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**STREET**



**RULE THE MARKET**

**ISSUE: 090**



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## From The Desk Of Research Head

### Post lifting of lockdown environment – uncertain times ahead

After dilly-dallying for a while governments across the world are bracing for lifting of lockdown. The lockdown has shattered economies and individuals alike Governments, unable to bear the brunt of the lockdown have decided to lift the lockdown amid the complexities that they would have to face after a prolonged lockdown, be it in terms of economic slump or other practical situations like ensuring social distancing. The most important challenge is to avoid the virus from spreading to rural areas as the reverse migration to rural areas is taking place. Another important challenge would be to alleviate the second wave of the virus breakout and prepare the nation for that in all respects. As the lockdown is lifted we have to deal with many more economic uncertainties.

In the near term, sectors opening up earlier will reduce the strain on the economy. Sectors like auto, consumer sector all will be able to open up partially, but the pace of growth in demand will be anyone's guess at the moment. A bigger gainer from this move would be the oil and gas sector and particularly the OMC companies (lower crude prices) which faced zero consumption in the past month. However, manufacturing sector will recover very gradually as six large industrial states are in wither red or orange zones. Even though manufacturing in some areas have started with very low capacity utilization, going forward they might face labour shortages and would delay capacity utilization from picking up to the extent these migrant labour don't revert to their urban jobs.

With MNREGA work to be allowed in urban and rural areas we expect it to give a fillip to the consumption. This coupled with 3% growth in agriculture sector and positive impact of some of the relief measures announced as part of the mega stimulus package, we expect rural economy to support the growth as urban economy takes time to reach normalcy. Rural and semi-urban dependent stocks such as HUL, Nestle, ITC, Dabur and liquor stocks ( United Spirits, United Breweries, Radico Khaitan) will benefit because of this trend. With resumption of standalone auto dealerships, we believe this will set the path for liquidation of the inventory built up at dealers end and resumption of sales for some of automobile cos. However, production resumption would be tricky as majority of the units are in automotive hubs which are in red zone. We expect Hero MotoCorp among two wheelers to benefit because of shift in consumer behavior post lockdown and to some extent Maruti will also benefit.

Going forward, the negative impact of gradual opening up of the economy will lead to a slower pace of revival and hence the markets continue to be on a watchful mode. In this regard, the growing number of cases as we ramp up testing is a worrying factor as India shows no sign of flattening. While disappointment of stimulus package has weighed down on the market, risk of uncertainty over asset quality due to the measures announced by the government will continue to drag the market. However, medical breakthrough for the virus and positive reading on future lead indicators as the economy picks up would be positive for the markets.

**- DR. RAVI SINGH**

Vice President & Head of Research

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## NEWS

### Agriculture

- Prices of vegetable, pulses, grains, sugar fall on poor demand
  - » Wholesale prices of fruits, vegetables, wheat, rice, pulses and sugar have fallen up to 75% since the start of the nationwide lockdown due to subdued demand, particularly from wholesalers in other states, restaurants and institutions, traders have said.
  - » The prices are likely to remain weak till mid-June, industry insiders said, citing continued transportation issues with many state borders sealed, preventing traders from travelling to other states to make wholesale purchases
- Government transfers over Rs 19k cr to 9.65 cr farmers under PM-KISAN during lockdown
  - » The government on Friday said it has transferred over Rs 19,000 crore to bank accounts of 9.65 crore farmers under the PM-KISAN scheme during the lockdown period.
  - » The Centre provides Rs 6,000 per year to around 14 crore farmers in three equal installments under the PM-KISAN scheme, which was announced last year in February.
- Sowing up by 35%, RBI sees silver lining in agriculture
  - » The sowing of summer crops has progressed well covering 67.25 lakh hectare - 34.77% more than last year's acreage.
  - » The Reserve Bank of India (RBI) is also pinning hopes on good harvest which would improve farm income and encourage trade.

### Auto

- No mileage in loan pause: Big-fleet cost
  - » Large fleet operators across India were disappointed after the Reserve Bank of India didn't offer a one-time debt restructuring facility that they'd been expecting and instead extended a moratorium on loan repayments on Friday.
  - » Operators said extension of the loan moratorium by three months to August 31 will only worsen their problems because their interest burden will keep mounting. Currently, they operate only about 15% of their fleet strength.
- SIAM says auto sector left out in eco package
  - » While welcoming the focus towards MSMEs, NBFCs and the agri-sector in the "Aatma Nirbhar Bharat" package, SIAM President Rajan Wadhwa said, "The agri sector package may benefit the auto sector indirectly in the medium term but the Indian automotive industry needed an immediate stimulus to boost demand, which has not happened".
  - » The sector was already "facing an unprecedented challenge with 18 per cent degrowth last year" and as per an assessment made by SIAM on the impact of COVID-19 on demand for vehicles in the current financial year, the sector could have a decline between 22 per cent and 35 per cent in various industry segments.
- Maruti Suzuki delivers 5,000 cars in past few days; 1,350 showrooms operational
  - » Maruti Suzuki IndiaNSE 1.67 % (MSI) on Monday said it has delivered over 5,000 cars in the past few days with over 1,350 showrooms operational across the country at present.
  - » The company has put in place comprehensive standard operating procedures (SOPs) for all its dealerships, MSI said in a statement.

### Banks

- About 20% SBI borrowers opt for loan repayment moratorium: Chairman
  - » State Bank of India chairman Rajnish Kumar on Friday said close to 20 per cent of the bank's borrowers have opted for moratorium on repayment of term loans installments. On March 27, the central bank had announced a three-month moratorium on payment of all term loans falling due between March 1, 2020 and May 31, 2020.
- Banks let 124 companies slip into liquidation despite resolution plans
  - » Indian banks let 124 companies slip into liquidation despite resolution plans that - at least theoretically - promised higher recoveries, data with the Insolvency and Bankruptcy Board of India (IBBI) showed.
  - » At the end of March, insolvency processes for 914 companies were closed. About 57% of the total insolvency cases closed ended in orders of liquidation, compared with 14% that ended in resolution plans.
- Lockdown period cash demand almost double the levels of last year's election phase
  - » Cash infused by the Reserve Bank of India or the currency in circulation amounted to Rs 1.42 lakh crore between April 01 and May 15, the latest release on reserve money indicated. This is almost double the amount of Rs 72,984 crore, which was released in the same period a year ago during which election cash demand was high.
- Bank credit grows 6.52 per cent to Rs 102.52 lakh cr; deposits up 10.64 per cent
  - » The Reserve Bank of India (RBI), in a separate release, said bank credit growth (y-o-y) decelerated for the fourth successive quarter in December 2019 as industrial credit growth (-0.8 per cent) moved to the negative terrain for the first time after September 2017. During the quarter, personal loans segment continued to grow at a robust pace of 17.1 per cent.

