

# **K** STREET

**RULE THE MARKET**

ISSUE: 089



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### Team

Srinivas Krishnan Bobba  
Sharath Kumar Jutur  
Thomas V Abraham  
Sachin Mittal  
Veeresh Hiremath  
Bharat Sunnam  
Ramesh Chenchala  
Kushal Asthana

### Karvy Head Office

Karvy Stock Broking Limited, Plot No.31/P, Karvy Millennium Towers, Nanakramguda, Financial District, Gachibowli, Hyderabad, Telangana-500032, India.

### For More updates & Stock Research

Visit: [www.karvyonline.com](http://www.karvyonline.com)  
Toll free: 1800 419 8283  
Email: [research@karvy.com](mailto:research@karvy.com)

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## From The Desk Of Research Head

### New found interest in Jio – Why the rush?

RIL's media arm Jio Platforms (Jio) has seen three investments in a span of just 2 weeks. The rush to get a pie in the media company started when on April 22, Facebook (FB) announced a deal with RIL to invest \$5.7 Bn to buy a stake of 9.99% in Jio. This was soon followed by a \$1.5 Bn investment by Vista Equity Partners and a \$750 Mn investment by private equity firm Silver Lake (12.5% premium to FB's price). Put together these three investments fetch \$8 Bn into the oil-to-media conglomerate, which will help pare its debt significantly. According to the RIL management, investment by Vista values Jio at an equity value of Rs. 4.94 Tn and an enterprise value of Rs. 5.16 Tn compared to RIL's market cap of Rs. 9.66 Tn as on May 15.

According to media sources, two more global investment firms are eyeing a stake in Jio Platforms. US-based private equity firm General Atlantic is considering an investment of \$850 Mn – 950 Mn before this month-end. Also, according to media sources, Saudi Arabia's Public Investment Firm (PIF) is also planning to buy a minority stake in the firm. While the news is yet to be confirmed by the respective parties and is subject to change, one question that is worth asking is – why this mad rush by global investment firms to invest in Jio Platforms?

Of all the deals, FB's is the largest deal. FB tried to increase its foothold earlier by propagating free basics to the Indian market that includes basic internet services. However, it was opposed and was strongly lobbied against stating it was against net neutrality to which the company has to retreat. Later it was noted by FB that its quarterly earnings in India increased significantly after Jio's entry into the market with free internet as part of its promotion plans. Jio's entry has also added 38% of users without any effort whom FB targeted. This might have prompted FB to go for the Reliance deal as it could circumvent the Indian regulatory hurdles with the current deal. Through these deals, these investment firms would also like to gain access to one of the world's largest younger consumer base and a nascent digital payment market.

The recent investment deals are part of a bigger picture where Reliance Industries Ltd has stated to its shareholders that it wants to be a zero net debt company by March 2021. The company's net debt as of March 2020 was Rs 1610 bn. They have raised Rs 606 bn and is expected to raise Rs 531 bn through the ongoing rights issue. This will reduce its net debt to less than Rs 500 bn. The announcement of these deals gain significance especially when source-based (unverified) news doing rounds that RIL's 20% stake sale plan in refining business to Saudi Aramco is getting delayed due to disagreement over-valuations. If it occurs RIL's plans to go debt free may go awry.

Given the current extremely negative outlook for the core energy business the cash flow position of RIL would be severely impacted. Repositioning the company as a consumer or technology business would attract global investors and support the stock price as well. The company has reorganized its corporate structure whereby every vertical will be a separate subsidiary in RIL. The above measures are a well thought out strategy by RIL management to be net debt-free and revitalize its business by bringing in partners to complement their skills and grow the businesses with the required capital infusion.

**- DR. RAVI SINGH**

Vice President & Head of Research

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## NEWS

### Auto

- Covid impact: Companies struggle to streamline production
  - » Work at factories has resumed in tough conditions: Demand is yet to revive, labour availability is limited and new safety and health norms have to be enforced in the workplace.
  - » In addition, many industry hubs in red zones, which have the most restrictions, remain closed.
- Covid impact: Auto dealers to keep minimum stocks
  - » Singed by financing costs of unsold inventory, dealers and vehicle makers want minimum stocking in yards and sales touch points.
  - » Digital bookings for sales and service and just-in-time deliveries will allow dealerships to hold just-in-time inventory.
- Only 15% commercial vehicles are plying.
  - » The worst affected are automobile carriers: out of 18,000 car carriers, 1,500 have been repossessed as have been a tenth of 20,000 two-wheeler carriers.
  - » Except those ferrying pharmaceutical, FMCG and essential goods, all other goods carriers have been affected.
  - » Several large fleet operators are unable to pay vehicle EMIs and face the threat of banks and financial institutions repossessing their vehicles.
- Auto component industry likely to witness double-digit degrowth in FY21: India Ratings
  - » As per the report, the pandemic and lockdown are likely to lead to lower income levels, weaker consumer sentiments, production disruptions, decreased industrial output as well as lesser movement of vehicles, resulting in a decline in global automobile demand.
  - » However, the revenue and profitability of auto ancillaries focused on domestic markets are likely to fare better due to higher content per vehicle on the back of evolving regulatory norms including BS-VI applicable from April 1, 2020.

### Banks/Financials

- 70% of Equitas Small Finance Bank borrowers on asset classification standstill pay up dues.
  - » Equitas Small Finance Bank on Friday said that 70% of its borrowers enjoying the three-month asset classification standstill provided by the Reserve Bank of India paid bank their dues to become standards accounts.
  - » The small bank had made Rs 100 crore provisions against such accounts at the end of the March quarter.
  - » In the Microfinance book practically all customers have availed moratorium while about 90% customers in the commercial vehicle book and 85% in the small business segment have taken moratorium," said the bank official.
- FM's Rs 75,000-cr package may lower cost of funds for NBFCs, microfin companies.
  - » The FM's proposal to have a special fund of ₹30,000 crore and partial credit guarantee scheme worth ₹45,000 crore could ease fears that some of these lenders could go belly-up due to tight liquidity
  - » The two schemes could help these firms raise money, and also lend to SMEs. The government will guarantee all securities under the ₹30,000-crore scheme while the ₹45,000-crore scheme comprises a guarantee of up to 20%.
- Banking lobby group proposes bad bank with two-tier structure
  - » The banking lobby group has proposed a bad bank which would have a two-tier structure where the government would own 100 percent owner of the reconstruction company with an investment of Rs. 10,500 crores, the proposal reviewed by ET shows.
  - » Banks may shift up to Rs. 70,000 crores of bad loans at a value net off the regulator determined provisions and would review the stressed accounts post the lifting of moratorium and could decide to shift more assets with additional capital from the government, said the IBA proposals.
- Public sector banks sanction loans worth Rs 6 lakh cr in two months
  - » Public sector banks (PSBs) have sanctioned loans worth Rs 5.95 lakh crore in the last two months to various sectors, including MSME, agriculture and corporate, hit hard by COVID-19-induced nationwide lockdown.
  - » With the lockdown coming into effect from March 25, state-owned banks opened an additional line of credit of 10 per cent of the existing fund based on working capital limits, subject to a maximum of Rs 200 crore.

