

# Commodity Manthan

A Monthly Commodity Report from Karvy Comtrade

## INVESTMENT CALLS

1. **Silvermini March MCX:** *Driving in to frenzy*
2. **Leadmini December MCX :** *Demand To Remain Strong*
3. **Crude oil December MCX :** *Winter thrust*
4. **Copper February MCX :** *Heading For New Highs On Tight Supplies*
5. **Soybean December NCDEX:** *Robust Meal Demand*

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## INVESTMENT CALLS FOR THE MONTH OF DECEMBER

- ❖ **Silvermini Mar MCX:** Buy at 44400-44500 TP 45500 then 46100 SL 43000
- ❖ **Crude oil Dec MCX:** Buy at 3950-3970 TP 4220 then 4400 SL 3790
- ❖ **Copper Feb MCX:** Buy at 390-395 TP 412 then 420 with stop loss below 380
- ❖ **Leadmini Dec MCX:** Buy at 102-104 TP 110 then 117 SL 97
- ❖ **Soybean Jan NCDEX:** Buy at 2260-2290 TP 2430 then 2510 SL 2190

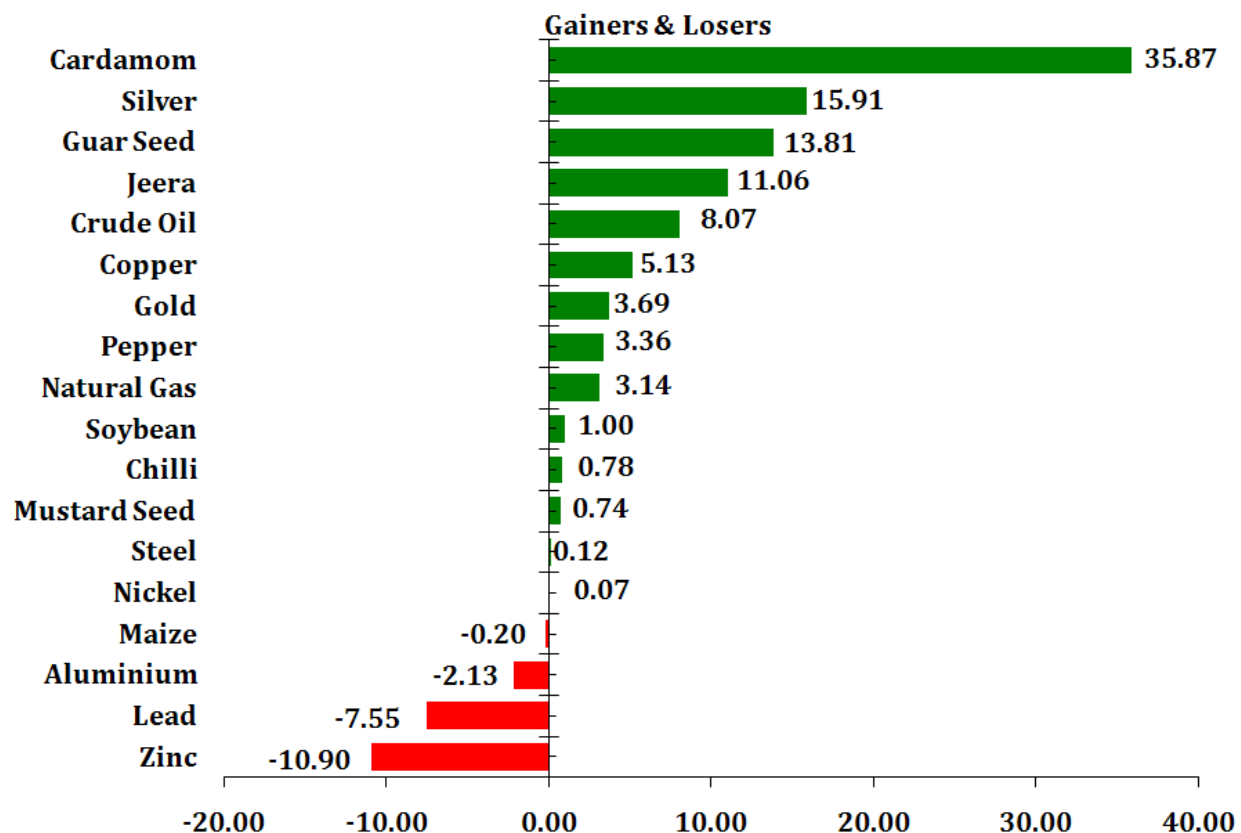
### Pay- off matrix for December 2010

Commodity	Contract	Strategy	Entry	Target	Stop Loss	Profit	Loss
Silvermini	Mar-11	Buy	44500	46100	43000	8000	-7500
Crude oil	Dec-10	Buy	3970	4400	3790	43000	-18000
Leadmini	Dec-10	Buy	104	117	97	13000	-7000
Copper	Feb-11	Buy	395	420	380	25000	-15000
Soybean	Dec-10	Buy	2290	2510	2190	22000	-10000
<b>Total (INR)</b>						111000	-57500