### FMCG

- Consumer goods companies eye big sales boost from rural India
  - » While FMCG companies have increasingly relied on the hinterland, home to more than 800 million people, the market contributes just 36% of the overall industry sales despite having over two-thirds of India's consumer base. That could change now, say companies.
- Social distancing to impact manufacturing; consumption may be constrained: Nestle chairman
  - » Social distancing will affect Nestlé's production in terms of both output and cost, chairman Suresh Narayanan said on Tuesday.
  - » "Deployment of workforce can never be 100% at plants and we can reach a maximum of 75%. Companies which are unable to do so will have to bear an enhanced cost to the bottom line," Narayanan said at an online media roundtable.

### Oil & Gas/Power

- ONGC, NTPC sign MOU to set up joint venture for renewable energy business
  - » India's top oil and gas producer ONGC and country's biggest electricity generator NTPC have signed a preliminary agreement to set up a joint venture company for renewable energy projects.

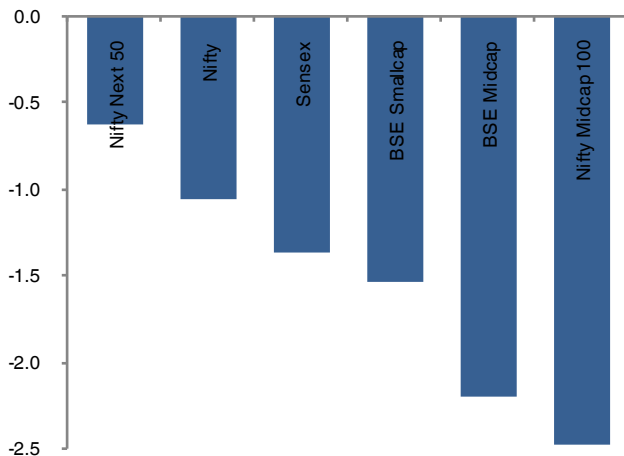
## FORTHCOMING EVENTS

| COMPANY NAME        | EVENT            | EX-DATE        |
|---------------------|------------------|----------------|
| DMART               | Quarterly Result | 23rd May, 2020 |
| Thyrocare           | Quarterly Result | 23rd May, 2020 |
| Aarti Industries    | Quarterly Result | 25th May, 2020 |
| HDFC                | Quarterly Result | 25th May, 2020 |
| Torrent Pharma      | Quarterly Result | 26th May, 2020 |
| VIP Industries Ltd. | Quarterly Result | 26th May, 2020 |
| Wonderla            | Quarterly Result | 26th May, 2020 |
| Dabur               | Quarterly Result | 27th May, 2020 |
| CEAT                | Quarterly Result | 28th May, 2020 |

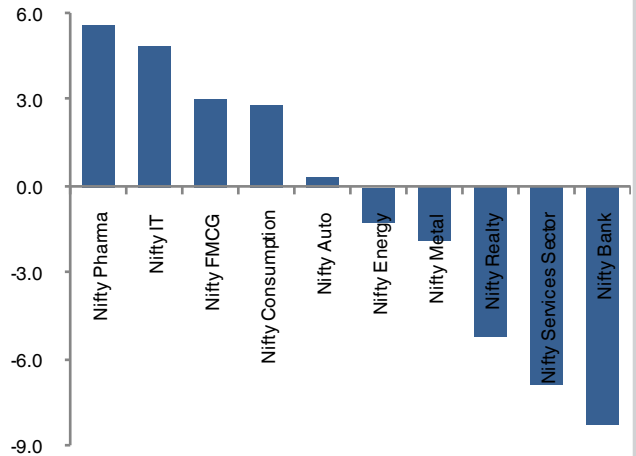
## INTERNATIONAL NEWS

- Brazil jumps to world No 2 in coronavirus cases, behind US
  - » Total confirmed cases stood at 330,890 had, overtaking Russia.
- Russia enters final stage of clinical trial of drug to treat Covid patients
  - » On 21 May, the Ministry of Health of the Russian Federation approved the launch of the final stage, which will involve 330 patients compared to 60 during the initial stage, as well as additional research and medical centers. In total, 30 medical centers in nine Russian regions will conduct studies at the final stage.
  - » From the current testing numbers, at least 85% of patients in the control groups completely recovered from coronavirus within 10 days after the start of the treatment with the drug.
  - » If successful, this could reduce the burden on medical facilities by 30% to 40%.
- As per the MoU, NTPC and ONGC will explore and set up renewable power assets including offshore wind, in India and overseas, and explore opportunities in the fields of sustainability, storage, e-mobility and ESG (Environmental, Social and Governance) compliant projects.
- COVID-19: India to add only 5,000 MW solar capacity in 2020, says report
  - » Solar installations during January-March quarter were down 39 per cent as compared to 1,761 MW added in the corresponding period last year. The country added 7,346 MW solar capacity in 2019. The agency, which had earlier projected a capacity addition of 8,500 MW during 2020, expects solar installations to reach nearly 5,000 MW as project timelines are extended and moved to 2021.
- Vedanta's oil and gas head Ajay Dixit quits
  - » Dixit, who was appointed CEO of Cairn Oil and Gas in mid-April last year, has decided not to seek an extension of his contract when it comes to an end at the end of the month, sources with direct knowledge of the development said.
  - » Following his exit, Cairn's Management Committee will continue to drive the oil & gas business under the overall leadership of Sunil Duggal, Group CEO, Vedanta Ltd, an official statement said on Monday.
- Natural gas demand up a third from lockdown lows: Gail executive
  - » Natural gas sales by GAIL has risen to 74 million metric standard cubic meters a day (mmscmd) from 56 mmscmd in the last week of March when the nationwide lockdown started, severely restricting mobility and shutting most industries. The volumes are still much lower than the 86 mmscmd GAIL supplied before the lockdown began.
  - » This, as a result of more gas-driven vehicles came on the roads following the easing of lockdown curbs, according to an executive at GAILNSE -0.85 %, the country's largest marketer and transporter of gas.
- India's fuel demand recovers in May
  - » A staggered easing of nationwide lockdown has got many factories humming back to life and more goods trucks and passenger cars on the roads, driving up demand for fuel. The first fortnight of April, which overlapped with the first and the strictest phase of the nationwide lockdown imposed to stem the spread of coronavirus had witnessed the sharpest fall in fuel demand with diesel and petrol sales falling 61% and 64%, respectively, from a year earlier.
  - » The diesel and petrol sales by state oil companies have fallen by 28% and 47.5%, respectively, in the first fortnight of May from a year earlier, compared to April, when the sale of diesel and petrol had declined by 56.5% and 61%, YoY respectively.
- Some state discoms need waivers to tap Rs 90,000 crore infusion plan
  - » Power distribution companies in Tamil Nadu, Rajasthan, Odisha and Andhra Pradesh, which have accumulated large dues payable to power plants, are likely to require exemptions from the Centre to avail the 10-year concessional loans under the Rs 90,000 crore infusion scheme.
  - » However, utilities of most other states including Uttar Pradesh, Telangana, Maharashtra, Karnataka, Madhya Pradesh and Jammu & Kashmir will be able to draw funds with their existing working capital limits or state receivables, sources said.

