

## Daily Commodity Report as on Friday, June 23, 2017



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





	Open	High	Low	Close	% Cng	OI
<b>Precious Metals</b>						
Gold	28645	28749	28620	28629	0.18	4743
Silver	38100	38533	38100	38220	0.64	15201

<b>Base Metal</b>						
Alum.	120.5	121.25	120	120.4	0.12	2563
Copper	370	372.7	366.65	370.6	0.11	13803
Lead	140.05	141.9	139.5	141.5	0.89	1703
Nickel	576	585.3	568.1	582.8	0.80	36853
Zinc	170.2	174.9	169.15	174.05	1.90	5668

<b>Energy</b>						
Crude	2756	2813	2738	2776	1.28	25904
Nat. Gas	188.1	191.3	184.3	187.4	0.48	4302

<b>Spices</b>						
Cardamom	1054	1068	1045.1	1064.9	0.69	643
Turmeric	6060	6256	6060	6236	3.66	14590
Jeera	18450	18465	18225	18335	-0.68	11805
Dhaniya	4899	4969	4839	4929	0.88	42580

<b>Cereals</b>						
Wheat	1613	1616	1612	1614	-0.06	23920

<b>Oil and Oilseeds &amp; Others</b>						
Soyabean	2805	2814	2782	2807	-0.14	79950
Ref. Oil	625.9	626.9	622.15	625.6	0.19	46630
CPO	481.6	484	480.7	482.4	0.08	3917
RMSeed	3496	3514	3471	3502	0.03	63660
Menthol	927.5	929.4	919.7	927.1	-0.06	1858
Cotton	19940	19970	19700	19720	-1.25	1936

<b>Currency</b>						
USDINR	64.57	64.63	64.48	64.61	0.07	884362
EURINR	72.14	72.20	72.04	72.17	0.20	50899
GBPINR	81.85	81.90	81.74	81.87	-0.06	44405
JPYINR	58.14	58.24	58.03	58.05	0.03	16357

## Market Round up

Gold pushed higher on short covering after seen pressure as recent selling pressure tied to bets on another U.S. interest rate hike this year faded.

Silver rose benefiting from risk aversion as weaker oil prices dented stocks while the dollar retreated.

Crude oil gains paring some of the losses sustained in recent sessions but sentiment remained bearish as investors continue to fret about rising global stockpiles.

Copper prices gained spurred on by data showing the metal's shift to global a supply deficit.

Zinc gained as the market focused on falling stocks in LME warehouses, which at 304,000 tonnes are down nearly 30 percent since January.

Nickel gains bolstered by a weaker dollar and concerns newly constructed nickel smelters in Indonesia have stopped operations

Natural gas gains as the storage data helped boost confidence that storage builds would be limited during the summer period.

Ref soyoil prices remained under pressure on ample supplies of edible oil in the domestic market and weak international prices.

Mentha oil prices gained taking positive cues from physical market.

Soyabean prices dropped due to higher arrivals and bumper crop with the farmers.

1

Turmeric prices gained on increasing demand for the commodity from both domestic and export buyers.

Jeera prices dropped tracking weakness in spot demand amid continued profit booking.



### MCX Gold Aug 2017

### TRADING IDEA

OPEN	28645	SUP-2	28537	Gold trading range for the day is 28537-28795.
HIGH	28749	SUP-1	28583	Gold pushed higher on short covering after seen pressure as recent selling pressure tied to bets on another U.S. interest rate hike this year faded.
LOW	28620	P.P.	28666	The move higher in gold prices comes in the wake of a recent shift in sentiment towards safe havens, after oil prices fell to multi-month lows this week.
CLOSE	28629	RES-1	28712	First-time claims for U.S. unemployment benefits saw a modest increase in the week ended June 17th, according to Labor Department.
% CNG	0.18	RES-2	28795	BUY GOLD AUG 2017 @ 28580 SL 28480 TGT 28680-28800.MCX