### Performance for the month of November 2010

Commodity	Entry	Target	Stop loss	Closed	Profit/Loss
Silvermini	36700	39450	35400	39450	13750
Nickel	1064	1150	1000	999	-16250
Potato	575	670	530	614	5850
<b>Total Profit</b>					<b>3350</b>

## Commodity **GAINERS & LOSERS**



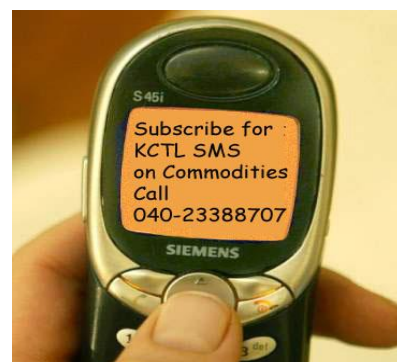
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## MONTHLY OUTLOOK FOR INVESTMENT CALLS

### ❖ Silvermini Nov MCX:

November 2010 witnessed several events taking place which resulted in greater volatility in commodities markets. Silver was the best performer with nearly 13% gains on COMEX and 16% on MCX. After having been driven higher by Diwali and Fed's announcement of \$600 billion bond purchases during initial few days, prices took a short-while correction thereafter. Prices again zoomed up on European debt concerns and sudden tensions between two Korean nations. We believe further extension could be seen in silver prices during this month, as a larger investors' community is still apprehensive over European debt woes, despite the recent bailout package to Ireland. Military tensions between two Korean nations may also stir up, which will result in more investors resorting to precious metals. Moreover, silver may also rise on expectations that recently released PMI numbers will pave the way for increased global activities. However, markets may witness subdued trading activities as we approach Christmas season during the year-end.



### ❖ Soybean January NCDEX:

The soybean futures retreated from its recent losses on emergence of fresh buying supported by bullish fundamental factors. Robust oil meal export demand and positive crush margin gave underlying support to the market. The Bull Run in soybean futures is likely to continue in December month based on bullish fundamental factors. Robust export demand for Indian soy meal from South East Asian countries will support the prices. During Apr-Nov, soy meal export surged 46% Y/Y. Indian soy meal export in FY 11, projected at 3.4 million tons against 2.4 million tons in FY10. Though production is projected higher bullish demand outlook will render support to the prices. Narrow down in soy meal price between India and other major producing countries may also supported bullish trend. CBOT soybean futures are likely to remain on Bull Run due to supply demand mismatch. China is the major driving factor for the price. USDA has lowered US soybean production estimate for two consecutive months. World oilseeds balance sheet is becoming tighter on weather aberrations in many countries, which may result into Bull Run in international market.



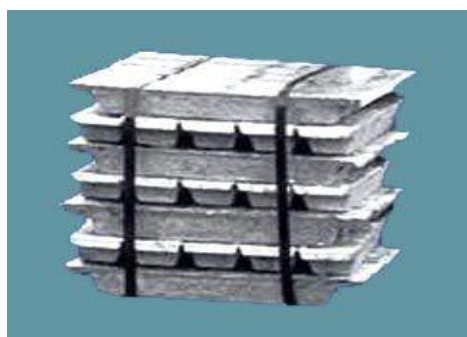
### ❖ Crude oil December MCX :

Oil prices are expected to trade in a positive trend in short term supported by both fundamental and economical factors. Currently oil prices are hovering at last two year's high by taking cues from on-going winter season demand in the US. Space heating oil demand is expected to pick up in coming month, which may support oil prices to take positive cues. Similarly, economic factors are also expected to support oil price movement. Manufacturing activity of world's largest oil consuming



nations of US and China have picked up in the current month. Industrial production activities in both China and US have been increased in the current year. Consumer confidence of the Euro-zone is rising, with rising PMI service data in this year. However, concern of increasing unemployment rate in the US is there, for which Fed government have declared to increase bond purchasing through quantitative easing. Prevailing European Debt concern and Korean War may have some negative impact on prices. However, overall trend looks bullish in short-term.

### ❖ Leadmini November MCX :



Lead prices ended down by 9 percent at \$2,230/tonne on LME and down by 6 percent at ₹101.6 on MCX in November. Macro dynamics like sovereign issues in Euro-zone and fears of significant tightening in China sent lead prices lower. However demand continues to remain strong especially from automobile sector. The pace of increase in inventory on London Metal Exchange has slowed down. Stocks rose by a modest 4,300 tonnes in November as against 8,025 tonnes in the prior month. Strong automobile sales along with expectation of further quantitative easing might send lead prices higher.

