

Data and Events due today

Date	IST	Currency	Data	Forecast	Previous	Importance
23-May	11:30	EUR	German Final GDP q/q	0.60%	0.60%	Low
	13:00	EUR	German Flash Manufacturing PMI	58.00	58.20	Medium
		EUR	German Flash Services PMI	55.50	55.40	Low
	13:30	EUR	Flash Manufacturing PMI	56.50	56.70	Medium
		EUR	Flash Services PMI	56.40	56.40	Low
	13:30	EUR	German Ifo Business Climate	113.10	112.90	Medium
	18:30	USD	Fed's Kashkari Speaks in Minneapolis			Medium
	19:15	USD	Flash Manufacturing PMI	53.10	52.80	Medium
		USD	Flash Services PMI	53.30	53.10	Low
	19:30	USD	New Home Sales	610K	621K	Medium
		USD	Richmond Manufacturing Index	15.00	20.00	Medium

Rupee- Indian rupee depreciated marginally to trade near 64.7 levels against the US dollar. Rupee has weakened amid chopiness in global equity market amid concerns about Trump, geopolitical tensions relating to North Korea and suspected terrorist attack in UK. There are also reports of dollar buying by importers. However, the downside is limited given the optimism about GST and general weakness in US dollar. Rupee may trade in a range of 64.6-64.95 and weakness may persist.

Bullion

Gold- MCX Gold may note some gains tracking cues from international exchange but upside is limited. COMEX gold trades near \$1260/oz after yesterday's gain. Supporting gold price are concerns about Trump and Brexit and geopolitical tensions. Concerns about President Donald Trump rose further amid reports that Trump asked intelligence chiefs to publicly deny any collusion between his campaign and Russia. Geopolitical tensions rose amid reports of a suspected terror attack in UK. North Korea said it is ready to start mass-producing a new medium-range missile, a day after conducting fresh tests. ETF inflows also shows pick up in buying interest. However, weighing on price is continuing gains in US equity market, rise in US bond yields and expectations that Fed may maintain its rate hike stance. Gold remains supported by safe haven buying but stability in equity market could restrict upside hence we suggest going short at higher levels. Focus today will be on US economic data and Fed comments which will affect US dollar and risk sentiment. Also in focus will be development relating to Trump. Support for MCX Gold June contract is seen at Rs.28600 while Resistance is seen at Rs.28950.

Silver- MCX Silver may note mixed trade in line with international market but bias may be on downside. COMEX Silver trades mixed near \$17.1/oz after a sharp 2.4% gain yesterday. Silver rose yesterday as weakness in US dollar lent support to gold and industrial metals. However, we expect Fed's rate hike worries to limit upside in gold and this will weigh on silver as well. Silver ETF investors have also moved to sidelines despite firmness in price. Industrial metals are likely to reflect chopiness in equity market. Support for MCX Silver July contract is seen at Rs.39400 while Resistance is seen at Rs.40150.

Base Metals

Copper- MCX Copper may witness choppy movement today tracking range bound movement in international exchange. LME Copper trades little changed in early trades today following 0.4% gains yesterday. Lending support to the prices is weakness in US Dollar along with decline in stocks and jump in cancelled warrants at LME warehouse yesterday. Copper stocks fell by 4350 tonnes yesterday while cancel warrants rose to 37.6% from Friday's 32.9%. However capping the upside is demand worries from top consumer China amid signs of slowdown along with ample supplies in physical market. In China, data today showed that imports of unwrought copper and alloy fell by almost 36% to 260,000 in April. Meanwhile according to recent report from ICSG, global refined Copper was in surplus of 93,000 tonnes in Feb as against 55,000 tonnes surplus in Jan. Meanwhile on macro front the gains may be capped amid lingering political uncertainty in US. We expect the metal to witness mixed trade today amid mixed cues however overall bias remains weak. Focus today will be on any development related to President Trump along with Speeches by Fed officials and US data which may impact US Dollar. Support for MCX Copper June contract is seen at Rs.366.5 while resistance is seen at Rs.374.5.

