

Daily Commodity Report as on Monday, June 05, 2017



"Growth has not limit, keep revising your vision.
Only when you can dream it, you can do it."





Market Round up

	Open	High	Low	Close	% Cng	OI
Precious Metals						
Gold	28850	29137	28802	29088	0.50	4307
Silver	39440	40400	39440	40274	1.16	14372

Base Metal						
Alum.	124.15	124.4	122.85	123.85	-0.28	1524
Copper	367.25	367.7	360.65	367.05	-0.46	15792
Lead	135.7	136.1	133.85	135.7	0.18	2106
Nickel	569.5	574.7	563.5	574.1	0.68	46937
Zinc	165.3	165.9	162.05	162.9	-1.36	4400

Energy						
Crude	3130	3130	3021	3081	-2.47	16328
Nat. Gas	194.5	196.4	192.7	193.7	-0.31	7460

Spices						
Cardamom	950	971.1	945	954.7	2.24	257
Turmeric	5410	5426	5300	5366	-0.56	8515
Jeera	17720	17835	17530	17705	-0.39	10566
Dhaniya	4840	4861	4680	4723	-1.56	35700

Cereals						
Wheat	1618	1619	1611	1616	-0.12	12670

Oil and Oilseeds & Others						
Soyabean	2792	2798	2722	2735	-1.69	76280
Ref. Oil	623.55	624.45	616.75	618.65	-0.54	48270
CPO	496.3	497.7	491	492.8	-0.56	3823
RMSeed	3543	3569	3506	3519	-0.54	58900
Menthol	934.2	938.8	917.4	924	-1.18	1608
Cotton	21120	21160	20910	20930	-0.48	5309

Currency						
USDINR	64.59	64.70	64.54	64.64	-0.10	1222985
EURINR	72.53	72.70	72.48	72.59	-0.16	66855
GBPINR	83.24	83.35	83.13	83.16	-0.09	44662
JPYINR	58.00	58.11	57.89	58.05	-0.41	13944

Gold prices rose in response to disappointing U.S. non-farm payrolls data that lowered expectations for more aggressive U.S. interest rate increases.

Silver gained buoyed by the return of safe haven demand, as the U.S. dollar fell to a seven-month low.

Crude oil dropped on worries that U.S. President Trump's decision to abandon a climate pact could spark more crude drilling in the United States, worsening a global glut.

Copper prices ended with losses but prices recovered most of its losses after update Freeport's workers extended the strike at the Grasberg mine.

Zinc prices dropped pressured by weaker iron ore and oil prices plus concern about demand in top consumer China.

Nickel bounced off its weakest level in nearly a year on short covering after prices dropped pressured by weaker iron ore and oil prices.

Natural gas prices dropped continuing its weak trend after weekly data on US inventories of the commodity came in higher than expected.

Ref soyoil prices ended with losses tracking weakness in soyabean prices and weak demand.

Mentha oil ended with losses amid muted demand in the domestic spot market.

Soyabean ended with losses amid supplies from domestic as well as overseas markets and good progress of new season crop.

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Turmeric prices ended with losses tracking weak demand from exporters.

Jeera prices ended with losses as the muted export demand is keeping the prices under pressure as supplies are good.



MCX Gold Aug 2017

TRADING IDEA

OPEN	28850	SUP-2	28674	Gold trading range for the day is 28674-29344.
HIGH	29137	SUP-1	28881	Gold prices rose in response to disappointing U.S. non-farm payrolls data that lowered expectations for more aggressive U.S. interest rate increases.
LOW	28802	P.P.	29009	Prices also seen supported boosted by demand for safe-haven assets due to political tensions in the United States and Europe.
CLOSE	29088	RES-1	29216	Demand remained tepid in India, the world's second largest consumer, with dealers offering a discount of up to \$1 an ounce to official domestic prices.
% CNG	0.50	RES-2	29344	BUY GOLD AUG 2017 @ 29050 SL 28900 TGT 29180-29340.MCX



