KARVY STOCK BROKING

13th JUN, 2020

K STREET

RULE THE MARKET

ISSUE: 093

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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
Toll free: 1800 419 8283
Email: research@karvy.com

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From The Desk Of Research Head

Covid Impact on Insurance industry – Near term risky, long term positive

India is still reeling under the impact of Coronavirus and lockdown. It has a wide ranging impact across the sectors of the economy. In some cases, the impact is minimal and short lived. However, in case of some sectors like the insurance industry, the impact is going to be negative in the near term as it will be hit from multiple directions. In the long run, it is expected to change the way Indians look at protection cover and bring some long lasting positive changes in the very long run.

FY21 is going to be a washout year both in terms of new business growth and renewal premium growth. The IRDAI has extended the grace period for payment of premiums due in March 2020 and April 2020 to 60 days, affecting the renewal premium growth. Further, IRDAI has asked insurers to cover coronavirus cases in their existing polices and process the claims immediately. Also, some life insurers may also see increase in claims as the death toll in India is increasing. With death claims set to rise on account of Covid 19 and no force majeure being enforced by life insurance companies, this may entail higher claim settlements in the current year.

However, both general and life insurers will see a setback in terms of lower income on their investments and erosion of value. Also, the portfolio risk will be huge and might have to face sharp mark downs and higher mart-to-market losses while arriving at the fair values of their investments due to sharp market correction. Further, the ongoing market crash might also keep investors from purchasing fresh ULIPS and many existing investors might have already pressed the exit button.

For life insurers, it would be a double whammy of increase in claims and portfolio risks. In the future, premiums might witness a rise and insurers might go slow or revisit policies that offer complete coverage. Premium on life insurance policies could rise and this would impact the number of policies issued. For general insurers, however, it will be a positive as they can launch new disease specific products, that may pay for diagnosis and treatment expenses in case of the event. General insurers' gross direct premium income was up by 14.4% YoY in Jan/Feb-2020 due to a combination of highly granular nature of products and due to COVID-19 targeted indemnity health products launched by some private health insurers. Weak auto sector might also affect new business growth of motor policies. Travel policies will also be affected due to flight cancellations. Public might avoid travel in the near term unless it is an emergency.

However, this could be an inflexion point for insurance industry. To a large extent the insurance industry depends on offline distribution network. This should be an opportunity to completely revamp the distribution network and switch to online distribution especially when fintech is flourishing. This should also bring a change in the way Indians look at insurance and realise the need for insurance coverage at least from core health insurance and life cover perspective. Getting back normalcy depends on how effectively we control the spread and the time it takes to stand up on our feet.

- DR. RAVI SINGH
Vice President & Head of Research

NEWS

Auto

- Credit quality of passenger vehicle makers to remain stable due to strong balance sheets, healthy liquidity: Crisil
  - » The agency had earlier said that PV sales, including exports, are expected to plunge by almost a quarter (22-25 per cent) in FY21 to a decadal low of around 26.5 lakh units, which would be the second straight year of double-digit volume decline after the 15 per cent drop in sales in previous fiscal.
- Auto sales may dip by up to 25 per cent in FY21, sharpest decline in two decades: Ind-Ra
  - » The rating agency expects two-wheeler sales to decline by 20-22 per cent, PV by 22-26 per cent, light commercial vehicle (LCV) by 26-30 per cent and MHCV by 35-45 per cent year-on-year in 2020-21.
  - » The rating agency expects two-wheeler sales to decline by 20-22 per cent, PV by 22-26 per cent, light commercial vehicle (LCV) by 26-30 per cent and MHCV by 35-45 per cent year-on-year in 2020-21.
- Scooter, Mobike output nears 70% of pre-lockdown levels
  - » A strong post-lockdown preference for personal mobility choices over public transport has meant brisk two-wheeler sales, and leading manufacturers have ramped up production to 60-70% of normal levels within a month of factories opening up.

Banking

- IBC a game changer for financial institutions: Gopal Subramanium
  - » The former solicitor general said that due to the IBC, banks are able to advance loans with more ease. This will lead to a healthy business environment, he said.
  - » "Securing funds from banks at minimal cost will boost productivity for MSMEs (micro, small and medium enterprises), where maintaining a healthy cash flow is imperative," said Subramanium. "The vendors, employees and the government of India are more at ease."
- PSBs disburse Rs 14,691-crore loan to MSMEs under emergency credit guarantee scheme
  - » Under the scheme, 100 per cent guarantee coverage will be provided by National Credit Guarantee Trustee Company (NCGTC) for additional funding of up to Rs 3 lakh crore to eligible MSMEs and interested Micro Units Development and Refinance Agency (MUDRA) borrowers in the form of a guaranteed emergency credit line (GECL) facility.

FMCG

- At FMCG companies, production crosses pre-Covid for food & hygiene goods
  - » Large consumer goods companies HUL, ITC, Parle Products, Britannia, Marico and Dabur are expanding production capacities beyond pre-Covid levels. In-demand products for FMCG majors are food and hygiene products as consumers continue to stock up, dine in and load up on sanitisers and soaps.
- ITC aiming leadership in health & hygiene FMCG space
  - » The company on Wednesday launched disinfectant wipes under the Savlon brand. It has earlier launched vegetable and fruit wash, a new hand sanitisers, surface disinfectant spray and sanitiser in a sachet.
- HUL to focus on e-commerce, modern trade channels
  - » Consumer preferences are "constantly changing", and HUL is leveraging the "fastest growing channel of e-commerce by making all our brands available across platforms" and playing a differentiated portfolio strategy curated for this channel.
- India bets on frozen food buyers moving away from China
  - » Although, India ranks second in terms of global food production, it processes only 10% of its total output due to infrastructure challenges such as the shortage of cold storages.
  - » The government's push may help it earn more foreign currency at a time when some sectors are struggling because of the virus, and would be another step toward Prime Minister Narendra Modi's pledge to double farmers' income by 2022.