Gold on MCX settled up 0.18% at 28629 on short covering moving prices further away from their lowest level in around five weeks as recent selling pressure tied to bets on another US interest rate hike this year faded. Investors continued to evaluate the possibility of another rate hike from the Fed later this year in the wake of mixed messages from policymakers in recent days. Last week, the U.S. central bank raised interest rates for the second time this year and maintained plans to go ahead with another rate hike by year-end. Despite the Fed's relatively hawkish message, market players remained doubtful over the central bank's ability to raise rates as much as it would like in the coming months due to a recent run of disappointing US economic data and indications of weak inflation. Futures traders are pricing in less than a 15% chance of a hike at the Fed's Sept meeting, odds of a Dec increase was seen at about 35%. Sentiments remain firm as support seen after the report that Gold may be in a longer-term bullish trend signaled by the formation of a rare golden cross in December, according to Ned Naylor-Leyland, manager of the Old Mutual Gold & Silver Fund. That's when the 50-week average moved above the 200-week gauge, and the previous time it happened was in 2002. When the opposite happens, it's known as a death cross and considered bearish. Every time they've crossed in the past 30 years, it foreshadowed a broad price move that lasted at least three years in gold and real bond yields. Technically market is getting support at 28583 and below same could see a test of 28537 level, And resistance is now likely to be seen at 28712, a move above could see prices testing 28795.

### MCX Silver Jul 2017

### TRADING IDEA

OPEN	38100	SUP-2	37851	Silver trading range for the day is 37851-38717.
HIGH	38533	SUP-1	38035	Silver rose benefiting from risk aversion as weaker oil prices dented stocks while the dollar retreated.
LOW	38100	P.P.	38284	Initial claims for state unemployment benefits increased 3,000 to a seasonally adjusted 241,000 for the week, the Labor Department said.
CLOSE	38220	RES-1	38468	Holdings at ishares silver trust gained by 0.64% i.e.67.66 tonnes to 10571.73 tonnes from 10504.07 tonnes.
% CNG	0.64	RES-2	38717	BUY SILVER JUL 2017 @ 38100 SL 37900 TGT 38350-38560.MCX



Silver on MCX settled up 0.64% at 38220 benefiting from risk aversion as weaker oil prices dented stocks while the dollar retreated. Prices remained on track to end higher for a second-straight session, as subdued weekly initial jobless claims data undershot expectations, helping the precious metal shrug off expectations that the Federal Reserve may hike rates later this year. The latest weekly update on initial jobless claims failed to impress market participants, showing that the number of Americans filing for unemployment benefits increased slightly last week. Initial claims for state unemployment benefits increased 3,000 to a seasonally adjusted 241,000 for the week ended June 17, the Labor Department said on Thursday. The move higher in prices comes in the wake of a recent shift in sentiment towards safe havens, after oil prices fell to multi-month lows this week. Theresa May offered fellow EU leaders a "fair" deal for compatriots living in Britain after Brexit, though her peers sounded skeptical and demanded more detail from a prime minister weakened by an electoral misfire two weeks ago. The European Central Bank will ignore government complaints about rising borrowing costs when it eventually tightens policy and will not help any particular country, the ECB's chief economist said, according to the German magazine Spiegel. Technically market is under short covering as market has witnessed drop in open interest by -3.71% to settled at 15201 while prices up 243 rupees, now Silver is getting support at 38035 and below same could see a test of 37851 level, And resistance is now likely to be seen at 38468, a move above could see prices testing 38717.



### MCX Crudeoil Jul 2017

### TRADING IDEA

OPEN	2756	SUP-2	2701	Crudeoil trading range for the day is 2701-2851.
HIGH	2813	SUP-1	2739	Crude oil gains paring some of the losses sustained in recent sessions but sentiment remained bearish as investors continue to fret about rising global stockpiles.
LOW	2738	P.P.	2776	The move comes a day after EIA said that crude stockpiles fell by roughly 2.45m barrels in the week ended June 16, above expectations of draw of about 2.1m barrels.
CLOSE	2776	RES-1	2814	According to EIA, domestic output climbed by 20,000 barrels to 9.35 million barrels a day last week, almost 8% higher than the same period last year.
% CNG	1.28	RES-2	2851	SELL CRUDEOIL JUL 2017 @ 2800 SL 2845 TGT 2756-2715.MCX