### FMCG/ Consumer Durables

- Global brands confident of Indian consumers' loyalty despite PM Modi's local pitch
  - » An age nets believe that business isn't expected to shrink because Indian consumers prefer global brands to local ones, they said. Global brands dominate the Indian market in most categories and there are few local alternatives.
  - » However, it is important to note that the intend is only to curb imports.
  - » Many multinational companies have already set up manufacturing units in India and procure raw material locally. Their mobile phones, television sets, toothpastes and soaps, and apparel will retain the global brand ethos in consumer campaigns and communication.
- Philips to invest Rs 300 crore in India manufacturing, R&D
  - » Dutch healthtech and consumer electronics company Philips said it will invest Rs 250-300 crore to boost its manufacturing and R&D facilities in India.
  - » The company also intends to hire 1,000 people over the next two to three years, adding to its existing workforce of over 6,000 people.

## FORTHCOMING EVENTS

COMPANY NAME	EVENT	EX-DATE
Glaxo Pharmaceuticals	Earnings release	18th May 2020
Lalpath Labs	Earnings Release	18th May 2020
Bajaj Finance	Earnings Release	19th May 2020
Tata Power	Earnings Release	19th May 2020
Bajaj auto	Earnings Release	20th May 2020
Dr Reddy's Laboratories	Earnings Release	20thMay 2020
Bajaj Finserve	Earnings Release	21st May 2020

## INTERNATIONAL NEWS

- US: Auto workers' tenuous return a ray of hope in jobs crisis
  - » About 133,000 US workers - just over half of the industry's workforce before the pandemic - are expected to pour back into assembly plants that will open in the coming week.
- Coronavirus: US, China deadlock over UN action deepens
  - » For more than seven weeks, the 15-member council has been trying to agree on a text that ultimately aims to back a March 23 call by UN chief Antonio Guterres for a ceasefire in global conflicts so the world can focus on the pandemic.
  - » The talks on a resolution drafted by France and Tunisia have been stymied by a stand-off between China and the United States over whether to urge support for the World Health Organization.
  - » The United States does not want a reference to the global health body, while China has insisted it be included.

### Hotels/Restaurants

- Covid-19 pandemic to eat up half of dine-in restaurants' revenue in FY21: Crisil Research
  - » The COVID-19 pandemic is likely to cut 40-50 per cent revenue of the country's organised dine-in restaurants this financial year, according to a report. Slow recovery should begin from June, Crisil Research said in a report.
  - » Given low demand and social distancing norms, restaurants will operate at 25-30% of their monthly service levels in the first 45 days after lifting of the lockdown.

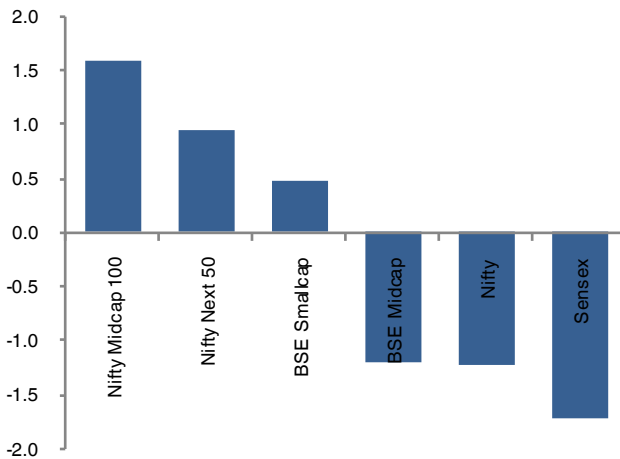
### Power/Energy

- Green companies see ₹90,000-crore discom package boosting business.
  - » Renewable energy companies, like other power producers, have been plagued by delays in payment by cash-strapped discoms.
  - » With a likely improvement in liquidity, they hope the distributors would start clearing the dues.
- Govt finalising Rs 3.5 lakh cr discoms package on the lines of UDAY: R K Singh
  - » The scheme will come with a gross budgetary support of Rs 1.2 lakh crore over five years will be result-oriented where the distribution companies will invest first and get money later, he said.
- Govt to advise CPSEs to defer fixed charges not waive them
  - » The guidance is expected to clear ambiguity in the industry over fixed charges.

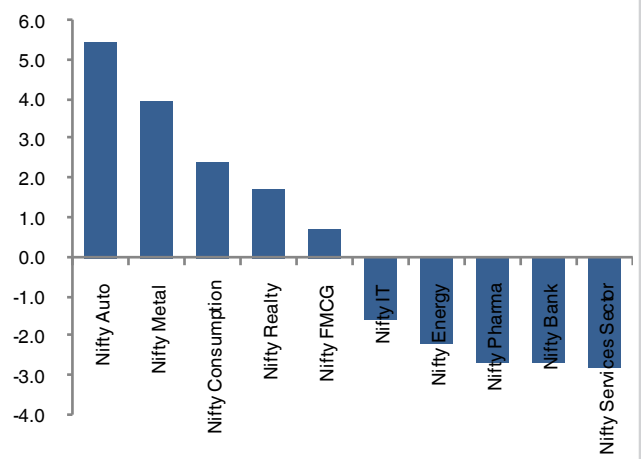
### Oil/Gas

- Indian Oil raises refineries' production run rate to 60%
  - » Easing of nationwide lockdown that permitted people to step out of their homes and engage in economic activity in most parts of the country appears to have revived fuel demand that had witnessed a record fall in April.
  - » The production rate was % in April.
- Significant advantages exist in Reliance-Aramco deal: Report
  - » HSBC Global Research in a note said Aramco buying 20 per cent in O2C business of Reliance would allow the Indian firm to build financial muscle as it carves out space for itself in highly competitive omni-channel retail.
  - » With a slew of deals in recent times, scepticism was growing regarding the Aramco O2C deal.

