

Daily Commodity Report as on Friday, May 26, 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
Precious Metals						
Gold	28750	28765	28630	28661	-0.18	3734
Silver	39878	39990	39755	39802	-0.08	16070

Base Metal						
Alum.	125.8	126.45	125.55	126.3	0.16	1988
Copper	369.95	374.45	368.1	371.7	0.05	14934
Lead	133.3	134.85	132.6	134.25	0.22	3724
Nickel	589	591.5	581.6	582	-1.32	33454
Zinc	170.1	171.1	168.4	169.55	-1.02	3523

Energy						
Crude	3350	3365	3166	3178	-4.54	11991
Nat. Gas	214.5	216.6	209.6	211	-1.91	4616

Spices						
Cardamom	986	994	985	989.5	0.64	402
Turmeric	5234	5420	5234	5392	2.43	14215
Jeera	17690	17845	17470	17670	0.43	13557
Dhaniya	4933	5173	4933	5153	3.54	39510

Cereals						
Wheat	1602	1604	1598	1601	-0.25	19420

Oil and Oilseeds & Others						
Soyabean	2723	2758	2720	2744	0.48	118930
Ref. Oil	633.5	635	631	631.7	-0.08	42480
CPO	520.9	522.3	519.3	520	-0.04	2475
RMSeed	3534	3556	3526	3540	-0.06	56670
Menthol	909	916	904.1	908	0.08	1608
Cotton	20690	20820	20670	20760	0.29	1106

Currency						
USDINR	65.01	65.01	64.73	64.88	-0.24	997810
EURINR	72.97	73.02	72.81	72.85	-0.01	48529
GBPINR	84.23	84.39	84.01	84.17	-0.27	22265
JPYINR	58.17	58.19	57.97	58.10	-0.28	7329



Market Round up

Gold prices little changed despite significant geopolitical tensions and Federal Reserve talk.

Silver held steady as the dollar weakened after minutes from a US Fed suggested that the central bank could take a more cautious approach.

Crude oil dropped as the extension of output curbs by OPEC and other producing countries disappointed investors who had hoped for larger cuts.

Copper prices recovered from lows amid worries about prolonged disruptions at the giant Grasberg copper mine in Indonesia

Zinc prices dropped amid expectations of weaker demand in top consumer China over the coming months.

Nickel prices dropped as pressure after BHP Billiton is seeking environmental approval to dig two new mines to extend the life of its Nickel West unit.

Natural gas dropped following data showing that natural gas supplies in storage in the U.S. rose more than expected last week.

Ref soyoil settled flat on profit booking after seen supported on higher demand from domestic market.

Mentha oil prices ended with gains amid rising demand in the domestic spot market.

Soyabean gained driven by a firming trend in the spot demand and global market.

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Turmeric prices ended with gains on short covering triggered by uptick in domestic as well export demand in the spot market.

Jeera prices ended with gains on rising exports demand at the spot market.



MCX Gold Jun 2017

TRADING IDEA

OPEN	28750	SUP-2	28550	Gold trading range for the day is 28550-28820.
HIGH	28765	SUP-1	28605	Gold prices little changed despite significant geopolitical tensions and Federal Reserve talk.
LOW	28630	P.P.	28685	Jobless-claims data showing that the US labor market remains healthy eight years into an economic expansion appeared to support rate hike.
CLOSE	28661	RES-1	28740	Federal fund futures implied that traders believe there is an 83 percent probability that the Fed will raise rates at its June meeting
% CNG	-0.18	RES-2	28820	BUY GOLD JUN 2017 @ 28600 SL 28450 TGT 28740-28880.MCX



