

K STREET

RULE THE MARKET

ISSUE: 094



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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

Auto industry - sailing in rough waters

The auto sector has been witnessing one of the worst cyclical downturns over the past few quarters due to multiple factors, including lower demand, transition to BS VI and NBFC liquidity crisis. This led to inventory pile up as volumes were hitting record lows month after month. According to SIAM, sales of cars declined 17.87% during FY20. The ongoing coronavirus pandemic and lockdown is set hit the sector harder, which will take much longer to recover. Going forward, it will also face supply side issues due to dependency on China for various components. Expectations are that the spill over effect of this will be seen in FY21. Although this will be short-lived as situation is coming to normal in China.

Lockdown will lead to negative operating leverage coming into play which will have impact on margins. FY21 is unlikely to witness volume growth as people will try to regain the lost ground due to lockdown before resuming the discretionary spending. We expect H1FY20 to be lackluster followed by gradual recovery in second half of the year. The segment is likely to remain under pressure in the near-term as the virus outbreak persists. We anticipate that, even if the pandemic is curtailed, the consumer sentiment is expected to be negative and demand is expected to remain muted during much of FY21 led by fluctuating and uncertain economic conditions. While this has resulted in significant wealth erosion in the sector, the sector is offering opportunities to buy good stocks at very attractive prices.

Some of the key factors to watch out for include – companies with lower BS IV inventory and lesser exposure to segments that are expected to be hit hard in the short to medium term. We expect the recovery to drag on a few quarters. We expect rural economy to be relatively less impacted. Also, the salaried class' cash flows would be corrected fast once the lock down ends as they address issues arising out of EMI moratorium. As a result, companies with larger exposure to farm equipment and 2W come into focus. Additionally, companies with good balance sheets, higher domestic sales will stand to benefit the earliest. Some of the companies that fall into this category include Maruti Suzuki (cleared BS IV inventory, good balance sheet), Escorts (emphasis on farm equipment) and Hero MotoCorp (cleared BS IV inventory prior to March and higher focus on rural India). Initially, larger discounts will need to be offered to drive up volumes but it's impact on the margins will be cushioned by lower raw material prices.

Overall recovery in the sector is still a few quarters away. The speed of recovery largely depends on the government's push towards growth. Going by the time frame in which other countries were able to pull back from this scenario, we should at least give it time till H2FY21 to see positive changes and a larger scale recovery in the sector by FY22 on account of pent up demand and improved sentiments across rural (particularly) and urban India.

- DR. RAVI SINGH

Vice President & Head of Research

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NEWS

Auto

- China's Great Wall Auto reaffirmed its plan to invest \$1 billion (Rs 7,600 crore) in the Indian market as announced during the Auto Expo in February this year. Parker Shi, MD of GWM India, in a press statement thanked the Maharashtra government and said the cooperation could hopefully turn into a great business opportunity for both the parties.
- Maruti Suzuki partners Indusind Bank for vehicle financing. Through the partnership, consumers can avail of low EMI scheme for the first three months starting at Rs 899 per lakh; step-up scheme with EMI starting with Rs 1,800 per lakh; up to 100 per cent on-road funding for customers with valid income proof, the company said in a statement.
- FCA India aims to expand used car business. The automaker had introduced a pilot operation of SELECTED for YOU in Delhi, Mumbai and Hyderabad in 2019 and will now plan to scale it up across the country, FCA India said in a statement.

Banking

- Online payment transactions in the month of April fell massively as the lockdown brought most of the economic activity to a standstill, data from RBI showed. Payment through cheques saw a massive decline of 71% in April. Due to crash in consumption due to lockdown other modes of payments also saw a massive fall.
- Veteran banker Pralay Mondal heads to Prem Watsa's CSB Bank from Axis Bank. As per media sources, Mondal will eventually be promoted as the CEO of the Thrissur based bank which is majority owned by Canadian Billionaire Prem Watsa. Currently, the bank is headed by CVR Rajendran.
- Depositors seek RBI protection against waiver of bank interest. The AIBDA (All India Bank Depositors Association) has expressed apprehension that banks will stop paying interest on deposits if the Supreme Court allows complete waiver of interest due to Covid.

FMCG

- Emami enters soap, hand wash categories under Boroplus. Boroplus is Emami's second largest brand after Navratna with annual sales of about Rs 500 crore. It has about 75% share in the antiseptic cream segment and was largely a winter brand though the company had earlier launched face wash under it.
- ITC's foods business collaborates with Frozen Bottle to enter online dessert space. The offering from this partnership was launched in Bengaluru and Chennai and will be rolled out in phases in other cities including Delhi, Hyderabad, Mumbai, Pune, Nagpur and Goa.
- Branded staple foods fly off shelves as focus shifts to hygiene. Loose and unbranded products accounted for 30-80% of sales because they are cheaper than packaged and branded products. Taxation also favours loose products. The trend is visible across trade channels - both supermarkets as well as kirana shops. Sales of branded pulses and staples are growing at over 12% at modern stores, while loose products have expanded by 2%.

Oil and gas

- Rising diesel prices set new record. Diesel has climbed to Rs 77.06 a litre in Delhi and Rs 75.53 in Mumbai. Petrol prices have risen to Rs 78.37 a litre in Delhi and Rs 85.21 in Mumbai. On Friday, diesel and petrol prices rose by 63 paise and 56 paise a litre, respectively.
- BP to set up new major business services centre in Pune. The new center in India will assume operational ownership of third-party business processes and seek to further extend its work with analytics and data science capabilities to pursue better business outcomes as per the company's statement.

FORTHCOMING EVENTS

COMPANY NAME	EVENT	EX-DATE
Tata Chemicals	Final Dividend – Rs. 11.00	22 June 2020
Bayer CropScience	Interim Dividend – Rs. 90.00	22 June 2020
Castrol India	Interim Dividend – Rs. 3.00	29 June 2020
Natco Pharma	Interim Dividend – Rs. 1.00	29 June 2020

GLOBAL NEWS

- China charges two Canadians with spying in Huawei –linked case. Michael Kovrig was charged by Beijing on suspicion of spying for state secrets and intelligence. Michael Spavor was charged in Dandong, a city near the North Korean border, on suspicion of spying for a foreign entity and illegally providing state secrets.
- Trump tweets that complete decoupling from China is an option. The new Trump tweet comes a day after Secretary of State Mike Pompeo met with Chinese official Yang Jiechi, amid questions over whether the nations' trade pact will remain in tact. According to Pompeo, Yang said China is committed to maintaining agriculture purchases that were crucial to Trump's support of the deal.

