

25 January 2012

COMMODITY MENTOR

Agri Reports:

Oil and Oilseeds Insight:

Oilseed complex might remain in a range for today as weather has recovered over Argentina regions. FAO has reported Argentina estimates to remain unchanged from last year. Absence of Chinese buying in U.S due to New Year holidays in china is leaving no trigger for the market to follow. However Chinese ban on oil meal imports from India might keep the prices more biased towards down side. Rust disease occurrences have been reported in Brazil during current year which might also affect the quality of the crop. Mustard price movement can remain biased towards down side due to ban of meal imports from China as it is major destination for mustard meal exports from India.

Commodity	Contract	S3	S2	S1	CLOSE	R1	R2	R3
Soybean CBOT	Mar-12	1195.1	1200.4	1209.7	1220.0	1228.6	1236.5	1242.7
Soybean NCDEX	Feb-12	2496	2508	2521	2535	2557	2576	2585
Soybean ACE	Jan-12	2500	2512	2526	2541	2560	2578	2587
Soy Oil CBOT	Mar-12	50.79	50.91	51.12	51.35	51.55	51.74	51.88
Soy Oil NCDEX	Feb-12	699.3	701.5	703.7	706.2	709.9	713.2	714.8
Soy oil ACE	Feb-12	699.6	701.7	703.9	706.4	709.9	713.0	714.6
RM Seed NCDEX	Apr-12	3284	3321	3354	3389	3453	3510	3533
RM Seed ACE	Apr-12	3300	3331	3362	3395	3449	3496	3518
CPO BMD	Mar-12	3135	3143	3152	3162	3176	3188	3194
CPO MCX	Feb-12	522.0	522.9	523.9	525.1	526.6	527.9	528.7
Castor seed NCDEX	Feb-12	3561	3577	3600	3625	3651	3674	3689

*For daily technical recommendations contact at commodity@karvy.com

Spices Insight:

Pepper: Pepper February futures are expected to continue the corrections during early trading hours. However, overall fundamentals are bullish on lower arrivals which might support the prices to recover later in the day. Indian prices in global market are quoted at \$6800 & \$7100 per MT for Europe & US FOB. Export activity in Vietnam will remain closed due to lunar holiday till January 30, which might also support Indian prices. Therefore, till than India and Brazil are only active market.

Turmeric: Turmeric April futures expected to open on lower note on extended corrections. Overall trend is also week amid subdued demand from north Indian stockiest due to prevailing winter season. However, farmers are expecting after market opening prices might improve on fresh buying but demand from traders is still thin. Therefore, prevailing mixed sentiments might create volatility in prices. Fresh arrivals in Erode are expected to start by 2-3rd week of February.

Jeera: Jeera February futures are expected to trade lower on extended profit booking during opening session. However, overalls trend at spot front is still positive on anticipation of lower production. Arrivals at spot market of Unjha are remaining lower which might also support the prices. As per the data released by Gujarat Agriculture Department, acreage under jeera has increased substantially. Therefore, mixed sentiments prevailing across he spot markets might create volatility in prices.

Chilli: Chilli February prices are projected to open on positive note on follow through buying. Reports of delay in fresh arrivals of exchange trade variety due to rains occurred in recent past. However, profit booking at higher level can not be overruled. Andhra Rabi chilli area is reported 0.53 lakh ha as on 18th January v/s 0.48 lakh ha yr ago. As per data released by Spices board, during Apr-Nov, 2011 chilli export from India were reported down by 24% to 1,32,500 tonnes against the same period last year.

Cardamom: Cardamom futures are expected to open on lower note on corrections. However, later on prices might resume uptrend on good demand from exporters and up country buyers. According to trade sources, one more round of picking is remaining for current harvesting season and likely fall in arrivals is expected in coming days. Total arrivals at spot auction held in Kerala were reported around 1,24,984 Kg. on Tuesday. Total arrivals at spot auction till January 22nd were reported around 10,410 tonnes 6,910 tonnes arrived during same period last year.

Commodity	Contract	S3	S2	S1	CLOSE	R1	R2	R3
Pepper NCDEX	Feb-12	31665	31825	32162	32540	32792	33023	33247
Turmeric NCDEX	Apr-12	4499	4525	4558	4594	4637	4676	4699
Jeera NCDEX	Feb-12	15572	15700	15824	15959	16176	16369	16456
Chilli NCDEX	Feb-12	6212	6268	6340	6420	6512	6595	6645
Cardamom MCX	Feb-12	614	623	632	641	657	671	677.4

For daily technical recommendations contact at commodity@karvy.com

Sugar:

Commodity	Contract	S3	S2	S1	CLOSE	R1	R2	R3
Sugar NCDEX	Feb-12	2822	2825	2829	2833	2839	2845	2848
Sugar MCX	Feb-12	2807	2812	2816	2820	2828	2836	2839
Sugar ICE	Mar-12	24.4	24.5	24.6	24.8	25.0	25.2	25.3
Sugar LIFFE	Mar-12	650.8	651.9	654.6	657.7	659.4	661.0	662.8