Oil and gas

- Petrol price hiked by 59 paise per litre, diesel by 58 paise in seventh increase in a row
  - » Petrol price on Saturday was hiked by 59 paise per litre and diesel by 58 paise as oil companies for the seventh day in a row adjusted retail rates in line with costs since ending an 82-day hiatus in rate revision.
- ONGC likely to cut capex by 15% as pandemic delays projects
  - » Disruption of global supply chains by the pandemic is delaying projects of Oil and Natural Gas Corp (ONGC), which may have to cut capital spending by about Rs 4,000 crore to Rs 5,000 crore, or about 15% of this fiscal year's target, according to people familiar with the matter.

FORTHCOMING EVENTS

COMPANY NAME	EVENT	EX-DATE
BHEL	Quarterly Result	13th June 2020
Vinati Organics	Quarterly Result	13th June 2020
Canfin Homes	Quarterly Result	15th June 2020
JK Tyre	Quarterly Result	15th June 2020
Pfizer	Quarterly Result	15th June 2020
Tata Motors	Quarterly Result	15th June 2020
Hindustan Petroleum	Quarterly Result	16th June 2020
IPCA Labs	Quarterly Result	16th June 2020
Cummins India	Quarterly Result	17th June 2020

GLOBAL NEWS

- Fed keeps key rate at zero, projects 6.5% decline in US GDP this year
  - » The US Federal Reserve on Wednesday repeated its promise of continued extraordinary support for the economy as policymakers projected a 6.5 per cent decline in gross domestic product this year and a 9.3 per cent unemployment rate at year's end.
- Oil slides below $41 a barrel as US inventory rise revives glut worries
  - » Oil fell more than 2% to below $41 a barrel on Wednesday after US data showed crude inventories rose to a record high, reviving worries of a persistent glut due to weak demand during the lingering coronavirus crisis.
  - » Crude stocks rose by 5.7 million barrels in the week to June 5 to 538.1 million barrels, according to a report from the US Energy Information Administration.

Pharmaceuticals

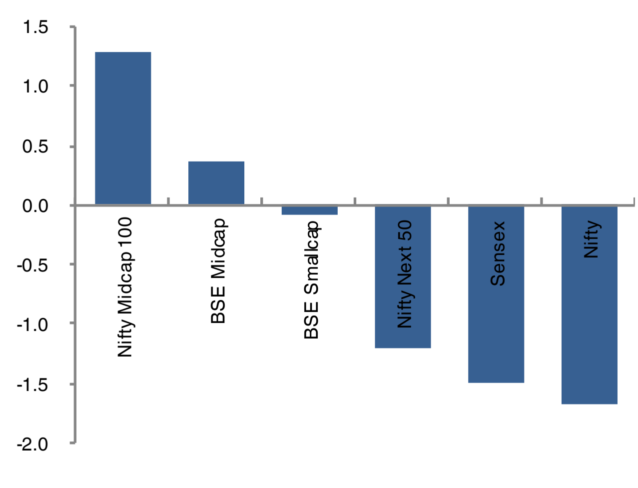
- India's ZydusCadila to make Gilead's potential COVID-19 drug remdesivir
  - » Zydus, listed as Cadila Healthcare, joins other Indian pharmaceutical companies Cipla Ltd, Jubilant Sciences Ltd and privately held Hetero Labs Ltd in signing non-exclusive pacts with Gilead for the drug.
- Pricing problems: Aurobindo Pharma, Sun Pharma, Lupin named in lawsuit in US
  - » robindo Pharma, Sun Pharma and Lupin are among the 26 drug makers facing a multi-state lawsuit filed in USA by Maryland Attorney General for alleged "conspiracy to artificially inflate and manipulate prices, reduce competition, and unreasonably restrain trade for generic drugs sold across the United States."
  - » The lawsuit seeks damages, civil penalties, and actions by the court to restore competition to the generic drug market.

Others

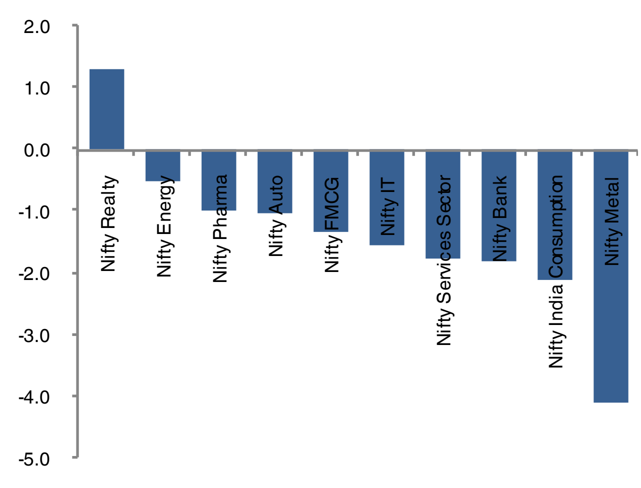
- COVID-19 to halve multiplexes' occupancy this fiscal: Crisil
  - » The coronavirus pandemic is a "material threat" to multiplexes that will halve their occupancy levels and movie exhibitors are likely to end FY21 with operating losses, a report said on Wednesday. Ratings agency Crisil said even after the lifting of the lockdown, social distancing norms will reduce effective seating capacity, while fear of enclosed spaces will keep moviegoers away from cinemas for a while.
  - » It said two-thirds of the revenues for multiplexes come from box office sales and the same are likely to plummet 55 per cent due to the low occupancies. Revenues from other streams like advertising and food and beverage sales will also be impacted due to the same reason.
- Retail : Lockdown easing in May ineffective, business degrowth continued: RAI
  - » The lockdown relaxations in May 2020 were ineffective as retailers across the board continued to witness degrowth in their businesses, according to a survey by RAI.
  - » Large size retailers of over Rs 300 crore sales in the food and grocery segment have witnessed 86 per cent degrowth in business, while the non-food and grocery segment has seen a 75 per cent degrowth compared to last year, it said.