Gold on MCX settled up 0.5% at 29088 in response to disappointing U.S. non-farm payrolls data that lowered expectations for more aggressive U.S. interest rate increases. Prices also seen supported boosted by demand for safe-haven assets due to political tensions in the United States and Europe. Data showed that U.S. job growth slowed in May and employment gains in the prior two months were not as strong as previously reported, suggesting the labour market was losing momentum. U.S. factory activity ticked up in May after slowing for two straight months and private employers stepped up hiring, suggesting the economy is regaining speed and making interest more likely. Gold was sold at a discount to official prices in India for the first time in one-and-a-half months ahead of a new national sales tax regime that takes effect on July 1, while higher prices kept buyers on the sidelines elsewhere in Asia. Demand remained tepid in India, the world's second largest consumer, with dealers offering a discount of up to \$1 an ounce to official domestic prices. In top consumer China, a festive holiday in the beginning of the week limited the possibility of any new purchases. Premiums were seen at \$7 an ounce in China and 60 cents to \$1 an ounce in Hong Kong, both unchanged from the previous week. Federal funds futures implied traders saw a 96 percent chance of the U.S. central bank increasing key overnight borrowing costs by a quarter-point to 1.00-1.25 percent at its June 13-14 policy meeting, CME Group's FedWatch program showed. Technically now Gold is getting support at 28881 and below same could see a test of 28674 level, And resistance is now likely to be seen at 29216, a move above could see prices testing 29344.

MCX Silver Jul 2017

TRADING IDEA

OPEN	39440	SUP-2	39078	Silver trading range for the day is 39078-40998.
HIGH	40400	SUP-1	39676	Silver gained buoyed by the return of safe haven demand, as the U.S. dollar fell to a seven-month low.
LOW	39440	P.P.	40038	Prices also seen supported as an unexpected dip in U.S. job growth, fuelled concerns about the strength of the U.S. economy.
CLOSE	40274	RES-1	40636	Data showed that U.S. job growth slowed in May and employment gains in the prior two months were not as strong as previously reported.
% CNG	1.16	RES-2	40998	BUY SILVER JUL 2017 @ 40250 SL 40050 TGT 40540-40720.MCX



Silver on MCX settled up 1.16% at 40274 buoyed by the return of safe haven demand, as the U.S. dollar fell to a seven-month low, after data showed that U.S. economy created fewer jobs than expected last month. Prices also seen supported as an unexpected dip in U.S. job growth, fuelled concerns about the strength of the U.S. economy, increasing demand for bullion, which is traditionally used as a safe haven against economic uncertainty and volatility. However upside seen limited as the soft headline jobs number did little to derail expectations that the Federal Reserve (Fed) would hike its benchmark rate in June. Data showed that U.S. job growth slowed in May and employment gains in the prior two months were not as strong as previously reported, suggesting the labour market was losing momentum. The U.S. economy added 138,000 jobs in May, well below forecasts of 185,000 new jobs while the unemployment rate fell to a 16-year low of 4.3%, the Labor Department said. With imports rising and exports falling, the Commerce Department released a report on Friday showing that the U.S. trade deficit widened more than expected in the month of April. The Commerce Department said the trade deficit widened to \$47.6 billion in April from a revised \$45.3 billion in March. The wider than expected trade deficit was partly due to an increase in the value of imports, which climbed by 0.8 percent to \$236.7 billion in March. Technically market is under short covering as market has witnessed drop in open interest by -7.26% to settled at 14372, now Silver is getting support at 39676 and below same could see a test of 39078 level, And resistance is now likely to be seen at 40636, a move above could see prices testing 40998.