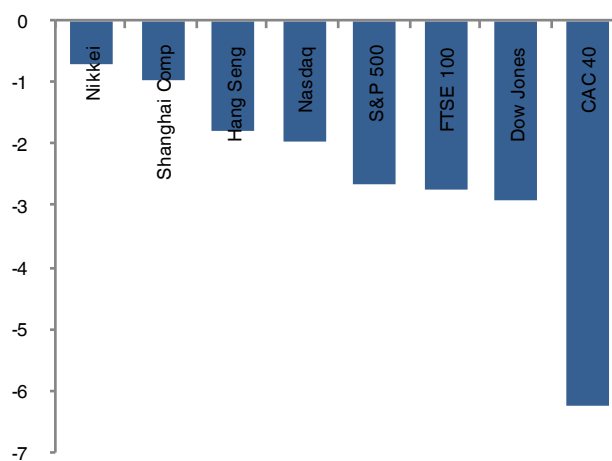
## INDIAN INDICES (% CHANGE)



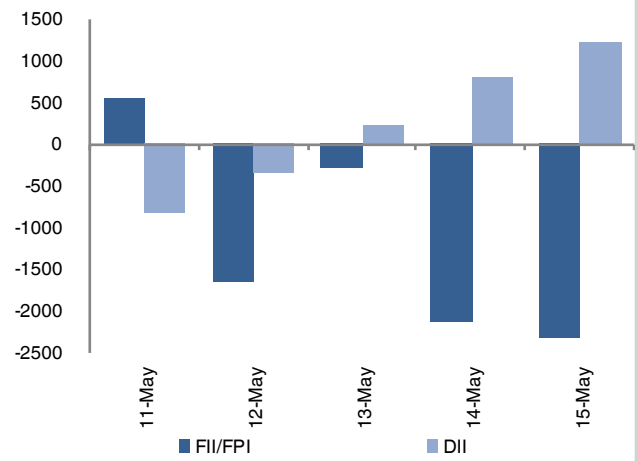
## SECTORAL INDICES (% CHANGE)



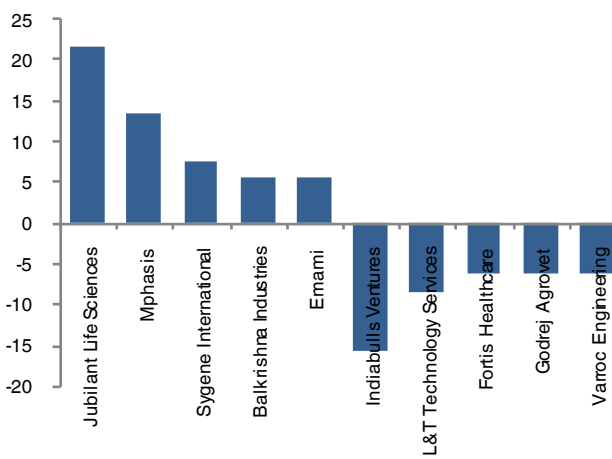
## GLOBAL INDICES (% CHANGE)



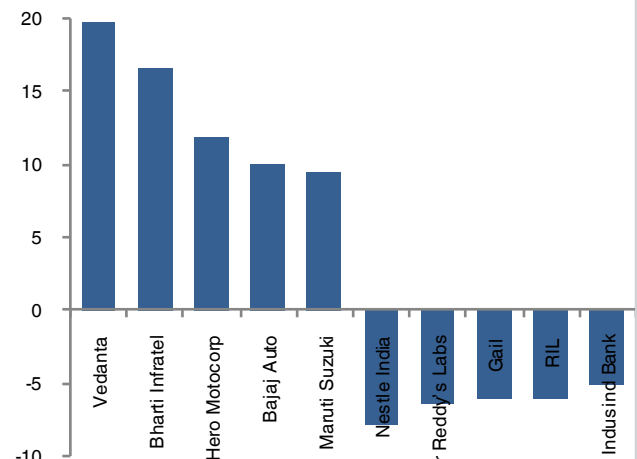
## FII/FPI & DII TRADING (IN RS. CRORES)



## NIFTY MIDCAP100 TOP GAINERS & LOSERS (1W)



## NSE NIFTY TOP GAINERS & LOSERS (1W)



Source: Karvy Research

## BEAT THE STREET - TECHNICAL ANALYSIS

### SRF Ltd



STOCK	SRF
CMP	3588
ENTRY	3580-3550
AVERAGE	3475
STOP LOSS	3235
TARGET 1	4000
TARGET 2	4250
TIME FRAME	3-4 Months

SRF has higher highs and higher lows on the weekly charts and is currently placed around the major long term supports in all the time frames. In the recent past, after clocking the high of 4260 levels in Feb'20, the stock has witnessed a round of profit booking which dragged the counter towards the medium-term moving average of 200-DEMA on the daily charts. At the current juncture, the stock is forming a base around 3475 levels on the lower side and is all set to move higher towards 4000-4250 levels. The overall chart structure of the counter looks bullish from current levels and any breach above the swing highs of 3718 levels may trigger a fresh round of buying. The stock has remained untouched in the recent correction in the broader markets indicating the inherent strength in the counter and is trading well above the major medium-term support levels. On the Bollinger band (20,2) the stock price is trading above the mean. With the bands currently narrowed indicating the volatility is likely to rise in the future. Analyzing the recent volume price action, the volumes are thinned in the consolidated move indicating lessened interest in the downside move or further selling in the stock. On the oscillator's side, RSI (14) is trading in a comfortable zone by being placed above the 50 levels indicating the bullishness in the stock. We expect the counter to resume its bullishness in the coming trading months as well and may move towards the 4250 levels in the medium-term time frame of 6 months. Any correction towards the recent support levels of 3475 levels may be utilized to average the positions.

### Hindustan Unilever Ltd



STOCK	HINDUNILVR
CMP	2035
ENTRY	2030-2010
AVERAGE	1900
STOP LOSS	1850
TARGET 1	2400
TARGET 2	2500
TIME FRAME	2-3 Months

HINDUNILVR has higher highs and higher lows on the weekly charts and is currently placed around the major long term supports in all the time frames. In the recent past, after clocking the high of 2308 levels in the month of Dec 2019, the stock has witnessed a round of profit booking which dragged the counter towards the medium-term moving average of 200-DEMA on the daily charts. At the current juncture, the stock is forming a base around 1900 levels on the lower side and is all set to move higher towards its recent peaks. The overall chart structure of the counter looks bullish from current levels and any breach above the swing highs of 2308 may trigger a fresh round of buying which may take the stock towards 2400-2500 plus levels. The stock has remained untouched in the recent correction in the broader markets indicating the inherent strength in the counter and is trading well above the major medium-term support levels. Analyzing the recent volume price action, the volumes have been encouraging in the recent up move indicating strong hands have started accumulating the stock at current levels. On the oscillator's side, RSI (14) is trading in a comfortable zone taking the support of 40 levels indicating the bullishness is still intact. The stock has also retraced towards 38.2% on the daily chart which is currently around 1900 levels indicating accumulation levels for the long term investors. We expect the counter to continue its outperformance in the coming trading months as well and may move towards the psychological mark of 2500 levels in the long term time frame of 2-3 months. Any correction towards the recent support levels of 1900 levels may be utilized to average the positions.



## SECTORAL SNIPPETS

Nifty Bank underperformed Nifty 50 this week too. During the week gone by, while Nifty lost 1%, Nifty Bank lost 3%. Continued weakness in Bank Nifty is due to concerns over asset quality and balance sheet risks as there is uncertainty over the lifting of lockdown. The street is also worried about the impact of the government's stimulus package which is to be implemented mostly through banks. During the week gone by Kotak Bank and ICICI Bank announced Q4FY20 results. While ICICI Bank announced strong results, Kotak Bank disappointed. Both the banks increased their provisions amid uncertainty over the impact of lockdown and the government's stimulus package. Kotak Bank indicated that it would go slow on loan book growth and would be prudent while extending loans. During the week, the index's performance was dragged by HDFC Bank, ICICI Bank, Kotak and Indusind Bank. During the week Bank Nifty continued with its weakness as it was unable to breach last week's high of 20534 and breached last week's low of 18941. We expect the weakness to continue into the next week as well due to concerns related to the impact of the stimulus package on the banks. We see 18670 as immediate support followed by 18290. On the upside 18940 might act as a resistance followed by 19100.

