



## Weak commodity prices cap upside in gold

### **Bullion: Weak commodity prices cap upside**

Gold may rebound on speculation that the Federal Reserve (Fed) will not increase the interest rates anytime soon, thus eroding the value of the dollar and boosting the appeal of the precious metal as an alternative investment. The slumping housing market and the falling PPI numbers would prevent the Fed from raising the rates. Further, the recent WGC demand trends indicate that the investment demand has moved up amid speculators increasing their bets on gold as the net long positions increased by 9.5% in the week ended November 14.

Although the undertone is bullish the weak commodity prices, especially the base metals, would cap the upside in bullion and any dip should be used as a buying opportunity.

### **Crude oil: Falls on warmer temperatures**

Doubts regarding the OPEC cuts still continue to haunt the oil market while the signs of mild temperatures in the northeast region would limit any upside.

The CFTC data shows that for the first time in the last five weeks, the net short positions were converted into net long positions and it is time to be cautious on the sell side. In Q4

the world oil demand normally peaks and given the Thanksgiving holiday this Thursday, oil might try to inch up a bit. However the bias is still weak.

### **Soybean: Consolidation expected**

The stockists and farmers have been stocking soybean as a rise in the prices is expected in the near future. However, the counter could see some profit booking, as the prices have been moving only in the upward direction. The slight weakness in the corn futures could also put pressure on the counter.

### **Soy oil: Mixed**

Speculations of the lowering of the import duty saw weakness in the counter on Saturday. However, the strength in mustard and the decrease in the soybean arrivals may support the prices. The bullish palm oil this morning could give a leg up later in the day.

### **Wheat: Quality concerns at NCDEX**

The wheat futures have been depressed due to some quality concerns about the stocks lying in the NCDEX warehouse. However, the lower government stocks and declining global output mainly in Australia should support the prices.

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