Crudeoil on MCX settled up 1.28% at 2776 paring some of the losses sustained in recent sessions but sentiment remained bearish as investors continue to fret about rising global stockpiles. The move comes a day after EIA said that crude stockpiles fell by roughly 2.45m barrels in the week ended June 16, above expectations of draw of about 2.1m barrels. According to EIA, domestic output climbed by 20,000 barrels to 9.35 million barrels a day last week, almost 8% higher than the same period last year. The increase in U.S. drilling activity and shale production has mostly offset efforts by OPEC and other producers to cut output in a move to prop up the market. Iraq's oil exports from fields owned by the central government in Baghdad are at around 3.27 million barrels per day (bpd) so far in June, about the same level as in May, Oil Minister Jabar al-Luaibi said on Thursday. Total exports for all fields in Iraq, those of Baghdad and the Kurdish region in the north, have averaged 3.8 million bpd so far in June, he told Reuters in the southern oil city of Basra. The country as a whole is producing about 4.315 million bpd, he said. Kurdish exports are running at about 520,000 to 530,000 bpd so far this month, he said. Iraq is in "quiet negotiations" with foreign oil companies operating in Iraq to amend their services contract, he said, declining to give more details. Technically market is under short covering as market has witnessed drop in open interest by -15.44% to settled at 25904 while prices up 35 rupees, now Crudeoil is getting support at 2739 and below same could see a test of 2701 level, And resistance is now likely to be seen at 2814, a move above could see prices testing 2851.

### MCX Copper Jun 2017

### TRADING IDEA

OPEN	370.0	SUP-2	363.9	Copper trading range for the day is 363.9-376.1.
HIGH	372.7	SUP-1	367.3	Copper prices gained spurred on by data showing the metal's shift to global a supply deficit.
LOW	366.7	P.P.	370.0	The global world refined copper market showed a 5,000 tonne deficit in March, compared with a 102,000 tonne surplus in February.
CLOSE	370.6	RES-1	373.4	In the first quarter of this year, the world mine production is estimated to decline by around 3.5 percent to 4.63 million tons when compared to the same period last year.
% CNG	0.11	RES-2	376.1	BUY COPPER JUN 2017 @ 368.00 SL 364.50 TGT 371.50-375.50.MCX



Copper on MCX settled up 0.11% at 370.6 spurred on by data showing the metal's shift to global a supply deficit. World Bureau of Metal Statistics (WBMS) reported Wednesday global copper supply was in 5,000 tonnes of deficit during January-April 2017, compared to 69,000 tonnes of deficit in 2016. Copper inventories slid in April, but increased 82,000 tonnes in late April from late December 2016. Output from global copper mines totaled 6.55 million tonnes during January-April 2017, down 0.6% from the same period of last year. Zambia's Vice President said on Thursday domestic copper production will grow to 850,000 tonnes level in 2017, compared to last year's 770,597 tonnes. Peru's copper production increased 1.6% on a yearly basis in April to 190,903 tonnes. Peru's copper output will continue growing during May-June since the strike has ended. Higher output at MMG's Las Bambas mine and Chalcó's Toromocho mine offset output declines from the strike at Cerro Boston. Fed President Eric Rosengren said low interest rates do pose financial stability concerns that central bankers and the private sector must take seriously while Bill Dudley, head of the New York Federal Reserve, a day earlier, downplayed the recent slowdown in inflation, warning that halting rate increases at this point would be dangerous. Technically market is under fresh buying as market has witnessed gain in open interest by 0.15% to settled at 13803 while prices up 0.4 rupees, now Copper is getting support at 367.3 and below same could see a test of 363.9 level, And resistance is now likely to be seen at 373.4, a move above could see prices testing 376.1.



### MCX Zinc Jun 2017

### TRADING IDEA

OPEN	170.2	SUP-2	166.9	Zinc trading range for the day is 166.9-178.5.
HIGH	174.9	SUP-1	170.5	Zinc gained as the market focused on falling stocks in LME warehouses, which at 304,000 tonnes are down nearly 30 percent since January.
LOW	169.2	P.P.	172.7	Only 40% of lead and zinc mines in Fujian Province, China remained in normal production at present because of environmental protection pressure.
CLOSE	174.1	RES-1	176.3	WBMS reported global zinc supply was in 106,000 tonnes of deficit during January-April 2017, although output registered a 3.1% growth.
% CNG	1.90	RES-2	178.5	BUY ZINC JUN 2017 @ 171.50 SL 170.00 TGT 173.50-176.00.MCX



