



## Crude to trade weak

### **Bullion: Easing inflationary concerns cap upside**

Gold fell in New York for the third straight session after the prices paid to US producers matched the biggest monthly slide ever in October, reducing the precious metal's appeal as a hedge against inflation. The 1.6% drop in the prices paid to factories, farmers and other producers followed a 1.3% decline in September. Analysts expect the USA to report lower consumer prices on November 16, which would put further pressure on gold.

Keep an eye on the Empire Manufacturing numbers and the minutes of the FOMC meeting that might support bullion. Overall, gold should be bought on dips.

### **Crude oil: Slow Chinese industrial output to put pressure on prices**

Speculators continue to hold record short positions. The warmer weather forecast in the US northeast would probably reduce the heating oil demand, thereby easing the pressure on the counter.

In the other news, China's industrial output rose at the slowest pace in almost two years in October, suggesting that the growth in overseas sales may be weakening. This would also put pressure on the oil market. Expect oil to trade weak.

### **Soybean: Bounce expected**

The CBOT soybean futures witnessed a sharp rally last night on account of the strength in maize (corn) futures. The domestic futures corrected sharply due to some profit booking but looked to be overdone. The demand from extractors is still strong as they are stocking the crop for the next few months. The soy meal exporters have also booked orders till January, which has been creating the demand in the spot market.

### **Soy oil: Positive**

The CPO futures have seen a sharp rise this morning on account of a massive rally in the CBOT soy oil futures. The March 2007 soy oil contract on the CBOT touched a contract high last night. The expected increased demand next year for various vegetable oils is leading to heavy buying.

### **Wheat: Buy on dips**

The wheat futures corrected yesterday after a few good days. The spot market also witnessed some supplies by stockists. However, the demand is still strong from the millers. The imported wheat is stuck at the western ports leading to some supply delays. The medium term outlook remains bullish.

### **For Private Circulation only**