Nifty Financial Services plunged with losses of 2.80% during the week passed by while the broader index Nifty lost by 1.24% which indicates underperformance behavior. However, Index has seen range-bound behavior this week due to the COVID-19 package announcement reaction with INDIA VIX is slow in constant decline. Nifty Financial Services has apparently seen increased average volume traded at the start of the week and dropped down at the end suggests lowering of market sentiments on economic revival in the near term. On the chart, strong support is seen at 9400 levels for the index this week and resistance at around 10000 levels and the market is expected to go lower for next week. The index may trade with a bearish bias as the COVID-19 relief package will deter banks to help NBFCs on the moratorium. Index heavyweights like HDFC Ltd., Bajaj Finance and Shriram Transport will provide support to the index after the package announcement of TLTRO for NBFC and MFIs and refinancing via NABARD/SIDBI/NHB this week. Smaller NBFCs like Cholamandalam and M&MFin has shown limited but positive movement from last week close after dedicated package announcement of the collateral-free automatic loan but is due on implementation plan and individual customer risk profile in the future. Overall, it will help NBFCs stocks outperform the bank heavyweights on a percentage basis.

NIFTY Pharma underperformed the Nifty with a loss of 2.7% during the week passed by while the broader index Nifty declined 1.2%. One of the primary reasons has been disappointing results by Biocon, a key constituent of Nifty Pharma. From January 2020, the index has been steadily moving up from 8000 plus levels and has corrected in the current week. Two major results expected in the coming week and management commentary on the key markets would set the tone for further consolidation. Market participants have given mixed reviews of heavyweights at current prices. Q4 FY20 will be a one-off quarter for domestic pharmaceutical business in view of the COVID 19 pandemic. GSK Pharma results will set the tone for the domestic formulations business while DrReddys results will give a peek into the various emerging markets, India, and the US. We believe the bullish undertone will continue after a pause for consolidation. On the stock-specific front, Cadila HC, Aurobindo Pharma, Divis Labs closed with gains of 3.3%, 1.8%, and 1.6% while Biocon, Dr Reddys, Sun Pharma lost by 8.0%, 6.2%, and 4.9%. The index may face resistance at 9450 levels followed by 9810 levels. For the week ahead, support for the index can be pegged at 8855 levels followed by 8710 levels.

FMCG sector has outperformed the index by nearly 1.9%. This was largely on account of the outcome of stimulus package vs street expectations. The street was expecting more in terms of boosting near term demand but the announcements being to the contrary, asset allocation, which at the start of the week was more towards growth stocks started shifting back to the defensive sectors. On the results front, as expected, the numbers were unimpressive (major results announced included Gillette and Godrej Consumer Products Ltd.), and given the extended lockdown spreading well into Q1FY21, the fiscal year will see a significant downgrade in earnings for the sector. With the major proportion of the stimulus announced, we do not expect a significant turn around in asset allocation changes going forward and hence despite higher valuations, the FMCG sector should continue to outperform the index in the coming week. Some value buying was witnessed during this week particularly in Godrej consumer products, despite poor results on account of better market positioning in the quarter gone by. The major levels to look out for are support at 26700/26000 and 27100/28000.

## WEEKLY VIEW OF THE MARKET

NIFTY (9136.85): Indian equity benchmark index Nifty 50 closed lower by 1.24% during the week. During the last five months, the index witnessed correction from 12150 levels towards the low of 7511 levels. Technically, from January 2020, the index after witnessing correction from 12430 levels is forming lower lows indicating the bears' firm grip on the index. However, the index may resume its bullish bias if it sustains above 10000 levels in future sessions. On the global front, stocks in Asia were little changed on Friday as data showed China's industrial output bouncing back more than expected in April. On the economic data front, China's industrial output rose 3.9% year-on-year in April, according to data released Friday. Data from China has been watched by investors who have been watching for signs of where the country, where the first cases of the coronavirus pandemic were reported, has managed to restart its economy following lockdown measures implemented earlier in the year. On the derivatives front, open interest data suggests that the index may find its supports around 9000 followed by 8800 levels while on the higher side, 9400 and 9500 levels may act as strong resistance.

## BULLION

The yellow metal is heading for second consecutive weekly gain in the week ending on 15th May 2020 on follow-through buying supported by the weaker equity market. Worst job market data released over the penultimate weekend pushed the gold higher. The United States' non-farm payrolls fell by a record 20.5 million with unemployment rate surging to the historic level of 14.7% due to pandemic COVID-19. The U.S. Federal Reserve policymakers say they will do what it takes to cushion an economy crushed by the widespread lockdowns, but there's one thing they probably won't do: take interest rates below zero. The Fed chairman Powell warned of a significantly worse U.S. recession than any downturn since World War Two because of coronavirus pandemic fallout. Powell signaled bets that the U.S. central bank will pursue a negative interest-rate policy are off-base, but vowed to use its power as needed and called for additional fiscal spending to prop up the virus-hit economy. Worsening of the Sino-US trade deal after the U.S. President's indication that he is not willing to hold talks with this Chinese counterpart and he even could cut relations with China supported the gold prices. Larger than expected weekly initial jobless claims which rose by 2.981 million in the week to 9th May 2020 also gave the push to the gold prices. Rising gold prices have been attracting investment in the ETF where SPDR Gold Trust holding crossing 1100 MTs.

## ENERGY

The global oil prices advanced the gains for the third consecutive week in the week ending on 15th May 2020 on value-buying amid hopes of a revival in fuel demand following the easing of lockdown relaxations. However, the gains were capped as the supply is rising rapidly and demand is not improving comparison with supply. Saudi Arabia said that it would cut production by a further 1 million barrels per day (BPD) in June, slashing its total production to 7.5 million BPD, down nearly 40% from April. The UAE and Kuwait committed to cut production by another 180,000 BPD in total. According to EIA, weekly crude oil inventories fell by 745,000 barrels in the week to 8th May 2020 with the rise in distillate inventories by 3.511 million barrels and gasoline stocks declining by 2.216 million barrels. OPEC slashed its forecast for global oil demand in 2020 and predicted this quarter would see the steepest decline even as some countries ease lockdown measures designed to stem the coronavirus outbreak. The OPEC expects global demand to contract by 9.07 million barrels per day (BPD) in 2020. Last month, OPEC expected a contraction of 6.85 million BPD. Nearing of expiry of the June contract on CME is making the market participants roll over their positions to the next contract to avoid possible negative pricing as that of last month. The market also took note of CFTC's advisory of more volatility and even the possibility of negative pricing in the WTI crude oil. International Energy Agency has predicted crude stockpiles would start to shrink in second-half 2020 after surging while the coronavirus pandemic slashed fuel demand.