KARVY STOCK BROKING

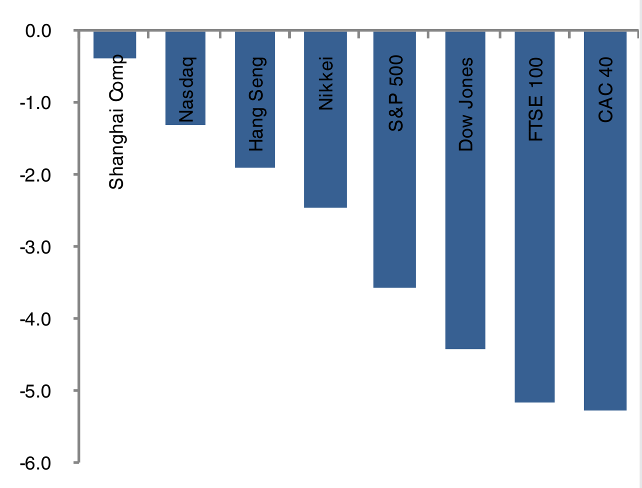
INDIAN INDICES (% CHANGE)



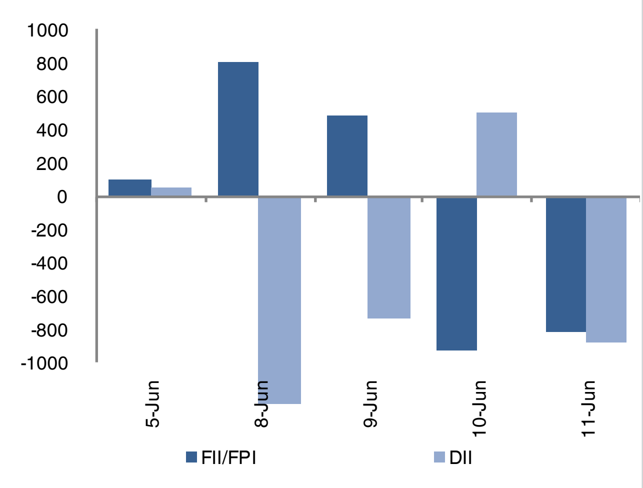
SECTORAL INDICES (% CHANGE)



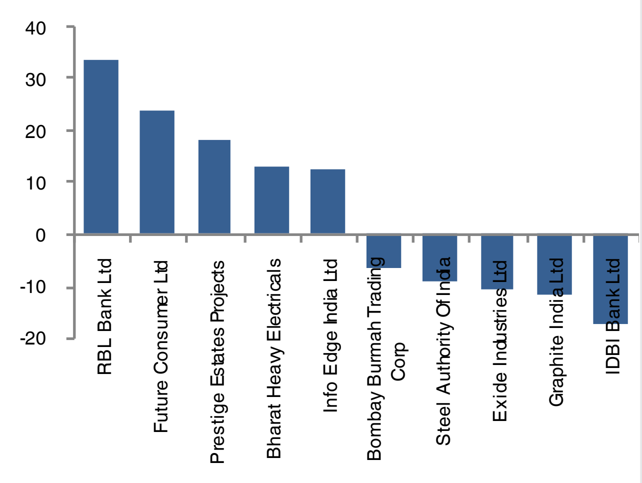
GLOBAL INDICES (% CHANGE)



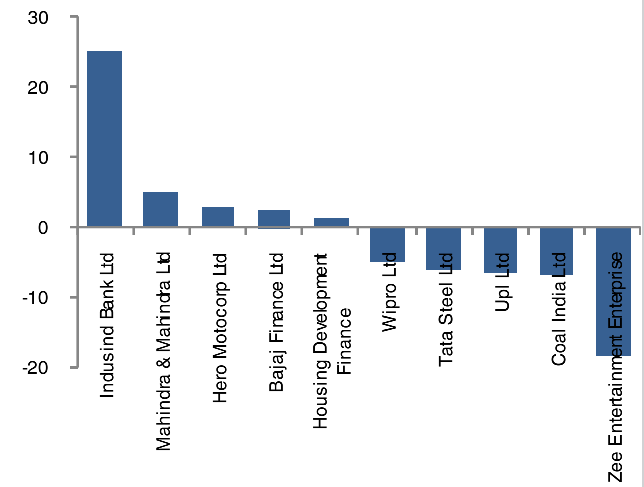
FII/FPI & DII TRADING (IN RS. CRORES)



NIFTY MIDCAP100 TOP GAINERS & LOSERS (1W)



NSE NIFTY TOP GAINERS & LOSERS (1W)



Source: Karvy Research

BEAT THE STREET - TECHNICAL ANALYSIS

Mahindra & Mahindra Ltd

STOCK	M&M
CMP	510
ACTION	BUY
ENTRY	500-505
AVERAGE	470
STOP LOSS	455
TARGET 1	575
TARGET 2	590

On the technical front, M&M has higher highs and higher lows on the weekly charts and is currently placed above the major long term supports in all the daily frame. In the recent past, after clocking the high of 590 levels, the stock has witnessed a round of profit booking which dragged the counter towards the major support zone of 290 - 300 levels. At the current juncture, the stock is forming a base around 470 levels on the lower side and is all set to move higher. The overall chart structure of the counter looks bullish from current levels and any breach above the resistance zone of 525 levels may trigger a fresh round of buying which may take the stock towards 575 plus levels. The stock is outperforming the broader markets indicating the inherent strength in the counter and is trading well above the major long -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 fuelling the bullishness in the stock. We expect the counter to continue its outperformance in the coming trading weeks as well and may move towards 590 levels in the short-term. Any correction towards the recent support levels of 470 levels may be utilized to average the positions.