Gold on MCX settled down -0.18% at 28661 little changed in yesterday's session despite significant geopolitical tensions and Federal Reserve talk. Gains were capped as pressured by the view toward monetary policy, minutes from the Fed appeared to show that the majority of the central bank's officials remain resolute about hiking rates at their meeting in June. Rising expectations of a June rate hike prompted a recovery in both the dollar and US treasury yields, but gold futures have been supported by political turmoil in Washington, as investors' started to question President's Trump ability to deliver on his pro-growth economic agenda. While yesterday's jobless-claims data showing that the US labor market remains healthy eight years into an economic expansion appeared to support the expectation of a rate hike from the Fed as early as June. From the physical side China's net gold imports via main conduit Hong Kong dropped 33.5 percent in April from the previous month, data showed on Thursday, as high prices turned off buyers in the world's top consumer of the precious metal. Meanwhile, the gold demand in India during Q1 grew by 15 per cent to 123 tonnes, but it was 18 per cent down compared to the corresponding period in the last five years on average. The WGC urged the government to reduce the tax incidence on gold and gold products under the new GST regime. "In the GST regime, we urge and expect that the total tax burden on gold be halved from the current level of around 12 per cent," WGC managing director Somasundaram PR said. Technically market is getting support at 28605 and below same could see a test of 28550 level, And resistance is now likely to be seen at 28740, a move above could see prices testing 28820.

MCX Silver Jul 2017

TRADING IDEA

OPEN	39878	SUP-2	39614	Silver trading range for the day is 39614-40084.
HIGH	39990	SUP-1	39708	Silver held steady as the dollar weakened after minutes from a US Fed suggested that the central bank could take a more cautious approach.
LOW	39755	P.P.	39849	Fed policymakers had agreed at the meeting that they should hold off from raising rates until it is clear that a recent U.S. economic slowdown.
CLOSE	39802	RES-1	39943	US Silver Eagle sales surged 140% in May, sales reached 2,005,000 so far in May compared to 835,000 in April.
% CNG	-0.08	RES-2	40084	BUY SILVER JUL 2017 @ 39750 SL 39500 TGT 39980-40250.MCX



Silver on MCX settled down -0.08% at 39802 traded in the range while Comex Silver prices marginally rose by 0.40% to settled at \$17.193 an ounce recovered from the day's low the dollar weakened after minutes from a U.S. Federal Reserve meeting suggested that the central bank could take a more cautious approach to interest rate increases. Fed policymakers had agreed at the meeting that they should hold off from raising rates until it is clear that a recent U.S. economic slowdown is only temporary, though most said an increase is coming soon. Higher interest rates tend to boost the dollar and push bond yields up, increasing the opportunity cost of holding non-yielding bullion and thereby pressuring gold prices. From physical side US Silver Eagle sales surged 140% in May versus April according to the recent update by the U.S. Mint, Silver Eagle sales reached 2,005,000 so far in May compared to 835,000 in April. Also Silver ETF holdings have shot up by nearly a 1,000 tonnes as bargain hunters pick up metal during spells of weakness. Retail investors have also been pouring money into gold ETFs this year, despite a few wobbles along the way. While Hedge funds in gold futures and options reduced their exposure to the yellow metal in recent weeks, but silver speculators have been exiting bullish positions at a head spinning pace according to trader positioning data supplied by the government. Technically market is under fresh selling as market has witnessed gain in open interest by 0.17% to settled at 16070 while prices down -30 rupees, now Silver is getting support at 39708 and below same could see a test of 39614 level, And resistance is now likely to be seen at 39943, a move above could see prices testing 40084.



MCX Crudeoil Jun 2017

TRADING IDEA

OPEN	3350	SUP-2	3037	Crudeoil trading range for the day is 3037-3435.
HIGH	3365	SUP-1	3107	Crude oil dropped as the extension of output curbs by OPEC and other producing countries disappointed investors who had hoped for larger cuts.
LOW	3166	P.P.	3236	OPEC and some non-OPEC producers agreed to extend a pledge to cut around 1.8 million barrels per day (bpd) until the end of the first quarter of 2018.
CLOSE	3178	RES-1	3306	OPEC and non-members led by Russia decided to extend cuts in oil output by nine months to March 2018 as they battle a global glut of crude.
% CNG	-4.54	RES-2	3435	SELL CRUDEOIL JUN 2017 @ 3170 SL 3220 TGT 3135-3090.MCX