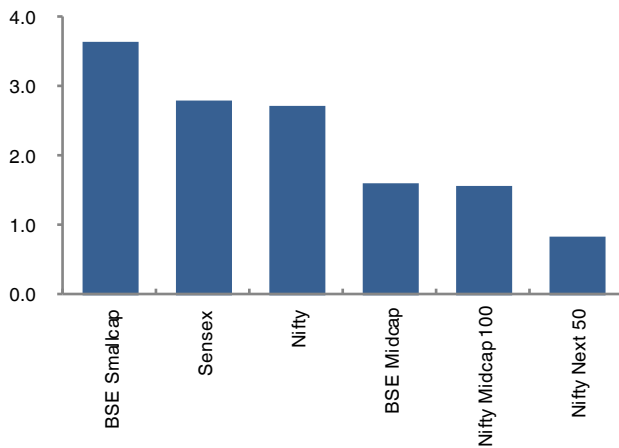
Pharmaceuticals

- Alembic gets USFDA nod for Silodosin capsules. Silodosin capsules used in treatment of benign prostatic hyperplasia.
- Alembic Pharmaceuticals on Friday said its joint venture has received nod from the US health regulator for generic Adapalene gel used for treatment of acne.
- The India-China border standoff has put the spotlight back on our near-total dependence on the dragon for crucial raw materials used in medicines, posing a potential 'national risk' for millions across the country. China supplies over 80% of pharma raw materials.
- India is trying to encourage local manufacture of APIs, intermediates and key starting material used in the production of drugs and cut dependence on China. However, the scheme was meant to cater only to domestic demand and exports were restricted. But now government is contemplating to allow exports.
- When it comes to advance tax payments, pharma has emerged as one of the outliers with the sector showing a higher payout this quarter, while real estate, infrastructure, steel and cement were among segments that crumbled under the weight of the coronavirus - induced lockdown.

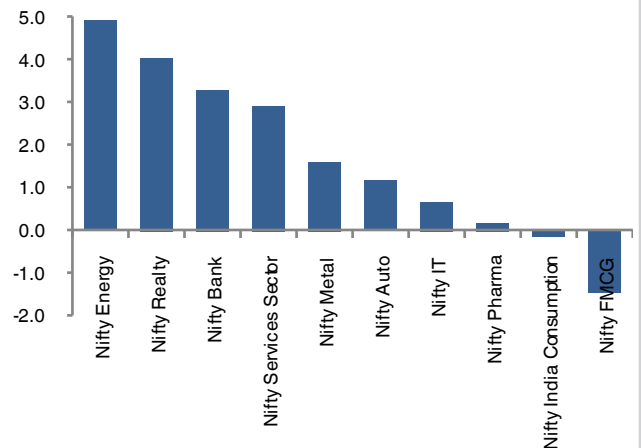
Others

- Anti-dumping duty likely on steel imports from EU, Japan, US and Korea. The commerce and industry ministry has recommended imposition of the anti-dumping duty on the product from these countries and rejected the demand to exclude products based on their quality, citing circumvention of the duty. However, the interested parties have argued that non-prime materials should be excluded from the PUC (product under consideration).
- JSW Steel's Bellary site a covid cluster. No entry till month end. Management said that it is closely working with the government and has taken all precautionary steps,

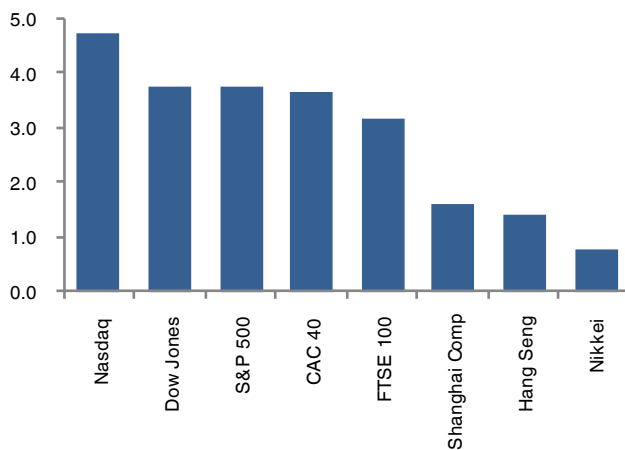
INDIAN INDICES (% CHANGE)



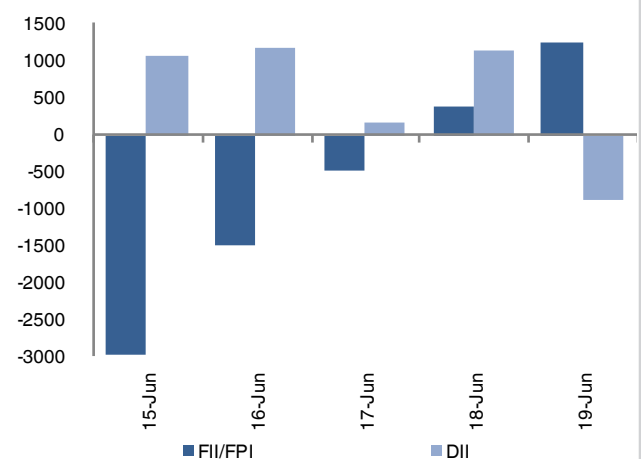
SECTORAL INDICES (% CHANGE)