Bharti Infratel Ltd

STOCK	INFRATEL
CMP	224
ACTION	BUY
ENTRY	220-225
AVERAGE	200
STOP LOSS	195
TARGET 1	265
TARGET 2	290

On the technical front, INFRATEL 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 242 levels, 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 200 levels on the lower side and is all set to move higher. The overall chart structure of the counter looks bullish from current levels and any breach above the swing highs of 242 -243 levels may trigger a fresh round of buying which may take the stock towards 265 plus levels. The stock's performance is in line with 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 fuelling the bullishness in the stock. We expect the counter to continue its outperformance in the coming trading weeks as well and may move towards 290 levels in the short-term. Any correction towards the recent support levels of 200 levels may be utilized to average the positions.

SECTORAL SNIPPETS

Nifty Financial Services lost by 2.16% during the week passed, while the broader index Nifty lost by 1.67%. The index has shown downtrend this week after bad sentiment on increasing COVD-19 cases and expected shrinkage in the US economy and unemployment statistics in 2020 which showed an increase in INDIA VIX. Nifty Financial Services has seen increased average volume traded suggests a return of market sentiments until this weekend and index found support on PSB and financial services stocks. On the chart, strong support is seen at 9600 levels for the index this week and resistance at around 10000 levels and the market is expected to remain stable next week with a cautious increase in average volume traded and turnover as market correction has happened this week. Banking heavyweights will benefit in coming weeks away from insurance and gold loan firms amid lowering of MCLR rates and EBR/RLLR rates and expected positive decision on delayed moratorium period interest but no waive-off for loans given by NBFCs. Moreover, the index is nervous on the SC verdict this week and also impending an increase in NPA in coming quarters on loan book growth happened during lockdown period which will not come within the limits could pose serious problems for the index in coming weeks.

Nifty FMCG underperformed the broader index by 50 bps during the week. As mentioned in the previous edition, the near term impacts have been factored in the index and the broader market continues to hover in the current levels awaiting a trigger for its next move. A positive for the sector this week has been the management commentaries relating to capacity expansions on the back of increased demand for FMCG products. We believe the near to mid term outlook for the economy is still uncertain and FMCG will continue to be in higher demand as venturing out has not picked up despite easing of lockdown. With increasing cases, FMCG provides a good defensive outlay for investors although the valuations have picked up. However we do not expect significant upside but to be in line or marginally outperform the broader index in the coming week. The implementation of e commerce, increased direct distribution and rural consumption led growth are set to be the key parameters with respect to stock selection for medium term. Stocks in the core FMCG and non discretionary space will outperform the other segments in the sector. The support levels for the index are 28000/26500 and the resistance is seen at 30000/30200.

Both Nifty Bank and Nifty ended the week down 2% in a volatile week. During the week Bank Nifty took support at 50 DMA of 19500 levels and bounced back sharply. However Bank Nifty closed in the resistance zone of 20750 and ended the week at 20655 - down 2%. This week's performance was driven by RBL Bank and Indusind which were best performers of the index. Both the stocks gained 33% and 25% respectively. Indusind gained momentum due to buzz around promoters increasing stake in the bank. RBL Bank was up due to capital infusion by Jasmine Capital. Heavy weights of the index ended in the red due to uncertainty around Supreme Court's hearing on waiver of interest during moratorium period due on June 12. The case was crucial for the sector as 15% of the net worth of the sector or Rs. 2 Tn was at stake. However, the apex court said that the court needed clarity on whether the banks would be charging interest on interest waived off during moratorium and gave RBI and the government 3 days time, which would have relatively lesser impact than feared earlier. Next week's direction of the index will be determined by the outcome of the hearing. Going forward, we see 19600 as immediate support followed by 18800. On the upside, 20789, followed by 22000 are key levels.

NIFTY Pharma unperformed the Nifty with a lossof1% during the week while the broader index Nifty declined by 0.6%. Second consecutive month of de-growth in domestic formulations dampened the sentiment. The industry de-grew by 8.6 % for May 2020. Cardiac grew by 3.9 %, anti -diabetesgrew by 1.1 %, respiratory de-grew by 5.9 % and anti-infectives de-grew by 20.9 %. From January 2020, the index has been steadily moving up from 8000 plus levels and has declined during the current week. Commentary by CRAMS majors such as Dlvis Labs on revenue guidance, lower margins and Dishman Pharma failure on the EDQM front has impacted new CRAMs revenues and Marketable Molecules segments. Sun Pharma, Lupin , Aurobindo, Glenmark and Wockhardt being named in a litigation to reduce competition and firm up generic drug prices has set the tone for the short term. We believe the sector index will consolidate and await positive news flow. The positive momentum would continue, though on a slower pace.On the stock-specific ,60 % of the stocks were negative while the remaining were positive. PEL, Divis Labs and Sun Pharma lost 6.5%, 3.4% and 3.2% while Cadila Healthcare, Aurobindo Pharma and Lupin were the major gainers with gains of 4.5%,3.9% and 0.8 %. The index may face resistance at 10240 levels followed by 10440 levels. For the week ahead, support for the index can be pegged at 9680 levels followed by 9435 levels.

WEEKLY VIEW OF THE MARKET

NIFTY (9972.90): Indian equity benchmark index Nifty 50 closed lower by 1.67% 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 dropped in Friday afternoon trade after an overnight plunge on Wall Street amid fears of a second wave resurgence of the coronavirus pandemic. European markets made a choppy start to Friday's trade as they looked to rebound from the previous session's significant sell-off. Several US states reported a spike in coronavirus cases after reopening their economies, spooking global markets as fears of a second wave of infections resurfaced. On the data front, market participants may lay their key focus on WPI Inflation (YoY) (May) releasing on 15th Jun. On the derivatives front, open interest data suggests that the index may find its supports around 9500 followed by 9000 levels while on the higher side, 10000 and 10500 levels may act as strong resistance.