Crudeoil on MCX settled down -4.54% at 3178 dropped tracking weakness from Nymex Crude oil plunged more nearly 5 percent settled at \$48.90/bbl, down by 4.80% despite news that OPEC has agreed to extend its supply quota plan. Pressure had been seen as Investors had hoped the cartel might reduce output even further to drain a global glut that has depressed the market for almost three years. While OPEC and other major exporters extended their current deal to limit oil production for nine months, disappointing investors who were anticipating deeper cuts. OPEC and other major producers, including Russia, will roll over their six-month deal to remove 1.8mbd from the market through March 2018. However, Nigeria and Libya will remain exempt from making cuts, Bloomberg said, and Iran remains reluctant. OPEC's oil minister said the extra nine months "should do the trick" of re-balancing the oil markets following a massive global supply glut. In economic news, A report released by the Labor Department on Thursday showed a slight uptick in first-time claims for US unemployment benefits in the week ended May 20th. The report said initial jobless claims inched up to 234,000, an increase of 1,000 from the previous week's revised level of 233,000. Now with this expectations for U.S. interest rates to rise next month and potentially again later in the year have been a major factor. Federal fund futures implied that traders believe there is an 83 percent probability that the Fed will raise rates by a quarter of a percentage point at its June meeting. Technically market is under fresh selling and getting support at 3107 and below same could see a test of 3037 level, And resistance is now likely to be seen at 3306, a move above could see prices testing 3435.

MCX Copper Jun 2017

TRADING IDEA

OPEN	370.0	SUP-2	365.1	Copper trading range for the day is 365.1-377.7.
HIGH	374.5	SUP-1	368.4	Copper prices recovered from lows amid worries about prolonged disruptions at the giant Grasberg copper mine in Indonesia
LOW	368.1	P.P.	371.4	An estimated 9,000 workers at Grasberg operated by Freeport McMoRan will extend a strike for a second month.
CLOSE	371.7	RES-1	374.7	Inventories of the metal at 321,575 tonnes in LME warehouses are down more nine percent since hitting a 7-month high above 354,000 tonnes earlier in May.
% CNG	0.05	RES-2	377.7	BUY COPPER JUN 2017 @ 369.80 SL 367.00 TGT 372.50-375.00.MCX



Copper on MCX settled flat at 371.70 as trader are stuck in bull bear sentiments as one side support seen as supply concerns after news of further disruption at Indonesia's Grasberg, one of world's biggest copper mines, while on the other side Moody's Investors Services has cut China's debt rating to A1 from Aa3 – the first cut since 1989. LME copper traded little changed at \$5,718 a tonne, easing 0.1 percent to trim a small gain from the previous session. Prices on Thursday tipped the highest since May 3 at \$5,768.50 and have held in a wider \$5,480-\$5,800 range since mid-April. In mining news Freeport McMoRan Inc said on Thursday that mining and milling rates at its Grasberg mine in Papua, Indonesia have been affected by an extended strike, and a "large number" of about 4,000 absentee workers were deemed to have resigned. From US event Federal Reserve's May meeting minutes, raised concerns over whether the Federal Reserve would continue with its plan to introduce two additional rate hikes in 2017. According to the Federal Reserve's minutes for its 2-3 May meeting, released on Wednesday, most Fed officials said a further increase in short-term interest rates will be needed "soon", fuelling expectations that the U.S. central bank is poised to hike interest rates at its next meeting in June. The hawkish view that a rate hike was needed soon was offset by comments from some Fed members at the meeting, who said that further signs would need to show that weakness in the first-quarter was temporary, prior to future rate hikes. Now technically market is getting support at 368.4 and below same could see a test of 365.1 level, And resistance is now likely to be seen at 374.7, a move above could see prices testing 377.7.