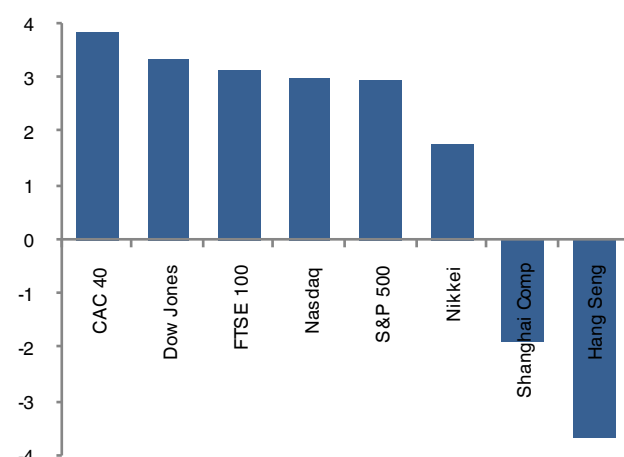
INDIAN INDICES (% CHANGE)



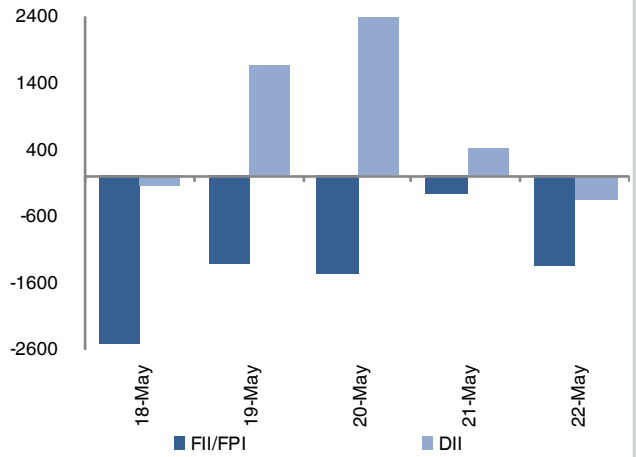
SECTORAL INDICES (% CHANGE)



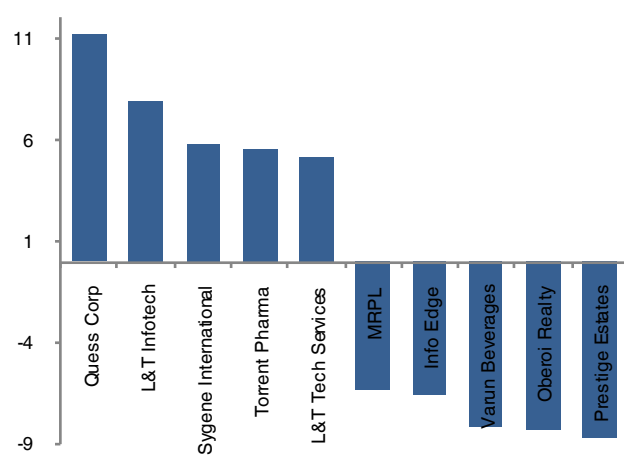
GLOBAL INDICES (% CHANGE)



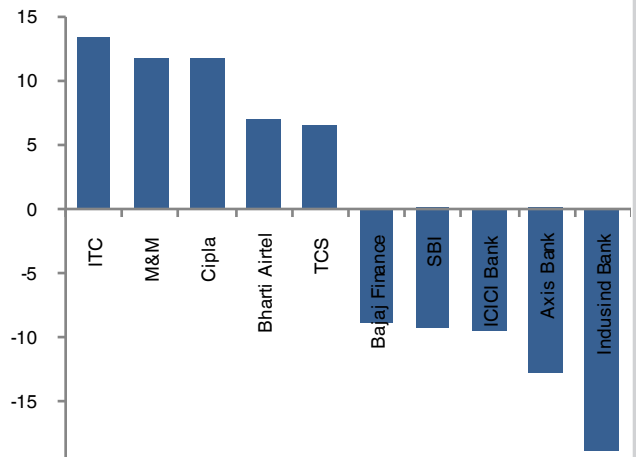
FII/FPI & DII TRADING (IN RS. CRORES)



NIFTY MIDCAP100 TOP GAINERS & LOSERS (1W)



NSE NIFTY TOP GAINERS & LOSERS (1W)



Source: Karvy Research



## BEAT THE STREET - TECHNICAL ANALYSIS

### Britannia Industries Ltd



| STOCK     | BRITANNIA |
|-----------|-----------|
| CMP       | 3180      |
| ACTION    | BUY       |
| ENTRY     | 3100-3150 |
| AVERAGE   | 2950      |
| STOP LOSS | 2620      |
| TARGET 1  | 3800      |
| TARGET 2  | 4000      |

On the technical front, BRITANNIA 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 3583 levels in Sep'19, 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 2630 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 3400 may trigger a fresh round of buying which may take the stock towards 4000 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. On the Bollinger band (20,2) the stock price is trading above the mean with the lower band facing in the northward direction indicating the price likely to move higher. 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 of above 50 levels fueling the bullishness in the stock. We expect the counter to continue its outperformance in the coming trading months as well and may move towards the psychological mark of 4000 levels in the medium-term time frame of 6 months. Any correction towards the recent support levels of 2950 levels may be utilized to average the positions.

