



## Range-bound moves to continue in gold

### Bullions: Range-bound moves

Despite the meetings scheduled by key central banks this week, bullion was calm amid thin volumes. Both the European Central Bank and the Bank of England have opted to hold their key interest rates steady, but the monetary conditions look set to tighten both in Britain and mainland Europe as early as next month, as the economic activity gathers pace.

Further, any postponement by Bank of Japan to hike rates would mean that four key central banks are likely to raise interest rates at the same time in August. This is not good news for bullion and the counter could witness a secondary correction around August. For the time being, gold is likely to traverse in the \$615-635 per ounce range.

### Crude oil: Prices ease, but well supported

Crude oil fell for a second day in New York after a US government report showed the nation's gasoline inventories unexpectedly rose last week after a jump in imports. The supplies of the fuel rose by 727,000 barrels to 213.1 million barrels in the week ended June 30, 1.4% less than a year earlier.

As the tensions in the Middle East loom large in Iran, Iraq and the Hamas in Palestine, the fear of supply constraints is slowly creeping into the market. Further with North Korea going in for missile testing, oil is not in a hurry to come down.

The USA and Europe are pressing Iran to respond to the June 6 package of economic and trade incentives. They want an answer from Iran before the Group of Eight summit of industrialised nations on July 15. Nevertheless, it appears Iran is unlikely to respond immediately. The gasoline demand should ease after the Independence Day holiday and crude is likely to trade at the upper end of the range.

### Copper: Prices rises in thin volume

Copper surged yesterday on the LME on the strength in the other metals. Further Vedanta Copper Company, the biggest copper producer in Zambia, halted its production as its leaching plant caught fire.

However, the counter has been moving up on very thin volumes. As long as the red metal trades below the psychological level of \$8,000 per tonne on the LME, we maintain our weak outlook on copper.

### Sugar: Stuck in a range

The food ministry has opposed the banning of exports of sugar that was declared by the commerce ministry. Amidst such uncertainty expect range-bound movement in the counter.

### Wheat: Steady

The prices of wheat were steady and range-bound yesterday, due to an almost balanced demand-supply situation. The markets have not seen a major rise in the supplies by private players during the week. The estimated stocks with the private sector are anticipated to be around 20 lakh tonne. The farmers are also not in a hurry to offload their produce due to an anticipated rise in the prices in the latter part of the year. The prices in the short term are likely to be range-bound.

### Soybean: Sluggish

The spot soybean remained sluggish, as the arrivals have increased in the last few days. Further due to the good rains witnessed in the soybean producing regions of the country the prices were subdued. According to the government sources nearly 60% of the sowing is complete in Maharashtra and the balance is likely to be completed in the next 8-10 days. Sowing in Madhya Pradesh is also progressing well after the good rains. The new crop would hit the market by September.

### The Snapshot

Commodity	Month	Closing price	%Cng	OI(000)	% Cng	View	Remarks
Crude	July	3467.0	0.0	251.7	-6.8	Range-bound	Supply concern, Iran issue
Gold	August	9531.0	1.0	7187.0	-0.9	Range-bound	Central banks' interest rate decisions
Copper	August	367.3	6.0	4747.0	12.0	Positive	Likely supply disruption, thin volumes
Sugar	July	1874.0	-0.1	26030.0	-3.1	Range-bound	Protest to the export ban
Wheat	July	833.0	0.0	84150.0	-0.7	Steady	Balanced demand and supply situation

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