KARVY STOCK BROKING

BULLION

The global bullion market ended higher in the week ended on 12th June 2020 on safe-haven demand. CME gold futures for August expiry ended higher engulfing the previous week's fall on emergence of safe-haven buying demand. During the week, the focus of the global financial market including commodities was on meeting of U.S. Federal Reserve and its policy decision. While keeping interest rate unchanged near zero, the United States central bank signaled that it plans years of extraordinary support for an economy facing a torturous slog back from the coronavirus pandemic, with policymakers projecting the economy to shrink 6.5% in 2020 and the unemployment rate to be 9.3% at year's end. Gloomy economic outlook given by the U.S. central bank for its economy resulted in fall in the equities and rise in the gold as safe demand. Gold has received a boost from the fact that second wave of COVID-19 cases in the United States. About half a dozen states including Texas and Arizona are grappling with a rising number of coronavirus patients filling hospital beds, fanning concerns that the reopening of the U.S. economy may spark a second wave of infections. During the week, major economic releases from the United States are CPI and PPI, which came at -0.1% vs. -0.8% and 0.4% vs. -1.3%, respectively. On domestic front, MCX gold futures surged to 3 weeks high moving in line with international market and supported by depreciation of Indian Rupee against the U.S. Dollar.

ENERGY

The global oil prices have broken its six weeks of consecutive gains in the week ended on 12th June 2020 despite of positive events happened during the week. The OPEC+ and Russia have agreed to extend the production cut of 9.7 million barrels per day till July end. This decision had supported the prices at the beginning of the week, however, the gainst were not sustained in later part of the week as the market liquidated their long positions following reports of second wave of COVID-19 cases in the United States. Market was also pressurized by the gloomy economic outlook given by the U.S. central bank and rise in weekly inventories. U.S. crude inventories rose unexpectedly by 5.7 million barrels in the week to June 5 to 538.1 million barrels - a record - as imports were boosted by the arrival of supplies bought by refiners when Saudi Arabia flooded the market in March and April. At the same time, gasoline stockpiles grew more than expected to 258.7 million barrels. Distillate stockpiles, which include diesel and heating oil, rose by 1.6 million barrels, but the increase was smaller than in previous weeks.

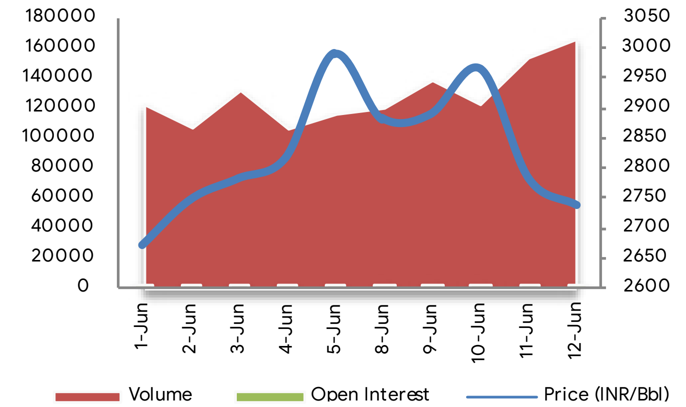
BASE METALS

Base metals complex had witnessed a mixed trend in the week to 12th June 2020 with copper and lead surging for the second consecutive week while zinc ending in red rebounding from previous gains. Aluminium and nickel had a mixed trend during the day. Rising demand for industrial metals from the world's largest consumer i.e., China pushed the copper and lead prices higher. Copper prices have been underpinned by a solid consumption recovery in top user China, strong liquidity across the globe due to government stimulus, and hopes of further demand pickup as the rest of the world emerges from coronavirus-driven lockdowns. Refined copper cathode output by major Chinese smelters in May dropped 2.7% from the previous month to 678,000 tonnes. According to the data released by Chinese customs, the country's trade surplus expanded in May by USD 62.93 billion from the previous month surplus of USD 45.34 billion. On-warrant copper stocks in LME-registered warehouses fell by 5,275 tonnes to 125,325 tonnes, the lowest since Feb. 24. Inventories in warehouses monitored by the Shanghai Futures Exchange fell by 11,782 tonnes to 128,131 tonnes in the week to Friday.

