



Friday, May 19, 2017

Overview

- Asian markets are trading on a mixed note
- Political developments in the US hit sentiment
- US markets rebound from biggest sell-off in 2017
- Dollar index from intraday lows
- Base metals trade on a flat note

Precious Metals

Precious metals are extending gains but lost some of its steam in yesterday's session after the dollar rebounded against its major crosses. In the past couple of sessions gold had risen as political turmoil in the United States reduced expectations of aggressive interest rate rises this year. U.S. President Donald Trump is under pressure to explain whether he tried to interfere with a federal investigation after reports that he asked then-FBI Director James Comey to end a probe into Trump's former national security adviser, Michael Flynn. This is potentially an impeachable offense and has thereby led to increased uncertainty in the markets. Developments in the US increased safe haven demand. Gold jumped by the most since June last year as rate hike probabilities in June fell further.

	Close	%Chg.
Precious metals		
Gold	1246.6	-1.1%
Silver	16.5	-1.8%
Energy		
WTI Crude oil	49.4	0.9%
Brent Crude	53.0	2.8%
Natural gas	3.2	0.6%
Base metals – LME		
COMEX Copper	343.5	-0.6%
Copper	5593.5	0.2%
Aluminium	1921.5	-0.1%
Nickel	9135.0	-0.4%
Lead	2080.0	0.4%
Zinc	2540.0	-0.1%
Others		
DXY	97.9	0.3%
US 10yr	2.2	0.2%
CBOE VIX	14.6	-6.1%

Base Metals

Base Metals are trading on a flat note as Chinese growth woes remain the focal cause of concern with latest unfavourable data releases only making matters worse. Yesterday most base metals had come under pressure in the first half of the session but recovered from its intraday lows. Despite rebound in DXY base metals recovered on the LME. Investors are shelving rosy hopes for U.S. reform and rethinking strategies premised on Donald Trump's economic growth promises. Nickel prices plunged as investors shunned risk and bet on rising supply from Indonesia and Philippines. A premium for nearby contracts that was as high as \$30 last week, has faded to small discount, suggesting more easily available immediate supply that could pile pressure on prices.

Energy

Crude Oil continued to trend higher and is expected to open in the green. Data showed that US oil inventories fell for sixth straight week, down by 1.7 million barrels. Gasoline stocks fell by 413,000 barrels while distillate stocks fell by 1.9 million barrels. There was small dip in US production too, from 9.31 mbpd to 9.30 mbpd last week which offered further support. Prices have been on uptrend this week after Saudi Arabia and Russia agreed that oil output cuts need to be extended until Mar 2018 under same terms. On Non-OPEC side, Turkmenistan, Oman and Kazakhstan extended support to the output cut extension. IEA monthly report has also been supportive as it suggested that market rebalancing is accelerating. On the whole, we expect oil prices to remain choppy with a positive bias ahead of the OPEC meeting this month.

	Speculative Longs	Change WoW
Gold	99920	-48512
Silver	33542	-21057
Copper	29787	-21489
Crude oil	168814	-34290
Nat gas	217864	12600
EUR/USD	22399	24052
DXY	35749	-4271

INVENTORIES		Current	W/W Chg.	Units
Energy				
Crude oil		520.77	-1.75	MBbl
Gasoline		240.67	-0.41	MBbl
Distillate		146.82	-1.94	MBbl
Natural gas		2.37	0.07	TCF
Base Metals				
Aluminium	LME	1515400	-11400	MT
	SHFE w/w	410405	6500	MT
Copper	LME	340350	750	MT
	SHFE w/w	194993	-20238	MT
Nickel	LME	379824	-516	MT
	SHFE w/w	76351	-328	MT
Lead	LME	184450	650	MT
	SHFE w/w	81499	6274	MT
Zinc	LME	344875	-2825	MT
	SHFE w/w	101350	-18595	MT
Precious metals				
GOLD ETF		1712	0.80	MT
Silver ETF		20054	73.73	MT

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

Agricultural Commodities

Cardamom traded lower and is under fresh selling pressure as investors remained on sidelines amid fall in physical demand in domestic spot market. Further, sufficient supplies on higher physical arrivals from the major cardamom producing regions too weighed on prices.

India's vegetable oil imports have fallen by 6% during November 2016-April 2017 of current oil year to 7.13 million tonnes compared with 7.57 mt reported in the same period last year. The data compiled by the Solvent Extractors' Association of India reflected increase in stocks at ports by 207,000 tonnes as on May 1, 2017 against the previous month. However, vegetable oil imports during April 2017 was highest at 13,39,489 tonnes, up 7%, against the same month last year.

Imports during April consisted of 13,24,014 tonnes of edible oils and 15,475 tonnes of non-edible oils. Notably, import of non-edible oils during November 2016-April 2017 was reported at 1,39,876 tonnes compared with 62,480 tonnes during the same period last year, showing an increase of 124 per cent on year-on-year basis.

Cotton futures are trading flat on good physical demand. However, reports of higher stock levels, normal monsoon and anticipation of higher sowing acreage in the country may pressurize prices. Moreover, lower exports prospects and higher imports keeping prices under pressure.

Soyabean settled down due to forecasts of ample supplies in global markets as Informa raised its forecast of US 2017 soybean plantings to 89.662 million acres above USDA's March figure of 89.5 million acres. Soybean arrivals in local mandis spurted as marginal fall in plant delivery rate boosted buying activity and as farmers offloading stocks to prepare for sowing. All India soybean arrivals were stood at 145 000-150,000 bags as compared to 130,000-135,000. Brazil's statistics agency Conab raised its estimate of country's 2016-17 crops to a record of 113 million tons compared to 110.2 million tons estimated during last month.