## BASE METALS

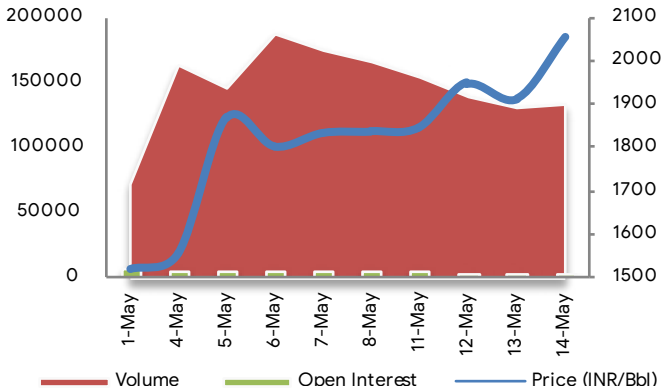
LME base metal forward prices are heading for closing the week on a weaker note retracing from previous week's gain on reports of a new wave of COVID-19 in Wuhan, the epicenter of the pandemic. Rising demand for copper from China as seen from April month import data has been pushing the prices of copper and other metals. Chile's top copper mines ramped up production in March even as the coronavirus outbreak took hold, boosted by a sharp spike in output from state miner Codelco. Peruvian miners are set to restart operations in the coming days and ramp-up to around 80% of normal production levels within a month. LME on-warrant lead stocks fell to three weeks low of 56,900 tonnes indicating possible withdrawals of inventories in the coming days. China Association of Automobile Manufacturers (CAAM) has reported a ~48% MoM rise in production to 2.1 million units in April while sales increased by ~45% MoM to 2.07 million units. The U.S. Federal Reserve chief

## NEWS DIGEST

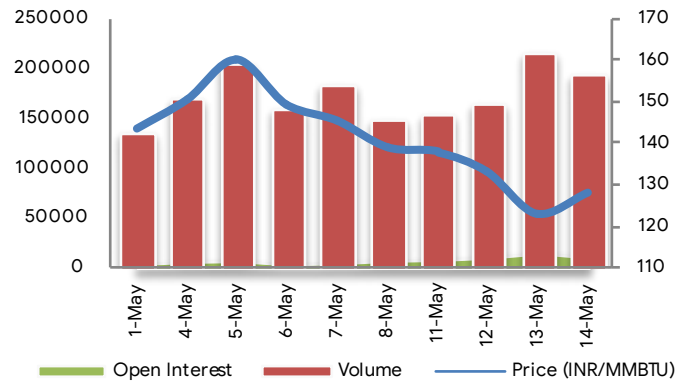
- Copper inventories in warehouses tracked by the Shanghai Futures Exchange (ShFE) rose for the first time in two months this week, latest exchange data showed, as imports of the metal lowered demand for domestic stocks. Copper inventories in ShFE warehouses rose 2.3% to 208,890 tonnes in the week to May 15, the first weekly rise since mid-March, the data showed on Friday. In April, copper stocks in ShFE warehouses saw their biggest monthly decline since September 2017 as demand in China improved after it lifted coronavirus-led restrictions.
- Russia's largest oil producer, Rosneft reported a first-quarter loss of 156 billion roubles (\$2.1 billion) hurt by the spread of the coronavirus and a weaker rouble. Rosneft, which accounts for around 40% of Russia's total oil production, also said it cut its oil and gas condensate output in the first three months of the year by 2.2% from the year-earlier period to 4.64 million barrels per day (BPD) due to a global pact to curb output. The global oil industry has been hit by weak oil prices, which declined by around two-thirds in January-March due to a supply glut and the economic fallout from the spread of the novel coronavirus.
- China's steel mills ramped up production 7.7% in April from the previous month, boosted by robust domestic demand as the world's second-biggest economy began to pick up after easing curbs imposed earlier in the year to counter the coronavirus epidemic. Total crude steel output last month was 85.03 million tonnes, data from the National Bureau of Statistics (NBS) showed on Friday, up from 78.98 million tonnes in March, and also 0.2% higher than in April 2019. The average daily output last month climbed to 2.83 million tonnes, up 11% from a more than one-year low of 2.55 million tonnes in March. April's daily production was the highest since June 2019, according to Reuters calculations based on the official data. In the first four months of the year, the world's top steel-producing country churned out 319.46 million tonnes of the metal, up 1.3% from the same period last year, the NBS data showed.
- The top U.S. commodities markets regulator warned exchanges and brokerages on Thursday that they should be prepared for volatility and possible negative pricing for certain contracts, nearly one month after U.S. oil futures plunged into negative territory for the first time in history. Last month, the expiring U.S. West Texas Intermediate (WTI) futures contract slumped to minus \$37.63 a barrel as panicked investors bailed out of positions upon realizing that many would be forced to take physical delivery of oil without a place to put the barrels. Numerous funds and brokerages suffered losses due to their exposure. Funds, including exchange-traded funds, have since reduced holdings in near-term contracts and brokerages told customers they cannot open new positions when contracts are close to expiring.

warned of an extended period of weak economic growth, sparking concerns of lean demand for the metal. Demand destruction caused by the pandemic will reduce the impact of supply disruptions for industrial metals such as aluminum and zinc, leaving heavy surpluses and inventory levels that will pressure prices and output this year. Chile, the world's biggest copper producer, announced a general quarantine for greater Santiago to force down a sharp resurgence of coronavirus cases. China's steel mills ramped up production 7.7% in April from the previous month, boosted by robust domestic demand as the world's second-biggest economy began to pick up after easing curbs imposed earlier in the year to counter the coronavirus epidemic.

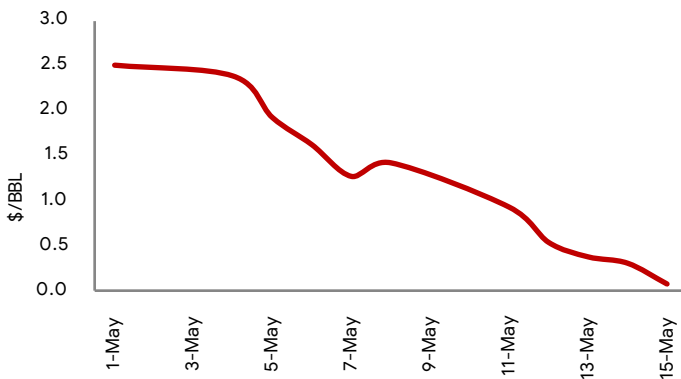
## MCX CRUDE - PRICE, VOLUME & OPEN INTEREST



