



Select Commodities – Outlook

- Crude Oil Trades Near \$81 After Rising on Economic Optimism -**
 Crude oil traded near \$81 a barrel after rising yesterday as reports showed improvement in the U.S. job market and refineries operated at the highest level since October in the world’s biggest energy consumer. Oil climbed to a seven-week high yesterday as service industries in the U.S. accelerated in February more than anticipated, indicating the economic expansion may soon create jobs following the worst employment slump in the post-World War II era. Inventories of crude oil climbed 4.03 million barrels and refinery utilization increased 0.7 percentage point in the U.S. last week, according to the Energy Department. Oil also advanced as the dollar weakened, increasing the investment appeal of commodities. The currency rose after Greece approved an additional 4.8 billion euros (\$6.6 billion) of deficit cuts. The dollar traded at \$1.3705 per euro at 1:03 p.m. Sydney time, from \$1.3697 yesterday. “The relatively weaker U.S. dollar pushed up commodity prices generally.
- Copper Climbs as Declining Dollar Boosts Appeal of Commodities -**
 Copper prices rose for a fourth straight session as the dollar declined, enhancing the appeal of commodities as an alternative investment. The U.S. currency dropped as much as 0.9 percent against the euro as Greece took steps to reduce its fiscal deficit, spurring speculation that the nation can tame the European Union’s biggest budget gap. U.S. equity indexes and commodities including crude oil and precious metals also gained. Copper rose on the “continued weakness of the dollar and strength of the euro on expectations of a resolution in Greece. The euro, crude and stocks are in a dancing game, and precious metals and silver are taking us higher. Copper is going along. Copper futures for May delivery advanced 2.35 cents, or 0.7 percent, to \$3.435 a pound on the New York Mercantile Exchange’s Comex unit. The most-active contract gained 6.3 percent in the previous three sessions, partly on speculation that an earthquake in Chile would disrupt mining.

Metals & Energy

Commodity	Support	Rest.	Remark
Copper	339	349	Positive
Crude	3635	3720	Volatile
Gold	16900	17250	Rangebound
Lead	99	105	Positive
NG	212	232	Rangebound
Nickel	1015	1050	Positive
Silver	26700	27250	Positive
Zinc	102	107	Positive

Agro

Commodity	Support	Rest.	Remark
Chana	2090	2135	Volatile
Chilli	4640	4680	Positive
G Seed	2370	2420	Positive
Jeera	11600	11850	Positive
Mustard Sd.	475	490	Positive
Soya bean	2090	2140	Volatile
Ref Soy Oil	458	471	Positive
TMC	7700	8000	Positive
Wheat	1255	1275	Volatile

Global Rates

Product	Contracts
Gold	\$1137/ounce
Silver	\$17.16/ounce
Crude	\$80.79b
Copper	\$3.3910/lb
Lead	\$1.0111/lb
Nickel	\$10.1907/lb
Platinum	\$1571/ounce
Zinc	\$1.011/lb
Natural Gas	\$4.74/MMBTU
US Dollar index (NYBOT)	80.00



Commodity 2 Watch

Steel: Room for upside - BUY

- Global steel demand expected to grow by 6.8%, led by intense infrastructure activity in the BRIC nations.
- Chinese government curbs on export of primary metals to reduce over supply situation in the global market.
- Raw material costs, which are generally pass through, are expected to swell resulting into higher metal prices.

Steel demand to be driven by BRIC nations over the next two years

BRIC countries, accounting for 41% of global steel demand, will continue to see 12.8% and 11.1% growth in. Intense construction activity in the BRIC nations will keep demand for the metal strong over the next two years. The BRIC nations are expected to account for 77% and 71% of growth in global consumption.

Government curbs to reduce supply from China

In order to curb inflow of funds, the Chinese government levied duties on exports of primary metals. This will lead to lower exports of the metal, as costs will rise, and bring about parity in demand supply situation in the global market. We expect this move will result into global steel prices moving northwards.

Soaring raw material prices to push steel prices up

The increase in raw material prices is expected to push production costs higher. This rise in manufacturing costs will lead to rise in steel prices by manufacturers during the period. Although we do not expect manufacturers to fully pass on raw material price rise, we believe the hike in steel prices will be to the tune of ~7-8%.

Steel prices: room for upside

Strong demand momentum driven by the infrastructure sector is expected to continue in the near term. The higher steel consumption globally will allow steel manufacturers to pass through the rise in raw material costs, We expect steel prices to rise from current levels in the near term and remain around there.



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