



## Buy soy on dip

### Soy bean: Buy on dips

A good demand for soy bean from local plants continue to drive up the prices. The arrivals have been declining, as the season is also about to end. As a result, we are seeing a lot of buying taking place. The oilseeds output estimated for 2006-07 is lower which is also prompting the buying. The prices are expected to continue on the uptrend.

### Soy oil: Stay long

Strength in palm oil futures is expected to boost the soy oil futures too. The benchmark June crude palm oil futures on Bursa Malaysia Derivatives closed at 1,970 ringgits per tonne (Rs24,719) yesterday, up 23 ringgits from the previous close. In the spot markets too, the demand is picking up.

### Mustard: Range-bound

Mustard futures ended flat yesterday after trading lower in most of the session. The prices were pressured due to an upward revision in the mustard seed output from the previous estimate by the trade body. The mustard output is pegged at 6.02 million tonne, up from the previous estimate of 5.80 million tonne.

### Pepper: Buy

Spot prices of pepper, garbled and ungarbled grades, shot up by Rs100 due to speculative buying on expectations of overseas buyers turning to India in the coming days. Buyers are expected to turn to India as sellers in Vietnam are holding on to their stock, thus creating a tight supply situation.

### Chana: Sell May contract on rise

Chana arrivals are expected to pick up by the middle of this week in all major states like Madhya Pradesh, Maharashtra and Rajasthan. A clear trend would emerge after the March contract expires today. Future prices may spike up due to short covering before the expiry as the NCDEX warehouses have very low stocks. The medium-term outlook remains bearish.

### Turmeric: Procurement price too higher than market price

Andhra Pradesh Markfed, the state-owned co-operative of Andhra Pradesh, will commence procurement of turmeric

from various markets in the state at prices above the prevailing market rate. The exercise would start from Wednesday onwards when the local markets open after the festival breaks. Farmers have demanded MSP of Rs4,000 per 100kg but the government says that the procurement price would not be below Rs2,000 per 100kg.

### Copper: Slight gain on the prospects of good demand

Copper managed to end with a slight gain yesterday despite China raising its benchmark interest rate (though the interest rate measure was not really surprising). The metal is consistently gaining on the expectation of a good demand from China as the business picks up after the lunar year holidays. However the volume traded was low yesterday as well. The cash-to-three-month spread tightened further to \$71 presently. The LME stock data served the bulls' cause as the net outgo recorded good 2,225 tonne which was spread across the three active continents led by Asia this time. Fresh cancellations showed a reading of 1,600 tonne which was not good enough to compensate for the inflows and outflows. Thus the cancelled ratio dipped lower to 7.91% from 8.99% earlier.

The red metal hit the high at \$6,660 and settled at \$6,630 with a gain of \$20, thus giving a close above \$6,600 for the second time in a row. The market would pay close attention to the US housing data to be released today. As the stability returns in the equities market, good housing numbers would see the metal rising further. There are quite a few shorts yet to be covered, thus a swift upward move could lead to a very sharp spike in the prices. The counter remains positive in the short term with the eye on \$6,800/7,000.

### Gold: Eying the data

The precious metals markets continued to be in the grip of uncertainty yesterday. Moving extremely cautiously, looking at stock markets on one side and crude oil on the other, gold posted a marginal gain on the first day of the week, taking its three-session win to almost \$12 an ounce.

With the dollar rising against the other major currencies, gold was pretty shaky at the best of moments. In New York trading, the dollar was up 0.7% against the yen and 0.2% vs

the euro, as a result gold in the spot market spent a major part of the day within a narrow band of \$654-56, with a spike coming at \$657.30. Silver moved in another narrow aperture of \$13.04-13.29.

In India on MCX, Gold April saw a high of Rs10,416 and a low of Rs9,365 before closing at Rs9,385, just one rupee ahead of the previous close. Silver May saw a high of Rs19,625 and a low of Rs19,433 before closing at Rs19,552, Rs35 higher than the previous close.

And now for the action on Tuesday. The day seems to hold a lot in its kitty for the precious metals market. The release of a string of US economic figures is likely to keep investors glued to the trading monitors during the coming days. Today's focus will be on the housing starts numbers. Till a year back this number did not have much significance, but today, with the US housing bubble becoming well-known news, this number is watched with eagerness.

Next up will be the Fed meeting, which is again likely to release another barrage of politically correct rhetoric about already deteriorating US economic situation. A rate adjustment is not expected this time around, though a possible cut in the rates may yet take place at the next such meeting.

Meanwhile the Dow Jones has climbed up by a cool percent point and so have NASDAQ and Nikkei. This should please the gold bulls, for these days gold rises and falls according to the stock markets. On the other hand the crude oil is also up smartly, again showing up in the \$60 territory. Both the signs are bullish in the new style of gold observation, so we may have gold whistling a happy tune through the day.

Gold April may feel resistances at Rs9,469 and Rs9,537 while the supports may come in at Rs9,301 and Rs9,249. Silver May might get the resisting bumpers at Rs19,679 and Rs19,781 while the supports may draw at Rs19,401 and Rs19,268.

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