



Thursday, May 11, 2017

Overview

- Asian markets edge up
- Oil jumps more than 3%, Brent above \$50
- Dollar unchanged, pound close to \$1.30
- The Bank of England policy in focus

Precious Metals

Precious metals are flattish in early trade with some support coming from the latest controversy in US politics. U.S. President Trump fired FBI Director James Comey this week and has initiated discussions with Russia. This could shift focus away from his legislative agenda and hurt risk sentiment. Also supporting bullion were rekindled fears that North Korea could be gearing up for another nuclear test. Yet, gains are likely to be limited as expectations of a June rate hike continue to increase. The probability of a rate hike in June is now close to 87%. Comments from Fed's Rosengren were also hawkish as he suggested that three more rate hikes could be seen this year alongside portfolio reduction. Gold ETF holdings have also been sliding with outflows exceeding 6 tonnes so far this month. Net-long positions also declined by 10% last week as per CFTC data. We believe that the short term bias remains negative but sideways movement is more likely today.

	Close	%Chg.
Precious metals		
Gold	1218.7	-0.2%
Silver	16.1	0.0%
Energy		
WTI Crude oil	47.4	2.7%
Brent Crude	50.5	3.0%
Natural gas	3.3	2.3%
Base metals – LME		
COMEX Copper	343.5	-0.6%
Copper	5521.0	0.2%
Aluminium	1868.0	0.1%
Nickel	9165.0	0.2%
Lead	2199.0	0.4%
Zinc	2617.0	0.6%
Others		
DXY	99.7	0.0%
US 10yr	2.4	-0.7%
CBOE VIX	10.2	5.3%

Base Metals

Base metals ended in the red after trading firm for much of the day, amid ongoing concerns over rising supply and disappointing Chinese import data. The bearish tone was in contrast to Asian stocks strengthening for a third consecutive day, with investors focused on strong corporate earnings and a weaker U.S. dollar. LME copper stocks down 3,625 tonnes, but they remain near their highest since last October following hefty inflows to LME warehouses last week. BHP Billiton said it had started a sales process to potentially divest its Cerro Colorado copper mine in Chile. Chinese policymakers plan to open the doors wider than ever to foreign investment in the country's \$3 trillion bond market, in part to help shore up the struggling Yuan. Overall there will be mixed action in the base metals pack, with Lead Zinc with a positive bias.

Energy

Crude Oil prices jumped sharply yesterday as short positions got covered after supportive inventory data. Brent prices are now back above \$50 and WTI above \$47. The EIA data showed a drawdown across the board in crude, gasoline and distillate inventories. Oil inventories saw one of the biggest drawdowns this year, down by 5.2 million barrels last week. Gasoline demand is also picking up as we near the peak driving season. The production from North Sea is likely to be impacted by nearly 30% in July due to maintenance. On the upside, rising US production is likely to cap the rallies. US oil production was up for the 12th straight week and is now firmly above 9.3 million bpd. The monthly reports from IEA and OPEC will be keenly awaited for further triggers in the short term. We expect oil prices to extend their rebound further in the run-up to the OPEC meet later this month.

	Speculative Longs	Change WoW
Gold	148432	-16849
Silver	54599	-25602
Copper	51276	11389
Crude oil	203104	-52317
Nat gas	205264	24454
EUR/USD	-1653	19242
DXY	40020	-3521

INVENTORIES		Current	W/W Chg.	Units
Energy				
Crude oil		522.53	-5.25	MBbl
Gasoline		241.08	-0.15	MBbl
Distillate		148.77	-1.59	MBbl
Natural gas		2.26	0.07	BCF
Base Metals				
Aluminium	LME	1570575	-7225	MT
	SHFE w/w	403905	12327	MT
Copper	LME	339200	-3625	MT
	SHFE w/w	215231	-14130	MT
Nickel	LME	381378	660	MT
	SHFE w/w	77152	487	MT
Lead	LME	178975	2250	MT
	SHFE w/w	75225	3155	MT
Zinc	LME	346725	4700	MT
	SHFE w/w	119945	4905	MT
Precious metals				
GOLD ETF		1710	0.02	MT
Silver ETF		19693	63.74	MT

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

Agricultural Commodities

Cardamom production is expected to be higher this current year due to favorable weather conditions in major growing regions. Last year's estimate for 2016-17 Cardamom production was around 18,000 MT as a result of drought conditions as per Agriwatch data. Cardamom imports reported higher in the Indian market due to lower prices.

Cotton futures closed higher and continued its sideways trend amid reports of higher supplies this season through imports and good stocks with the farmers. According to 3rd advance estimates for 2016/17, higher productivity of Cotton has resulted in higher production of 32.51 million bales (of 170 kg each) as compared to 30.01 million bales during 2015-16.

Mustard seed prices came down as operators cut down their positions, taking weak cues from the physical markets. The fall in mustard seed prices in futures trade was attributed to a weak trend at domestic spot markets on persistent supplies from producing areas amid reduced offtake by oil mills.

Mentha oil futures fell as investors and speculators exited their positions amid subdued physical demand for mentha oil from major consuming industries in the domestic spot market. Further, trimming of positions by traders in the spot market was due to a fall in physical demand for mentha oil from consuming industries at the domestic spot market against sufficient stocks position on higher supplies from producing regions, influencing mentha oil prices.