Zinc on MCX settled up 1.9% at 174.05 on fresh buying and tracking LME Zinc which ended 3.3 percent higher at \$2,640, having touched its highest since May 31 earlier at \$2,642, bolstered by the weaker dollar and concerns over tightening supplies, with LME stocks at their lowest since January 2009. Investors sought to balance concerns about tightening supplies with uncertainty over Chinese demand. A steady stream of news has encouraged the bulls recently, including a talk of a market deficit, an expected strike in major producer Peru and declining inventories. But monetary tightening in China has stoked worries about the appetite for industrial metals in its biggest market. Zinc prices also got support as the market focused on falling stocks in LME warehouses, which at 304,000 tonnes are down nearly 30 percent since January. On Tuesday, Boston Fed President Eric Rosengren said low interest rates do pose financial stability concerns that central bankers and the private sector must take seriously while Bill Dudley, head of the New York Federal Reserve, a day earlier, downplayed the recent slowdown in inflation, warning that halting rate increases at this point would be dangerous. Technically market is under fresh buying as market has witnessed gain in open interest by 6.52% to settled at 5668 while prices up 3.25 rupees, now Zinc is getting support at 170.5 and below same could see a test of 166.9 level, And resistance is now likely to be seen at 176.3, a move above could see prices testing 178.5.

### MCX Nickel Jun 2017

### TRADING IDEA

OPEN	576.0	SUP-2	561.5	Nickel trading range for the day is 561.5-595.9.
HIGH	585.3	SUP-1	572.1	Nickel gains bolstered by a weaker dollar and concerns newly constructed nickel smelters in Indonesia have stopped operations
LOW	568.1	P.P.	578.7	Global nickel market was in a shortage of 35,300 tonnes during the first four months of 2017, according to the WBMS.
CLOSE	582.8	RES-1	589.3	By the end of April, LME nickel inventories were up by 7,100 tonnes from the level seen in late 2016.
% CNG	0.80	RES-2	595.9	BUY NICKEL JUN 2017 @ 578.00 SL 570.00 TGT 586.00-595.00.MCX



Nickel on MCX settled up 0.8% at 582.80 gained on short covering tracking support from LME nickel which ended 2.1 percent higher at \$9,005, following a 2.1 percent slide on Tuesday despite news earlier in the week that about a dozen Indonesian nickel smelters had stopped operations because of a plunge in prices. However upside was capped after the update that a global deficit of refined nickel narrowed in April after a jump in refined metal output from Indonesia and China, data from the International Nickel Study Group showed on Thursday. Global nickel production will come out of negative territory this year for the first time since 2013, driven by Indonesia's export ban moderation, a new report shows. Along with Indonesia, Canada and Australia will lead growth output rates from until 2021, while major miners in the number one global producer, the Philippines, will benefit from the ousting of anti-mining minister Gina López from government. While the Philippines will remain the world's largest nickel producer in absolute numbers in the years to come, its global share of the market will gradually be reduced as ores are depleted and stringent environmental regulations choke new potential projects. Refined nickel production in March was revised down sharply to 165,700 tonnes from 173,100 tonnes previously. Technically market is under short covering as market has witnessed drop in open interest by -5.51% to settled at 36853 while prices up 4.6 rupees, now Nickel is getting support at 572.1 and below same could see a test of 561.5 level, And resistance is now likely to be seen at 589.3, a move above could see prices testing 595.9.



### NCDEX Jeera Jul 2017

### TRADING IDEA

OPEN	18450	SUP-2	18100	Jeera trading range for the day is 18100-18580.
HIGH	18465	SUP-1	18215	Jeera prices dropped tracking weakness in spot demand amid continued profit booking.
LOW	18225	P.P.	18340	Though, exports demand is increasing while the stocks in the Exchange warehouse are diminishing.
CLOSE	18335	RES-1	18455	NCDEX accredited warehouses jeera stocks gained by 18 tonnes to 1235 tonnes.
% CNG	-0.68	RES-2	18580	SELL JEERA JUL 2017 @ 18500 SL 18680 TGT 18380-18250.NCDEX



Jeera on NCDEX settled down by -1.57% at 18460 tracking weakness in spot demand amid continued profit booking. Though, some losses were capped as the jeera arrival is lower this year compared to last year. Moreover, exports demand is increasing while the stocks in the Exchange warehouse are diminishing. Exports demand has been good throughout the season. 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 26% to 1.24 lt in 2016/17 as per the data release by Dept. of commerce, GOI. The stock levels in the NCDEX warehouse as on Jun 20 were 1,217 tonnes which has been constant in June. Last year, stocks were higher at 3,500 tonnes. Last year, stocks were higher at 3,500 tonnes. 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. Exports will happen in spite of higher prices because there is no supplier of jeera available globally. In Unjha, a key spot market in Gujarat, jeera edged down by -84.6 Rupees to end at 18492.3 Rupees per 100 kg. Technically market is under long liquidation as market has witnessed drop in open interest by -4.11% to settled at 11805 while prices down -295 rupees, now Jeera is getting support at 18330 and below same could see a test of 18205 level, And resistance is now likely to be seen at 18660, a move above could see prices testing 18865.