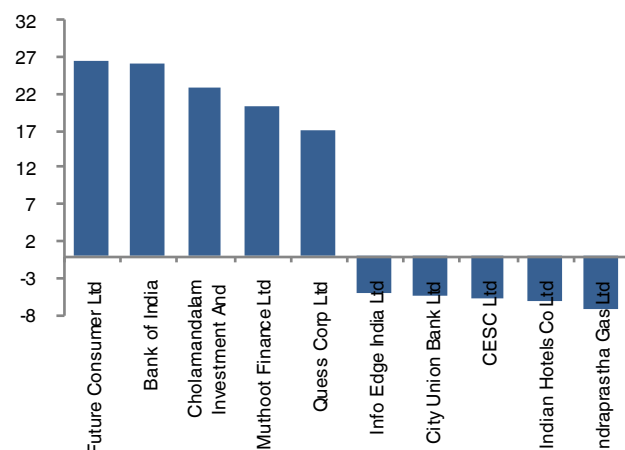
GLOBAL INDICES (% CHANGE)



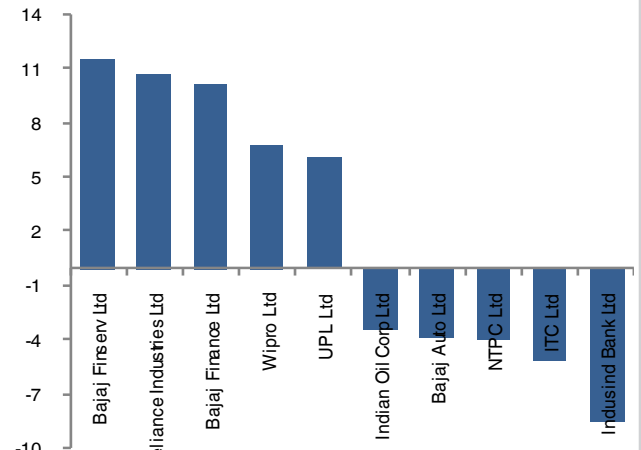
FII/FPI & DII TRADING (IN RS. CRORES)



NIFTY MIDCAP100 TOP GAINERS & LOSERS (1W)



NSE NIFTY TOP GAINERS & LOSERS (1W)



Source: Karvy Research

BEAT THE STREET - TECHNICAL ANALYSIS

Bharti Infratel Ltd



STOCK	INFRA TEL
CMP	220
ACTION	BUY
ENTRY	217-222
AVERAGE	200
STOP LOSS	195
TARGET 1	265
TARGET 2	290

On the technical front, INFRA TEL 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.

Tata Motors Ltd



STOCK	TATAMOTORS
CMP	102
ACTION	BUY
ENTRY	100-101
AVERAGE	97
STOP LOSS	93
TARGET 1	111
TARGET 2	119

On the technical front, TATAMOTORS has higher highs and higher lows on the daily charts and is currently placed above the major medium-term supports in all the daily frame. In the recent past, after clocking the high of 119 levels, the stock has witnessed a round of profit booking which dragged the counter towards the major support zone of 93 levels. At the current juncture, the stock is forming a base around 97 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 110-111 levels may trigger a fresh round of buying which may take the stock towards 120 levels. The stock is currently performing in line with 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 bullish performance in the coming trading days as well and may move towards 119-120 levels in the short-term. Any correction towards the recent support levels of 97 levels may be utilized to average the positions.

SECTORAL SNIPPETS

Both Nifty Bank and Nifty ended the week up 3% in a week where markets were consolidating around crucial levels. During the week Bank Nifty took support at 50 DMA of 19500 levels and bounced back sharply. However Bank Nifty closed above the resistance zone of 20750 and ended the week at 21348 - up 3%. This week's performance was broad-based and was driven by heavy weights including ICICI Bank and HDFC Bank. RBL Bank and Indusind Bank were the only losers for the week. This week was so important for the sector owing to Supreme Court's hearing on waiver of interest during moratorium period due on June 12. The sector got a big relief after the apex court said that the court needed clarity on whether the banks would be charging interest on interest waived off during moratorium and adjourned the hearing to first week of August giving the centre and RBI more time to give more clarity to the sector. Technically, the index was range bound between 19500 at the lower end and 21500 on the upside. Going forward, we see 20100 as immediate support followed by 19500. On the upside, 21500, followed by 22000 are key levels.

Nifty FMCG was down 1.5% as the investors moved to a risk on mode. The sector continues to be a good defensive bet, particularly the stocks in the non durables space. This segment is clocking capacity utilisations of ~90% and hence the impact on topline is expected to be minimal compared to the other sectors despite april being largely a washout. E commerce will aid ensuring the demand reaches the end customer. The share of sales through e commerce is expected to reach 4-5% of overall sales post covid vs 2-3% prior to it. Nifty consumption has also moved up 1.6% in the from the lows of the week. While auto and other sectors will be hampered on a YoY basis, the consumption index has a high weightage of 61% for consumer goods and 19% for automobiles. . ITC, HUL, Britannia, and Nestle continues to be good bets while Asian paints and others within the discretionary space could lag on account of postponement of demand. Nifty FMCG index currently trades at 28709, and has a strong resistance at 30,000. We believe stronger triggers are required to break this level. Immediate support is at 28300 and further below at 26600. On the consumption index, the momentum is more positive and the immediate resistance is at 4800 and further at 4900. The support levels are 4600 and 4500.

Nifty Financial Services gained 4.18% during the week passed, while the broader index Nifty gained 2.72%. The index has shown uptrend this week after positive sentiment after clarity of RBI on HFC guidelines which showed with a decrease 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 stocks and NBFCs stocks which consist of HFC. On the chart, strong support is seen at 9800 levels for the index this week and resistance at around 10500 levels and the market is expected to remain stable next week with a steady increase in average volume traded and turnover. NBFC heavyweights will benefit in coming weeks away from insurance and gold loan firms amid on RBI decision to consider HFC with asset size greater than Rs. 500 Cr. and generally backed by the NBFCs as systemically important. Stocks to watch could be Bajaj Finserv, Bajaj Finance due to improved guidelines for its fully-owned retail mortgage of Rs. 46000 Cr. and M&M Finance which is at its lowest valuation and recovery is due-in via disbursement of loans for credit cycle push on microfinance segments like agriculture and its stake in Mahindra Rural Finance which received refinance benefits of Rs. 200 Cr.