MCX Zinc May 2017

TRADING IDEA

OPEN	170.1	SUP-2	167.0	Zinc trading range for the day is 167-172.4.
HIGH	171.1	SUP-1	168.3	Zinc prices dropped amid expectations of weaker demand in top consumer China over the coming months.
LOW	168.4	P.P.	169.7	Moody's downgraded China's credit rating saying it expects the financial strength of the economy to erode in coming years as growth slows.
CLOSE	169.6	RES-1	171.0	China issued a draft of new rules for property sales and leasing to improve management and operation in a part of the services sector that is often poorly regulated.
% CNG	-1.02	RES-2	172.4	BUY ZINC MAY 2017 @ 169.00 SL 167.50 TGT 170.50-172.50.MCX



Zinc on MCX settled down -1.02% at 169.55 as major base metal slid after Moodys downgraded Chinas credit rating and warned that the country's debt position will worsen as its economic expansion slows, dampened sentiment here. While overall outlook remain firm for Zinc prices as support seen after existing inventories are vanishing at an alarming rate. On Tuesday, zinc jumped to \$2,669, a three-week high following the release of data that showed imports of zinc into China surged in April. Zinc's rally on Tuesday followed the release of Chinese customs data which showed the country's imports of refined zinc increased 21% in April to 47,469 tons year-on-year while shipments of ore and concentrates jumped 44%. China is the world's biggest zinc consumer and there has been some concern that as China's infrastructure programs wrap up that zinc demand would retreat. Investors turned bullish on the zinc market in recent months after years of low prices resulted in miners cutting production. So far, the expected supply tightness has been slow to emerge. The global zinc market moved into a deficit of 46,600 tons in March from a surplus of 40,300 tons in February. In the first three months of the year, the market was in a 6,000-ton deficit versus a surplus of 3,000 tons year-over-year. This; however, was due to an increase in demand. While market participants have been waiting for a big drop in zinc supply, the ILZSG reported that first quarter mine output rose 11% year-over-year. Now technically market is getting support at 168.3 and below same could see a test of 167 level, And resistance is now likely to be seen at 171, a move above could see prices testing 172.4.

MCX Nickel May 2017

TRADING IDEA

OPEN	589.0	SUP-2	575.1	Nickel trading range for the day is 575.1-594.9.
HIGH	591.5	SUP-1	578.5	Nickel prices dropped as pressure after BHP Billiton is seeking environmental approval to dig two new mines to extend the life of its Nickel West unit.
LOW	581.6	P.P.	585.0	Pressure also seen on prices after China trade data showed a surge in ore imports from the Philippines.
CLOSE	582.0	RES-1	588.4	The Dragon Boat Festival in China on Monday and Tuesday and public holidays in much of Europe on Monday have subdued volumes in industrial metals markets.
% CNG	-1.32	RES-2	594.9	BUY NICKEL MAY 2017 @ 580.00 SL 570.00 TGT 592.00-602.00.MCX



Nickel on MCX settled down -1.32% at 582 tracking weakness from LME nickel which facing a 3 percent weekly loss, after trade data this week showed that the Philippines is ramping up ore exports to China, fuelling concerns of oversupply. Also pressure seen as Moody's Investors Services has cut China's debt rating to A1 from Aa3 – the first cut since 1989. Also sentiments also dropped after the news this week that BHP Billiton is seeking environmental approval to dig two new mines to extend the life of its Nickel West unit in the state of Western Australia, which is facing a shortfall in ore supply. Nickel West, which produces about 5 percent of the world's nickel metal, has lodged an application with the Environmental Protection Authority of Western Australia to clear 842 hectares (2,080 acres) for two open pit mines, according to the authority's website. In economic news, A report released by the Labor Department on Thursday showed a slight uptick in first-time claims for U.S. unemployment benefits in the week ended May 20th. The report said initial jobless claims inched up to 234,000, an increase of 1,000 from the previous week's revised level of 233,000. Technically market is under long liquidation as market has witnessed drop in open interest by -0.44% to settled at 33454 while prices down -7.8 rupees, now Nickel is getting support at 578.5 and below same could see a test of 575.1 level, And resistance is now likely to be seen at 588.4, a move above could see prices testing 594.9.