### ❖ Copper February MCX :

Copper was the top performer among the base metal pack in the month of November. On LME it ended higher by 2 percent at \$8360/tonne while on MCX it ended at ₹390/Kg, up by 5.7 percent. For the first time in 2010, copper market has moved into backwardation i.e., spot prices are trading at premium. The premium currently stands at \$58/tonne thereby indicating tight supply conditions in the near term. Reports indicated that the nearly 50-70 percent of the total copper stocks on LME are held by a single company. So any increase in demand might not translate into higher supply and thereby prices might move higher.



## THE MONTH AHEAD FOR COMMODITIES

Commodity	S2	S1	Prev. Close	R1	R2	Recommendation
Gold	19060	19933	20807	21277	21748	Bullish
Silver	33843	38521	43198	45655	48111	Bullish
Crude oil	3591	3780	3970	4079	4189	Bullish
Natural gas	147	171	194	213	231	Bullish
Copper	351	365	380	397	414	Bullish
Nickel	892	965	1038	1104	1171	Sideways to higher
Lead	87	94	102	113	124	Bullish
Zinc	80	89	97	110	123	Sideways to higher
Aluminium	95	99	103	109	114	Sideways to higher
Steel	23633	24427	25220	25847	26473	Sideways to higher
Pepper	20155	21107	22058	23174	24289	Sideways
Jeera	11607	13109	14610	15973	17335	Sideways to higher
Turmeric	4836	7238	9640	13156	16672	Bullish
Cardamom	783	991	1199	1302	1406	Sideways
RM seed	537	555	573	597	622	Bullish
Soy oil	517	549	581	603	624	Bullish
Soybean	2117	2197	2277	2384	2492	Bullish
CPO	424	461	497	520	542	Sideways to higher
Cocud	923	963	1002	1073	1143	Sideways
Gur	882	923	963	989	1015	Bullish
Guar seed	1931	2193	2454	2660	2865	Bullish
Mentha Oil	1052	1135	1219	1304	1389	Sideways
Potato	558	610	663	700	738	Bullish
Chana	2316	2459	2603	2684	2766	Bullish
Barley	968	1036	1104	1240	1376	Sideways to lower
Wheat	1248	1279	1310	1336	1362	Sideways

**KCTL RESEARCH FORECAST ON COMMODITIES, CURRENCIES AND INDICES:**

<b>Commodity</b>	<b>1-Month</b>	<b>3-Month</b>	<b>6-Month</b>	<b>12-Month</b>
Gold-COMEX (\$/oz.)	1370-1450	1330-1450	1290-1460	1160-1460
Silver-COMEX (\$/oz.)	27-32	25-34	22-34	19-34
Crude Oil-NYMEX (\$/bbl)	84-95	82-100	90-110	85-115
Copper-LME-3MTH (\$/t)	8320-9040	8500-9340	8700-9550	8200-9700
Lead-LME-3MTH (\$/t)	2140-2500	2100-2700	2300-3000	2400-3500
Zinc-LME-3MTH (\$/t)	2000-2300	1910-2400	1850-2560	1800-2640
Nickel-LME-3MTH (\$/t)	22500-24000	21100-27000	20000-28000	18800-30000
Aluminium-LME-3MTH (\$/t)	2210-2500	2060-2600	1950-2800	1700-2900
<b>Currency</b>	<b>1-Month</b>	<b>3-Month</b>	<b>6-Month</b>	<b>12-Month</b>
USD/INR	43.4-46.8	43.2-47.4	43.2-48.1	42.8-49
EURO/USD	1.2500-1.3700	1.2400-1.4400	1.1800-1.5100	1.3100-1.6500
GBP/USD	1.5200-1.6400	1.5400-1.7000	1.5200-1.7800	1.5800-2.0100
USD/JPY	78-84.4	77-86.8	80-90	77-95
<b>Indices</b>	<b>1-Month</b>	<b>3-Month</b>	<b>6-Month</b>	<b>12-Month</b>
SENSEX	18500-21200	17900-21220	16700-21220	15900-22000
NIFTY	5700-6330	5440-6400	5240-6500	5200-6800
DOW JONES INDTL AVG.	10800-11800	10600-12360	10500-12900	9600-13500
S&P 500 INDEX	1150-1244	1140-1320	1090-1370	1000-1440
FTSE 100 INDEX	5440-5850	5330-6050	5330-6200	5200-6400
NIKKEI 225	9630-10400	9200-10900	7700- 11470	6840-13500

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