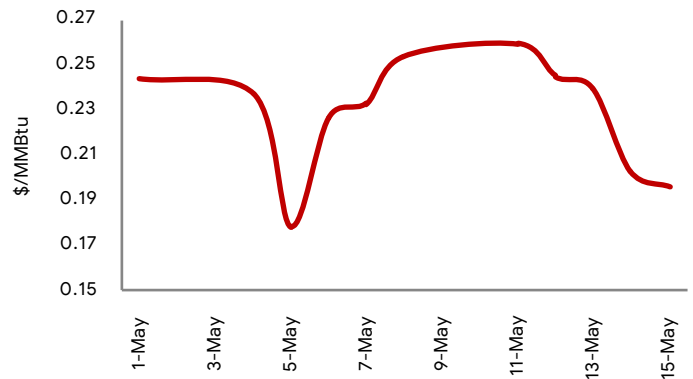
## MCX NATURAL GAS - PRICE, VOLUME & OPEN INTEREST



## CALENDAR SPREAD NYMEX - CRUDE OIL



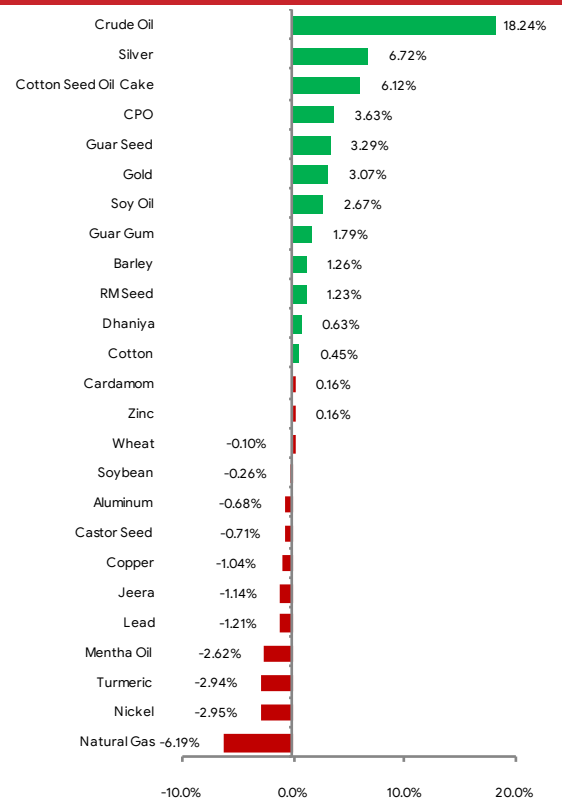
## CALENDAR SPREAD NYMEX - NATURAL GAS



## TRENDSHEET

Commodities	8-May	15-May	% Change	52 Week High	% Change from 52 Week High	52 Week Low	% Change from 52 Week Low
MCX Gold (Rs/10 gms)	45812	47220	3.1	47327	-0.2	31232	51.19
MCX Silver (Rs/Kg)	43293	46201	6.7	50672	-8.8	33580	37.6
MCX Crude Oil (Rs/bbl)	1837	2172	18.2	4670	-53.5	795	173.2
MCX Natural Gas (Rs/mmBtu)	139	130	-6.2	206	-36.7	117	11.4
MCX Copper (Rs/kg)	408	403	-1.0	462	-12.6	336	20.1
MCX Lead (Rs/kg)	132	131	-1.2	170	-23.1	119	9.9
MCX Zinc (Rs/kg)	154	155	0.2	218	-29.1	124	25.0
MCX Nickel (Rs/kg)	938	910	-3.0	1315	-30.8	806	12.9
MCX Aluminium (Rs/kg)	131	131	-0.7	152	-14.0	128	2.2
NCDEX Soybean (Rs/Quintal)	3880	3870	-0.3	4506	-14.1	3276	18.1
NCDEX Refined Soy Oil (Rs/10 kg)	778	799	2.7	955	-16.4	727	9.9
NCDEX RM Seed (Rs/Quintal)	4159	4210	1.2	4744	-11.3	3770	11.7
MCX CPO (Rs/10 kg)	590	612	3.6	840	-27.2	491	24.5
NCDEX Castor Seed (Rs/Quintal)	3660	3634	-0.7	5930	-38.7	3590	1.2
NCDEX Turmeric (Rs/Quintal)	5372	5214	-2.9	7360	-29.2	5200	0.3
NCDEX Jeera (Rs/Quintal)	14040	13880	-1.1	18195	-23.7	13110	5.9
NCDEX Dhaniya (Rs/Quintal)	5893	5930	0.6	7688	-22.9	5267	12.6
MCX Cardamom (Rs/kg)	1697	1700	0.2	4265	-60.1	1640	3.7
NCDEX Wheat (Rs/Quintal)	1924	1922	-0.1	2290	-16.1	1800	6.8
NCDEX Guar Seed (Rs/Quintal)	3524	3640	3.3	4483	-18.8	3190	14.1
NCDEX Guar Gum (Rs/Quintal)	5144	5236	1.8	8950	-41.5	4700	11.4
MCX Cotton (Rs/Bale)	15690	15760	0.4	22460	-29.8	14800	6.5
NCDEX Cocud (Rs/Quintal)	1913	2030	6.1	3698	-45.1	1507	34.7
MCX Mentha Oil (Rs/kg)	1176	1145	-2.6	1490	-23.1	1094	4.7

## FUTURE PRICES (% CHANGE)





## CURRENCY TABLE

Currency Pair	Open	High	Low	Close
USDINR	75.535	75.962	74.049	75.830
EURINR	81.899	82.297	81.384	82.018
GBPINR	93.709	94.118	91.729	91.800
JPYINR	70.870	71.000	69.870	70.810

## TECHNICAL RECOMMENDATION

### USD/INR



USDINR opened flat last week at 75.5350 but after making a high of 75.9620 it traded mostly higher to test levels as high as 75.9620 and settled for the week at 75.8300. The RSI is at 68.8548 and it is trading sideways. While the 50-Day Moving Average is at 71.8390. The MACD is trading at 1.3162 and it is trading downwards. Hence, we recommend Sell on rise at 76.10 - 76.50 for targets of 75.00 and 74.80 with stops above 76.80

### GBP/INR



GBPINR opened lower last week at 93.7090 but after making a high of 94.11800 it traded mostly lower to test levels as low as 91.7290 and settled for the week at 91.8000. The RSI is at 35.37 and it is trading lower. While the 50-Day Moving Average is at 93.2250. The MACD is trading at -0.4236 and it is trading lower. Hence, we recommend sell on rise at 93.20 - 93.30 for targets of 91.00 with stops above 94.50.

### EUR/INR



EURINR opened higher last week at 81.8900 but after making a high of 82.2965 it traded mostly lower to test levels as low as 81.3835 and settled for the week at 82.0175. The RSI is at 54.4421 and it is trading lower. While the 50-Day Moving Average is at 79.4548. The MACD is moving 0.9904 and it is trading lower. Hence, we recommend a sell on rise strategy at 83.00 - 83.30 with a target at 81.40 and a stop loss above 84.00.

