

30 November 2011

COMMODITY MENTOR

Agri Reports:

Oil and Oilseeds Insight:

Weak trend might further continue in oilseed complex today. Argentina production might be around 52-53 million tons looking into sowing prospects this year which might keep prices under pressure. Down side in Indian markets could be limited because of domestic buying of soybean. Demand for edible oil is very weak along with peak crushing season for soy oil which might keep both palm and soy oil prices lower. Drop in acreage by 14% in Rajasthan regions might support prices of mustard at futures with lower carry forward stocks for next year. Sowing in Argentina is complete by 81% across major growing regions and in Brazil 92.5% of sowing is complete. Argentina soybean acreage is projected at 18.9 million tons compared to 18.6 million tons last year.

Commodity	Contract	S3	S2	S1	CLOSE	R1	R2	R3
Soybean CBOT	Jan-12	1103.8	1109.3	1116.8	1125.0	1134.1	1142.3	1147.3
Soybean NCDEX	Dec-11	2235	2239	2243	2248	2254	2259	2262
Soybean ACE	Dec-11	2234	2238	2243	2249	2254	2259	2263
Soy Oil CBOT	Dec-11	47.96	48.23	48.68	49.18	49.63	50.04	50.34
Soy Oil NCDEX	Dec-11	636.0	636.9	638.0	639.2	640.7	642.1	642.8
Soy oil ACE	Dec-11	636.2	637.2	639.2	641.5	643.2	644.7	646.1
RM Seed NCDEX	Dec-11	3156	3162	3168	3174	3185	3194	3198
Rm Seed ACE	Dec-11	3162	3167	3176	3186	3195	3202	3208
CPO BMD	Jan-12	3014	3030	3049	3069	3096	3120	3133
CPO MCX	Dec-11	509.0	510.1	511.4	512.9	514.7	516.4	517.3
Castor seed NCDEX	Dec-11	3966	3984	4009	4035	4066	4094	4111

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Spices Insight:

Pepper: Pepper prices are expected to continue the positive trend on lower level buying. Expectations of good export demand due to prevailing lower Indian prices might also support the prices. Indian prices in international market are quoted around \$7150-7500 per MT for Europe and Us FOB, which is much lower than other countries quotes. As per data released by Spices board, pepper export during April- Sep.-2011 was reported up by 22% to 11250 tonnes against the same period last year.

Turmeric: Turmeric futures expected to trade down on follow though selling. Farmers are selling their produce on lower prices in want of money which is keeping the sentiments down. However, some orders have been placed from north Indian buyers which might limit sharp losses. Today Erode turmeric market will be closed due to mahurt puja in Semmampalayam turmeric complex and the market will assemble on December 1st.

Jeera: Jeera prices are expected to continue losses on selling pressure. According to latest update, Gujarat rabi jeera acreage is 1,13,100 ha so far, up 56.0% Y/Y. Therefore, rising sowing prospects are likely to weigh on prices. Demand is still subdued from domestic and well as export front which might also add to the bearishness. Sufficient carry forward stocks might also weigh on sentiments.

Chilli: Chilli prices are projected to continue to trade lower on extended selling. Higher arrivals across the spot markets are likely to pressurize the prices. Increasing rabi season acreage in AP with poor export and domestic demand might also keep prices under pressure. However, short covering at lower level can not be over ruled during the day. Andhra Rabi chilli area is reported 0.29 lakh ha as on 23rd Nov. v/s 0.24 lakh ha yr ago.

Cardamom: Cardamom futures are expected to open on lower note on continued selling initially. Stable to higher supply is likely to weigh on prices. However, demand from exports due to prevailing lower prices might cushion the prices in near term. Arrivals at different auctions were declined around 63,544 Kg. on Tuesday. According to data released by Spices board, cardamom exports during Apr-Sep, 2011 were up by 445% to 1825 tons against same period in lat year. Good demand from exporters might cushion the prices during the day. According to Spices board of India, total arrivals during the current season till Nov. 27th were up by 110% to 7,670 tons against 3,655 tons in the same period last year.