*For daily technical recommendations contact at commodity@karvy.com

Pulses and Cereals:

Commodity	Contract	S3	S2	S1	CLOSE	R1	R2	R3
Maize NCDEX	Feb-12	1226	1233	1240	1254	1261	1273	1278
Wheat NCDEX	Feb-12	1230	1238	1245	1259	1268	1280	1285
Guar seed NCDEX	Feb-12	11208	11450	11675	12087	12331	12696	12854
Guar Gum NCDEX	Feb-12	36634	37551	38279	39855	40632	42025	42543
Chana NCDEX	Feb-12	3141	3157	3172	3198	3214	3238	3248

*For daily technical recommendations contact at commodity@karvy.com

Non Agri-Reports:

Metals Insight:

Today morning base metals are trading positive by more than 0.5 percent at the LME electronic platform. The Asian equities are also trading positive with slight gains amid anticipation of easing from Fed in US followed by eco-friendly Euro-zone releases. Fundamentally the inventories have witnessed drawdown from LME warehouses and the cancelled warrants have also increased indicating better spot demand. The warrants for Copper and Nickel have increased and may continue to support the price gain. The Euro gained 0.18 percent as the Portuguese Prime Minister assured to reduce the budget deficit from 9.8 percent to 5.9 percent of GDP but it may still not be able to escape another possible default as per IMF even after second bailout. Greece negotiations of swap bond deal with private creditors have failed and this has pulled the Euro slightly downward during early morning trading. However the German IFO releases are mostly expected to be positive and this may support gains in Euro as the day progress. The Fed interest rate are also due for the day where \$ 1 trillion easing followed by buying of mortgaged backed securities may boost confidence unchanging the interest rate. This has made the Dollar Index to appreciate by 0.11 percent in the morning. The economic data from US in the form of home price index is expected to improve and may continue to support the gaining spree. Overall we recommend long position at lower levels for today's trading session as buoyant equities along with positive economic releases may support metals pack.

Commodity	Contract	S3	S2	S1	CLOSE	R1	R2	R3
Copper Comex	Jan-12	372.3	373.4	376.2	379.5	381.0	382.5	384.4
Copper LME 3M	Fwd	8224	8251	8310	8377	8419	8458	8497
Copper MCX	Feb-12	417.0	417.9	420.0	422.5	423.8	425.0	426.4
Lead LME 3M	Fwd	2207	2216	2229	2244	2259	2272	2281
Lead MCX	Jan-12	109.9	110.3	110.9	111.6	112.1	112.6	113.1
Zinc LME 3M	Fwd	2040	2054	2087	2125	2147	2168	2190
Zinc MCX	Jan-12	101.7	102.4	104.0	105.8	106.7	107.6	108.7
Nickel LME 3M	Fwd	20162	20233	20403	20595	20704	20805	20917
Nickel MCX	Jan-12	1008.9	1012.3	1021.0	1030.7	1035.9	1040.8	1046.5
Aluminium LME 3M	Fwd	2212	2218	2230	2243	2252	2261	2268
Aluminium MCX	Jan-12	109.8	110.0	110.4	110.8	111.1	111.4	111.7

*For daily technical recommendations contact at commodity@karvy.com

Bullion Insight:

Gold- After a sudden pause for rally, Gold at the Globex is seen trading at a slight positive note at the early Asian hours. Today we may see gold to have a limited upside till the European hours after which it might gain strength. Market might exhibit volatile moves as Europe and US news are rattling the market with blend impacts.

The dollar index is trading near the three weeks low before the Fed releases interest rate forecast along with inflation and unemployment expectations at later part of the day. Anticipation over the Fed to implement another \$1 trillion easing and buy back of the mortgage backed securities with an objective to further reduction of longer term interest rate to bolster the economic activities are likely to support the metal as easy money always bids price higher. This has also helped Asian equities to trade high. However, the rejection of the Greek swap deal might continue to hurt the Euro and hence gold might limit the gain. Portugal prime minister however ensured that the country would be able to reduce its budget deficit from 9.8% to 5.9% of its GDP without any more help from IMF after they raised concern over the country would turn out to be a defaulter even after the second bail out. This news might help Euro to revive at the later trading hours as German business confidence is likely to grow and dollar may trim demand before the report might project US pending home sales dropped in December. Meanwhile, S&P has said that they will likely downgrade Greece to selective default once these ridiculous negotiations are concluded. So, Euro/dollar move is likely to play the major role for the day. Said above, we expect Gold to remain under stress till the mid European hours after which it might rally on Fed meet anticipations. Hence, trend might get reversed in the evening session.