Aluminum- MCX Aluminum may note some decline tracking cues from international exchange however the downside remains capped. LME Aluminum trades lower in early trades today following modest decline yesterday. Weighing on prices is growth worries in China along with steady rise in stocks at SHFE. However capping the downside is weakness in US Dollar along with lower stocks at LME warehouses and expectation of deficit in physical market. Aluminium stocks at LME fell by 11350 tonnes last week to lowest level since November 2008. We expect the metal may note mixed movement today amid mixed cues however overall bias remains positive. Support for MCX Aluminum May contract is seen at Rs.124 while resistance is seen at Rs.126.

Zinc- MCX Zinc may trade with a positive bias tracking gains in international exchange. LME Zinc trades higher in early trades today following 0.7% gains yesterday. Lending support to the prices is expectation of tightness in refined metal due to lower production market along with steady decline in stocks at exchange warehouses. China's Zinc production fell by 5% in April to 474,000 tonnes. Meanwhile Zinc stocks at LME fell by 2325 tonnes yesterday while cancel warrants hovered above 50%. The gains may however be capped amid growth worries in top consumer China. We maintain bullish view on Zinc for the day however suggest creating fresh long on corrective dips. Support for MCX Zinc May contract is seen at Rs.169 while Resistance is seen at Rs.173.

Nickel- MCX Nickel may note choppy movement tracking range bound movement in international exchange however overall bias remains weak. LME Nickel trades steady in early trades today following 0.4% gains yesterday. On positive note lending support to the prices is weakness in US Dollar along with modest decline in stocks at LME warehouses. Nickel stocks at LME fell by 36 tonnes yesterday while cancel warrants inched higher at 29.6% from Friday's 28.8%. The gains may however be capped amid demand worries from China along with expectation of improving supply from Indonesia and Philippines. Support for MCX Nickel May contract is seen at Rs.600 while Resistance is seen at Rs. 615.

Lead- MCX Lead may note some gains tracking rebound in international exchange however the upside remains capped. LME Lead trades 1.4% higher in early trades today following modest decline yesterday. The metal is seeking support from dip buying by bargain hunters along with weakness in US Dollar. We however expect prices to pare its gains later in the day amid demand worries tracking weaker auto sales data from China and US along with recent rise in stocks at exchange warehouses. Lead stocks at LME fell by 1200 tonnes yesterday following 1275 tonnes build up last week. Support for MCX Lead May contract is seen at Rs.133.5 while Resistance is seen at Rs.138.5.

Energy

Crude Oil- MCX Crude may note some losses in line with international market but buy on dips is suggested. NYMEX crude trades near \$51 per barrel amid mixed cues. Weighing on price are concerns about Trump, geopolitical tensions and

mixed economic data from major economies. Also weighing on price is rise in US crude oil rig count which shows higher production interest. However, supporting price is expectations that OPEC may extend production cuts beyond 2017. As per reports, Iraq backed a proposal from Saudi Arabia and Russia to extend output cuts for nine months. Also supporting price is expectations of another decline in US crude oil stocks. Mixed factors may keep price choppy but bias may be on upside on hopes of OPEC's production cut extension. Focus today will be on US economic data which will affect US dollar as well as general risk sentiment. US weekly inventory report is expected to note a 2.25 million barrel decline in US crude stocks. Support for MCX Crude June contract is seen at Rs.3270 while Resistance is seen at Rs.3350.

Natural Gas- *MCX Natural gas may note decline tracking cues from international exchange but buying could be considered at lower levels. NYMEX natural gas trades marginally lower after a 2.3% gain yesterday. Supporting price is forecast of warm weather in some parts of US which will increase cooling demand. Also supporting price is expectations of another smaller than average increase in gas stocks. However, weighing on price is well supplied US market and rise in natural gas rig count. Further cues will come from US weather and trend in other energy futures. Support for MCX Natural Gas May contract is seen at Rs.211 while Resistance is seen at Rs.217.*

Edible Oil Complex

US Soybean planting probably rose to 52% completed as of May 21, up from 32% a week earlier but below 56% done a year ago

Soybean- *NCDEX June contract traded in a narrow range and closed tad lower. Benchmark June contract settled lower by Rs 21/quintal at 2814. Price declined with lower volume and OI. Futures price declined tracking selling in Mustard seed. Macro bearish tone across the agro commodities continued to keep oilseeds prices under pressure. Higher FED stock in the June contract also cap the upside. Against the futures, spot price at the Indore market gained by 33/quintal and settled at 3016/quintal. Rise in spot vis a vis futures price decline led the basis to widen from 148 to 202 (Spot-June).*

