



NAFED reduces mustard prices

Mustard: Rate reduction by NAFED

The open market rates for mustard seed [stocked during 2005-06] declared by NAFED stood at Rs1,735-1,775 per quintal [for Rajasthan the prices were not revised today]. Despite the weak physical demand, the off take of seeds by the crushing units continued at the prevailing market rates, but in limited quantities.

Bullions: Attractive levels to enter

Silver fell yesterday to a seven-week low on thin trading and technical selling. Silver had outperformed gold, but corrected sharply when gold sidelined the fall. It appears that speculative positions were squared off ahead of the holiday season, thereby providing attractive levels for entering into gold and silver. Expect the prices to bounce from these levels.

Today's economic data that will be released includes housing starts. Further, the Bank of Japan has kept the interest rates unchanged, making gold a buy. The downside risk cannot be ruled out, but we believe the downside is limited.

Crude oil: Weakness to persist

Natural gas fell to the lowest level in more than seven weeks in New York as mild weather curbed the consumption of furnace fuel in homes and offices. This kept oil under pressure, but the losses were checked as the traders continued to factor in OPEC's decision to cut production in February.

If the drawdown in the inventory continues, today's oil and oil product stockpiles data should arrest the fall in the prices of oil. US crude oil stockpiles probably fell 2 million barrels while the supplies of distillates, including heating oil and diesel, probably fell by 600,000 barrels, according to the consensus forecast. Expect the counter to exhibit weakness, but it is a buy on dips.

Soybean: Bird flu taking its toll

The spot market rates continued to decline as the second outbreak of bird flu reported last week in South Korea dampened the sentiments. The weakness in the other grains too adversely affected the soybean prices. The exports of soy meal has been a bit weak.

Soy oil: Offloading in spot market

Poor off take in the spot market and the continued weakness in the prices of soybean dragged down the soy oil prices. The overall bearishness in the soy complex is due to the impact of two outbreaks of bird flu in South Korea in the last one month. As the demand for meal has weakened the supply of beans has increased in the market.

Wheat: Buying at lower levels

The near month futures traded at a discount to the spot market prices of wheat in Delhi. According to the agriculture ministry, the production in 2007 is expected to be in the range of 74 million metric tonne (MMT) as against 68.5MMT last year. The counter has seen some buying at lower levels as the prices have fallen sharply. The extension of the duration for duty-free imports by private players has kept the prices subdued.

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