MCX Crudeoil Jun 2017

TRADING IDEA

OPEN	3130	SUP-2	2968	Crudeoil trading range for the day is 2968-3186.
HIGH	3130	SUP-1	3024	Crude oil dropped on worries that U.S. President Trump's decision to abandon a climate pact could spark more crude drilling in the United States, worsening a global glut.
LOW	3021	P.P.	3077	U.S. crude production last week already stood nearly 500,000 bpd above the year-earlier level, straining OPEC's efforts to drain a global overhang.
CLOSE	3081	RES-1	3133	Rising output from OPEC members Nigeria and Libya, which are exempt from the deal, is also undercutting the attempt to limit production.
% CNG	-2.47	RES-2	3186	SELL CRUDEOIL JUN 2017 @ 3090 SL 3130 TGT 3054-3018.MCX



Crudeoil on MCX settled down -2.47% at 3081 on worries that U.S. President Donald Trump's decision to abandon a climate pact could spark more crude drilling in the United States, worsening a global glut. The U.S. withdrawal from the landmark 2015 global agreement to fight climate change drew condemnation from Washington's allies - and sparked fears that U.S. oil production could expand even more rapidly. U.S. crude production last week already stood nearly 500,000 barrels per day (bpd) above the year-earlier level, straining OPEC's efforts to drain a global overhang. A week ago, the Organization of the Petroleum Exporting Countries and a number of non-OPEC producers met in Vienna to roll over a deal to cut 1.8 million bpd from the market for a further nine months, until March 2018. But oil prices tumbled after the agreement was reached, as some had hoped for deeper cuts. Rising output from OPEC members Nigeria and Libya, which are exempt from the deal, is also undercutting the attempt to limit production. Faced with a lingering glut, OPEC last week discussed reducing output by a further 1 to 1.5 percent, and could revisit the proposal should inventories remain high, sources told. Still, oil markets received some support from official U.S. data that showed the country's crude inventories fell sharply last week as refining and exports surged to record highs. Crude stockpiles were down by 6.4 million barrels in the week to May 26, compared with expectations for a decrease of 2.5 million barrels. Technically market is under fresh selling as market has witnessed gain in open interest by 18.57% to settled at 16328, now Crudeoil is getting support at 3024 and below same could see a test of 2968 level, And resistance is now likely to be seen at 3133, a move above could see prices testing 3186.

MCX Copper Jun 2017

TRADING IDEA

OPEN	367.3	SUP-2	358.0	Copper trading range for the day is 358-372.2.
HIGH	367.7	SUP-1	362.5	Copper prices ended with losses but prices recovered most of its losses after update Freeport's workers extended the strike at the Grasberg mine.
LOW	360.7	P.P.	365.1	Global refined copper production is estimated to have remained essentially unchanged in the first two months of this year with primary production declining by 3%.
CLOSE	367.1	RES-1	369.6	Chilean government data showed the country's copper production slid 1.8% year-on-year in April due mainly to strike at the Escondida copper mine
% CNG	-0.46	RES-2	372.2	SELL COPPER JUN 2017 @ 366.00 SL 370.00 TGT 363.50-360.20.MCX



Copper prices ended with losses but prices recovered most of its losses after update Refco's Alistair Munro said Freeport's workers extended the strike at the Grasberg mine. Nearly 2,000 workers blocked the road to Mantos Copper's Mantos Blancos and Manto Verde mines in Chile. Global refined copper production is estimated to have remained essentially unchanged in the first two months of this year with primary production (electrolytic and electrowinning) declining by 3% and secondary production (from scrap) increasing by 11%, according to the latest figures from International Copper Study Group (ICSG). Increased availability of scrap allowed world secondary refined production to increase, notably in China. The main contributor to growth in world refined production was China (increase of 4%) followed by Mexico (14%) where expanded SX-EW capacity contributed to refined production growth. However, overall growth was partially offset by a 16% decline in Chile, the second world leading refined copper producer, where both primary electrolytic refined production and electrowinning production declined. In the week, traded TCs for imported copper concentrates remained at upward territory, up to \$83 per tonne, in response to ample supply. Traders gave offers at \$80-86 per tonne as of June 2, with some offers up to as high as \$85 per tonne. Chilean government data showed Tuesday the country's copper production slid 1.8% year-on-year in April due mainly to strike at the Escondida copper mine. Chilean copper output was 429,241 tonnes in April, compared to 436,902 tonnes in the same period of last year. Technically market is under fresh selling as market has witnessed gain in open interest by 1.81% to settled at 15792, now Copper is getting support at 362.5 and below same could see a test of 358 level, And resistance is now likely to be seen at 369.6, a move above could see prices testing 372.2.