### Dr. Reddy's Laboratories Ltd



| STOCK     | DRREDDY   |
|-----------|-----------|
| CMP       | 3886      |
| ACTION    | BUY       |
| ENTRY     | 3800-3850 |
| AVERAGE   | 3610      |
| STOP LOSS | 3530      |
| TARGET 1  | 4375      |
| TARGET 2  | 4500      |

On the technical front, DRREDDY 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 a high of 4132 levels in May'20, the stock has witnessed a round of profit booking which dragged the counter towards the short-term moving average of 21-DEMA on the daily charts. At the current juncture, the stock is forming a base around 3610 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 4132 may trigger a fresh round of buying which may take the stock towards 4500 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. On the Bollinger band (20,2) the stock price is trading above the mean with the lower band facing in the northward direction indicating the price likely to move higher. 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 of above 50 levels fueling the bullishness in the stock. We expect the counter to continue its outperformance in the coming trading months as well and may move towards the psychological mark of 4500 levels in the medium-term time frame of 6 months. Any correction towards the recent support levels of 3610 levels may be utilized to average the positions.

## SECTORAL SNIPPETS

Nifty Bank continues to underperform Nifty 50 by a wide range. During the week gone by, while Nifty lost 1%, Nifty Bank lost 8%. Continued weakness in Bank Nifty is due to concerns over asset quality and balance sheet risks as there is uncertainty over the impact of stimulus package on the books of the banks. Bank stocks were further dragged lower on May 22 as no dispensation was allowed to banks on NPA recognition or provisioning norms in RBI's off-cycle policy meet as was expected by the market. Bank Nifty opened the week at the highest point at 18795 and made a weekly low of 17109 on May 22. During the week, Bank Nifty lost 1469 points as the sector remains out of the favour for third consecutive week. The index's weekly performance was dragged by Indusind Bank, Bandhan Bank, and Federal Bank. Among heavy weights, Axis Bank, ICICI Bank and SBI were top losers which were down more than 9%. During the week, Bank Nifty continued with its weakness as it was unable breach resistance of 18700 and made fresh weekly low of 17109. We expect the weakness to continue into the next week as well due to concerns related to the impact of stimulus package on the banks. We see 16795 as immediate support followed by 16100. On the upside, 18200 might act as a resistance followed by 18700.

Nifty FMCG index outperformed the markets this week by 3.9% on the back of churning back into the defensive sectors. As discussed last week, street continues to be apprehensive of the measures taken to revive the economy in the short term. The monetary roll out on Friday also did not ease pressure and as a result, NIFTY FMCG out performed the index on the day by 0.4%. Of the frontline stocks that has published Q4FY20 results, the revenue for all have declined anywhere between 7% and 14%, and PAT has declined between 0% and 45% over the same period. Despite supply chain and production issues reducing, consumption trend will continue to be more towards the essentials and the household with focus on lower value products. The consensus analyst expectation for nifty consumption for this fiscal and the next fiscal has been downgraded in the last month by 1.7% and 1.2% for revenue and PAT by 5.8% and 2% for PAT. The downgrades are marginal compared to the overall subdued growth expected in the economy. However, are at a 5 year low. Nifty consumption is trading at 32x, which is half the average valuation in the past 5 years. In the coming week, we continued to expect the sector to out perform the index. The support levels for NIFTY FMCG are 26000/24600 while resistance levels stand at 29500/31300.

NIFTY Pharma outperformed the Nifty with a gain of 5.6 % during the week which passed by while the broader index Nifty declined 1.1%. Better than expected results of GSK Pharma and Dr Reddys Lab has been a primary reason coupled with approvals of products from the US markets and positive commentary from the key players. From January 2020, the index has been steadily moving up from 8000 plus levels and has further strengthened during the current week on back of good results. With three major results expected in the coming week and management commentary on the key markets would set the tone for further consolidation. Torrent Pharma, Sun Pharma and Lupin – the three heavyweights present in key markets worldwide would give perspective on US markets, Specialty Segments in US markets, emerging markets such as Brazil would set the tone for the week ahead. Positive news flow on the regulatory side, clearances of plants will further envisage interest in this space. The positive bias would continue, though on a slower pace. On the stock-specific front all stocks were positive with the exception of Divis Labs. Cipla, Aurobindo Pharma, PEL, Lupin and Biocon closed with gains of 12.4 %, 9.5 %, 7.2 %, 6.3% and 6.1% while Divis Labs lost 0.6%. The index may face resistance at 9805 levels followed by 9925 levels. For the week ahead, support for the index can be pegged at 9075 levels followed by 9000 levels.

Nifty Financial Services plunged with losses of 6.89% during the week passed, while the broader index Nifty lost by 1.07%. The index has tested the month lows this week due after less than expected COVID-19 package benefits but INDIA VIX is in constant decline. Nifty Financial Services has seen increased average volume traded at the start of the week and ended even higher at the end suggests a return of market sentiments only for few heavyweights particularly banking stocks on an improved quarterly result with week-on-week improved turnover which suggests that heavyweights stocks were in demand. On the chart, strong support is seen at 8500 levels for the index this week and resistance at around 10000 levels and the market is expected to go higher next week with an increase in average volume traded and turnover as lockdown 4.0 will lift off. Index heavyweights like Kotak Bank., HDFC Bank, and State Bank of India will benefit from improved loan books and lesser provisioning after better than expected Q4 results. NBFCs and HFCs will show negative movement from this week close due to extended moratorium by 3 months and limited moratorium benefits and loan restructuring terms from banks. 40bps repo cut will bring deposit rate and loan interest rate lower but bring more reliance on high-quality loan book.

## WEEKLY VIEW OF THE MARKET

NIFTY (9039.25): Indian equity benchmark index Nifty 50 closed lower by 1.07% 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 the Asia Pacific fell on Friday as rising tensions between the U.S. and China weighed on investor sentiment. China is poised to impose a new national security law on Hong Kong after months of anti-government protests in the Chinese-ruled city. The move has sparked concerns that Beijing is tightening its grip on Hong Kong, and there are worries it could trigger another wave of pro-democracy protests. European stocks traded slightly lower on Friday as ties between the U.S. and China come under further strain, potentially threatening the "Phase One" trade deal signed earlier this year. On the data front, market participants may lay their key focus on Q4 GDP numbers releasing on 29th May. Markets to remain closed on 25th May due to Ramzan. On the derivatives front, open interest data suggests that the index may find its supports around 9000 followed by 8500 levels while on the higher side, 9500 and 10000 levels may act as strong resistance.