Commodity	Contract	S3	S2	S1	CLOSE	R1	R2	R3
Pepper NCDEX	Dec-11	34687	34786	34953	35140	35299	35444	35556
Turmeric NCDEX	Dec-11	4491	4537	4578	4622	4702	4773	4801
Jeera NCDEX	Dec-11	13596	13644	13697	13756	13837	13908	13945
Chilli NCDEX	Dec-11	6906	6926	6947	6970	7003	7032	7047
Cardamom MCX	Dec-11	598	605	611	619	630	641	645.1

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Sugar Insight:

Commodity	Contract	S3	S2	S1	CLOSE	R1	R2	R3
Sugar NCDEX	2980	2991	3015	3042	3058	3073	3089	2980
Sugar MCX	2998	3007	3028	3052	3066	3080	3094	2998
Sugar ICE	25.5	25.8	26.0	26.3	26.7	27.1	27.3	25.5
Sugar LIFFE	596.8	597.3	597.9	598.7	599.5	600.2	600.7	596.8

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Pulses and Cereals Insight:

Commodity	Contract	S3	S2	S1	CLOSE	R1	R2	R3
Wheat NCDEX	Dec-11	1177	1179	1182	1186	1189	1192	1194
Maize NCDEX	Dec-11	1094	1097	1101	1107	1112	1116	1119
Barley NCDEX	Dec-11	1143	1144	1145	1147	1148	1149	1150
Guar seed NCDEX	Dec-11	5042	5074	5159	5206	5302	5347	5403
Guar Gum NCDEX	Dec-11	15706	15801	16057	16200	16489	16622	16790
Chana NCDEX	Dec-11	3042	3087	3122	3199	3236	3304	3329

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Non Agri-Reports:

Metals Insight:

Today morning the Asian equities are trading low after the two days bull rally and base metals are also trading down by 0.5 to 1.5 percent at LME owing rating agencies downgraded 15 banks from US and Europe. The Japanese Industrial production has increased considerably but still not much change has been witnessed in the metals pack. Overall, the metals are moving on news based trend and not able to set any defined trend. The metals are expected to remain under pressure for the day. From the data releases, today retail sales data from Germany and Employment change, non-farm productivity and pending homes sales from US are expected to be positive and the same may provide some solace to the metals.

Commodity	Contract	S3	S2	S1	CLOSE	R1	R2	R3
Copper Comex	Dec-11	331.0	332.5	334.9	337.6	339.9	342.0	343.6
Copper LME 3M	Fwd	7340	7369	7419	7475	7521	7562	7596
Copper MCX	Nov-11	386.7	387.9	389.9	392.2	394.2	396.1	397.4
Lead LME 3M	Fwd	1990	1999	2006	2015	2030	2043	2049
Lead MCX	Nov-11	104.2	104.5	104.8	105.2	105.6	106.0	106.2
Zinc LME 3M	Fwd	1921	1928	1943	1960	1972	1983	1993
Zinc MCX	Nov-11	100.6	100.9	101.2	101.6	102.0	102.4	102.6
Nickel LME 3M	Fwd	16668	16791	16938	17100	17307	17491	17593
Nickel MCX	Nov-11	878.3	884.1	889.8	896.0	905.9	914.7	918.6
Aluminium LME 3M	Fwd	1967	1978	1987	1997	2015	2032	2038
Aluminium MCX	Nov-11	104.0	104.4	104.8	105.2	105.9	106.5	106.8

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Bullion Insight:

Gold- While writing this report at 8.20 IST, gold futures at the Globex are trading slightly higher by \$10, at \$1728.90. The Euro advanced against the dollar after the Euro finance ministers approved a 5.8 billion Euro loan to Greece. Asian stocks however slid a bit, snapping two days rally after S&P cut credit rating for lender like Goldman Sachs, Bank of America; which may have a negative impact on investor sentiment. This means the U.S. banks faced a higher likelihood of downgrade because of the downgrade to the U.S. government's debt ratings by S&P this summer. Downgrades on banks can cause trouble, as the ratings help determine the amount of collateral the banks have to put up for borrowing. With the ongoing crisis in Europe, if lenders start requiring more from banks that are no longer seen as safe, the downgrades could cause more tension. This might lead to liquidation in bullions as well. EU however put forth two options of EFSF leveraging: Under the first option, bond holders would get partial risk protection of 20% to 30% backed by the European Financial Stability Facility. Under the second option, one or more so-called co-investment funds would be created allowing for the combination of public and private funding buying bonds on the primary and secondary markets. However, both options are expected to be ready to use by early 2012. So, gains in Euro might not sustain for a longer time. From the economic data front, US pending home sales and ADP employment are likely to accelerate which might support the dollar. Overall we expect Gold is likely to be very volatile but may remain strong till European session on the above said US concerns and recommend remaining long for the metal.

Silver- At the Globex, silver is seen trading down by \$0.150 at 31.80. As discussed in Gold's outlook, the Asian equities slipped into a loss after S&P smacked the market with down gradation of largest US banks. The dollar declines and the Euro gained after EU finance chiefs put forth two options for leveraging the EFSF. However, the S&P news is certainly an indication of a greater likelihood of US banks down gradation that might create a panic in the market. So, liquidation might come. With equities also expected to remain weak for the day, we may expect silver also remains weak for the day.

Commodity	Contract	S3	S2	S1	CLOSE	R1	R2	R3
Gold Comex	Dec-11	1699.3	1702.3	1707.5	1713.4	1718.2	1722.5	1726.0
Gold MCX	Dec-11	28843	28888	28944	29005	29080	29147	29185
Silver Comex	Dec-11	3118	3133	3158	3185	3210	3232	3248
Silver MCX	Dec-11	56038	56207	56464	56749	57025	57274	57448

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Energy Insight:

Crude oil:

While writing this report at 9:30 A.M. oil futures are trading above \$99 /bbl with fall of more than 0.50% in Globex electronic platform. Increasing stock piles and lower Asian equity market might be pressurizing oil futures prices. As per American Petroleum Institute, crude oil stocks have increased by more than 3000K in the last week, gasoline stocks have fallen slightly, as reported by API. As per DOE, crude oil inventory is likely to increase by 60K along gasoline. Actual DOE inventory report must eye tonight 9:00P.M., which may change the price direction. Asian equities dropped for the first time in three days and US stock futures fell as S&P have downgraded the credit ratings of 15 banks in US. On the other side, EFSF have boosted the bailout plan for major European nations which is supporting Euro. Currently, most of the Asian equities are trading on lower side, whereas dollar index is trading above 79.09 levels, which is also pressurizing oil prices. Japan's industrial production have been increased by 2.4% in October. On economic front, US ADP employment change data is likely to increase. Pending home sales are also expected to climb up in October. However, unit labor cost may continue to fall in third quarter along lower nonfarm productivity. So, overall we may expect a dice movement, ahead of US economic data releases in the evening.

Natural Gas: Natural gas futures prices continue to trade on a positive trend and closed with gain of more than three percent on yesterday session. Increasing consumer confidence in US along cooler US weather condition has supported gas futures prices to trade above \$3.74/ MMBTU in NYMEX platform.

Today, we are expecting gas futures to continue the bullish trend. As per National Weather forecast US weather is likely to be snowier in west and south area which may support gas prices to take some positive cues. Overall, we are expecting a bullish trend with limited gains in gas futures prices today.

Commodity	Contract	S3	S2	S1	CLOSE	R1	R2	R3
Crude Nymex	Jan-12	96.7	97.2	98.4	99.8	100.6	101.3	102.1
Crude Oil MCX	Dec-11	5047	5070	5126	5189	5225	5258	5295
Natural Gas Nymex	Dec-11	3.484	3.517	3.552	3.590	3.647	3.698	3.722
Natural Gas MCX	Nov-11	188	188	190	191	192	193	194.2

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