NIFTY Pharma underperformed the Nifty with a gain of 0.19% during the week while the broader index Nifty gained by 2.7%. Key results of Ipca Labs, Cadila Healthcare and Natco Pharma set the trend. Major companies have been impacted by the lockdown in terms of loss of sales, higher inventories and receivables due to logistics issues across markets. From January 2020, the index has been steadily moving up from 8000 plus levels and has gained marginally during the current week. Commentary on domestic sales contraction in April - June quarter is a dampener, however positive growth in other markets and margins is an encouraging takeaway. 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, all the stocks were in positive territory with the exception of Divis Labs (-2.76%), Cadila Healthcare (-3.65 %) and Biocon (-0.44 %). PEL (10.19%), Glenmark (1.5%), Sun Pharma (1.91%) and Aurobindo Pharma (1.15%) were the major gainers in the week. The index may face resistance at 10240 levels followed by 10440 levels. For the week ahead, support for the index can be pegged at 9820 levels followed by 9480 levels.

WEEKLY VIEW OF THE MARKET

NIFTY (10244.40): Indian equity benchmark index Nifty 50 closed higher by 2.72% during the week. During the last two and a half months, the index witnessed a bounce towards the current levels after correcting from 12150 levels and towards the low of 7511 levels. Technically, from March 2020, the index is forming higher highs indicating that the bulls are reclaiming the lost ground. However, the index may resume its bearish bias if it breaches and sustains below 10000 levels in future sessions. On the global front, Stocks in the Asia Pacific were higher on Friday as investors continued to monitor the situation surrounding a recent uptick in coronavirus cases in some countries. Investor focus on Friday likely remained on developments surrounding the resurgence of coronavirus in some places, with four states in the US reporting record spikes in cases. Geopolitical tensions also resurfaced Thursday, with US President Donald Trump again threatening to cut ties with China despite top diplomats from the world's two largest economies holding trade talks, and US Trade Representative Robert Lighthizer suggesting that cutting trade relations with Beijing would not be a viable move. On the derivatives front, open interest data suggests that the index may find its supports around 10000 followed by 9500 levels while on the higher side, 10500 and 11000 levels may act as strong resistance.

BULLION

In the week ended on 19th June 2020, the global bullion market had witnessed a mixed trend in absence of major fundamental triggers. However, the market ended in green towards end of the week on safe-haven buying. On MCX, gold and silver futures were because of depreciation of Indian Rupee against U.S. Dollar following a tiff between India and China at Ladakh. Fears of a second wave of coronavirus infections offset optimism around a potential COVID-19 drug and a stronger U.S. dollar kept the market on positive note. Market was cautious on escalating tensions globally, as Indian and Chinese troops clashed at their disputed border, while North Korea blew up an inter-Korean liaison office set up in a border town. The prospects of fresh support from the Federal Reserve and Bank of Japan also supported the safe-haven metal. Bank of England is expected to announce an increase of at least 100 billion pounds (\$125 billion) in its bond-buying program. In his testimony to the lawmakers, U.S. Federal Reserve chairman said that The U.S. economy is beginning to recover from the worst of the coronavirus crisis, but with some 25 million Americans displaced from work and the pandemic ongoing. On Friday, CME gold futures touched two weeks high as a rise in coronavirus cases raised concerns of a second wave of the pandemic that could compel governments to implement new lockdowns. So far this year, gold prices have risen about 15%, supported by safe-haven demand in the midst of concerns of an economic slowdown and unprecedented amounts of government and central bank fiscal and monetary support, which has reduced bond yields and has also raised fears about inflation.

ENERGY

After a brief correction in the last week, the global oil prices resumed its uptrend in the week ended on 19th June 2020 boosted by production cut but by the OPEC+ and Russia. The Iraq and Kazakhstan, during a meeting of an OPEC+ panel, pledged to comply better with oil cuts. This means curbs by the Organization of the Petroleum Exporting Countries and allies, known as OPEC+, could deepen in July. The U.S. oil and gas rig count, an early indicator of future output, fell to a record low for a seventh week in a row, dropping by 13 to 266 this week. U.S. crude oil inventories rose by 3.9 million barrels in the week to June 12 to 543.2 million barrels according to data from the American Petroleum Institute. Gasoline stocks rose by 4.3 million barrels and distillate fuel stockpiles, including diesel fuel and heating oil, rose by 919,000 barrels. According to data released by EIA, U.S. weekly crude oil inventories rose by 1.215 million barrels in the week to 12th June while distillate and gasoline inventories fell by 1.358 and 1.667 million barrels.

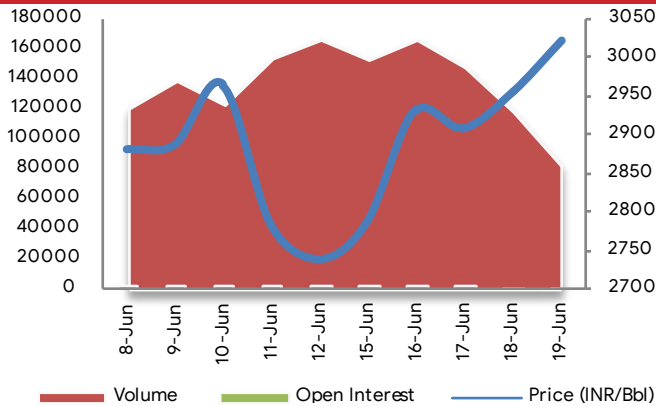
BASE METALS

The prices of industrial metals advanced the gains in the week ended on 19th June 2020 on follow through buying. Reports of second wave of COVID-19 failed to have its impact on the market. LME copper prices surged to 5 months high while zinc and nickel prices rose to 4 month higher and lead and aluminium prices to 3 month high. Trial results showed a widely used steroid was able to save the lives of COVID-19 patients and a sharp rebound in U.S. retail sales helped the prices. U.S. retail sales increased by the most on record in May after two straight months of sharp declines, adding to evidence that the world's biggest economy is recovering. A Chilean regulator said mines have applied "adequate" measures to combat the coronavirus outbreak, dismissing concerns voiced by union workers that mining companies were failing to enforce sanitary measures. China will step up monetary easing and keep liquidity "reasonably ample", the state cabinet said, as it looks to support the economy and help small and medium-sized firms. The Democratic Republic of Congo will try to offer financial support to mining companies which need help due to disruptions caused by the coronavirus crisis.