## BULLION

In the week ended on 22nd May 2020, the bullion market had witnessed a roller coaster ride due to varying developments across the globe. The CME gold futures started the week on positive note extending prior week gains on follow-through buying supported by safe-haven demand. Further, the bullion market received a boost from the rising tension between the U.S. and China wherein the U.S. President said earlier last week that he is not interested to meet Chinese counterpart now and he is considering an option to cut ties with China. Reeling with pandemic COVID-19, the U.S. retail sales fell by 16.4% MoM falling for a second consecutive month. Industrial production also declined by 11.2% MoM in April. Firmness in the global equities market kept a tab on the bullion market. The minutes of the latest Federal Reserve policy meeting showed that members acknowledged the possibility of further support measures if the economic downturn persists. The members are also not in favor of the negative interest rate as proposed by U.S. President Donald Trump. New York Federal Reserve Bank President John Williams said that U.S. economic data is likely to become grimmer as the effects of the pandemic become clearer, and it is difficult to know what the recovery could look like. The existing home sales of the U.S. dropped by 17.8% MoM in April. Reacting to the international market, gold futures on MCX surged to an all-time high on Monday but the gains were not sustained in later trading days, and the market ended the week on a weaker note.

## ENERGY

The global oil market advanced the gains for the fourth consecutive week in the week ended on 22nd May 2020 on improving fuel demand across the globe following the resumption of economic activities as many countries eased the lockdown restrictions. The oil market reacted positively to the production cut adopted by OPEC+ and Russia as well as the revival of demand across the globe. U.S. production is falling, with crude output from seven major shale formations expected to fall by a record of 197,000 barrels per day in June to 7.822 million barrels per day. That would be the lowest since August 2018, according to the U.S. Energy Information Administration. The rise in demand is shown by the weekly drop in the crude oil inventories by 4.983 million barrels in the week ended on 15th May 2020 and at the same time, refinery utilization increased by 1.5% against fall of -2.6% in the prior week. Drop in the inventories has eased the fears of a supply glut and the production cut by OPEC+ and Russia also started yielding results. Kuwait and Saudi Arabia have agreed to halt oil production from the joint Al-Khafji field for one month, starting from June 1. The lifting of some coronavirus curbs is driving a recovery in gasoline demand with traffic congestion in some of the world's capitals returning to year-earlier levels. Drop in the inventories has eased the fears of a supply glut and the production cut by OPEC+ and Russia also started yielding results. However, the oil prices have pared some of the gains on the last trading day of the week on account of profit booking ahead of the holiday in the United States on 25th May 2020 on eve of Labor Day.

## BASE METALS

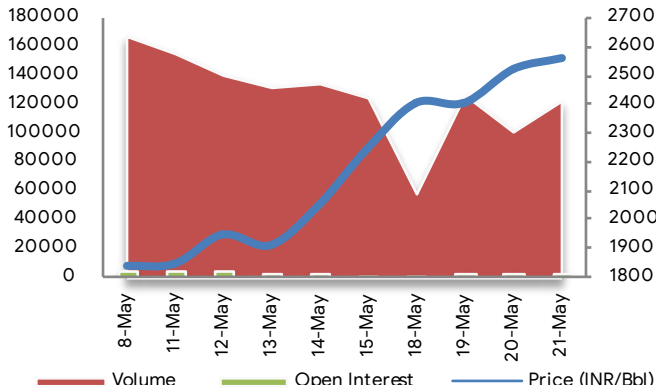
An improvement in the economic activities across the globe following the easing of lockdown restriction and positive equity market supported the base metals market for most of the week. The industrial metal market ignored the tension arising from the Sino-US trade deal wherein the US President said earlier that he is not meeting his counterpart now and he could think of cutting ties with China. Copper inventories in warehouses tracked by the Shanghai Futures Exchange (ShFE) rose for the first time in two months last week as imports of the metal lowered demand for domestic stocks. Mexican miner Industrials Peñoles said that it will suspend operations of a zinc mine in central Mexico indefinitely due to difficult mining conditions and low metal prices. Freeport-McMoRan Inc's Indonesian unit said it will operate the giant Grasberg mine with a "skeletal team" after a rise in coronavirus infections in the area,

## NEWS DIGEST

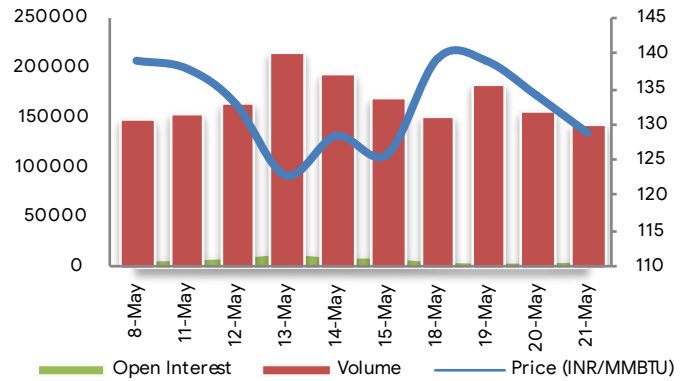
- An easing of coronavirus lockdown measures has driven a strong recovery in gasoline demand as traffic congestion in some of the world's capitals returns to the levels of a year ago, data prepared for Reuters shows. Gasoline prices dropped by almost 75% in the first quarter after countries across the globe introduced travel restrictions to slow the spread of the novel coronavirus. On Wednesday, the price of gasoline barges in Europe reached a 10-week high of \$294 a tonne.
- China will draft and carry out in 2020 a response plan for ensuring food security amid the global coronavirus pandemic, the country's state planner said on Friday. Beijing will also draw up a new national medium-to-long-term plan in the new year to secure food supplies, China's National Development and Reform Commission (NDRC) said in an annual report to parliament. The move came as the pandemic has roiled agriculture supply chains worldwide, and threatened to trigger a potential food crisis. Chinese authorities have urged state and private firms to boost inventories of major agriculture products like soybeans and corn to prepare for any further disruptions from the outbreak.
- China's commodities markets fell after it said it would drop its annual growth target and impose national security laws in Hong Kong at this year's meeting of parliament. Most metals, agriculture and energy contracts on the Shanghai Futures Exchange, Dalian Commodity Exchange and Zhengzhou Commodity Exchange closed lower on Friday. A Shenzhen-based metals trader said while China's decision to drop its annual growth target added to the market's bearish tone, commodity prices had already begun to fall after China said it would propose national security legislation for Hong Kong at its annual parliament meeting.
- Copper inventories in warehouses tracked by the Shanghai Futures Exchange (ShFE) dropped at the fastest rate in nearly eight months, weekly exchange data showed on Friday. Copper inventories in ShFE warehouses for the week ending May 22 fell to 175,825 tonnes, down 15.8% from a week earlier and the biggest decline since Sept. 27. Stockpiles fell after rising for the first time in two months in the previous week. Aluminium stocks in ShFE warehouses extended their downward trend, falling 8.6% from a week earlier to a 3-1/2-month low of 322,060 tonnes, amid solid demand in China, the world's biggest user and producer of the light metal. Lead was the only metal with rising stocks in ShFE warehouses this week, up 2.6% to 7,401 tonnes. Inventories of the metal last month hit their lowest since October 2018. Nickel stockpiles fell 2.5% to 26,799 tonnes, tin stocks declined 4.1% to 3,368 tonnes while zinc inventories ZN-STX-SGH fell 4.1% to 111,289 tonnes.