### JPY/INR



JPYINR opened lower last week at 70.8700 but after making a high of 71.00 it traded mostly lower to test levels as low as 69.8700 and settled for the week at 70.8100. The RSI is at 52.7234 and it is trading sideways. While the 50-Day Moving Average is at 70.26. The MACD is trading at 0.0013 and it is trading positive. Hence, we recommend buy on dips at 70.20 - 70.30 for targets of 71.70 with stops below 69.50.

## ECONOMIC GAUGE FOR THE NEXT WEEK

Date	Time	Country	Indicator Name	Period	Poll	Prefix	Unit	Prior
18-May-20	10:00	Japan	Tertiary Industry Activity NSA	Mar 2020			Percent	-1
18-May-20	7:00	China (Mainland)	China House Prices YY	Apr 2020			Percent	5.3
18-May-20	19:30	United States	NAHB Housing Market Indx	May 2020	35		Index	30
19-May-20	5:20	Japan	Machinery Orders MM	Mar 2020	-7.1		Percent	2.3
19-May-20	5:20	Japan	Machinery Orders YY	Mar 2020	-9.5		Percent	-2.4
19-May-20	4:30	Japan	Reuters Tankan DI	May 2020			Diff.Idx	-30
19-May-20	10:00	Japan	Industrial O/P Rev MM SA	Mar 2020			Percent	-3.7
19-May-20	10:00	Japan	Capacity Utilization MM SA	Mar 2020			Percent	-1.8
19-May-20	10:00	Japan	Industrial O/P Rev YY SA	Mar 2020			Percent	-6
19-May-20	11:30	United Kingdom	Claimant Count Unem Chng	Apr 2020	100	Thou	Person	12.1
19-May-20	11:30	United Kingdom	ILO Unemployment Rate	Mar 2020	4.4		Percent	4
19-May-20	11:30	United Kingdom	Employment Change	Mar 2020	73	Thou	Person	172
19-May-20	11:30	United Kingdom	Avg Wk Earnings 3M YY	Mar 2020	2.7		Percent	2.8
19-May-20	11:30	United Kingdom	Avg Earnings (Ex-Bonus)	Mar 2020	2.7		Percent	2.9
19-May-20	14:30	Euro Zone	ZEW Survey Expectations	May 2020			Balance	25.2
19-May-20	11:30	United Kingdom	Car Registration MM	Apr 2020			Percent	220
19-May-20	11:30	United Kingdom	Car Registration YY	Apr 2020			Percent	-44.4
19-May-20	18:00	United States	Building Permits: Number	Apr 2020	1.04	Mln	No. of	1.35
19-May-20	18:00	United States	Build Permits: Change MM	Apr 2020			Percent	-7
19-May-20	18:00	United States	Housing Starts Number	Apr 2020	0.908	Mln	No. of	1.216
19-May-20	18:00	United States	House Starts MM: Change	Apr 2020			Percent	-22.3
19-May-20	14:30	Euro Zone	Construction Output MM	Mar 2020			Percent	-1.51
19-May-20	18:25	United States	Redbook MM	W 16 May			Percent	-1.5
19-May-20	18:25	United States	Redbook YY	W 16 May			Percent	-7.5
20-May-20	5:20	Japan	Exports YY	Apr 2020	-22.7		Percent	-11.7
20-May-20	5:20	Japan	Imports YY	Apr 2020	-12.9		Percent	-5
20-May-20	5:20	Japan	Trade Balance Total Yen	Apr 2020	-560	Bln	JPY	5.4
20-May-20	14:30	Euro Zone	HICP Final MM	Apr 2020	0.3		Percent	0.5
20-May-20	14:30	Euro Zone	HICP Final YY	Apr 2020	0.4		Percent	0.4
20-May-20	14:30	Euro Zone	HICP-X F&E MM	Apr 2020			Percent	1
20-May-20	14:30	Euro Zone	HICP-X F&E Final YY	Apr 2020			Percent	1.1
20-May-20	14:30	Euro Zone	HICP-X Tobacco MM	Apr 2020			Percent	0.5
20-May-20	14:30	Euro Zone	HICP-X tobacco YY	Apr 2020			Percent	0.7
20-May-20	14:30	Euro Zone	HICP-X F, E, A, T Final MM	Apr 2020	0.8		Percent	0.8
20-May-20	14:30	Euro Zone	HICP-X F,E,A&T Final YY	Apr 2020	0.9		Percent	0.9
20-May-20	14:30	Euro Zone	HICP Ex-Tobacco Revised	Apr 2020			Index	104.77
20-May-20	14:30	Euro Zone	HICP Excl Tobacco Unrevised	Apr 2020			Index	104.77
20-May-20	7:00	China (Mainland)	Loan Prime Rate 1Y	May 2020			Percent	3.85
20-May-20	7:00	China (Mainland)	Loan Prime Rate 5Y	May 2020			Percent	4.65
20-May-20	13:30	Euro Zone	Current Account NSA, EUR	Mar 2020		Bln	EUR	33.8
20-May-20	13:30	Euro Zone	Current Account SA, EUR	Mar 2020		Bln	EUR	40.162
20-May-20	19:30	Euro Zone	Consumer Confid. Flash	May 2020	-23.4		Balance	-22.7
20-May-20	:	Japan	Chain Store Sales YY	Apr 2020			Percent	0.8
20-May-20	17:30	United Kingdom	Steel Production	Apr 2020		Thou		629.8
20-May-20	11:30	United Kingdom	Core CPI MM	Apr 2020	0.2		Percent	0.1
20-May-20	11:30	United Kingdom	Core CPI YY	Apr 2020	1.4		Percent	1.6
20-May-20	11:30	United Kingdom	CPI MM	Apr 2020	-0.1		Percent	0
20-May-20	11:30	United Kingdom	CPI YY	Apr 2020	0.9		Percent	1.5
20-May-20	11:30	United Kingdom	RPI MM	Apr 2020	0.1		Percent	0.2
20-May-20	11:30	United Kingdom	RPI YY	Apr 2020	1.6		Percent	2.6
20-May-20	11:30	United Kingdom	RPI-X (Retail Prices) MM	Apr 2020			Percent	0.2
20-May-20	11:30	United Kingdom	RPIX YY	Apr 2020			Percent	2.7
20-May-20	11:30	United Kingdom	RPI Index	Apr 2020			Index	292.6
20-May-20	11:30	United Kingdom	CPI NSA	Apr 2020			Index	108.6
20-May-20	11:30	United Kingdom	PPI Input Prices MM NSA	Apr 2020	-3.7		Percent	-3.6
20-May-20	11:30	United Kingdom	PPI Input Prices YY NSA	Apr 2020	-8.4		Percent	-2.9
20-May-20	11:30	United Kingdom	PPI Output Prices MM NSA	Apr 2020	-0.4		Percent	-0.2
20-May-20	11:30	United Kingdom	PPI Output Prices YY NSA	Apr 2020	-0.4		Percent	0.3
20-May-20	11:30	United Kingdom	PPI Core Output MM NSA	Apr 2020	-0.1		Percent	0.3
20-May-20	11:30	United Kingdom	PPI Core Output YY NSA	Apr 2020	0.6		Percent	0.9
20-May-20	16:30	United States	MBA Mortgage Applications	W 15 May			Percent	0.3
20-May-20	16:30	United States	Mortgage Market Index	W 15 May			Index	746.7
20-May-20	16:30	United States	MBA Purchase Index	W 15 May			Index	243.3
20-May-20	16:30	United States	Mortgage Refinance Index	W 15 May			Index	3709.3

