets. A mild weakness in soy oil prices also had an adverse impact on the domestic bean rates.

### Mustard: Rate reduction by NAFED

NAFED has revised downward the mustard seed rates [stocked during 2005-06] to Rs1,715 per quintal [equal to the minimum support price] for conditional seeds and Rs1,620 -1,625 per quintal for non-conditional seeds. The weak edible oil sentiments in the domestic market prevented the traders from buying in bulk. However, the stockists continued to procure in bulk.

### Wheat: Range-bound moves

The supplies of wheat should improve in the near term as a substantial amount of imported wheat is still lying at various ports. Pakistan is likely to export about 500,000 metric tonne of wheat to the world markets in the near term. The winter wheat acreage is up in the USA and the crop conditions are favourable so far.

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