



Wednesday, April 19, 2017

## Overview

- Asian markets slide following US markets
- Sharp selloff in Base metals yesterday
- Theresa May announces snap elections in UK; Sterling jumps to highest level of 2017
- Geo-political concerns continue

## Precious Metals

Precious metals are flattish at the open after a choppy session yesterday as volatility in the currency market dragged prices. The pound whipsawed and ended sharply higher after the UK announced a snap election in June. The euro surged despite election related concerns from France. Gold prices may likely find support owing to nervousness ahead of the French election due this weekend. Opinion polls show far-right leader Marine Le Pen and centrist Emmanuel Macron will qualify for the second round on May 7. Over the past few days, geo-political concerns have also increased after the US warning to North Korea. In terms of price action, we believe that precious metals may continue to remain choppy even as the trend remains bullish. In terms of economic data, Euro zone inflation and the Fed's Beige Book will provide intra-day triggers to broader markets.

	Close	%Chg.
<b>Precious metals</b>		
Gold	1289.26	0.4%
Silver	18.254	-0.7%
<b>Energy</b>		
WTI Crude oil	52.35	-0.8%
Brent Crude	54.9	0.2%
Natural gas	3.153	1.0%
<b>Base metals – LME</b>		
COMEX Copper	343.5	-0.6%
Copper	5654.5	0.9%
Aluminium	1907.5	0.5%
Nickel	9410	0.6%
Lead	2135	0.8%
Zinc	2545	0.8%
<b>Others</b>		
DXY	99.499	-0.8%
US 10yr	2.1824	0.2%
CBOE VIX	14.66	-1.1%

## Base Metals

Base metals cracked hard, with Copper at lowest since January, on concerns China's base metals demand could temper in coming quarter following wobble in steel. Shanghai zinc and nickel were punished by losses in sector amid mounting China inventories and record steel production. Prices in China's sizzling property market, accelerated in March on monthly basis, shaking off impact of recent cooling measures introduced to dampen speculative demand. Freeport McMoRan Inc has received preliminary approval to resume copper concentrate exports from its Indonesian operation and hopes to lodge application for export permit this week. IMF raised its 2017 global growth forecast due to manufacturing and trade gains in Europe, Japan and China, but warned about protectionist policies. We expect some pullback, but can't call it bottom yet.

## Energy

Oil is expected to remain weak amid broader risk-off sentiment. API inventory data from US was also not supportive as it showed smaller than expected drop of 840k barrels in stockpiles last week. Prices have been under pressure this week as fresh EIA forecasts show that US shale production will rebound further in May. Drilling productivity report showed that shale oil output will increase by 123,000 bpd in May to 5.19 mbpd, biggest jump in two years. Data showed that oil rig count in US jumped for 13<sup>th</sup> consecutive week. Drillers added 11 oil rigs last week taking total to 683, highest in two years. Drop in Saudi exports is likely to provide some support as oil exports dropped to 6.95 million bpd in Feb from 7.71 million bpd in Jan. In terms of price action, we believe that some weakness in oil prices may persist today and EIA data will provide further triggers.

	Speculative Longs	Change WoW
Gold	140407	24802
Silver	98845	5162
Copper	55512	1339
Crude oil	309229	42199
Nat gas	176502	585
EUR/USD	-18956	7551
DXY	44335	1376

INVENTORIES	Current	W/W Chg.	Units	
<b>Energy</b>				
Crude oil	533.38	-2.17	MBbl	
Gasoline	236.13	-2.97	MBbl	
Distillate	150.22	-2.15	MBbl	
Natural gas	2.06	0.01	BCF	
<b>Base Metals</b>				
Aluminium	LME	1745750	-14100	MT
	SHFE w/w	345942	5981	MT
Copper	LME	255425	-1775	MT
	SHFE w/w	271267	-43543	MT
Nickel	LME	369354	-84	MT
	SHFE w/w	73940	43	MT
Lead	LME	168825	25	MT
	SHFE w/w	72662	212	MT
Zinc	LME	359150	-2700	MT
	SHFE w/w	165398	-16846	MT
<b>Precious metals</b>				
GOLD ETF	1715	-0.17	MT	
Silver ETF	19315	-29.45	MT	

MT- Metric Tonne, MBBL – Million Barrels, BCF – Billion Cubic Feet.

## Agricultural Commodities

Indian Meteorological Department predicted normal southwest monsoon in 2017 when rainfall for entire country in the whole season (June-September) would be 96% of long term average. According to the April forecast from met department, there is 38% probability of monsoon being near normal

Ref. Soya oil settled lower amid robust supply in local market along with lower tariff rates. According to USDA's WASDE report globally soyoil production is rising by 0.16% on month. India's edible oil imports fell little over 7% on year to 1.10 mln tn in March. In March overall imports of vegetable oils--comprising edible and non-edible oils--were at 1.11 mln tn compared with 1.19 mln tn a year ago. Total imports have declined this year because of larger crop of oilseeds and consequent higher availability of edible oils. A slowdown in consumption growth has also kept imports under check. With expectations of bumper oilseeds output availability of edible oil in the country is seen rising.

Union Cabinet has relaxed land ceiling limit for palm oil cultivation under the NMOOP (National Mission on Oilseeds and Oil Palm). Now, assistance can be provided to more-than-25-hectare area. Palm oil contributes 70 per cent of vegetable oil import in India. Malaysian palm oil futures fell, recording a fifth consecutive session of losses, weighed down by forecasts of rising output and tracking weaker performing rival oils

Jeera prices rebounded in domestic market on account of tension in West Asia, particularly after airstrike on Syria, second largest producer of spice.