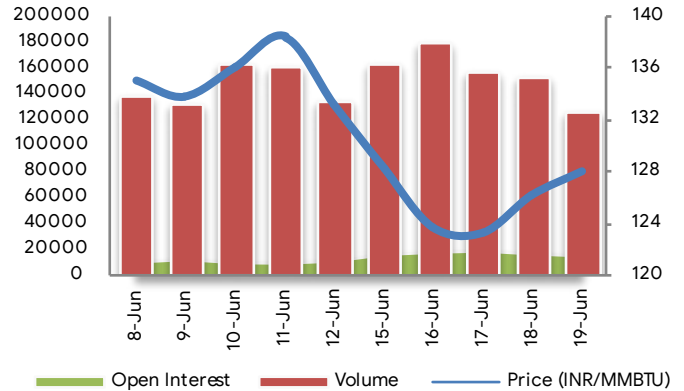
NEWS DIGEST

- Oil's price structure for Brent and U.S. crude has caused storage to be drawn down, signalling a recovery in global markets and tighter supplies as major producers cut output to compensate for demand loss due to the coronavirus pandemic. Brent on Thursday moved into backwardation, where oil for immediate delivery costs more than supply later. The premium at which Brent crude futures for August delivery are trading above September LCOc1-LCOc2 were as high as 15 cents on Friday. Short-term Brent swaps in the North Sea market, contracts for differences, have also moved into backwardation, suggesting a stronger physical market. That has encouraged storage to be drawn down.
- Goldman Sachs raised its gold price forecast on Friday as it expects a rally in bullion to continue due to currency debasement fears and economic uncertainty caused by the coronavirus crisis. The bank raised its three, six and 12-month gold price estimates to \$1,800, \$1,900 and \$2,000 per ounce from \$1,600, \$1,650 and 1,800 per ounce, respectively. "Policy uncertainty aside, we believe that debasement fears remain the key driver of gold prices in a post-crisis environment such as this," analysts at Goldman Sachs wrote in a note. A weaker dollar will boost the purchasing power of major gold consumers across emerging markets along with easing of lockdowns, the bank added. Faced with both an unprecedented shock and policy response, it remains unclear how inflationary the economic recovery will be, Goldman said.
- China's customs authority has asked food exporters to the country to sign a declaration their produce is not contaminated by the novel coronavirus, three people who received a letter said on Friday. The declaration, seen by Reuters, may be an effort by China to reduce the additional testing it has carried out on imported foods over the last week and make exporters responsible for guaranteeing their products' safety, one meat importer who had signed it said. He declined to be identified because of the sensitivity of the issue. The French pork industry association Inaporc also received the notice, an official said. China's General Administration of Customs did not immediately respond to a fax seeking comment.
- Copper inventories in warehouses tracked by the Shanghai Futures Exchange (ShFE) dropped to their lowest level in 17 months on Friday, as Chinese demand continued to recover after coronavirus-led restrictions were lifted. In the week ended June 19, copper stocks in ShFE warehouses dropped 14.2% to 109,969 tonnes, their lowest since Jan. 18, 2019, exchange data showed. Aluminium stockpiles fell 3.9% on-week to 238,703 tonnes, their lowest since Jan. 23. However, the rate of withdrawals was the slowest since April 10. Lead stocks in ShFE warehouses continued to rise, adding 16.6% over the week to 22,995 tonnes, their highest since March 13. Last week, lead inventories more than doubled on subdued demand and higher output in China. Zinc inventories fell to a near five-month low of 96,796 tonnes this week, while tin stocks rose 5.2% to 3,455 tonnes and nickel stockpiles SNI-TOTAL-W gained 1.8% to 28,365 tonnes.

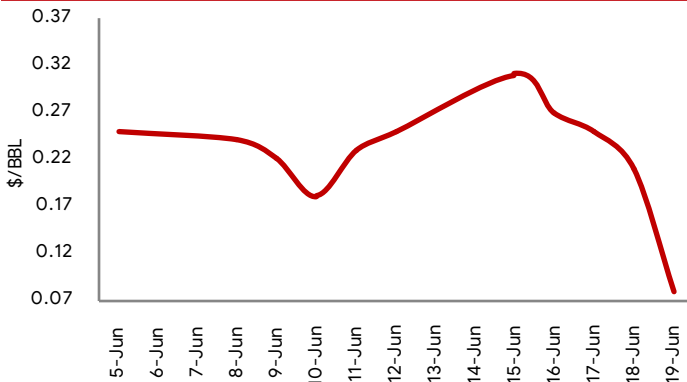
MCX CRUDE - PRICE, VOLUME & OPEN INTEREST



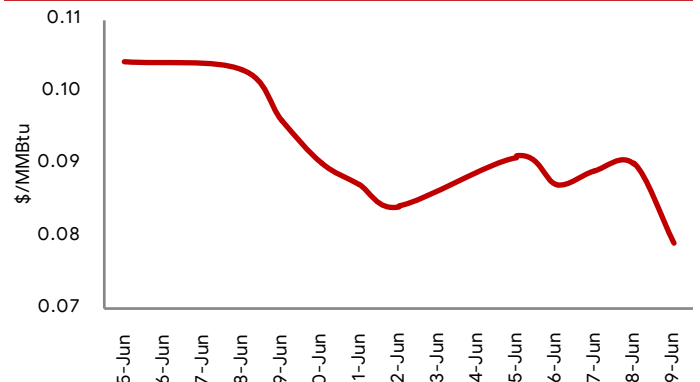
MCX NATURAL GAS - PRICE, VOLUME & OPEN INTEREST