Soybean arrivals had been in the range of 1.5 lakh bags on daily basis (90kg each) compared to 1.3 lakh bags on daily basis. Soybean prices traded in range of Rs 2800-2850 for the loose quality at Indore mandi. Soymeal price gained by Rs 300/MT and settled at 24000/MT from 23700/MT in Indore market. Exports in April were 1.23 lakh tons compared to 0.12 lakh tons last April. Currently the Indian soymeal is trading at a premium of \$70-\$80/ton compared to Argentina soy meal making Indian soymeal uncompetitive in the global market.

CBOT Soybean futures for July delivery gain 0.4% to close at \$9.56 1/2 a. Extensive rain delays final corn, soy seeding in US. Soybean planting probably rose to 52% completed as of May 21, up from 32% a week earlier but below 56% done a year ago, a Bloomberg survey of analysts showed ahead of USDA planting progress update later Monday. Delay n sowing supported higher price on CBOT.

Around 37000MT of FED stock will expire in June contract. Technical selling is expected to gain as market breaks the long term support of Rs 2850 which was last tested in 2012, a five year low. The outlook is negative for the session. The soybean June futures can trade in the range of Rs. 2780 to Rs. 2840.

Refined Soybean Oil – *NCDEX June contract gained for the second consecutive trading session. Price gained by Rs 4.05/10 kg and settled at 639.55/10kg. Price gained with lower volume and OI. Price gained taking cues from higher BMD Palm oil price. Soybean-oil futures for July delivery drop 0.3% to 32.94c/lb after touching 33.44c, highest since May 5. Price tested the level of 33.39-33.44 and could not sustain during the session on that levels for the third time in last five trading session.*

Soy oil price fell in last week on depreciation of Brazilian Real due to political uncertainty in the country. The entire soy complex was under pressure due to depreciation of Real. Brazilian took advantage of prices and booked their cargoes of soybean bringing down global prices. Earlier Brazilian farmers were holding their produce to get good prices of their harvest.

World soybean oil inventories as percentage of use will fall for a third straight year to the lowest since 1977 in the season that begins Oct. 1, USDA forecast on May 10. Crude oil tops \$50/bbl, boosting demand prospects for fuel made from Veg oils. Soybean oil's share of crushing margin rose to ~35%, highest since Jan 12

Soy oil end stocks fell in US in April on lower production of soy oil due to lower crush of soybean is bullish for soy oil prices in medium term. U.S. oil inventories at the end of April fell 11% y/y. Soybean-oil inventories at end of April were 1.725b lbs, compared with 1.943b a year earlier.

Strong INR capped the upside in veg oil price in the domestic market. Import of soybean oil for June is above parity of Rs 6/10kg compared to soy oil prices on NCDEX. The price range for June contract is Rs 634-642, with a profit booking expectation during the session.

Crude Palm Oil- MCX June Palm oil price gained for the eight consecutive sessions. Price gained with lower volume and higher OI in the active contract. Though appreciating Indian rupee capped the upside in price, Palm oil futures witnessed good gains. Price closed higher by 5.3/10 in last week and settled at 514.90/10kg.

Palm oil for Aug. delivery closed higher by 1% at 2,662 ringgit/ton on Bursa Malaysia Derivatives, highest for most-active contract since May 15. Palm oil's momentum should continue following an increase in Malaysian exports as per trade sources. Malaysia's May 1-20 palm exports were up by 20% m/m to 846,705 tons: Intertek.

Soybean oil's premium over palm oil at ~\$112/ton vs avg ~\$101 over past year has also led the demand to shift on palm oil. The strong basis (Spot-June @ 15) can support the price as futures are at deep discount. Basis (Spot -June) may narrow in the current week as May will come near expiry. With market in the overbought zone we expect some profit booking during the session. We expect MCX June price to trade in the range of Rs. 510-515 with a negative outlook.

Rapeseed- NCDEX June contract made a new contract low and settled lower by 34/quintal in last week. Price declined with lower OI and volume indicating long liquidation. Mustard June price settled at 3648/quintal.