20-May-20	16:30	United States	MBA 30-Yr Mortgage Rate	W 15 May			Percent	3.43
20-May-20	17:00	India	M3 Money Supply	W 08 May			Percent	10.7
20-May-20	20:00	United States	EIA Weekly Crude Stocks	W 15 May		Mln	Barrel	-0.745
20-May-20	20:00	United States	EIA Weekly Dist. Stocks	W 15 May		Mln	Barrel	3.511
20-May-20	20:00	United States	EIA Weekly Gasoline Stk	W 15 May		Mln	Barrel	-3.513
20-May-20	20:00	United States	EIA Weekly Crude Imports	W 15 May		Mln	Barrel	-0.3
20-May-20	20:00	United States	EIA Weekly Rfg Stocks	W 15 May		Mln	Barrel	-0.001
20-May-20	20:00	United States	EIA Weekly Heatoil Stock	W 15 May		Mln	Barrel	-0.605
20-May-20	20:00	United States	EIA Weekly Prods Imports	W 15 May		Mln	Brl/Day	0.027
20-May-20	20:00	United States	EIA Weekly Dist Output	W 15 May		Mln	Brl/Day	-0.19
20-May-20	20:00	United States	EIA Weekly Crude Runs	W 15 May		Mln	Brl/Day	-0.593
20-May-20	20:00	United States	EIA Weekly Refining Util	W 15 May			Percent	-2.6
20-May-20	20:00	United States	EIA Wkly Crude Cushing	W 15 May		Mln	Barrel	-3.002
20-May-20	20:00	United States	EIA Weekly Gasoline O/P	W 15 May		Mln	Brl/Day	0.792
20-May-20	20:00	United States	EIA Ethanol Ref Stk	W 15 May		Thou	Barrel	24190
20-May-20	20:00	United States	EIA Ethanol Fuel Total	W 15 May		Thou	Brl/Day	617
20-May-20	5:20	Japan	Foreign Bond Investment	W 16 May		Bln	JPY	239.1
20-May-20	5:20	Japan	Foreign Invest JP Stock	W 16 May		Bln	JPY	-86.6
20-May-20	5:20	Japan	Foreign Invest JP Bonds	W 11 May		Bln	JPY	-66.1
20-May-20	5:20	Japan	Foreign Stock Investment	W 11 May		Bln	JPY	66.1
21-May-20	5:00	Japan	CPI, Core Nationwide YY	Apr 2020	-0.1		Percent	0.4
21-May-20	5:00	Japan	CPI, Overall Nationwide	Apr 2020			Percent	0.4
21-May-20	5:00	Japan	CPI Ex Fresh Fd and Eng	Apr 2020			Percent	0.6
21-May-20	5:00	Japan	CPI Nationwide Excl Food & Energy Y/Y	Apr 2020			Percent	0.3
21-May-20	5:00	Japan	CPI MM NSA	Apr 2020			Percent	0
21-May-20	5:00	Japan	CPI Nationwide Excl Food & Energy M/M	Apr 2020			Percent	0.1
21-May-20	5:00	Japan	CPI NSA	Apr 2020			Index	101.9
21-May-20	5:00	Japan	CPI Index Ex Fresh Food	Apr 2020			Index	101.9
21-May-20	5:00	Japan	CPI Less Food and Energy	Apr 2020			Index	102
21-May-20	18:00	United States	Philly Fed Business Indx	May 2020	-45		Index	-56.6
21-May-20	18:00	United States	Philly Fed 6M Index	May 2020			Index	43
21-May-20	18:00	United States	Philly Fed Capex Index	May 2020			Index	12.4
21-May-20	18:00	United States	Philly Fed Employment	May 2020			Index	-46.7
21-May-20	18:00	United States	Philly Fed Prices Paid	May 2020			Index	-9.3
21-May-20	18:00	United States	Philly Fed New Orders	May 2020			Index	-70.9
21-May-20	19:30	United States	Leading Index Chg MM	Apr 2020	-5.7		Percent	-6.7
21-May-20	19:30	United States	Existing Home Sales	Apr 2020	4.3	Mln	No. of	5.27
21-May-20	19:30	United States	Exist. Home Sales % Chg	Apr 2020			Percent	-8.5
21-May-20	6:00	Japan	Jibun Bank Mfg PMI Flash	May 2020			Diff.Idx	41.9
21-May-20	14:00	United Kingdom	Flash Composite PMI	May 2020	24		Diff.Idx	13.8
21-May-20	14:00	United Kingdom	Flash Manufacturing PMI	May 2020	34.5		Diff.Idx	32.6
21-May-20	14:00	United Kingdom	Flash Services PMI	May 2020	23.1		Diff.Idx	13.4
21-May-20	15:30	United Kingdom	CBI Trends - Orders	May 2020			Balance	-56
21-May-20	19:15	United States	Markit Comp Flash PMI	May 2020			Diff.Idx	27
21-May-20	19:15	United States	Markit Mfg PMI Flash	May 2020	37.5		Diff.Idx	36.1
21-May-20	19:15	United States	Markit Svcs PMI Flash	May 2020	30		Diff.Idx	26.7
22-May-20	11:30	United Kingdom	PSNB Ex Banks GBP	Apr 2020	35.7	Bln	GBP	3.05
22-May-20	11:30	United Kingdom	PSNB, GBP	Apr 2020		Bln	GBP	2.325
22-May-20	11:30	United Kingdom	PSNCR, GBP	Apr 2020		Bln	GBP	7.208
22-May-20	13:30	Euro Zone	Markit Mfg Flash PMI	May 2020	38		Diff.Idx	33.4
22-May-20	13:30	Euro Zone	Markit Serv Flash PMI	May 2020	25		Diff.Idx	12
22-May-20	13:30	Euro Zone	Markit Comp Flash PMI	May 2020	24		Diff.Idx	13.6
22-May-20	11:30	United Kingdom	Retail Sales MM	Apr 2020	-16		Percent	-5.1
22-May-20	11:30	United Kingdom	Retail Sales Ex-Fuel MM	Apr 2020	-15		Percent	-3.7
22-May-20	11:30	United Kingdom	Retail Sales YY	Apr 2020	-21.7		Percent	-5.8
22-May-20	11:30	United Kingdom	Retail Sales Ex-Fuel YY	Apr 2020	-18.6		Percent	-4.1
22-May-20	17:00	India	Bank Loan Growth	W 08 May			Percent	6.7
22-May-20	17:00	India	Deposit Growth	W 08 May			Percent	9.8