CALENDAR SPREAD NYMEX - CRUDE OIL



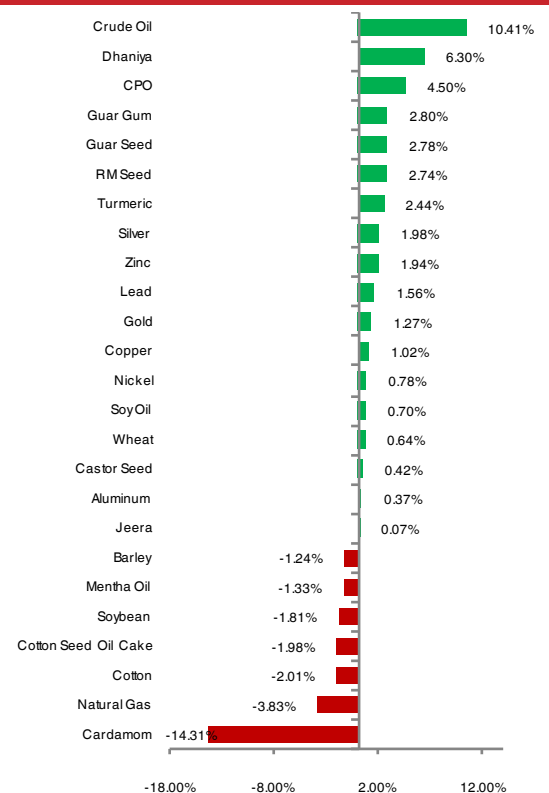
CALENDAR SPREAD NYMEX - NATURAL GAS



TRENDSHEET

Commodities	12-Jun	19-Jun	% Change	52 Week High	% Change from 52 Week High	52 Week Low	% Change from 52 Week Low
MCX Gold (Rs/10 gms)	47334	47937	1.27	47980	-0.09	32971	45.39
MCX Silver (Rs/Kg)	47690	48636	1.98	51235	-5.07	33580	44.84
MCX Crude Oil (Rs/bbl)	2738	3023	10.41	4670	-35.27	795	280.25
MCX Natural Gas (Rs/mmBtu)	133	128	-3.83	206	-37.79	117	9.49
MCX Copper (Rs/kg)	443	448	1.02	462	-2.99	336	33.29
MCX Lead (Rs/kg)	141	143	1.56	170	-15.69	119	20.53
MCX Zinc (Rs/kg)	160	163	1.94	208	-21.74	124	31.67
MCX Nickel (Rs/kg)	968	975	0.78	1315	-25.84	806	21.00
MCX Aluminium (Rs/kg)	136	136	0.37	150	-9.12	126	8.37
NCDEX Soybean (Rs/Quintal)	3858	3788	-1.81	4506	-15.93	3276	15.63
NCDEX Refined Soy Oil (Rs/10 kg)	828	833	0.70	955	-12.73	727	14.71
NCDEX RM Seed (Rs/Quintal)	4709	4838	2.74	4890	-1.06	3770	28.33
MCX CPO (Rs/10 kg)	688	719	4.50	840	-14.34	491	46.43
NCDEX Castor Seed (Rs/Quintal)	3782	3798	0.42	5930	-35.95	3520	7.90
NCDEX Turmeric (Rs/Quintal)	5416	5548	2.44	7190	-22.84	5200	6.69
NCDEX Jeera (Rs/Quintal)	13920	13930	0.07	18195	-23.44	13110	6.25
NCDEX Dhaniya (Rs/Quintal)	5780	6144	6.30	7421	-17.21	5267	16.65
MCX Cardamom (Rs/kg)	1570	1345	-14.31	4265	-68.46	1310	2.73
NCDEX Wheat (Rs/Quintal)	1875	1887	0.64	2290	-17.60	1800	4.83
NCDEX Guar Seed (Rs/Quintal)	3527	3625	2.78	4450	-18.53	3190	13.64
NCDEX Guar Gum (Rs/Quintal)	5459	5612	2.80	8944	-37.25	4700	19.40
MCX Cotton (Rs/Bale)	16430	16100	-2.01	22460	-28.32	14800	8.78
NCDEX Cocud (Rs/Quintal)	2073	2032	-1.98	3698	-45.05	1507	34.84
MCX Mentha Oil (Rs/kg)	1020	1006	-1.33	1350	-25.45	977	3.00

FUTURE PRICES (% CHANGE)



MARKET STANCE

USD/INR futures closed at 76.26 for June maturity. Rupee broadly remained weak against USD on India- China border row and USD strength against majors. India is mulling economic measures against China, including limiting the country's access to India's huge market, as a response to its aggression on the Line of Actual Control. India dropped out of Kearney's 2020 Foreign Direct Investment Confidence Index. India exports fell 36.47% in May, trade deficit narrowed to \$3.15 billion. On the global front fears of a second wave of coronavirus infections have increased demand for safe-haven assets, driving the U.S. dollar to its best weekly gain in a month. Australian and New Zealand dollars fell against the dollar after fears of a second wave of the coronavirus in Beijing. Australian dollar fell after data showed its economy shed twice as many jobs as expected in May. PBoC cuts 14 Day reverse repo rate to 2.35% from 2.55%. Pound fell against the dollar due to concerns trade negotiations between Britain and the European Union are not making enough progress. Pound is under pressure as investors feared that the Bank of England may not be planning enough bond buying. Fed said it will start purchasing corporate bonds through the secondary market corporate credit facility (SMCCF). China reintroduced restrictions in some areas after Beijing reported its biggest cluster of new infections since February. Dollar held strong against majors after U.S. retail sales jumped far more than expected in May. US retail sales increased by the most on record in May after two straight months of sharp declines. Fed chairman Powell had a word of caution in his testimony at Congress, saying output and employment would remain well short of their pre-pandemic levels for a long time. OPEC forecasted a gradual recovery in oil demand that has been hammered by the coronavirus crisis. Said world oil demand would decline by 6.4 million barrels per day (bpd) in the second half of 2020, a less severe drop than the 11.9 million bpd fall in the first six months. President Donald Trump renewed his threat to cut ties with China after the first high-level talks between the countries in months amid souring relations. USD/INR to find support at 75.80 and resistance at 76.50 in the near term.