MCX Zinc Jun 2017

TRADING IDEA

OPEN	165.3	SUP-2	159.7	Zinc trading range for the day is 159.7-167.5.
HIGH	165.9	SUP-1	161.3	Zinc prices dropped pressured by weaker iron ore and oil prices plus concern about demand in top consumer China.
LOW	162.1	P.P.	163.6	Zinc prices were also knocked by a jump in available inventories, showing that supplies were adequate despite the closure of major mines last year.
CLOSE	162.9	RES-1	165.2	On-warrant LME inventories - those not earmarked for delivery and therefore available to investors - climbed by 11 percent to 179,325 tonnes.
% CNG	-1.36	RES-2	167.5	SELL ZINC JUN 2017 @ 164.00 SL 166.00 TGT 162.00-160.20.MCX



Zinc on MCX settled down -1.36% at 162.9 pressured by weaker iron ore and oil prices plus concern about demand in top consumer China. Zinc prices were also knocked by a jump in available inventories, showing that supplies were adequate despite the closure of major mines last year. Both zinc and nickel are used in the steel industry so are sensitive to iron ore and steel prices while oil is a key input in mine production. On-warrant LME inventories - those not earmarked for delivery and therefore available to investors - climbed by 11 percent to 179,325 tonnes. Base metals demand in China, the top consumer of industrial metals, is expected to taper off in the second half of the year. TCs of domestic zinc concentrate rose in some South China regions this past week. TCs in Yunnan, Guangxi and Hunan were hiked by 100-200 yuan per tonne (zinc content). Some local smelters attempted to raise TCs by 300-400 yuan per tonne (zinc content). But deals were limited at such levels. Spot premiums inverted to discounts over SHFE front-month zinc this past week. Influx of imported zinc added to supplies. Total inventories in China's major markets, including Shanghai, Guangdong and Tianjin increased 1,500 tonnes. Total inventories in Shanghai, Guangdong and Tianjin increased 1,500 tonnes this past week to 130,550 tonnes this past week. Zinc inventories in Guangdong decreased slightly, while those in Shanghai and Tianjin reported a small growth. Technically market is under fresh selling as market has witnessed gain in open interest by 3.29% to settled at 4400 while prices down -2.25 rupees, now Zinc is getting support at 161.3 and below same could see a test of 159.7 level, And resistance is now likely to be seen at 165.2, a move above could see prices testing 167.5.

MCX Nickel Jun 2017

TRADING IDEA

OPEN	569.5	SUP-2	559.6	Nickel trading range for the day is 559.6-582.
HIGH	574.7	SUP-1	566.9	Nickel bounced off its weakest level in nearly a year on short covering after prices dropped pressured by weaker iron ore and oil prices.
LOW	563.5	P.P.	570.8	U.S. job growth slowed in May and employment gains in the prior two months were not as strong as previously reported, suggesting the labor market was losing momentum.
CLOSE	574.1	RES-1	578.1	While Nickel inventories at LME warehouses remain at elevated levels even though they were well below their 2015 peak.
% CNG	0.68	RES-2	582.0	SELL NICKEL JUN 2017 @ 575.00 SL 580.00 TGT 570.00-565.00.MCX