Silver- Silver at the Globex is seen trading little higher by \$0.14, at \$32.17 amid strong Asian equities. Silver is also expected to show volatility amid concerns from the US and Europe. Since Asian markets have not faced the failed Greek swap deal news, we may expect silver to feel pressure owing to the weak Euro. S&P has said that they will likely downgrade Greece to selective default once these ridiculous negotiations are concluded. So, Euro/dollar move is likely to play the major role for the day. So, Silver might erase initial gains once the Europe opens. However, Portugal Prime minister's optimism over reducing the budget deficit negating IMF's thinking over a possible default even after the second bailout might support the Euro. Also, the likely positive German IFO numbers may support the Euro and thereby silver. In the evening if the Fed meeting anticipation proves to be right, we might see silver is gaining the momentum. Overall, silver is expected to remain quite volatile for the day, especially in the evening.

Commodity	Contract	S3	S2	S1	CLOSE	R1	R2	R3
Gold Comex	Feb-12	1648.9	1653.9	1659.0	1664.5	1673.0	1680.6	1684.1
Gold MCX	Feb-12	27224	27274	27326	27383	27467	27542	27578
Silver Comex	Mar-12	3147	3163	3180	3197.5	3225	3249	3261
Silver MCX	Mar-12	54780	54969	55159	55365	55685	55969	56101

*For daily technical recommendations contact at commodity@karvy.com

Energy Insight:

Crude oil:

Currently, while writing this report at 9:30A.M. IST, WTI crude oil futures prices are trading above \$99/bbl in Globex electronic platform. Most of the Asian equities are trading on higher side by tracking higher closing of yesterday's US market. Thus, slight improvement is seen on oil prices by taking cues from higher equity market. As per American Petroleum Institute, crude oil inventory have declined, whereas increase in gasoline and distillates stocks are witnessed. So, fall in crude oil stocks might be supporting the trend. However, DOE inventory is expected to increase in the last week, which may further pressurize oil prices. From economic front, rejection of Greece debt swap deal has pressurized Euro and IMF has cuts global growth for 2012. Thus, Euro is expected to under pressure, which ultimately pressurizes oil prices. In addition to this, FOMC meet today FED is expected to increase the debt ceiling by \$1.3 trillion which is keeping dollar in appreciating mode. On the other side, German economic releases are expected to result positive which may support euro to gain some points. So, ultimately Oil prices may gain some points in between. Overall, we may expect oil prices to trade under pressure, ahead of actual DOE data releases tonight.

Natural Gas: Natural gas futures prices traded on a positive trend and gained more than three percent in India market. Gas prices spiked up by more than seven percent in international market on concern of production cut. Chesapeake Energy Corporation the second largest U.S. producer announced to curtail output of 500mbcf/day. Companies have found the price level where they are going to cut or stop the production. Volume has increased the most in last two weeks of time on yesterday.MCX traded gas futures prices for January delivery closed at Rs.128.80/MMBTU with gain of more than 3.45 percent.

Currently, gas futures prices are up by more than 2.5 percent at \$2.619/MMBTU in Globex platform. As per EIA natural gas storage is likely to decline by more than 100 Bcf, which may support gas prices to trade on higher side. We are

expecting gas futures prices to trade on higher side on expectation of declining production in US. Currently, gas futures prices are up by more than 1.2 percent at \$2.569/MMBTU in Globex platform. We are expecting gas futures prices to trade on higher side on expectation of declining production in US.

Commodity	Contract	S3	S2	S1	CLOSE	R1	R2	R3
Crude Nymex	Mar-12	97.3	97.7	98.3	99.0	99.7	100.4	100.8
Crude Oil MCX	Feb-12	4919	4938	4956	4975	5007	5035	5047
Natural Gas Nymex	Mar-12	2.435	2.470	2.510	2.554	2.612	2.663	2.691
Natural Gas MCX	Feb-12	126	128	130	132.40	135	138	139.4

*For daily technical recommendations contact at commodity@karvy.com

Disclaimer

To unsubscribe please mail us at commodity@karvy.com

The report contains the opinions of the author, which are not to be construed as investment advice. The author, directors and other employees of Karvy and its affiliates cannot be held responsible for the accuracy of the information presented herein or for the results of the positions taken based on the opinions expressed above. The above mentioned opinions are based on the information which is believed to be accurate and no assurance can be given for the accuracy of this information. There is risk of loss in trading in derivatives. The author, directors and other employees of Karvy and its affiliates cannot be held responsible for any losses in trading.

Commodity derivatives trading involve substantial risk. The valuation of underlying may fluctuate, and as a result, clients may lose entire of their original investment. In no event should the content of this research report be construed as an express or an implied promise, guarantee or implication by or from Karvy Comtrade that you will profit or that losses can or will be limited in any manner whatsoever. Past results are no indication of future performance. Information provided on this report is intended solely for informative purposes and is obtained from sources believed to be reliable. Information is in no way guaranteed. No guarantee of any kind is implied or possible where projections of future conditions are attempted.

We do not offer any sort of portfolio advisory, portfolio management or investment advisory services. The reports are only for information purpose and not to be construed as investment advices.

For Detailed disclaimer please go to following URL's:

<http://www.karvycomtrade.com/disclaimer.asp>

<http://www.karvycomtrade.com/riskDisclaimer.asp>