CURRENCY TABLE

Currency Pair	Open	High	Low	Close
USDINR	76.0500	76.4000	75.7760	76.2600
EURINR	85.5485	86.4440	85.1070	85.2355
GBPINR	95.3060	96.4340	94.0890	94.2430
JPYINR	70.8200	71.5600	70.4300	71.3400

NEWS FLOWS OF LAST WEEK

- USD/INR futures closed at 76.26 for June maturity.
- Rupee broadly remained weak against USD on India- China border row and USD strength against majors.
- India dropped out of Kearney's 2020 Foreign Direct Investment Confidence Index.
- India exports fell 36.47% in May, trade deficit narrowed to \$3.15 billion.
- Australian and New Zealand dollars fell against the dollar after fears of a second wave of the coronavirus in Beijing. Australian dollar traded weak after data showed its economy shed twice as many jobs as expected in May.
- PBoC cuts 14 Day reverse repo rate to 2.35% from 2.55%.
- Pound is under pressure as investors feared that the Bank of England may not be planning enough bond buying.
- Fed said it will start purchasing corporate bonds through the secondary market corporate credit facility (SMCCF).
- US retail sales increased by the most on record in May after two straight months of sharp declines.
- OPEC forecasted a gradual recovery in oil demand that has been hammered by the coronavirus crisis.
- President Donald Trump renewed his threat to cut ties with China after the first high-level talks between the countries in months amid souring relations.
- USD/INR to find support at 75.80 and resistance at 76.50 in the near term

TECHNICAL RECOMMENDATION

USD/INR



USDINR opened higher last week at 76.0500 but after making a low of 75.7760 it traded mostly higher to test levels as high as 76.4000 and settled for the week at 76.2600. The RSI is at 58.6431 and it is trading higher. While the 50-Day Moving Average is at 75.8600. The MACD is trading at 0.1633 and it is trading upwards. Hence, we recommend buy on dips at 75.60-75.70 for targets of 76.50 with stops below 75.30

EUR/INR



EURINR opened lower last week at 85.5485 but after making a high of 86.4440 it traded mostly lower to test levels as low as 85.1070 and settled for the week at 85.2355. The RSI is at 58.6330 and trading lower. While the 50-Day Moving Average is at 83.4587. The MACD is moving at 0.8396 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 lower last week at 95.3060 but after making a high of 96.4340 it traded mostly lower to test levels as low as 94.0890 and settled for the week at 94.2430. The RSI is at 46.0971 and it is trading lower. While the 50-Day Moving Average is at 94.2430. The MACD is trading at 0.6464 and it is trading higher. Hence, we recommend sell on rise at 96.00 - 96.30 for targets of 93.50 with stops above 97.20.

JPY/INR



JPYINR opened unchanged last week at 70.8200 but after making low of 70.4300 it traded mostly higher to test levels as high as 71.5600 and settled for the week at 71.3400. The RSI is at 60.8145 and it is trading sideways. While the 50-Day Moving Average is at 70.57. The MACD is trading at 0.0026 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
22-Jun-20	6:30	China (Mainland)	Loan Prime Rate 1Y	Jun 2020			Percent	3.85
22-Jun-20	6:30	China (Mainland)	Loan Prime Rate 5Y	Jun 2020			Percent	4.65
22-Jun-20	15:30	United Kingdom	CBI Trends - Orders	Jun 2020			Balance	-62
22-Jun-20	17:30	United Kingdom	Steel Production	May 2020		Thou		560
22-Jun-20	18:00	United States	National Activity Index	May 2020			Index	-16.74
22-Jun-20	19:30	United States	Existing Home Sales	May 2020	4.1	Mln	No. of	4.33
22-Jun-20	19:30	United States	Exist. Home Sales % Chg	May 2020	-3		Percent	-17.8
22-Jun-20	19:30	Euro Zone	Consumer Confid. Flash	Jun 2020	-15		Balance	-18.8
23-Jun-20	5:20	Japan	Service PPI	May 2020			Percent	1
23-Jun-20	6:00	Japan	Jibun Bank Mfg PMI Flash	Jun 2020			Diff.Idx	38.4
23-Jun-20	10:30	Japan	Chain Store Sales YY	May 2020			Percent	-4.5
23-Jun-20	13:30	Euro Zone	Markit Mfg Flash PMI	Jun 2020	44		Diff.Idx	39.4
23-Jun-20	13:30	Euro Zone	Markit Serv Flash PMI	Jun 2020	40.5		Diff.Idx	30.5
23-Jun-20	13:30	Euro Zone	Markit Comp Flash PMI	Jun 2020	41		Diff.Idx	31.9
23-Jun-20	14:00	United Kingdom	Flash Composite PMI	Jun 2020	41		Diff.Idx	30
23-Jun-20	14:00	United Kingdom	Flash Manufacturing PMI	Jun 2020	45		Diff.Idx	40.7
23-Jun-20	14:00	United Kingdom	Flash Services PMI	Jun 2020	39.5		Diff.Idx	29
23-Jun-20	17:30	United States	Build Permits R Numb	May 2020		Mln	No. of	1.22
23-Jun-20	17:30	United States	Build Permits R Chg MM	May 2020			Percent	14.4
23-Jun-20	18:25	United States	Redbook MM	W 20 Jun			Percent	-2.4
23-Jun-20	18:25	United States	Redbook YY	W 20 Jun			Percent	-8.3
23-Jun-20	19:15	United States	Markit Comp Flash PMI	Jun 2020			Diff.Idx	37
23-Jun-20	19:15	United States	Markit Mfg PMI Flash	Jun 2020	47.8		Diff.Idx	39.8
23-Jun-20	19:15	United States	Markit Svcs PMI Flash	Jun 2020	46		Diff.Idx	37.5
23-Jun-20	19:30	United States	New Home Sales-Units	May 2020	0.64	Mln	No. of	0.623
23-Jun-20	19:30	United States	New Home Sales Chg MM	May 2020	3.5		Percent	0.6
23-Jun-20	19:30	United States	Rich Fed Comp. Index	Jun 2020			Index	-27
23-Jun-20	19:30	United States	Rich Fed, Services Index	Jun 2020			Index	-48
23-Jun-20	19:30	United States	Rich Fed Mfg Shipments	Jun 2020			Index	-26
24-Jun-20	5:20	Japan	Foreign Bond Investment	W 20 Jun		Bln	JPY	1656.6
24-Jun-20	5:20	Japan	Foreign Invest JP Stock	W 20 Jun		Bln	JPY	-440.4
24-Jun-20	5:20	Japan	Foreign Invest JP Bonds	W 15 Jun		Bln	JPY	-484.3
24-Jun-20	5:20	Japan	Foreign Stock Investment	W 15 Jun		Bln	JPY	-186.4
24-Jun-20	10:30	Japan	Leading Indicator Revised	Apr 2020			Index	-8.9
24-Jun-20	16:30	United States	MBA Mortgage Applications	W 19 Jun			Percent	8
24-Jun-20	16:30	United States	Mortgage Market Index	W 19 Jun			Index	846.9
24-Jun-20	16:30	United States	MBA Purchase Index	W 19 Jun			Index	322.5
24-Jun-20	16:30	United States	Mortgage Refinance Index	W 19 Jun			Index	3891.5
24-Jun-20	16:30	United States	MBA 30-Yr Mortgage Rate	W 19 Jun			Percent	3.3
24-Jun-20	18:30	United States	Monthly Home Price MM	Apr 2020			Percent	0.1
24-Jun-20	18:30	United States	Monthly Home Price YY	Apr 2020			Percent	5.9
24-Jun-20	18:30	United States	Monthly Home Price Index	Apr 2020			Index	287.9