including at the miners' living quarters, and three deaths. Moderna Inc's experimental COVID-19 vaccine, the first to be tested in the United States, produced protective antibodies in a small group of healthy volunteers. France and Germany proposed a 500-billion-euro (\$545.65 billion) Recovery Fund for European Union regions and sectors hit hardest by the pandemic. It is expected that there would supply shortage for at least one quarter as most of the miners and smelting were shut due to pandemic COVID-19. To support this, the monthly statistics released by the International Nickel Study Group (INSG) show that the global nickel surplus narrowed further to 14,000 MTs in April from 15,700 MTs in March. Similarly, the International Aluminium Institute reported a fall in aluminum production to 5.255 million tons in April from 5.464 million tons produced in March. All the industrial metals pared most of the gains on the last trading day of the week on account of profit booking.

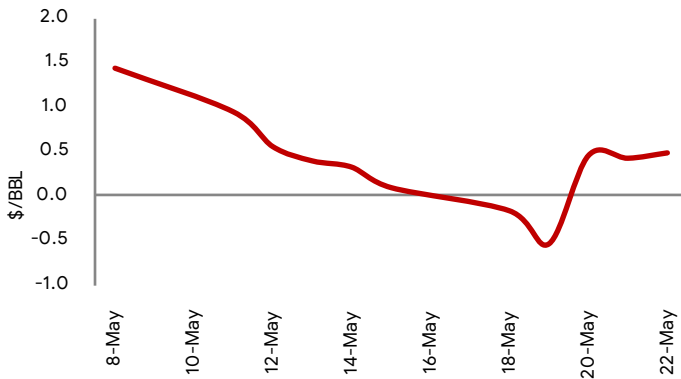
## MCX CRUDE - PRICE, VOLUME & OPEN INTEREST



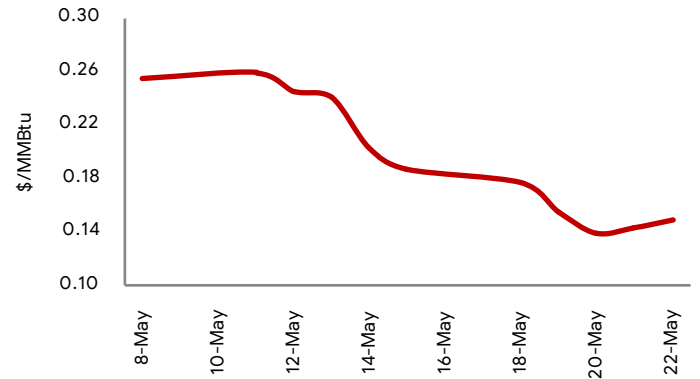
## MCX NATURAL GAS - PRICE, VOLUME & OPEN INTEREST