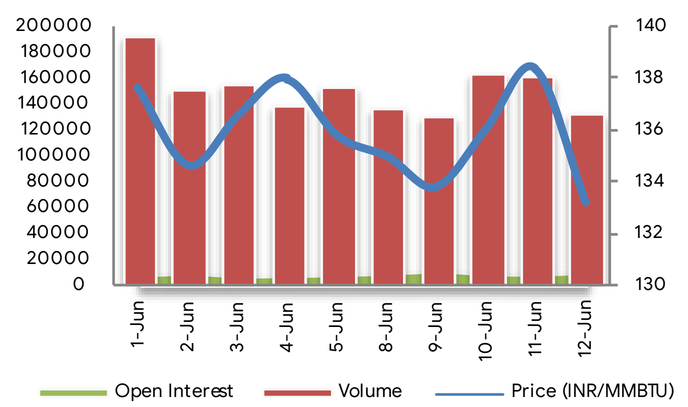
NEWS DIGEST

- Copper trading on the CME and London Metal Exchange tumbled last month as funds and speculators fled from high volatility during the coronavirus pandemic, but volumes shot up in top metals consumer China as lockdowns were lifted. Dealing activity in copper - the metal widely regarded as an economic barometer of the global economy due to its industrial uses - has withered in the West and analysts expect it to remain weak after sharp swings on the market. The CME Group CME.O, favoured by funds and other speculators, was hardest hit, with trading volumes in Comex copper futures and options plummeting 40% to 1.26 million contracts in May compared to last year. The larger London Metal Exchange, the main venue for physical business from miners and industrial users, saw volumes slide 26% to 2.12 million lots last month, according to data from the exchanges.
- U.S. petroleum consumption is rebounding strongly, led by gasoline, as stay-at-home orders are lifted, but recovery in diesel has been erratic, and there is no sign of a return in jet fuel use yet. The total volume of petroleum products supplied to the domestic market reached 17.6 million barrels per day (bpd) last week, up from a trough in the middle of April of just 13.8 million bpd. The total products supplied, a proxy for consumption, has recovered to around 83% of its pre-lockdown rate, from just 65% when the lockdowns were at their most intense. Gasoline consumption, hit very hard by stay-at-home orders, has rebounded the most strongly and consistently as restrictions on personal mobility have eased.
- U.S. soybean crushings likely edged up slightly in May despite narrowing processor margins as export demand for soymeal remained strong, according to analysts polled ahead of a monthly National Oilseed Processors Association (NOPA) report due on Monday. The monthly crush is expected to reach the highest ever level for May and the fifth highest for any month on record. NOPA members, which collectively handle about 95% of all soybeans crushed in the United States, likely processed 173.071 million bushels of soybeans in May, according to the average of estimates from 11 analysts.
- Mills in the main sugar belt in Brazil kept producing as much sugar as possible late in May, driving cumulative output of the sweetener so far in the season to a 65% growth from a year earlier, industry data showed on Friday. Brazilian mills produced 8 million tonnes of sugar in the first two months of the new crop, up from 4.8 million a year earlier, cane industry group Unica said. Mills are allocating as much cane to sugar production as possible, slashing the amount diverted to ethanol production as sales of the biofuel still lag last year's volumes by 30% due to stay-at-home measures. "Mills that used to produce ethanol are now in the sugar business and are interested in how fast they can cash in their volumes of sugar," said Claudiu Covrig, a senior sugar analyst with Platts Analytics.

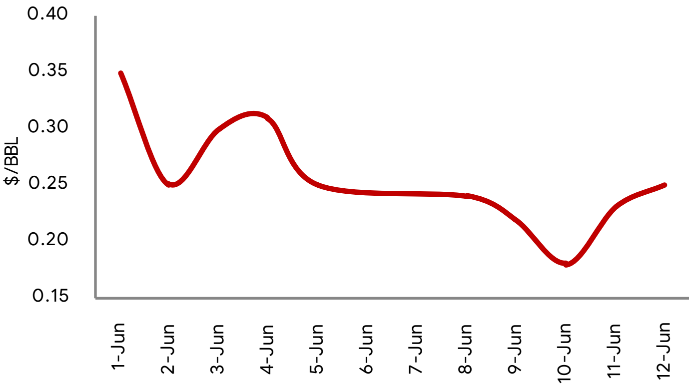
MCX CRUDE - PRICE, VOLUME & OPEN INTEREST



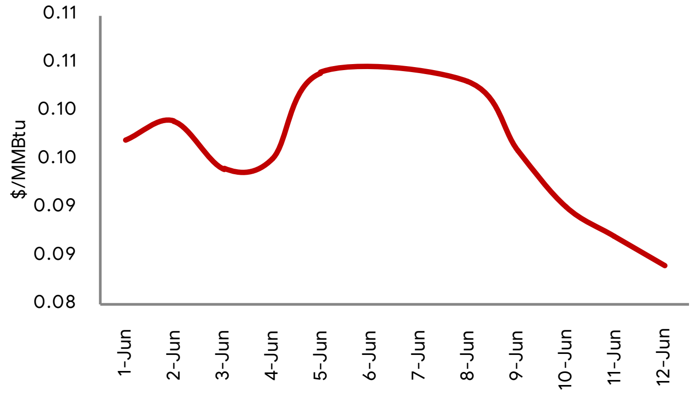
MCX NATURAL GAS – PRICE, VOLUME & OPEN INTEREST