Commodity	Month	Price	%Chg.
Cardamom	Jun	1015	-0.84%
Castor Seed	Jun	4585	1.13%
Cocud	May	1850	0.00%
Cotton	May	21100	-0.71%
CPO	May	513.1	-0.14%
Coriander	Jun	5386	-0.15%
Guar Gum	Jun	7752	1.06%
Guar Seed	Jun	3618	-0.11%
Jeera	May	17920	-0.08%
Mentha Oil	May	961.4	-0.32%
R M Seed	Jun	3686	-1.16%
Soyabean	Jun	2820	-0.64%
Soyoil	Jun	630.4	0.13%
Sugar	Jul	3802	-0.23%
Turmeric	Jun	5590	-0.89%
Wheat	Jun	1631	0.95%

Commodity	Expiry	Price	% Chg.
Malaysian Palm Oil	Jul	2731	-0.58%
US Soybean	Aug	951.5	0.50%
US Soyoil	Aug	32.56	0.09%
US Soymeal	Jul	308.9	0.46%
ICE US Cotton	Jul	79.41	0.21%
China Cotton	Jul	15495	-0.96%
US Sugar	Jun	16.03	-1.66%

Level playing Sheet

Commodity	Exch.	Expiry	Close	S2	S1	Pivot	R1	R2	Trend	Conviction	Intraday Range
Gold	MCX	Jun	28705	28322	28513	28759	28950	29196	Bullish	High	28636 - 29073
Gold	COMEX	Jun	1253	1235	1244	1255	1263	1274	Bullish	High	1240 - 1259
Silver	MCX	Jul	38889	38101	38495	38935	39329	39769	Flat	Moderate	38298 - 39132
Silver	COMEX	Jun	16.64	16.27	16.45	16.66	16.85	17.06	Bearish	Moderate	16.36 - 16.76
Crude	MCX	Jun	3237	3112	3175	3215	3278	3318	Strong	Moderate	3195 - 3298
Crude	NYMEX	Jun	49.66	47.77	48.72	49.32	50.27	50.87	Strong	Low	49 - 51
Nat Gas	MCX	May	207.8	202.2	205.0	208.1	210.9	214.0	Bearish	Moderate	207 - 212
Copper	MCX	Jun	364.6	353.5	359.0	362.4	367.9	371.3	Strong	Moderate	361 - 370
Zinc	MCX	May	164.5	157.4	160.9	162.9	166.4	168.3	Flat	Moderate	162 - 167
Lead	MCX	May	134.1	131.3	132.7	133.7	135.1	136.2	Bearish	Moderate	132 - 134
Nickel	MCX	May	594.2	575.5	584.9	590.7	600.1	605.9	Flat	Moderate	588 - 603
Aluminium	MCX	May	124.9	121.7	123.3	124.2	125.8	126.6	Bullish	Moderate	124 - 126

Commodity	Exch.	Expiry	Close	S2	S1	Pivot	R1	R2	Trend	Conviction	Intraday Range
CARDAMOM	NCDEX	Jun	1,015	982	999	1,012	1,029	1,042	Bearish	Moderate	990 - 1020
CASTOR SEED	NCDEX	Jun	4,585	4,495	4,540	4,575	4,620	4,655	Flat	Moderate	4558 - 4638
COCUDAKL	MCX	May	1,850	1,817	1,833	1,867	1,883	1,917	Bearish	Moderate	1825 - 1875
Cotton	NCDEX	May	21,100	20,953	21,027	21,133	21,207	21,313	Bearish	Moderate	20990 - 21170
CPO	NCDEX	May	513	508	511	513	516	518	Strong	Low	512 - 517
DHANIYA	NCDEX	Jun	5,386	5,145	5,265	5,392	5,512	5,639	Bearish	Moderate	5205 - 5452
JEERA	NCDEX	May	17,920	17,773	17,847	17,923	17,997	18,073	Bearish	Moderate	17885 - 18035
Guar Seed	NCDEX	Jun	3,618	3,573	3,595	3,617	3,639	3,661	Bearish	Moderate	3606 - 3650
Guar Gum	NCDEX	Jun	7,752	7,603	7,678	7,734	7,809	7,865	Bearish	Moderate	7706 - 7837
MENTHA OIL	MCX	May	961	952	957	961	965	969	Strong	Low	959 - 967
R M Seed	NCDEX	Jun	3,686	3,630	3,658	3,701	3,729	3,772	Bearish	Moderate	3644 - 3715
Soyabean	NCDEX	Jun	2,820	2,777	2,799	2,821	2,843	2,865	Bearish	Moderate	2788 - 2832
SOYOIL	MCX	Jun	630	625	628	631	633	636	Bullish	Moderate	629 - 635
SUGAR	NCDEX	Jul	3,802	3,773	3,788	3,808	3,823	3,843	Bearish	Moderate	3781 - 3816
TURMERIC	NCDEX	Jun	5,590	5,339	5,465	5,577	5,703	5,815	Bearish	Moderate	5402 - 5640
WHEAT	NCDEX	Jun	1,631	1,624	1,627	1,633	1,636	1,642	Strong	Low	1626 - 1635

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