## CALENDAR SPREAD NYMEX - CRUDE OIL



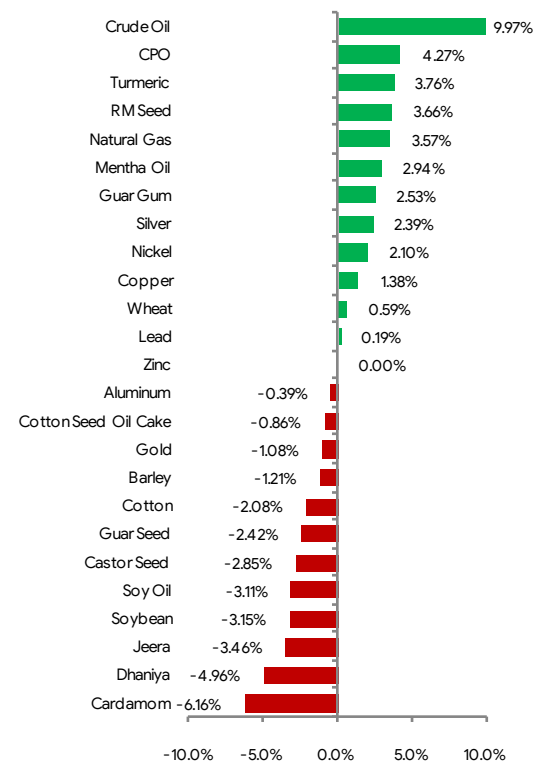
## CALENDAR SPREAD NYMEX - NATURAL GAS



## TRENDSHEET

| Commodities                      | 15-May  | 22-May  | % Change | 52 Week High | % Change from 52 Week High | 52 Week Low | % Change from 52 Week Low |
|----------------------------------|---------|---------|----------|--------------|----------------------------|-------------|---------------------------|
| MCX Gold (Rs/10 gms)             | 47381.0 | 46870.0 | -1.08    | 47980        | -2.31                      | 31232       | 50.07                     |
| MCX Silver (Rs/Kg)               | 46718   | 47835   | 2.39     | 50672        | -5.60                      | 33580       | 42.45                     |
| MCX Crude Oil (Rs/bbl)           | 2246    | 2470    | 9.97     | 4670         | -47.11                     | 795         | 210.69                    |
| MCX Natural Gas (Rs/mmBtu)       | 126     | 131     | 3.57     | 206          | -36.62                     | 117         | 11.54                     |
| MCX Copper (Rs/kg)               | 401     | 407     | 1.38     | 462          | -11.92                     | 336         | 21.03                     |
| MCX Lead (Rs/kg)                 | 130     | 130     | 0.19     | 170          | -23.60                     | 119         | 9.21                      |
| MCX Zinc (Rs/kg)                 | 154     | 154     | 0.00     | 216          | -28.60                     | 124         | 24.51                     |
| MCX Nickel (Rs/kg)               | 903     | 922     | 2.10     | 1315         | -29.88                     | 806         | 14.42                     |
| MCX Aluminium (Rs/kg)            | 130     | 129     | -0.39    | 150          | -13.60                     | 128         | 1.25                      |
| NCDEX Soybean (Rs/Quintal)       | 3872    | 3750    | -3.15    | 4506         | -16.78                     | 3276        | 14.47                     |
| NCDEX Refined Soy Oil (Rs/10 kg) | 798     | 773     | -3.11    | 955          | -19.06                     | 727         | 6.40                      |
| NCDEX RM Seed (Rs/Quintal)       | 4211    | 4365    | 3.66     | 4744         | -7.99                      | 3770        | 15.78                     |
| MCX CPO (Rs/10 kg)               | 611     | 637     | 4.27     | 840          | -24.15                     | 491         | 29.66                     |
| NCDEX Castor Seed (Rs/Quintal)   | 3648    | 3544    | -2.85    | 5930         | -40.24                     | 3520        | 0.68                      |
| NCDEX Turmeric (Rs/Quintal)      | 5214    | 5410    | 3.76     | 7360         | -26.49                     | 5200        | 4.04                      |
| NCDEX Jeera (Rs/Quintal)         | 13885   | 13405   | -3.46    | 18195        | -26.33                     | 13110       | 2.25                      |
| NCDEX Dhaniya (Rs/Quintal)       | 5946    | 5651    | -4.96    | 7688         | -26.50                     | 5267        | 7.29                      |
| MCX Cardamom (Rs/kg)             | 1700    | 1595    | -6.16    | 4265         | -62.60                     | 1595        | 0.00                      |
| NCDEX Wheat (Rs/Quintal)         | 1877    | 1888    | 0.59     | 2290         | -17.55                     | 1800        | 4.89                      |
| NCDEX Guar Seed (Rs/Quintal)     | 3638    | 3550    | -2.42    | 4463         | -20.46                     | 3190        | 11.29                     |
| NCDEX Guar Gum (Rs/Quintal)      | 5183    | 5314    | 2.53     | 8950         | -40.63                     | 4700        | 13.06                     |
| MCX Cotton (Rs/Bale)             | 15830   | 15500   | -2.08    | 22460        | -30.99                     | 14800       | 4.73                      |
| NCDEX Cocud (Rs/Quintal)         | 1984    | 1967    | -0.86    | 3698         | -46.81                     | 1507        | 30.52                     |
| MCX Mentha Oil (Rs/kg)           | 1140    | 1174    | 2.94     | 1490         | -21.20                     | 1094        | 7.30                      |

## FUTURE PRICES (% CHANGE)





CURRENCY TABLE

| Currency Pair | Open   | High   | Low    | Close  |
|---------------|--------|--------|--------|--------|
| USDINR        | 75.840 | 75.963 | 75.560 | 75.950 |
| EURINR        | 82.070 | 83.145 | 82.043 | 82.815 |
| GBPINR        | 91.793 | 92.885 | 92.753 | 92.485 |
| JPYINR        | 70.793 | 70.878 | 70.068 | 70.645 |

TECHNICAL RECOMMENDATION

USD/INR



USDINR opened higher last week at 75.8400 but after making a low of 75.5600 it traded mostly higher to test levels as high as 75.9625 and settled for the week at 75.9500. The RSI is at 54.53 and it is trading sideways. While the 50-Day Moving Average is at 75.4300. The MACD is trading at 0.0760 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.

GBPINR



GBPINR opened lower last week at 91.7925 but after making a low of 91.7525 it traded mostly higher to test levels as high as 92.8850 and settled for the week at 92.4800. The RSI is at 43.66 and it is trading lower. While the 50-Day Moving Average is at 93.2200. The MACD is trading at -0.3644 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 82.0750 but after making a low of 82.0425 it traded mostly higher to test levels as high as 83.1450 and settled for the week at 82.8150. The RSI is at 56.47 and it is trading sideways. While the 50-Day Moving Average is at 82.44. The MACD is moving 0.1079 and it is trading lower. Hence, we recommend a buy on dips strategy at 82.50- 82.70 with a target at 83.50 and a stop loss below 82.00.

JPY/INR



JPYINR opened higher last week at 70.7925 but after making high of 70.8775 it traded mostly lower to test levels as low as 70.0675 and settled for the week at 70.6450. The RSI is at 52.40 and it is trading sideways. While the 50-Day Moving Average is at 70.19. The MACD is trading at 0.1072 and it is trading positive. Hence, we recommend buy on dips at 70.20 -70.30 for targets of 71.50 with stops below 69.60.