NCDEX Jeera Jun 2017

TRADING IDEA

OPEN	17690	SUP-2	17285	Jeera trading range for the day is 17285-18035.
HIGH	17845	SUP-1	17475	Jeera prices ended with gains on rising exports demand at the spot market.
LOW	17470	P.P.	17660	However upside seen limited amid sufficient stocks position following increased arrivals from producing regions.
CLOSE	17670	RES-1	17850	NCDEX accredited warehouses jeera stocks dropped by 48 tonnes to 1785 tonnes.
% CNG	0.43	RES-2	18035	BUY JEERA JUN 2017 @ 17650 SL 17520 TGT 17780-17880.NCDEX



Jeera on NCDEX settled up by 0.43% at 17670 on rising exports demand at the spot market. However upside seen limited amid sufficient stocks position following increased arrivals from producing regions. The arrivals have now slowed down in the physical market but the trade has been slow down. As per data, about 6,725 tonnes of jeera arrived in May (1-20) compared to 26,151 in April (1-20). 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 is about 1,443 tonnes as on May 23, fall from 2,107 tonnes a week ago. However, on 1st May the stock was close to 964 tonnes. Last year, stocks were higher at 4,101 tonnes. At Anandpur Kalu(Raj.) market in Pali(Raj.), sources reported arrivals at 15 quintals, higher by 5 quintals from previous day's arrivals. At Dhrol market in Jamnagar(Guj.), total arrivals are at 9 quintals, down by 16 quintals as against previous day. At Rajkot market in Rajkot(Guj.), sources reported arrivals at 360 quintal, higher by 50 quintal from previous day's arrivals. In Unjha, a key spot market in Gujarat, Jeera edged up by 20 Rupees to end at 18286.65 Rupees per 100 kg. Technically market is under short covering as market has witnessed drop in open interest by -10.07% to settled at 13557 while prices up 75 rupees, now Jeera is getting support at 17475 and below same could see a test of 17285 level, And resistance is now likely to be seen at 17850, a move above could see prices testing 18035.

NCDEX Turmeric Jun 2017

TRADING IDEA

OPEN	5234	SUP-2	5162	Turmeric trading range for the day is 5162-5534.
HIGH	5420	SUP-1	5276	Turmeric prices ended with gains on short covering triggered by uptick in domestic as well export demand in the spot market.
LOW	5234	P.P.	5348	Markfed will purchase turmeric from farmers at a market intervention price at Duggirala market yard till June 30.
CLOSE	5392	RES-1	5462	NCDEX accredited warehouses turmeric stocks dropped by 30 tonnes to 6637 tonnes.
% CNG	2.43	RES-2	5534	BUY TURMERIC JUN 2017 @ 5350 SL 5250 TGT 5450-5580.NCDEX



Turmeric on NCDEX settled up by 2.43% at 5392 on short covering triggered by uptick in domestic as well export demand in the spot market. Moreover, restricted supplies from producing regions also added support to turmeric prices uptrend. Markfed will purchase turmeric from farmers at a market intervention price at Duggirala market yard till June 30. Earlier, it was decided to make turmeric purchases through Markfed at the market yard till the first week of June following slump in the prices. The two ministers who interacted with turmeric farmers, directed the market yard officials to redress grievances of ryots if any. According to the market yard officials, 48,497 quintals of turmeric has been purchased so far from farmers at a total cost of ₹ 20.98 crore. The Social Welfare Minister said turmeric purchasing centres would be set up at Vemuru and Kankipadu soon for the benefit of farmers. At the Erode Turmeric Merchants Association Sales yard, finger turmeric sold at Rs. 5,599 to Rs. 7,199 a quintal, root variety sold at Rs. 5,393 to Rs. 6,269 a quintal. At the Regulated Marketing Committee, finger turmeric sold at Rs. 6,009 to Rs. 6,966 a quintal, root variety sold at Rs. 5,599 to Rs. 6,414 a quintal. At the Erode Cooperative Marketing Society, finger turmeric sold at Rs. 5,809 to Rs. 7,200 a quintal, root variety sold at Rs. 5,508 to Rs. 6,320 a quintal. In Nizamabad, a major spot market in AP, the price ended at 5471.45 Rupees dropped -66.05 Rupees. Technically market is under short covering as market has witnessed drop in open interest by -6.14% to settled at 14215 while prices up 128 rupees, now Turmeric is getting support at 5276 and below same could see a test of 5162 level, And resistance is now likely to be seen at 5462, a move above could see prices testing 5534.