Turmeric and jeera prices fell on easing demand from retailers and stockists amid adequate stocks. Weakening trend in futures market against increased arrivals from producing belts also put pressure on select spice prices.

Commodity	Month	Price	%Chg.
Cardamom	May	1258	-0.58%
Castor Seed	Jun	4587	0.29%
Cocud	May	1891	-1.77%
Cotton	May	20700	0.15%
CPO	May	497.8	-0.30%
Coriander	Jun	5795	-1.86%
Guar Gum	Jun	7881	-2.14%
Guar Seed	Jun	3680	-1.78%
Jeera	May	18190	-1.03%
Mentha Oil	May	912	-2.52%
R M Seed	Jun	3732	-0.86%
Soyabean	Jun	2926	-0.73%
Soyoil	Jun	626.3	-0.34%
Sugar	Jul	3746	-0.54%
Turmeric	Jun	5602	-1.50%
Wheat	Jun	1607	0.00%

Commodity	Expiry	Price	% Chg.
Malaysian Palm Oil	Jun	2701	-0.55%
US Soybean	Jul	967	-0.33%
US Soyoil	Jul	32.27	-0.03%
US Soymeal	May	313.8	-0.13%
ICE US Cotton	Jul	76.36	-0.17%
China Cotton	May	15085	0.30%
US Sugar	Jun	15.84	2.59%

Level playing Sheet

Commodity	Exch.	Expiry	Close	S2	S1	Pivot	R1	R2	Trend	Conviction	Intraday Range
Gold	MCX	Jun	27996	27862	27929	28037	28104	28212	Bearish	Moderate	27896 - 28071
Gold	COMEX	Jun	1219	1212	1216	1221	1224	1229	Bearish	Moderate	1214 - 1222
Silver	MCX	Jul	37952	37617	37785	38037	38205	38457	Flat	Moderate	37701 - 38121
Silver	COMEX	Jun	16.18	16.04	16.11	16.20	16.27	16.37	Flat	Moderate	16.15 - 16.32
Crude	MCX	May	3083	2938	3010	3053	3125	3168	Flat	Moderate	3032 - 3147
Crude	NYMEX	Jun	47.70	45.68	46.69	47.41	48.42	49.14	Flat	Moderate	47 - 49
Nat Gas	MCX	May	213.4	203.1	208.2	212.3	217.4	221.5	Bullish	Moderate	210 - 219
Copper	MCX	Jun	358.0	354.5	356.3	358.3	360.1	362.1	Bearish	Moderate	355 - 359
Zinc	MCX	May	167.8	165.7	166.7	168.1	169.2	170.6	Strong	Low	166 - 169
Lead	MCX	May	141.7	138.3	140.0	140.9	142.6	143.6	Flat	Moderate	140 - 143
Nickel	MCX	May	591.0	579.3	585.2	592.0	597.9	604.7	Flat	Moderate	582 - 595
Aluminium	MCX	May	120.6	119.9	120.2	120.7	121.1	121.6	Bearish	Moderate	120 - 121

Commodity	Exch.	Expiry	Close	S2	S1	Pivot	R1	R2	Trend	Conviction	Intraday Range
CARDAMOM	NCDEX	May	1,258	1,240	1,249	1,262	1,271	1,284	Bearish	Moderate	1244 - 1267
CASTOR SEED	NCDEX	Jun	4,587	4,450	4,518	4,569	4,637	4,688	Flat	Moderate	4544 - 4663
COCUDAKL	MCX	May	1,891	1,849	1,870	1,903	1,924	1,957	Bearish	Moderate	1860 - 1914
Cotton	NCDEX	May	20,700	20,540	20,620	20,680	20,760	20,820	Flat	Moderate	20630 - 20770
CPO	NCDEX	May	498	494	496	498	500	502	Flat	Moderate	495 - 499
DHANIYA	NCDEX	Jun	5,795	5,584	5,689	5,857	5,962	6,130	Bearish	Moderate	5636.5 - 5910
JEERA	NCDEX	May	18,190	17,970	18,080	18,210	18,320	18,450	Bearish	Moderate	18025 - 18265
Guar Seed	NCDEX	Jun	3,680	3,613	3,646	3,690	3,723	3,767	Bearish	Moderate	3630 - 3707
Guar Gum	NCDEX	Jun	7,881	7,700	7,791	7,895	7,986	8,090	Bearish	Moderate	7746 - 7941
MENTHA OIL	MCX	May	912	891	902	920	931	950	Bearish	Moderate	896 - 926
R M Seed	NCDEX	Jun	3,732	3,703	3,717	3,740	3,754	3,777	Bearish	Moderate	3710 - 3747
Soyabean	NCDEX	Jun	2,926	2,905	2,916	2,932	2,943	2,959	Bearish	Moderate	2911 - 2938
SOYOIL	MCX	Jun	626	622	624	627	630	633	Strong	Low	623 - 628
SUGAR	NCDEX	Jul	3,746	3,727	3,736	3,746	3,755	3,765	Strong	Low	3741 - 3760
TURMERIC	NCDEX	Jun	5,602	5,481	5,541	5,647	5,707	5,813	Flat	Moderate	5511 - 5677
WHEAT	NCDEX	Jun	1,607	1,600	1,604	1,606	1,610	1,612	Bearish	Moderate	1604 - 1610

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