CALENDAR SPREAD NYMEX - CRUDE OIL



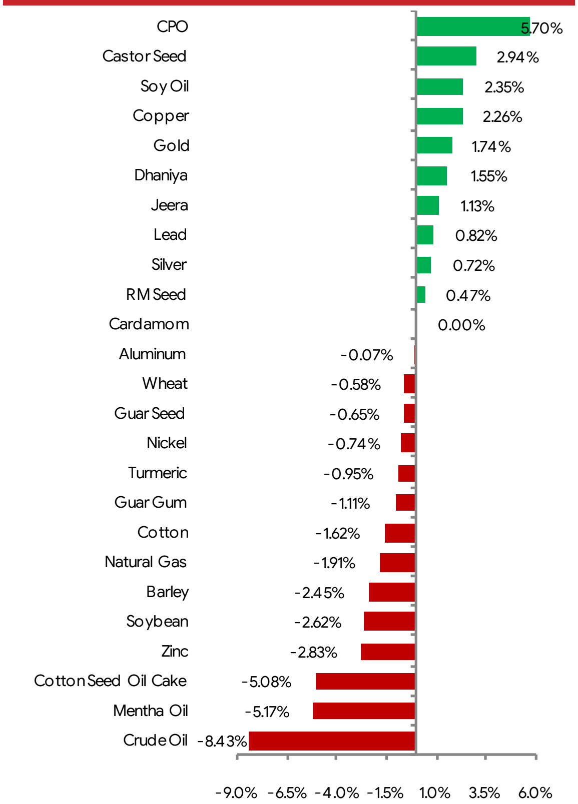
CALENDAR SPREAD NYMEX – NATURAL GAS



TRENDSHEET

Commodities	5-Jun	12-Jun	% Change	52 Week High	% Change from 52 Week High	52 Week Low	% Change from 52 Week Low
MCX Gold (Rs/10 gms)	46526	47334	1.74	47980	-1.35	32674	44.87
MCX Silver (Rs/Kg)	47351	47690	0.72	51235	-6.92	33580	42.02
MCX Crude Oil (Rs/bbl)	2990	2738	-8.43	4670	-41.37	795	244.40
MCX Natural Gas (Rs/mmBtu)	136	133	-1.91	206	-35.31	117	13.85
MCX Copper (Rs/kg)	434	443	2.26	462	-3.96	336	31.95
MCX Lead (Rs/kg)	140	141	0.82	170	-16.98	119	18.68
MCX Zinc (Rs/kg)	164	160	-2.83	208	-23.34	124	29.17
MCX Nickel (Rs/kg)	975	968	-0.74	1315	-26.41	806	20.07
MCX Aluminium (Rs/kg)	136	136	-0.07	150	-9.46	126	7.97
NCDEX Soybean (Rs/Quintal)	3962	3858	-2.62	4506	-14.38	3276	17.77
NCDEX Refined Soy Oil (Rs/10 kg)	809	828	2.35	955	-13.34	727	13.92
NCDEX RM Seed (Rs/Quintal)	4687	4709	0.47	4857	-3.05	3770	24.91
MCX CPO (Rs/10 kg)	651	688	5.70	840	-18.03	491	40.12
NCDEX Castor Seed (Rs/Quintal)	3674	3782	2.94	5930	-36.22	3520	7.44
NCDEX Turmeric (Rs/Quintal)	5468	5416	-0.95	7190	-24.67	5200	4.15
NCDEX Jeera (Rs/Quintal)	13765	13920	1.13	18195	-23.50	13110	6.18
NCDEX Dhaniya (Rs/Quintal)	5692	5780	1.55	7421	-22.11	5267	9.74
MCX Cardamom (Rs/kg)	1570	1570	0.00	4265	-63.19	1550	1.29
NCDEX Wheat (Rs/Quintal)	1886	1875	-0.58	2290	-18.12	1800	4.17
NCDEX Guar Seed (Rs/Quintal)	3550	3527	-0.65	4450	-20.73	3190	10.56
NCDEX Guar Gum (Rs/Quintal)	5520	5459	-1.11	8944	-38.96	4700	16.15
MCX Cotton (Rs/Bale)	16700	16430	-1.62	22460	-26.85	14800	11.01
NCDEX Cocud (Rs/Quintal)	2184	2073	-5.08	3698	-43.94	1507	37.56
MCX Mentha Oil (Rs/kg)	1076	1020	-5.17	1363	-25.17	1016	0.43

FUTURE PRICES (% CHANGE)



MARKET STANCE

USD/INR futures closed at 75.94 for June maturity. Nifty ended the week at 9972 up 0.72 %. Indian equities had a phenomenal recovery on Friday closing session after falling about 3 % in the morning session. India is now among the five countries most affected by the outbreak, with over 3 lakh infections and 8,400 deaths. This will keep major upside in equities under check and Rupee under pressure. S&P global ratings affirmed 'BBB-' long-term and 'A-3' short-term unsolicited foreign and local currency sovereign credit ratings on India. India's exports are "drastically" improving with the outbound shipments contracting 36 percent in May as compared to 60 percent in April. India's FX reserve hit an all time high of USF 501.7 Billion. India's industrial production (YoY) (Apr) came in at -0.8% better than forecast of -44.9.Foreign portfolio investors have pumped in a massive Rs 18,589 crore into the Indian markets in the first week of June.

On the global front U.S. dollar fell against major currencies earlier this week after surprising improvement in U.S. labour market data raised expectations for a faster economic recovery, which reduced safe-haven demand for the dollar. Dollar has gained some lost ground on Friday. Strong US May jobs report unexpectedly provided evidence that the US economy is headed for a quicker-than-anticipated recovery. Though, the path to recovery will be very challenging. China's exports in May fell a less-than-expected 3.3 percent compared with a year earlier, but imports plunged 16.7 percent. Oil prices were under pressure as an industry report showed a rise in crude and fuel inventories in the United States.US Fed keeps rates unchanged in the meeting held this week. Said that it would keep rates at nearly zero at least as long as the unemployment rate remains above 6.5 percent. Fed will keep buying bonds to maintain low borrowing rates and support a US economy which is in shambles with high unemployment adding that nearly all its policymakers foresee no rate hike through 2022. Fed officials estimate that the economy will shrink 6.5% this year, in line with other forecasts, before expanding 5% in 2021. USD/INR to find support at 75.50 and resistance at 76.20 in the near term.

CURRENCY TABLE

Currency Pair	Open	High	Low	Close
USDINR	75.5600	76.2150	75.3980	76.0500
EURINR	85.2995	86.5925	84.9870	85.6015
GBPINR	95.8020	96.9640	94.8650	95.3780
JPYINR	68.9300	71.5000	68.8700	70.8200

NEWS FLOWS OF LAST WEEK

- USD/INR futures closed at 75.94 for June maturity. Nifty ended on Friday at 9972 up 0.72 %.
- Indian equities had a phenomenal recovery on Friday closing session after falling about 3 % in the morning session.
- India is now among the five countries most affected by the outbreak, with over 3 lakh infections and 8,400 deaths.
- S&P global ratings affirmed 'BBB-' long-term and 'A-3' short-term unsolicited foreign and local currency sovereign credit ratings on India.
- India's FX reserves hit an all time high of USF 501.7 Billion. India's industrial production (YoY) (Apr) came in at -0.8% better than forecast of -44.9.
- U.S. dollar fell against major currencies earlier this week after surprising improvement in U.S. labour market data raised expectations for a faster economic recovery, which reduced safe-haven demand for the dollar. Dollar has gained some lost ground on Friday.
- Strong US May jobs report unexpectedly provided evidence that the US economy is headed for a quicker-than-anticipated recovery.
- China's exports in May fell a less-than-expected 3.3 percent compared with a year earlier, but imports plunged 16.7 percent. Foreign portfolio investors have pumped in a massive Rs 18,589 crore into the Indian markets in the first week of June.
- Oil prices were under pressure as an industry report showed a rise in crude and fuel inventories in the United States.
- US Fed keeps rates unchanged in the meeting held this week.
- Fed will keep buying bonds to maintain low borrowing rates and support a US economy which is in shambles with high unemployment adding that nearly all its policymakers foresee no rate hike through 2022.
- USD/INR to find support at 75.50 and resistance at 76.20 in the near term.