Nickel bounced off its weakest level in nearly a year on short covering tracking LME prices after prices dropped pressured by weaker iron ore and oil prices. Nickel declined for a third straight month in May and has tumbled 13 percent this year, the biggest drop among major base metals. Base metals demand in China, the top consumer of industrial metals, is expected to taper off in the second half of the year. Both zinc and nickel are used in the steel industry so are sensitive to iron ore and steel prices while oil is a key input in mining. U.S. job growth slowed in May and employment gains in the prior two months were not as strong as previously reported, suggesting the labor market was losing momentum despite the unemployment rate falling to a 16-year low of 4.3 percent. Nonfarm payrolls increased 138,000 last month as the manufacturing, government and retail sectors lost jobs, the Labor Department said. The economy created 66,000 fewer jobs than previously reported in March and April. Last month's job gains could still be sufficient for the Federal Reserve to raise interest rates at its June 13-14 policy meeting. The economy needs to create 75,000 to 100,000 jobs per month to keep up with growth in the working-age population. While Nickel inventories at LME warehouses remain at elevated levels even though they were well below their 2015 peak. At more than 378,000 tonnes, stocks are equivalent almost 20 percent of global consumption, estimated at nearly 2 million tonnes this year. Technically now Nickel is getting support at 566.9 and below same could see a test of 559.6 level, And resistance is now likely to be seen at 578.1, a move above could see prices testing 582.



NCDEX Jeera Jul 2017

TRADING IDEA

OPEN	17720	SUP-2	17385	Jeera trading range for the day is 17385-17995.
HIGH	17835	SUP-1	17545	Jeera prices ended with losses as the muted export demand is keeping the prices under pressure as supplies are good.
LOW	17530	P.P.	17690	As per data, about 10,688 tonnes of jeera arrived in May 2017 compared to 14,302 May last year.
CLOSE	17705	RES-1	17850	NCDEX accredited warehouses jeera stocks dropped by 78 tonnes to 1203 tonnes.
% CNG	-0.39	RES-2	17995	SELL JEERA JUL 2017 @ 17800 SL 17950 TGT 17650-17540.NCDEX



Jeera on NCDEX settled down -0.39% at 17705 as the muted export demand is keeping the prices under pressure as supplies are good. The jeera arrival in May is lower this year compared to last year. As per data, about 10,688 tonnes of jeera arrived in May 2017 compared to 14,302 May last year. On the export front, country the exports increase by 29.6% to 1,08,513 tonnes in first 11 month of marketing year 2016/17 as per the data release by Dept of commerce, GOI. The stock levels in the NCDEX warehouse is dropping to 1281 tonnes on May 31, fall from 1785 tonnes a week ago. Last year, stocks were higher at 3,897 tonnes. At Unjha market in Mehsana, arrivals were reported at 5000 quintals, lower by 5000 quintals from previous day's arrivals. At Patan market in Patan(Guj.), estimated market supply was at 30 quintals, higher by 2 quintals from previous trading day. At Rajkot market in Rajkot(Guj.), total arrivals are at 270 quintal, lower by 30 quintal as compared to previous day. Sources estimate India's jeera crop output will be around 2.5 lakh tonnes, lower than the 3.75 to 5 lakh-tonne estimated. Even at the lower crop estimate, jeera exports are projected to range between 100,000-150,000 tonnes, for the year. Technically market is under fresh selling as market has witnessed gain in open interest by 8.57% to settled at 10566 while prices down -70 rupees, now Jeera is getting support at 17545 and below same could see a test of 17385 level, And resistance is now likely to be seen at 17850, a move above could see prices testing 17995.

