



Short covering in chana

Gram (chana): Short covering ahead of expiry

The counter has witnessed some sharp upmoves on heavy short covering, as the players want to avoid delivery. There were also instances of speculative buying since the industry experts believe that the production of chana would be lower than last year. However, due to the uncertainty over the output levels, any sharp move in either direction is ruled out at this stage for the February contract.

Soybean: Steady

The arrivals have declined in Madhya Pradesh amidst the increasing off take by the millers. This has supported the local soybean prices in spite of the weak international price scenario. However, the weakness in the overseas soybean markets and delivery pressure ahead of the expiry of the NCDEX January soybean contracts is also expected to keep the prices from spiking up.

Soy oil: Some bounce expected

The prices of soy oil are expected to see some recovery during the day, as the palm oil prices have been up sharply this morning on concerns about the weather. A recovery in the local soy oil futures could be expected if crude palm oil export numbers from Malaysia for the January 1-15 period are market friendly.

Mustard: Industry estimates lower output

The sowing of mustard this season is going to be nearly 10% lower than last year. For the period October 1, 2006 to January 12, 2007, the sown area stood at 6.62 million hectares compared to 7.32 million hectares last year.

Wheat: Pressure at higher levels

The prices of wheat have been witnessing some selling pressure at higher levels due to the coming arrival season. However, the expectation of a normal harvest is supporting the prices from falling very sharply. The counter generally sees some buying whenever there is a sharp drop.

Copper: Down on profit taking as stocks rise

Copper settled lower on Friday as the traders booked profits ahead of a long weekend. The upside move was capped by the increase of 1,400 tonne in the LME stocks. The red metal rose by almost \$500, probably a bit too fast, from the week's low and gave up gains of almost \$200 in the last couple of sessions, which shouldn't be surprising as the inventory keeps on rising and fear of fund selling is still looming. It seems that the market is little impressed with China's imports rising in December 2006 and it would like to get more clues for the future direction from the US data to be released this week which happens to be a data-packed week. The fear of Index fund selling in the wake of reweighting and the possibility of further stock build-up are likely to cap upside moves till some new data enthruses the bulls to lift the market further.

Zinc and nickel: Index rebalancing weighs on the metals

Zinc and nickel spent an inside trading day on Friday. Though both the counters are fundamentally very strong, the weakness in copper spilled over to these metals too. Nickel failed to make another all-time high despite a draw down of 384 tonne in the LME stocks. Besides the weakness in copper, the issue of reweighting of the DOW AIG CI also weighed on these metals and could keep the bulls in check till the reweighting is concluded on January 16, 2007. The base metals, especially nickel and zinc, could witness high volatility in the next few sessions.

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