### NCDEX Turmeric Jul 2017

### TRADING IDEA

OPEN	6060	SUP-2	5988	Turmeric trading range for the day is 5988-6380.
HIGH	6256	SUP-1	6112	Turmeric prices gained on increasing demand for the commodity from both domestic and export buyers.
LOW	6060	P.P.	6184	Andhra Pradesh government projected 2016-17 turmeric crops at 155,000 ton up from 121,000 ton in the previous year.
CLOSE	6236	RES-1	6308	NCDEX accredited warehouses turmeric stocks dropped by 39 tonnes to 6569 tonnes.
% CNG	3.66	RES-2	6380	BUY TURMERIC JUL 2017 @ 6150 SL 6000 TGT 6280-6450.NCDEX



Turmeric on NCDEX settled up by 1.66% at 6016 on increasing demand for the commodity from both domestic and export buyers. Higher carryover stocks and a bumper turmeric production during the 2016-17 season have kept the price under pressure throughout the season. Andhra Pradesh government projected 2016-17 turmeric crops at 155,000 ton up from 121,000 ton in the previous year. According to sources, 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. Turmeric arrivals in the country are higher in the month of May. Increased global demand for turmeric, especially in the pharmaceutical sector, drove its exports to the tune of 1.16 lakh tonne in volume and Rs1,241 crore in value terms in 2016-17. Near normal monsoon and good pre monsoon showers in the turmeric growing regions of Maharashtra, Tamil Nadu and Telangana may keep the sentiments bearish. The sowing starts from June and it is expected that the acreage may be lower this time due to higher carryover stocks and lower price realisation by farmers during the last season. At Erode market arrivals were reported at 4000 quintals, higher by 1000 quintals from previous day's arrivals. At Sangli market total arrivals are at 2000 quintals, higher by 2000 quintals as against previous day. In Nizamabad, a major spot market in AP, the price ended at 5916.65 Rupees gained 116.65 Rupees. Technically now Turmeric is getting support at 5940 and below same could see a test of 5862 level, And resistance is now likely to be seen at 6066, a move above could see prices testing 6114.



### MCX Menthaoil Jun 2017

### TRADING IDEA

OPEN	927.5	SUP-2	915.7	Menthaoil trading range for the day is 915.7-935.1.
HIGH	929.4	SUP-1	921.4	Mentha oil spot at Sambhal closed at 1031.90 per 1kg. Spot prices was remain unchangeby Rs.0.00/-.
LOW	919.7	P.P.	925.4	Mentha oil prices gained taking positive cues from physical market.
CLOSE	927.1	RES-1	931.1	The expectation of good production of mentha during the year has boosted the demand for natural mentha.
% CNG	-0.06	RES-2	935.1	BUY MENTHAOIL JUN 2017 @ 924.00 SL 916.00 TGT 934.00-945.00.MCX



Soyabean on NCDEX settled down by -0.95% at 2811 due to higher arrivals and bumper crop with the farmers. Though, steady physical demand and reports of slow progress in soybean sowing in the country, capped some losses. The sowing operations for soyabean could be delayed as major producing states Madhya Pradesh and Maharashtra might not receive adequate rain during this month, according to industry body. The Met department has predicted a normal monsoon in 2017, raising hopes of bumper production during 2017-18 crop year (July—June). "The monsoon is not developing in normal way and it is likely that monsoon advance may bypass the important soyabean producing States like Madhya Pradesh and eastern Maharashtra and they may not get adequate rains in June. This may delay sowing operations," Solvent Extractors' Association President Atul Chaturvedi told its members. The monsoon rain has been erratic so far and temperatures are still hot in north-western India and several parts of central India, he added. Soyabean is a major kharif oilseeds crop mostly grown in Madhya Pradesh, which is witnessing huge protest from farmers, who are seeking loan waivers and remunerative price for their crops. The country produced 14.01 million tonnes of soybean in 2016—17 crop year. Monsoon showers usually cover most parts of Madhya Pradesh by mid-June. However, monsoon has still not entered the state this year, according to state-run India Meteorological department. At the Indore spot market in top producer MP, soybean dropped -5 Rupees to 2939 Rupees per 100 kgs. Technically market is under long liquidation as market has witnessed drop in open interest by -4.05% to settled at 79950 while prices down -27 rupees, now Soyabean is getting support at 2797 and below same could see a test of 2784 level, And resistance is now likely to be seen at 2826, a move above could see prices testing 2842.