NCDEX Turmeric Jul 2017

TRADING IDEA

OPEN	5410	SUP-2	5238	Turmeric trading range for the day is 5238-5490.
HIGH	5426	SUP-1	5302	Turmeric prices ended with losses tracking weak demand from exporters.
LOW	5300	P.P.	5364	Better crop prospects in view of normal monsoon rains may continue to put pressure on prices.
CLOSE	5366	RES-1	5428	NCDEX accredited warehouses turmeric stocks gained by 114 tonnes to 6797 tonnes.
% CNG	-0.56	RES-2	5490	SELL TURMERIC JUL 2017 @ 5450 SL 5550 TGT 5320-5200.NCDEX



Turmeric on NCDEX settled down -0.56% at 5366 tracking weak demand from exporters. However, turmeric arrivals have been lower as farmers are bringing less stock in the market due to poor realization. Turmeric arrivals across the country during May 1-15 stood at 58,309 ton as against 114,737 ton a year ago, data showed. Better crop prospects in view of normal monsoon rains may continue to put pressure on prices. Andhra Pradesh government projected 2016-17 turmeric crops at 155,000 ton up from 121,000 ton in the previous year. According to traders, 2016-17 output is seen at 7.5 million bags of 70 kg each and with over stock of nearly 3 million bags total availability is expected around 10.5 million bags. As against this, domestic demand is estimated at 5.5 million bags and export at 2.2 million bags. Country exported 97,596 ton turmeric during April-Feb up 26.6% compared to last year exports of 77,087 ton. At Erode market, arrivals were reported at 3000 quintals, higher by 1000 quintals from previous day's arrivals. At Nizamabad market, total arrivals are at 4000 quintals, steady as against previous day's arrival. The price of the turmeric was improved. At the Erode Turmeric Merchants Association Sales yard, finger turmeric sold at Rs. 5,469 to Rs. 7,608 a quintal, root variety sold at Rs. 5,191 to Rs. 6,215 a quintal. Technically market is under fresh selling as market has witnessed gain in open interest by 12.26% to settled at 8515 while prices down -30 rupees, now Turmeric is getting support at 5302 and below same could see a test of 5238 level, And resistance is now likely to be seen at 5428, a move above could see prices testing 5490.



MCX Menthaoil Jun 2017

TRADING IDEA

OPEN	934.2	SUP-2	905.3	Menthaoil trading range for the day is 905.3-948.1.
HIGH	938.8	SUP-1	914.6	Mentha oil spot at Sambhal closed at 1049.00 per 1kg. Spot prices was down by Rs.-11.30/-.
LOW	917.4	P.P.	926.7	Mentha oil ended with losses amid muted demand in the domestic spot market.
CLOSE	924.0	RES-1	936.0	Further, ample stocks position on higher supplies from producing belts of Chandausi in Uttar Pradesh, too weighed.
% CNG	-1.18	RES-2	948.1	SELL MENTHAOIL JUN 2017 @ 930.00 SL 936.00 TGT 918.00-908.00.MCX



Menthaoil on MCX settled down -1.18% at 924 amid muted demand in the domestic spot market. Further, ample stocks position on higher supplies from producing belts of Chandausi in Uttar Pradesh, too weighed on mentha oil prices. Farmers are keeping most of the stocks in their hands. As per market sources, this year it is expected that 15% production might be increased which will have a negative impact on the mentha price. On the other side, weather condition is also conducive for the coming crop. From supply side, arrivals are increased in the major spot markets of Uttar Pradesh while demand is minimal from local stockists as well as from mentha consuming industries. In recent years the production and consumption of synthetic mentha has increased which is impacting the demand of natural mentha. As on now stock positions of Mentha in MCX accredited warehouses were around 3709 drums which is 36 drums less in comparison to previous day, while in process was 96 drums, which is 12 drums more against the previous day. Sentimental weakness will continuous for mentha demand as the key consumption sector (Tobacco products) is witnessing slowdown in demand. On the demand side, the seasonal demand emerges during winter season, especially from the pharma sector. Technically market is under fresh selling as market has witnessed gain in open interest by 1.64% to settled at 1608 while prices down -11 rupees, now Menthaoil is getting support at 914.6 and below same could see a test of 905.3 level, And resistance is now likely to be seen at 936, a move above could see prices testing 948.1.