24-Jun-20	20:00	United States	EIA Weekly Crude Stocks	W 19 Jun		Mln	Barrel	1.215
24-Jun-20	20:00	United States	EIA Weekly Dist. Stocks	W 19 Jun		Mln	Barrel	-1.358
24-Jun-20	20:00	United States	EIA Weekly Gasoline Stk	W 19 Jun		Mln	Barrel	-1.667
24-Jun-20	20:00	United States	EIA Weekly Crude Imports	W 19 Jun		Mln	Barrel	-0.245
24-Jun-20	20:00	United States	EIA Weekly Rfg Stocks	W 19 Jun		Mln	Barrel	0
24-Jun-20	20:00	United States	EIA Weekly Heatoil Stock	W 19 Jun		Mln	Barrel	-0.027
24-Jun-20	20:00	United States	EIA Weekly Prods Imports	W 19 Jun		Mln	Brl/Day	-0.407
24-Jun-20	20:00	United States	EIA Weekly Dist Output	W 19 Jun		Mln	Brl/Day	-0.264
24-Jun-20	20:00	United States	EIA Weekly Crude Runs	W 19 Jun		Mln	Brl/Day	0.116
24-Jun-20	20:00	United States	EIA Wkly Crude Cushing	W 19 Jun		Mln	Barrel	-2.608
24-Jun-20	20:00	United States	EIA Weekly Gasoline O/P	W 19 Jun		Mln	Brl/Day	0.217
24-Jun-20	20:00	United States	EIA Ethanol Ref Stk	W 19 Jun		Thou	Barrel	21346
24-Jun-20	20:00	United States	EIA Ethanol Fuel Total	W 19 Jun		Thou	Brl/Day	841
25-Jun-20	5:00	Japan	CPI Tokyo Ex fresh food YY	Jun 2020	0.2		Percent	0.2
25-Jun-20	5:00	Japan	CPI, Overall Tokyo	Jun 2020			Percent	0.4
25-Jun-20	5:00	Japan	CPI Tokyo Excl Food & Energy Y/Y	Jun 2020			Percent	0.2
25-Jun-20	5:00	Japan	CPI Tokyo Excl Food & Energy M/M	Jun 2020			Percent	0.1
25-Jun-20	10:00	Japan	Total Ind'l Activity MM SA	Apr 2020			Percent	10.3
25-Jun-20	15:30	United Kingdom	CBI Distributive Trades	Jun 2020			Balance	-50
25-Jun-20	18:00	United States	Durable Goods	May 2020	10.6		Percent	-17.7
25-Jun-20	18:00	United States	Durables Ex-Transport	May 2020	2.1		Percent	-7.7
25-Jun-20	18:00	United States	Durables Ex-Defense MM	May 2020			Percent	-16.6
25-Jun-20	18:00	United States	Nondefe Cap Ex-Air	May 2020	-0.5		Percent	-6.1
25-Jun-20	18:00	United States	Adv Goods Trade Balance	May 2020		Bln	USD	-70.73
25-Jun-20	18:00	United States	Wholesale Inventories Adv	May 2020			Percent	0.3
25-Jun-20	18:00	United States	Retail Inventories Ex-Auto Adv	May 2020			Percent	-1.1
25-Jun-20	20:30	United States	KC Fed Manufacturing	Jun 2020			Index	-25
25-Jun-20	20:30	United States	KC Fed Composite Index	Jun 2020			Diff.Idx	-19
26-Jun-20	13:30	Euro Zone	Money-M3 Annual Grwth	May 2020	8.5		Percent	8.3
26-Jun-20	13:30	Euro Zone	Loans to Households	May 2020			Percent	3
26-Jun-20	13:30	Euro Zone	Loans to Non-Fin	May 2020			Percent	6.6
26-Jun-20	13:30	Euro Zone	Broad Money	May 2020		Mln	EUR	13638559
26-Jun-20	18:00	United States	Personal Income MM	May 2020	-6		Percent	10.5
26-Jun-20	18:00	United States	Personal Consump Real MM	May 2020			Percent	-13.2
26-Jun-20	18:00	United States	Consumption, Adjusted MM	May 2020	9		Percent	-13.6
26-Jun-20	18:00	United States	Core PCE Price Index MM	May 2020	0		Percent	-0.4
26-Jun-20	18:00	United States	Core PCE Price Index YY	May 2020	0.9		Percent	1
26-Jun-20	18:00	United States	PCE Price Index MM	May 2020			Percent	-0.5
26-Jun-20	18:00	United States	PCE Price Index YY	May 2020			Percent	0.5
26-Jun-20	19:30	United States	U Mich Sentiment Final	Jun 2020	78.9		Index	78.9
26-Jun-20	19:30	United States	U Mich Conditions Final	Jun 2020			Index	87.8
26-Jun-20	19:30	United States	U Mich Expectations Final	Jun 2020			Index	73.1
26-Jun-20	19:30	United States	U Mich 1Yr Inf Final	Jun 2020			Percent	3
26-Jun-20	19:30	United States	U Mich 5-Yr Inf Final	Jun 2020			Percent	2.6
26-Jun-20	21:30	United States	Dallas Fed PCE	May 2020			Percent	1.4