MCX Menthaoil Jun 2017

TRADING IDEA

OPEN	909.0	SUP-2	897.5	Menthaoil trading range for the day is 897.5-921.3.
HIGH	916.0	SUP-1	902.8	Mentha oil spot at Sambhal closed at 1057.20 per 1kg. Spot prices was remain unchangeby Rs.0.00/-.
LOW	904.1	P.P.	909.4	Mentha oil prices ended with gains amid rising demand in the domestic spot market.
CLOSE	908.0	RES-1	914.7	Further, tight stocks position following restricted arrivals from major producing belts of Chandausi in Uttar Pradesh, too supported prices.
% CNG	0.08	RES-2	921.3	BUY MENTHAOIL JUN 2017 @ 910.00 SL 904.50 TGT 916.80-924.00.MCX



Mentha oil on MCX settled up by 0.08% at 908 amid rising demand in the domestic spot market. Further, tight stocks position following restricted arrivals from major producing belts of Chandausi in Uttar Pradesh, too supported mentha oil prices. Total production of mentha oil during the current season is 32,000-34,000 tonnes against preliminary estimates of around 40,000 tonnes. Unfavourable weather conditions during harvesting period led to the drop in production. On the demand side, the seasonal demand emerges during winter season, especially from the pharma sector. Sources mentioned that nearly 14500 MT of mint products were exported in six months of the current financial year. This implies that export demand for the complete financial year can be between 27000 and 29000 MT quite cheaper, versus 23000 of total exports last year. Farmers are keeping most of the stocks in their hands. Short term outlook remain weak as first of all prices are trading below 980 level mark while the huge carryover stock of mentha oil and also prices trading with weakness leading to a glut with synthetic mint oil garnering larger share of the market. 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. Mentha oil spot at Sambhal closed at 1057.20 per 1kg. Spot prices was remain unchangeby Rs.0.00/- .Technically market is under fresh buying as market has witnessed gain in open interest by 3.81% to settled at 1608 while prices up 0.7 rupees, now Menthaoil is getting support at 902.8 and below same could see a test of 897.5 level, And resistance is now likely to be seen at 914.7, a move above could see prices testing 921.3.

DAILY MARKET LEVEL FOR METAL AND ENERGY

COMMODITIES	GOLD	SILVER	CRUDE	NAT.GAS	COPPER	ZINC	NICKEL	ALUMINUM	LEAD
CLOSE	28661	39802	3178	211	371.7	169.55	582.0	126.3	134.3
RESISTANCE	28875	40178	3505	222.2	381.0	173.7	598.3	127.6	137.4
	28820	40084	3435	219.4	377.7	172.4	594.9	127.0	136.1
P. POINT	28740	39943	3306	215.2	374.7	171.0	588.4	126.7	135.2
	28685	39849	3236	212.4	371.4	169.7	585.0	126.1	133.9
SUPPORT	28605	39708	3107	208.2	368.4	168.3	578.5	125.8	133.0
	28550	39614	3037	205.4	365.1	167.0	575.1	125.2	131.7
	28470	39473	2908	201.2	362.1	165.6	568.6	124.9	130.8
OI	3734	16070	11991	4616	14934	3523	33454	1988	3724
TREND	Negative	Negative	Negative	Negative	Positive	Negative	Negative	Positive	Positive
SPREAD	173	472	26.00	3.50	3.55	0.60	6.10	0.05	1.15



NEWS YOU CAN USE

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.

Moody's Investors Services downgraded China's long-term local and foreign currency issuer ratings on Wednesday, citing expectations that the financial strength of the world's second biggest economy would erode in the coming years. The ratings agency also changed its outlook for China to stable from negative. The downgrade by one notch to an A1 rating from Aa3 comes at a time when the Chinese government is grappling with the challenges of slowing economic growth and rising financial risks stemming from soaring debt. "The downgrade reflects Moody's expectation that China's financial strength will erode somewhat over the coming years, with economy-wide debt continuing to rise as potential growth slows," Moody's said in a statement. "While ongoing progress on reforms is likely to transform the economy and financial system over time, it is not likely to prevent a further material rise in economy-wide debt, and the consequent increase in contingent liabilities for the government," it said. While the downgrade is likely to modestly increase the cost of borrowing for the Chinese government and its state-owned enterprises, it remains comfortably within the investment grade rating range.