DAILY MARKET LEVEL FOR METAL AND ENERGY

COMMODITIES	GOLD	SILVER	CRUDE	NAT.GAS	COPPER	ZINC	NICKEL	ALUMINUM	LEAD
CLOSE	29088	40274	3081	193.7	367.05	162.9	574.1	123.85	135.7
	29551	41596	3242	199.6	376.7	169.1	589.3	126.2	138.9
RESISTANCE	29344	40998	3186	198.0	372.2	167.5	582.0	125.3	137.5
	29216	40636	3133	195.9	369.6	165.2	578.1	124.6	136.6
P. POINT	29009	40038	3077	194.3	365.1	163.6	570.8	123.7	135.2
	28881	39676	3024	192.2	362.5	161.3	566.9	123.0	134.3
SUPPORT	28674	39078	2968	190.6	358.0	159.7	559.6	122.1	132.9
	28546	38716	2915	188.5	355.4	157.4	555.7	121.4	132.0
OI	4307	14372	16328	7460	15792	4400	46937	1524	2106
TREND	Positive	Positive	Negative	Negative	Negative	Negative	Positive	Negative	Positive
SPREAD	103	475	27.00	3.10	3.50	0.55	5.20	0.35	0.5



NEWS YOU CAN USE

India's gold imports declined by about 13.5 per cent to USD 27.4 billion in 2016-17, which is expected to keep a lid on the current account deficit. Total imports of the precious metal in 2015-16 amounted to USD 31.7 billion. According to industry experts, softening prices of gold in the domestic and world markets is among the reasons for the decline. The contraction in import helped narrowing the trade deficit to USD 105.7 billion in the last financial year as against USD 118.7 billion in 2015-16. However, on a month-on-month basis, gold import jumped to USD 4.17 billion in March as against USD 974 million in the same month previous year, according to the commerce ministry data. India is one of the largest gold importers in the world, and the imports mainly take care of demand from the jewellery industry. During April to December period of last fiscal, the current account deficit halved to 0.7 per cent, from 1.4 per cent a year ago. In volume terms, as per data available, India imported 560.32 tonnes of gold during the April-January period of the last fiscal. In contrast gold imports had aggregated to 968.06 tonnes in the entire 2015-16 fiscal, and 915.47 tonnes in 2014-15.

Profits earned by Chinese industrial firms rose 14.0 percent in April from a year earlier, official data showed on Saturday, slowing from March's pace and adding to concerns that the world's second-largest economy may be losing steam. Profits in April rose to 572.78 billion yuan (\$83.59 billion), the National Bureau of Statistics (NBS) said on its website. Profits had surged 23.8 percent in March over the same month of last year. For the first four months of the year, profits reached 2.28 trillion yuan, up 24.4 percent from the same period last year and compared with a growth of 28.3 percent in the first quarter. After a roaring start to the year, industrial earnings had been expected to soften in April as prices of iron ore, steel and other commodities fell sharply, and as growth in factory output, investment and retail sales tapered off. A building boom, fueled by a government infrastructure spree and a heated housing market, has boosted demand and prices for materials from steel to cement, giving China's long ailing "smokestack" industries more cashflow to chip away at a mountain of debt. The slowdown in industrial profits can be attributed to falling prices of finished products and raw material costs, as well as slower profit growth in industries like steel, autos and chemicals, He said. If raw material purchasing prices outpace the price of finished factory goods, this will cause industrial costs to rise, particularly for downstream industries, He said, adding that another issue that requires close monitoring is whether financing costs increase for companies.