TECHNICAL RECOMMENDATION

USD/INR

USDINR opened flat last week at 75.5600 but after making a low of 75.3980 it traded mostly higher to test levels as high as 76.2150 and settled for the week at 76.0500. The RSI is at 57.0860 and it is trading higher. While the 50-Day Moving Average is at 75.8310. The MACD is trading at 0.07540 and it is trading upwards. Hence, we recommend buy on dips at 75.50-75.60 for targets of 76.30 with stops below 75.20

EUR/INR

EURINR opened higher last week at 85.2995 but after making a low of 84.9870 it traded mostly higher to test levels as high as 86.5925 and settled for the week at 85.6015. The RSI is at 68.1724 and it is trading lower. While the 50-Day Moving Average is at 83.1523. The MACD is moving at 0.8682 and it is trading lower. Hence, we recommend a sell in rise strategy at 86.00– 86.10 with a target at 85.00 and a stop loss above 86.60.

GBP/INR

GBPINR opened higher last week at 95.8020 but after making a high of 96.9640 it traded mostly lower to test levels as low as 94.8650 and settled for the week at 95.3780. The RSI is at 60.4551 and it is trading lower. While the 50-Day Moving Average is at 94.1190. The MACD is trading at 0.6854 and it is trading higher. Hence, we recommend sell on rise at 96.50 – 97.00 for targets of 94.50 with stops above 97.80.

JPY/INR

JPYINR opened lower last week at 68.9300 but after making low of 68.8700 it traded mostly higher to test levels as high as 71.5000 and settled for the week at 70.8200. The RSI is at 56.8154 and it is trading sideways. While the 50-Day Moving Average is at 70.44. The MACD is trading at 0.0021 and it is trading positive. Hence, we recommend buy on dips at 70.00 -70.30 for targets of 71.50 with stops below 69.80.

ECONOMIC GAUGE FOR THE NEXT WEEK								
Date	Time	Country	Indicator Name	Period	Poll	Prefix	Unit	Prior
15-Jun-20	7:30	China (Mainland)	Industrial Output YY	May 2020	5		Percent	3.9
15-Jun-20	18:00	United States	NY Fed Manufacturing	Jun 2020	-27.5		Index	-48.5
15-Jun-20	1:30	United States	Net L-T Flows,Exswaps	Apr 2020		Bln	USD	-112.6
15-Jun-20	1:30	United States	Overall Net Capital Flows	Apr 2020		Bln	USD	349.9
15-Jun-20	14:30	Euro Zone	Eurostat Trade NSA, Eur	Apr 2020		Bln	EUR	28.2
16-Jun-20	11:30	United Kingdom	Claimant Count Unem Chng	May 2020	370	Thou	Person	856.5
16-Jun-20	11:30	United Kingdom	ILO Unemployment Rate	Apr 2020	4.5		Percent	3.9
16-Jun-20	11:30	United Kingdom	Employment Change	Apr 2020	-65	Thou	Person	211
16-Jun-20	11:30	United Kingdom	Avg Wk Earnings 3M YY	Apr 2020	1.4		Percent	2.4
16-Jun-20	11:30	United Kingdom	Avg Earnings (Ex-Bonus)	Apr 2020	1.9		Percent	2.7
16-Jun-20	14:30	Euro Zone	ZEW Survey Expectations	Jun 2020			Balance	46
16-Jun-20	18:00	United States	Retail Control	May 2020	3.8		Percent	-15.3
16-Jun-20	18:00	United States	Retail Sales YoY	May 2020			Percent	-21.61
16-Jun-20	19:30	United States	Retail Inventories Ex-Auto Rev	Apr 2020			Percent	-1.1
17-Jun-20	14:30	Euro Zone	HICP Final MM	May 2020	-0.1		Percent	0.3
17-Jun-20	14:30	Euro Zone	HICP-X F&E MM	May 2020	0		Percent	0.7
17-Jun-20	14:30	Euro Zone	HICP Ex-Tobacco Revised	May 2020			Index	105.06
17-Jun-20	18:00	United States	Housing Starts Number	May 2020	1.1	Mln	No. of	0.891
17-Jun-20	18:00	United States	House Starts MM: Change	May 2020			Percent	-30.2
17-Jun-20	11:30	United Kingdom	RPI YY	May 2020	1.3		Percent	1.5
17-Jun-20	11:30	United Kingdom	RPI-X (Retail Prices) MM	May 2020			Percent	0
17-Jun-20	11:30	United Kingdom	RPIX YY	May 2020			Percent	1.6
17-Jun-20	11:30	United Kingdom	PPI Input Prices YY NSA	May 2020	-6		Percent	-9.8
17-Jun-20	16:30	United States	MBA 30-Yr Mortgage Rate	W 12 Jun			Percent	3.38
17-Jun-20	20:00	United States	EIA Weekly Crude Imports	W 12 Jun		Mln	Barrel	1.04
17-Jun-20	20:00	United States	EIA Weekly Dist Output	W 12 Jun		Mln	Brl/Day	0.048
17-Jun-20	20:00	United States	EIA Weekly Refining Util	W 12 Jun			Percent	1.3
18-Jun-20	5:00	Japan	CPI Index Ex Fresh Food	May 2020			Index	101.6
18-Jun-20	5:00	Japan	CPI Less Food and Energy	May 2020			Index	101.7
18-Jun-20	18:00	United States	Philly Fed Capex Index	Jun 2020			Index	15.2
18-Jun-20	16:30	United Kingdom	GB BOE QE Corp	Jun 2020	20	Bln	GBP	20
18-Jun-20	16:30	United Kingdom	BOE MPC Vote Unchanged	Jun 2020	9		No. of	9
19-Jun-20	13:30	Euro Zone	Current Account NSA,EUR	Apr 2020		Bln	EUR	40.7
19-Jun-20	11:30	United Kingdom	Retail Sales MM	May 2020	5.8		Percent	-18.1
19-Jun-20	11:30	United Kingdom	Retail Sales YY	May 2020	-17.3		Percent	-22.6