## DAILY MARKET LEVEL FOR METAL AND ENERGY

COMMODITIES	GOLD	SILVER	CRUDE	NAT.GAS	COPPER	ZINC	NICKEL	ALUMINUM	LEAD
<b>CLOSE</b>	<b>28629</b>	<b>38220</b>	<b>2776</b>	<b>187.4</b>	<b>370.6</b>	<b>174.05</b>	<b>582.8</b>	<b>120.4</b>	<b>141.5</b>
	28841	38901	2889	198.1	379.5	182.1	606.5	122.4	144.9
<b>RESISTANCE</b>	28795	38717	2851	194.7	376.1	178.5	595.9	121.8	143.4
	28712	38468	2814	191.1	373.4	176.3	589.3	121.2	142.5
<b>P. POINT</b>	<b>28666</b>	<b>38284</b>	<b>2776</b>	<b>187.7</b>	<b>370.0</b>	<b>172.7</b>	<b>578.7</b>	<b>120.6</b>	<b>141.0</b>
	28583	38035	2739	184.1	367.3	170.5	572.1	120.0	140.1
<b>SUPPORT</b>	28537	37851	2701	180.7	363.9	166.9	561.5	119.4	138.6
	28454	37602	2664	177.1	361.2	164.7	554.9	118.8	137.7
<b>OI</b>	<b>4743</b>	<b>15201</b>	<b>25904</b>	<b>4302</b>	<b>13803</b>	<b>5668</b>	<b>36853</b>	<b>2563</b>	<b>1703</b>
<b>TREND</b>	Positive	Positive	Positive	Positive	Positive	Positive	Positive	Positive	Positive
<b>SPREAD</b>	<b>143</b>	<b>496</b>	<b>25.00</b>	<b>2.10</b>	<b>3.65</b>	<b>0.45</b>	<b>5.30</b>	<b>0.60</b>	<b>0.8</b>



## NEWS YOU CAN USE

The time is not right to begin raising interest rates, Bank of England Governor Mark Carney said, citing the weak wage growth and inflationary pressures. "Given the mixed signals on consumer spending and business investment, and given the still subdued domestic inflationary pressures, in particular anaemic wage growth, now is not yet the time to begin that adjustment," Carney said in his delayed speech at the Mansion House. The dovish comment from Carney sent the pound lower. In the months ahead, the BoE chief said he would like to see the extent to which weaker consumption growth is offset by other components of demand and whether wages begin to firm. More generally, he intends to assess how the economy reacts to the prospect of tighter financial conditions and the reality of Brexit negotiations. Carney's views were in contrast to the hawkish stance adopted by a few policymakers at the June monetary policy meeting. Kristin Forbes, Ian McCafferty and Michael Saunders sought a quarter point rate hike at the June meeting. They said partial withdrawal of stimulus will help to moderate inflation overshoot.

China's central bank will not take action to shrink its balance sheet like the U.S. Federal Reserve as it does not face the same pressures due to its use of different policy tools, an adviser to the People's Bank of China (PBOC) said. The Fed is looking to start reducing its massive \$4.2 trillion portfolio of Treasury bonds and mortgage-backed securities beginning later this year. Most of the assets were purchased in the wake of the 2007-2009 financial crisis and recession. However, the PBOC's assets are mainly foreign exchange-based, Sheng Songcheng, former director-general of statistics and research at the central bank, wrote in the Shanghai Securities News. "The balance sheet structures of China and the United States' are very different," he wrote in the newspaper. "The PBOC does not have the huge portfolio of securities assets that need to be dealt with and foreign exchange accounts are impacted by capital flows, which can be hedged by adjusted other subjects," he said. The PBOC also held a neutral monetary policy, he added, while the Fed is aiming to gradually normalize ultra-loose conditions. Sheng also said that while the Fed's balance sheet expanded rapidly during the financial crisis, from less than \$900 billion before 2007 to \$4.5 trillion in 2014, the PBOC's balance sheet less than doubled in size during that period.