Farmers are selling wheat in distress in Madhya Pradesh after the government-owned Food Corporation of India suspended its purchase last week. As a consequence, wheat prices crashed to Rs 1,400 a quintal (fair average quality) against its minimum support price (MSP) of Rs 1,600 a quintal. A senior FCI official attributes the plight of wheat farmers to three primary facts. One, in the beginning of the procurement season, many farmers did not register themselves with FCI amid expectations that the previously prevailing rate of Rs 1,800 a quintal will continue for the entire season. However, because of the bumper crop, wheat prices crashed. Hence, the unregistered farmers did not have any option but to sell to private traders. Secondly, the state government came out with a provision under which wheat sold to government agencies above 50 quintals would result in cancellation of such farmers' ration card from the BPL (below poverty line) category. It appears that many large farmers have got ration card under the BPL category. Hence, farmers chose to sell up to 49 quintals to FCI and the remaining large quantities to private players. As a result, there was an oversupply of wheat in private mandis which caused the price of white to crash. Thirdly, many large farmers have availed loans from private co-operative societies which will be adjusted to the amount of wheat sale. Taking cue from Uttar Pradesh government's farm loan waiver, farmers

DAY	TIME	ZONE	ECONOMICAL DATA	EXP	PREV
	12:45pm	EUR	Spanish Services PMI	57.5	57.8
	1:15pm	EUR	Italian Services PMI	55.4	56.2
	1:20pm	EUR	French Final Services PMI	58	58
	1:25pm	EUR	German Final Services PMI	55.2	55.2
	1:30pm	EUR	Final Services PMI	56.2	57
	6:00pm	USD	Revised Nonfarm Productivity q/q	-0.006	-0.006
Mon	6:00pm	USD	Revised Unit Labor Costs q/q	0.03	0.03
	7:15pm	USD	Final Services PMI	54.1	54
	7:30pm	USD	ISM Non-Manufacturing PMI	57.3	57.5
	7:30pm	USD	Factory Orders m/m	0.002	0.002
	7:30pm	USD	Labor Market Conditions Index m/m		3.5

Federal Reserve policymakers agreed they should hold off on raising interest rates until it was clear a recent U.S. economic slowdown was temporary, though most said a hike was coming soon, minutes from their last policy meeting showed. Nearly all policymakers at the May 2-3 meeting also said they favoured beginning the wind-down of the U.S. central bank's massive holdings of Treasury debt and mortgage-backed securities this year. While investors continue to see a rate increase as highly likely next month, the minutes showed that the Fed's rate-setting committee "generally" believed it hinged on the economy rebounding from its sharp slowdown in the first quarter. "Members generally judged that it would be prudent to await additional evidence indicating that a recent slowdown in the pace of economic activity had been transitory before taking another step in removing accommodation," according to the minutes, which provided the latest indication of the Fed's heightened caution over policy tightening. Still, Fed officials made it clear they expected the economy to pick up momentum. Fed policymakers also discussed at length the reasons for the first-quarter slowdown and why a measure of underlying price gains also fell further below their 2 percent inflation target, according to the minutes. A wider group of policymakers including officials who aren't voting on the rate-setting committee this year said they expected a rate increase would be needed soon, and reviewed a Fed staff proposal on reducing the central bank's balance sheet.

Farmers' disquiet over lower commodity prices has led to a slowing in seed demand so far this kharif season, as wary growers await the first showers before booking their packets for sowing. Last year saw uneven distribution of rain, resulting in drought in some parts of the west and south. Seed companies expect a reversal in trend with the onset of rain. Normally, companies supply seeds to their distributors before the actual monsoon rain. Farmers also ensure availability for sowing before the season's onset, often booking seed packets in advance. "Seed demand is very weak this year; by now, it should have been pretty strong. The reason is surely low commodity prices and losses suffered by farmers during the period of demonetisation," said Satish Kagliwal, managing director of Nath Seeds and founder-president of the National Seed Association of India. With a sharp fall in recent weeks, prices of agricultural commodities are presently below their minimum support price (MSP). For example, maize, one of the major kharif sown crops, is quoted at Rs 1,300 a quintal in most wholesale markets, while its MSP is Rs 1,365 a qtl. Soybean is priced at Rs 2,693 a qtl, compared to its MSP at Rs 2,775 a qtl. "The price fall is sufficient to discourage farmers from stepping ahead this kharif. Since the government has also restricted its MSP operations, farmers might be monitoring realisations before finalising the crop to sow," said a senior seed industry official.



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