## ECONOMIC GAUGE FOR THE NEXT WEEK

| Date      | Time       | Country          | Indicator Name                   | Period   | Poll  | Prefix | Unit    | Prior  |
|-----------|------------|------------------|----------------------------------|----------|-------|--------|---------|--------|
| Date      | Local Time | Country          | Indicator Name                   | Period   | Poll  | Prefix | Unit    | Prior  |
| 25-May-20 | 10:30      | Japan            | Leading Indicator Revised        | Mar 2020 |       |        | Index   | -8.1   |
| 26-May-20 | 19:30      | United States    | New Home Sales-Units             | Apr 2020 | 0.495 | Mln    | No. of  | 0.627  |
| 26-May-20 | 19:30      | United States    | New Home Sales Chg MM            | Apr 2020 | -25.8 |        | Percent | -15.4  |
| 26-May-20 | 15:30      | United Kingdom   | CBI Distributive Trades          | May 2020 | -50   |        | Balance | -55    |
| 26-May-20 | 18:30      | United States    | Monthly Home Price YY            | Mar 2020 |       |        | Percent | 5.7    |
| 26-May-20 | 18:30      | United States    | Monthly Home Price Index         | Mar 2020 |       |        | Index   | 287    |
| 26-May-20 | 18:30      | United States    | CaseShiller 20 MM SA             | Mar 2020 |       |        | Percent | 0.4    |
| 26-May-20 | 18:30      | United States    | CaseShiller 20 MM NSA            | Mar 2020 |       |        | Percent | 0.5    |
| 26-May-20 | 18:30      | United States    | CaseShiller 20 YY                | Mar 2020 |       |        | Percent | 3.5    |
| 26-May-20 | 19:30      | United States    | Consumer Confidence              | May 2020 | 88    |        | Index   | 86.9   |
| 27-May-20 | 18:25      | United States    | Redbook MM                       | W 23 May |       |        | Percent | -2.6   |
| 27-May-20 | 18:25      | United States    | Redbook YY                       | W 23 May |       |        | Percent | -9.5   |
| 27-May-20 | 19:30      | United States    | Rich Fed, Services Index         | May 2020 |       |        | Index   | -87    |
| 27-May-20 | 16:30      | United States    | Mortgage Market Index            | W 22 May |       |        | Index   | 727.1  |
| 27-May-20 | 16:30      | United States    | MBA Purchase Index               | W 22 May |       |        | Index   | 258.9  |
| 27-May-20 | 16:30      | United States    | Mortgage Refinance Index         | W 22 May |       |        | Index   | 3474.1 |
| 27-May-20 | 16:30      | United States    | MBA 30-Yr Mortgage Rate          | W 22 May |       |        | Percent | 3.41   |
| 27-May-20 | 5:20       | Japan            | Foreign Invest JP Bonds          | W 18 May |       | Bln    | JPY     | 5.8    |
| 27-May-20 | 5:20       | Japan            | Foreign Stock Investment         | W 18 May |       | Bln    | JPY     | 159.8  |
| 27-May-20 | 7:00       | China (Mainland) | Industrial profit YTD            | Apr 2020 |       |        | Percent | -36.7  |
| 27-May-20 | 20:00      | United States    | Texas Serv Sect Outlook          | May 2020 |       |        | Index   | -81.7  |
| 27-May-20 | 20:00      | United States    | Dallas Fed Services Revenues     | May 2020 |       |        | Index   | -65.4  |
| 28-May-20 | 18:00      | United States    | Durables Ex-Transport            | Apr 2020 | -14   |        | Percent | -0.4   |
| 28-May-20 | 18:00      | United States    | Durables Ex-Defense MM           | Apr 2020 |       |        | Percent | -16    |
| 28-May-20 | 5:00       | Japan            | CPI Tokyo Ex fresh food YY       | May 2020 | -0.2  |        | Percent | -0.1   |
| 28-May-20 | 5:00       | Japan            | CPI, Overall Tokyo               | May 2020 |       |        | Percent | 0.2    |
| 28-May-20 | 5:00       | Japan            | CPI Tokyo Excl Food & Energy M/M | May 2020 |       |        | Percent | 0      |
| 28-May-20 | 14:30      | Euro Zone        | Business Climate                 | May 2020 |       |        |         | -1.81  |
| 28-May-20 | 14:30      | Euro Zone        | Economic Sentiment               | May 2020 | 70.5  |        | Index   | 67     |
| 28-May-20 | 14:30      | Euro Zone        | Industrial Sentiment             | May 2020 | -25.4 |        | Balance | -30.4  |
| 28-May-20 | 14:30      | Euro Zone        | Services Sentiment               | May 2020 | -28.4 |        | Balance | -35    |
| 28-May-20 | 14:30      | Euro Zone        | Consumer Confid. Final           | May 2020 | -18.8 |        | Balance | -18.8  |
| 28-May-20 | 14:30      | Euro Zone        | Cons Infl Expec                  | May 2020 |       |        | Balance | 29.1   |
| 28-May-20 | 19:30      | United States    | Pending Homes Index              | Apr 2020 |       |        | Index   | 88.2   |
| 28-May-20 | 19:30      | United States    | Pending Sales Change MM          | Apr 2020 | -15   |        | Percent | -20.8  |
| 28-May-20 | 5:00       | Japan            | Jobs/Applicants Ratio            | Apr 2020 | 1.33  |        | Times   | 1.39   |
| 28-May-20 | 5:00       | Japan            | Unemployment Rate                | Apr 2020 | 2.7   |        | Percent | 2.5    |
| 28-May-20 | 5:20       | Japan            | Industrial O/P Prelim MM SA      | Apr 2020 | -5.1  |        | Percent | -3.7   |
| 28-May-20 | 5:20       | Japan            | Industrial O/P Prelim YY SA      | Apr 2020 |       |        | Percent | -6.8   |
| 28-May-20 | 5:20       | Japan            | IP Forecast 1 Mth Ahead          | May 2020 |       |        | Percent | 1.4    |

|           |       |                |                            |          |       |     |         |          |
|-----------|-------|----------------|----------------------------|----------|-------|-----|---------|----------|
| 28-May-20 | 5:20  | Japan          | Retail Sales YY            | Apr 2020 | -11.5 |     | Percent | -4.6     |
| 29-May-20 | 13:30 | Euro Zone      | Loans to Households        | Apr 2020 |       |     | Percent | 3.4      |
| 29-May-20 | 13:30 | Euro Zone      | Loans to Non-Fin           | Apr 2020 |       |     | Percent | 5.4      |
| 29-May-20 | 18:00 | United States  | Wholesale Inventories Adv  | Apr 2020 |       |     | Percent | -0.8     |
| 29-May-20 | 11:30 | United Kingdom | Nationwide house price mm  | May 2020 | -0.9  |     | Percent | 0.7      |
| 29-May-20 | 18:00 | United States  | Core PCE Price Index MM    | Apr 2020 | -0.3  |     | Percent | -0.1     |
| 29-May-20 | 18:00 | United States  | Core PCE Price Index YY    | Apr 2020 | 1.1   |     | Percent | 1.7      |
| 29-May-20 | 18:00 | United States  | PCE Price Index YY         | Apr 2020 |       |     | Percent | 1.3      |
| 29-May-20 | 19:30 | United States  | U Mich Sentiment Final     | May 2020 | 74    |     | Index   | 73.7     |
| 29-May-20 | 19:30 | United States  | U Mich Conditions Final    | May 2020 |       |     | Index   | 83       |
| 29-May-20 | 19:30 | United States  | U Mich Expectations Final  | May 2020 |       |     | Index   | 67.7     |
| 29-May-20 | 19:30 | United States  | U Mich 1Yr Inf Final       | May 2020 |       |     | Percent | 3        |
| 29-May-20 | 19:30 | United States  | U Mich 5-Yr Inf Final      | May 2020 |       |     | Percent | 2.6      |
| 29-May-20 | 21:30 | United States  | Dallas Fed PCE             | Apr 2020 |       |     | Percent | 1.1      |
| 29-May-20 | :     | Japan          | Housing Starts YY          | Apr 2020 | -12.1 |     | Percent | -7.6     |
| 29-May-20 | 14:30 | Euro Zone      | HICP-X F&E Flash YY        | May 2020 |       |     | Percent | 1.1      |
| 29-May-20 | 14:30 | Euro Zone      | HICP-X F, E, A, T Flash MM | May 2020 |       |     | Percent | 0.7      |
| 29-May-20 | 14:30 | Euro Zone      | CPI NSA                    | May 2020 |       |     | Index   | 105.48   |
| 29-May-20 | 15:30 | India          | Fed Fiscal Deficit, INR    | Apr 2020 |       | Bln | INR     | 10364.85 |
| 29-May-20 | 17:30 | India          | Infrastructure Output YY   | Apr 2020 |       |     | Percent | -6.5     |
| 29-May-20 | 19:15 | United States  | Chicago PMI                | May 2020 | 40    |     | Index   | 35.4     |
| 29-May-20 | :     | Japan          | Construction Orders YY     | Apr 2020 |       |     | Percent | -14.3    |