Turmeric prices moved down as participants reduced exposure amid sufficient stocks position on pick-up in arrivals from producing belts at spot market.

Commodity	Month	Price	%Chg.
Cardamom	May	1221	-2.35%
Castor Seed	May	4601	-1.89%
Cocud	May	2019	0.75%
Cotton	Apr	20740	0.39%
CPO	Apr	508.5	-1.13%
Dhaniya	May	7080	0.11%
Guar Gum	May	8595	-0.12%
Guar Seed	May	3975	0.53%
Jeera	May	19450	-0.23%
Mentha Oil	Apr	959.2	-0.83%
R M Seed	May	3813	-0.16%
Soyabean	May	3005	0.27%
Soyoil	May	619.6	-0.89%
Sugar	May	3770	0.00%
Turmeric	May	6116	-0.85%
Wheat	May	1643	-0.06%

Commodity	Expiry	Price	% Chg.
Malaysian Palm Oil	Apr	2583	-0.54%
US Soybean	May	949	0.32%
US Soyoil	May	31.11	-0.10%
US Soymeal	May	313.3	0.35%
US Cotton	May	76.91	0.12%
China Cotton	May	15320	0.13%
US Sugar	Apr	16.7	1.40%

## Level playing Sheet

Commodity	Exch.	Expiry	Close	S2	S1	Pivot	R1	R2	Trend	Conviction	Intraday Range
Gold	MCX	Jun	29514	29148	29331	29435	29618	29722	Bullish	Moderate	29383 - 29670
Gold	COMEX	May	1292	1275	1284	1288	1297	1301	Bullish	Moderate	1286 - 1299
Silver	MCX	May	42187	41324	41755	42062	42493	42800	Bearish	Moderate	41540 - 42278
Silver	COMEX	May	18.27	17.89	18.08	18.26	18.45	18.63	Bearish	Moderate	17.98 - 18.35
Crude	MCX	May	3439	3389	3414	3434	3459	3479	Bearish	Moderate	3417 - 3462
Crude	NYMEX	May	52.85	52.14	52.49	52.90	53.25	53.66	Bearish	Moderate	52 - 53
Nat Gas	MCX	Apr	202.8	199.1	201.0	203.2	205.1	207.3	Bearish	Moderate	200 - 204
Copper	MCX	Apr	361.2	352.9	357.1	363.4	367.6	373.9	Bearish	Moderate	355 - 366
Zinc	MCX	Apr	162.5	157.8	160.1	164.3	166.6	170.8	Bearish	Moderate	159 - 165
Lead	MCX	Apr	137.0	131.3	134.2	139.1	142.0	146.9	Bearish	Moderate	133 - 141
Nickel	MCX	Apr	604.9	586.7	595.8	610.4	619.5	634.1	Bearish	Moderate	591 - 615
Aluminium	MCX	Apr	122.0	119.4	120.7	123.1	124.4	126.7	Bearish	Moderate	120 - 124

Commodity	Exch.	Expiry	Close	S2	S1	Pivot	R1	R2	Trend	Conviction	Intraday Range
CARDAMOM	NCDEX	May	1,221	1,189	1,205	1,233	1,249	1,277	Bearish	Moderate	1197 - 1241
CASTOR SEED	NCDEX	May	4,601	4,482	4,542	4,620	4,680	4,758	Bearish	Moderate	4512 - 4650
COCUDAKL	MCX	May	2,019	1,986	2,002	2,025	2,041	2,064	Bearish	Moderate	1994 - 2033
Cotton	NCDEX	Apr	20,740	20,520	20,630	20,740	20,850	20,960	Flat	Moderate	20575 - 20795
CPO	NCDEX	Apr	509	504	506	509	511	514	Bearish	Moderate	505 - 510
DHANIYA	NCDEX	May	7,080	6,795	6,938	7,042	7,185	7,289	Bearish	Moderate	6990 - 7237
JEERA	NCDEX	May	19,450	18,920	19,185	19,365	19,630	19,810	Bullish	High	19275 - 19720
Guar Seed	NCDEX	May	3,975	3,885	3,930	3,997	4,042	4,109	Bearish	Moderate	3964 - 4076
Guar Gum	NCDEX	May	8,595	8,398	8,497	8,648	8,747	8,898	Bullish	Moderate	8470 - 8720
MENTHA OIL	MCX	Apr	959	948	953	962	967	976	Bearish	Moderate	951 - 965
R M Seed	NCDEX	May	3,813	3,779	3,796	3,825	3,842	3,871	Bearish	Moderate	3788 - 3834
Soyabean	NCDEX	May	3,005	2,974	2,990	3,012	3,028	3,050	Bullish	High	3001 - 3039
SOYOIL	MCX	May	620	614	617	620	623	627	Bearish	Moderate	615 - 622
SUGAR	NCDEX	May	3,770	3,754	3,762	3,754	3,762	3,754	Strong	Moderate	3758 - 3758
TURMERIC	NCDEX	May	6,116	6,020	6,068	6,120	6,168	6,220	Bearish	Moderate	6044 - 6144
WHEAT	NCDEX	May	1,643	1,636	1,639	1,644	1,647	1,652	Bearish	Moderate	1638 - 1646

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