Against the futures decline, spot price declined by mere 18/quintal. Rapeseed-mustard (Jaipur) fell on slack activity in cash market. Spot market witnessed arrivals of 2.65 lakh bags compared to 2.60 lakh bags. Mustard oil price traded steady at 720/10kg for Kachi gani. Mustard cake price declined from 15300 to 15000/MT at kandla.

Price on the futures is below the psychological mark of Rs 3700/quintal which is the MSP. Selling is expected to gain in the coming sessions. The basis is now at Rs 128/quintal compared to 110 in previous week.

Farmers sold 40% Mustard crop in season 3 months till 15 May but 15 Feb-15 May crush totals only 29% of CY 69 LT crop. Traders estimate Rajasthan farmers selling Mustard faster than other States/Rajasthan farmers sold 47% crop till 15 May. UP sold 31%, Punjab Haryana 40% Guj 51% as per trade sources.

The mustard seed price may witness selling to continue and we recommend being on the sell side. Outlook for the session is negative. Trading range can be Rs. 3620 to Rs. 3670 for June future.

Softs

Cotton: Cotton Market Action and Strategy: Cotton price across futures contract at ICE plummeted on Monday. The most active July contract whose 1st notice period set to begin on 26th of June settled lower at 78.39 cents per pound. Market has come back to its normal state where actual price rise had begun in the previous week. The effect was also seen on the December future but the losses were limited. The December ended the session at 73.01 keeping the July/Dec spread at 5.38 cents. We believe market may now continue to remain under stress and for the near term 80 cents would be treated as strong resistance level while price fall could extend towards 77.30 cents per pound. **For detailed understanding please access our daily report.**

Spices

Jeera: Spot price closed slightly lower at Rs.18438.45/quintal on 22nd May compared to previous close of Rs.18483.35/quintal by 0.31%. Arrivals of 8000 bags (1 bag=55kgs) in Unjha Market and arrivals of 800 bags in Jodhpur market has been witnessed. Increase in arrivals of 2000 bags has been observed in Unjha market as farmers are continuing to supply new crops. This eventually led to decline in spot price. The domestic demand had also been steady but it is still not in par with the arrivals in the market. Overall we are expecting arrivals to be in range of 7000-8000 bags in Unjha market for this week and are projected to keep the spot price on the lower side. Taking the above factors we expect bearish trend in spot price for the day.

Jeera June future witnessed correction on 22nd May and closed lower at Rs.18100/quintal. Compared to previous close of Rs.18265/quintal it is down by 0.90%. Selling pressure was witnessed during the day as prices traded lower from the early hours of the day. The PVOI analysis of last couple of days showcases lower volumes and lower open interest forming long liquidation. The bearish trend is expected to continue for the next few days as supply in the major spot markets of Gujarat are good. With steady supply and slightly lower demand we are expecting further selling in Jeera future prices for the day.

Jeera June futures is expected to trade bearish for the day with price range of Rs.17800-18300.

Coriander: Spot price closed slightly lower at Rs.5698.95/quintal on 22nd May compared to previous close of 5718.75/quintal down by 0.34%. Steady supply in Kota market kept the spot price on the lower side. Arrivals of 4000 bags (1 bag=40kgs) has been witnessed in Kota market. No change has been witnessed compared to previous day. Arrivals in Guna Market (Madhya Pradesh) have declined to 6000 bags from 8000 bags while Neemuch has brought similar arrivals of 800 bags. Smaller markets like Ramganj (Rajasthan) have brought similar arrivals of 8000 bags and Baran has observed arrivals of 3500 bags. Overall strong supply in Rajasthan and Madhya Pradesh is likely to restrict any major uptrend in spot price. Hence we expecting bearish trend in spot price for the day.

Coriander June futures hit the lower circuit on 22nd May and closed at Rs.5384/quintal. Compared to previous close of Rs.5547/quintal it is down by 2.94% Along with Rajasthan and Madhya Pradesh markets supply pressure from Gondal market (Gujarat) brought major decline in future prices. Arrivals of 25000 bags have been witnessed in Gondal market. The supply pressure in Gondal is expected to continue for the next couple of days. This is likely to limit any uptrend in prices. The current domestic demand and exports are weak in comparison to the overall supply and is unable to support prices on the lower side. Taking the above factors we are expecting further bearish trend in Coriander futures for the day.

Coriander June futures is expected to trade bearish for the day with price range of Rs.5100-5500.

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