The sowing operations for soyabean could be delayed as major producing states Madhya Pradesh and Maharashtra might not receive adequate rain during this month, according to industry body. The Met department has predicted a normal monsoon in 2017, raising hopes of bumper production during 2017-18 crop year (July—June). "The monsoon is not developing in normal way and it is likely that monsoon advance may bypass the important soyabean producing States like Madhya Pradesh and eastern Maharashtra and they may not get adequate rains in June. This may delay sowing operations," Solvent Extractors' Association President Atul Chaturvedi told its members. The monsoon rain has been erratic so far and temperatures are still hot in north-western India and several parts of central India, he added. "IMD during the current year has highlighted a 'peculiar' progress of the monsoon which can have far reaching consequences for our oilseed crops. They have observed that because of this peculiar movement, monsoon seems to be travelling directly from the south to the north bypassing central part of India," Chaturvedi said. Soyabean is a major kharif oilseeds crop mostly grown in Madhya Pradesh, which is witnessing huge protest from farmers, who are seeking loan waivers and remunerative price for their crops. The country produced 14.01 million tonnes of soybean in 2016—17 crop year.

DAY	TIME	ZONE	ECONOMICAL DATA	EXP	PREV
	12:30pm	EUR	French Flash Manufacturing PMI	54.1	53.8
	12:30pm	EUR	French Flash Services PMI	57.1	57.2
	1:00pm	EUR	German Flash Manufacturing PMI	59.1	59.5
	1:00pm	EUR	German Flash Services PMI	55.4	55.4
	1:30pm	EUR	Flash Manufacturing PMI	56.9	57
	1:30pm	EUR	Flash Services PMI	56.2	56.3
<b>Fri</b>	6:30pm	EUR	Belgian NBB Business Climate	-0.8	-1.1
	7:15pm	USD	Flash Manufacturing PMI	53.1	52.7
	7:15pm	USD	Flash Services PMI	53.9	53.6
	7:30pm	USD	New Home Sales	599K	569K

The upturn in the German economy is gaining impetus, the Munich-based Ifo economic institute said. The Ifo raised its growth outlook for this year to 1.8 percent from 1.5 percent. For 2018, the think tank projected 2 percent growth instead of 1.8 percent. The institute said economic growth is being driven by buoyant consumer demand and brisk construction activity. Exports will also make a contribution to the upswing. Earlier this month, Bundesbank projected the largest euro area economy to grow 1.9 percent in 2017 and 1.7 percent in 2018. The think tank forecast employment to rise to 44.2 million this year and then to 44.57 million in 2018. At the same time, the jobless rate is seen easing to 5.7 percent in 2017 and at 5.5 percent next year. Further, the Ifo forecast inflation to rise to 1.7 percent in 2017. For 2018, the institute projected 1.6 percent.

Farmers in Gujarat, Madhya Pradesh and parts of Maharashtra are a worried lot as the 'monsoon watch' gets longer in the key growing regions, affecting the sowing of kharif crops. According to the latest available data, farmers in Gujarat have completed sowing on about 8.71 lakh hectares, which is more than double the 2.74 lakh hectares sown by about the same time last year. The State received rains in patches at the beginning of June, but in the absence of a strong weather system, the showers were not sustained. At stake is the fate of cotton and groundnut crops, sowing for which had been done on 496,400 hectares and 249,100 hectares, respectively, as on June 20. Sowing of pulses is complete in over 10,000 hectares, which is less than last year. Farmers in Gujarat are a worried lot. A further delay in rains will damage the seeds already sown. Many farmers in Saurashtra and North Gujarat had taken up early sowing with availability of irrigation facilities. But a delayed monsoon will disturb the crop cycle and possibly require re-sowing in some cases. In Madhya Pradesh and Maharashtra, sowing has slowed down as farmers await rains. In its latest statement, the oil trade body, the Solvent Extractors' Association of India (SEA), has expressed the possibility of a delay in the sowing of soybean in these States.



## Achievers Commercial Private Limited.

### HEAD OFFICE

32/A, DIAMOND HARBOUR ROAD, SAKHERBAZAR, KOLKATA-700008  
WEST BENGAL, INDIA  
PHONE:033 2445 6442 | FAX: 033 2407 5408  
EMAIL ID: [info@achieversequitiesltd.com](mailto:info@achieversequitiesltd.com)

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