Output of natural rubber (NR) in the country last month, the first of the current financial year, showed a rise of 23.1 per cent from the same period a year before, at 48,000 tonnes from the earlier 39,000 tonnes. "If this trend continues, production of NR during the fiscal (year) will reach the anticipated 800,000 tonnes," said A Ajith Kumar, chairman, Rubber Board, and a million tonnes (mt) next year. Current annual demand in the domestic market is around 1.1 mt. The Board said it had focused on improving the input supply chain, to ensure it reached farmers in time. Another focus was on bringing more untapped areas into production (last year, the production area rose by eight per cent). To improve quality and production, around 10,000 tappers were trained last year and this has helped to improve the productivity by 25 per cent. The Board has given a three-year plan to the government, to make rubber cultivation more remunerative, among other things. It has been implementing various plans at regional and field levels, with the cooperation of Rubber Producers Societies, to raise the productivity of plantations.

DAY	TIME	ZONE	ECONOMICAL DATA	EXP	PREV
	Day 1	ALL	G7 Meetings		
	6:00pm	USD	Core Durable Goods Orders m/m	0.004	
	6:00pm	USD	Prelim GDP q/q	0.009	0.007
	6:00pm	USD	Durable Goods Orders m/m	-0.014	0.009
	6:00pm	USD	Prelim GDP Price Index q/q	0.023	0.023
	7:30pm	USD	Revised UoM Consumer Sentiment	97.6	97.7
Fri	7:30pm	USD	Revised UoM Inflation Expectations		0.026

Confidence among Japanese manufacturers receded in May for the first time in nine months after hitting a decade-high level April, a survey found, showing guarded optimism in a nascent export-led economic recovery. The Reuters' monthly poll - which tracks the Bank of Japan's key quarterly tankan - showed confidence at service-sector firms hit a four-month high, a tentative sign of a pickup in domestic demand. The Reuters Tankan follows data last week that showed the economy expanded for a fifth straight quarter at the start of this year led by exports and private consumption, although sluggish wage growth weighed on households. In the poll of 527 large- and mid-sized firms, conducted between May 9-19 in which 243 responded, the sentiment index for manufacturers fell two points to 24 in May, dragged down by the food processing, precision machinery and chemicals industries. It followed a score of 26 in April, which was the highest reading since August 2007, a year before the collapse of a U.S. investment bank Lehman Brothers triggered the global financial crisis. The Reuters Tankan's service-sector sentiment index was up two points to 30 in May, the best reading since the beginning of this year, led by retailers. The sentiment index was seen unchanged at 24 for manufacturers in August, while the index was expected to fall to 22 for non-manufacturers.

The government today decided to increase fair and remunerative price (FRP) of sugarcane by Rs 25 per quintal to Rs 255 for 2017-18 season beginning October. A decision in this regard was taken at the meeting of the Cabinet Committee on Economic Affairs (CCEA) here. The FRP is the minimum price that sugarcane farmers are legally guaranteed. However, state governments are free to fix their own state advised price (SAP) and millers can offer any price above the FRP. "Sugar mills situation has improved. For 2017-18, sugarcane FRP of Rs 255 per quintal has been approved, which is 10.6 per cent higher than the current level," Finance Minister Arun Jaitley told reporters after the meeting. The cane price is linked to a basic recovery rate of 9.5 per cent, subject to a premium of Rs 2.68 per quintal for every 0.1 per cent point increase in recovery above that level. This is in line with the recommendations of the Commission for Agricultural Costs and Prices (CACP), a statutory body that advises the government on the pricing policy for major farm produce. It may be noted that sugarcane FRP was kept unchanged at Rs 230 per quintal this year. Higher rate has been fixed for 2017-18 taking into account the rise in cost of production and millers' capacity to pay the rate in view of better sugar prices.



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