



COMMODITY REPORT

16 March 2017

ECONOMIC/GLOBAL NEWS

- Oil prices ended their long losing streak, as a drop in the dollar in the wake of the Federal Reserve's decision to raise interest rates, as expected, fed an earlier rebound. Oil futures had been on the rise after U.S. government data showed the first decline for domestic-crude stockpiles in 10 weeks. The U.S. Energy Information Administration reported that domestic crude-oil supplies fell 200,000 barrels from a record level to total 528.2 million barrels for the week ended March 10. Meanwhile, gasoline supplies fell by 3.1 million barrels, while distillate stockpiles dropped 4.2 million barrels last week, according to the EIA. April West Texas Intermediate crude rose \$1.14, or 2.4%, to settle at \$48.86 a barrel on the New York Mercantile Exchange after seven straight session losses. MCX Crude Oil April expiry closed at Rs. 3231 per barrel, up 1.19%.
- Federal Reserve raised its benchmark interest rate in response to the improving economy. The Fed has lifted its target rate by a quarter point to a range of 0.75% to 1%.
- U.S. consumer price index inched up by 0.1% in February after climbing by 0.6% in January. Core consumer prices edged up by 0.2% in February after rising by 0.3% in January. The annual rate of consumer price growth accelerated to 2.7% in February from 2.5% in January. Core consumer prices in February were up by 2.2% compared to a year ago, reflecting a modest slowdown from the 2.3% growth seen in January.
- U.S. retail sales inched up by 0.1% in February after climbing by an upwardly revised 0.6% in January. Core retail sales rose by 0.2% in February after jumping by 1.2% in January.
- U.S. business inventories climbed by 0.3% in January following a 0.4% increase in December.
- U.K. unemployment rate came in at 4.7% in three months to January versus 5.1% seen a year earlier. The claimant count rate fell to 2.1% in February from 2.2% in January. The number of people claiming unemployment benefits decreased by 11,300 from January.
- France's consumer price inflation eased to 1.2% in February from 1.3% in January. Month-on-month, consumer prices edged up 0.1%, reversing a 0.2% fall in the prior month.
- Australia's unemployment rate climbed to a seasonally adjusted 5.9% in February, unchanged from January. The Australian economy lost 6,400 jobs last month to 11,998,800 following the gain of 13,700 in January.
- Bank of Japan kept its monetary stimulus unchanged as widely expected. Governor Haruhiko Kuroda and his board members decided by a 7-2 majority vote to hold its target of raising the amount of outstanding JGB holdings at an annual pace of about JPY 80 trillion. The bank will purchase government bonds so that the yield of 10-year JGBs will remain at around zero%. The board also decided to maintain the -0.1% interest rate on current accounts that financial institutions maintain at the bank.
- India's exports grew by 17.48% to \$24.49 billion from \$20.84 billion worth of merchandise shipped out during February 2016. However, imports during the month under review increased by 21.76% to \$33.38 billion from \$27.41 billion. Consequently, the trade deficit during February reduced to \$8.89 billion from \$9.84 billion reported for the month before. On a year-on-year (YoY) basis, the trade deficit stood at \$6.57 billion during same month of 2016.

Index	15-Mar-17	14-Mar-17	Pts. Ch.	% Change
Dow	20950.10	20837.37	112.73	0.54
Nifty	9084.80	9087.00	-2.20	-0.02
Sensex	29398.11	29442.63	-44.52	-0.15
USD/INR	65.70	65.84	-0.14	-0.21
Dollar Index	100.58	101.57	-0.99	-0.97
Euro/\$1US	1.0735	1.0604	0.0131	1.24
\$1US/Yen	113.38	114.75	-1.37	-1.19
Pound/\$1US	1.2292	1.2154	0.0138	1.14

Market Update

- U.S. stocks clambered higher, as the Federal Reserve raised interest rates for the third time since December 2015. The S&P 500 index advanced 19.81 points, or 0.8%, to finish at 2,385.26. The Nasdaq Composite Index advanced 43.23 points, or 0.7%, to 5,900.05.
- Indian market settled with small losses ahead of outcome of Federal Reserve meet after a rangebound and lacklustre trading session.

Currency Update

- The dollar added to earlier weakness against most of its major rivals as the Federal Reserve delivered its first rate increase of 2017 and signaled two more rate increases by the end of the year. The ICE Dollar Index fell 1% to 100.56. The dollar weakened against Japanese yen, buying ¥113.37 late Wednesday, down 1.2% from ¥114.75. The euro strengthened to trade \$1.0735, up 1.2% from \$1.0605. Sterling was trading at \$1.2291, up 1.1% from \$1.2153.
- The rupee continued its stellar run against the dollar to finish at a fresh 16-month high of 65.70. Reacting to market specific developments, the home currency resumed on a strong footing at 65.76 from Tuesday's closing level of 65.84 at the Interbank Foreign Exchange (forex) market. It gained further to hit a high of 65.41 on heavy dollar unwinding by banks and traders. Retreating from its intra-day high, the home unit finally settled at 65.70, showing a smart gain of 14 paise, or 0.21%. The RBI, meanwhile fixed the reference rate for the dollar at 65.5146.

Name of the ETF	Holdings In Tonnes As		%Ch
	15-Mar-17	14-Mar-17	
SPDR Gold ETF	839.43	834.99	0.53
iShares Silver Trust	10303.74	10303.74	0.00

Symbol	15-Mar-17		Ratio
	Close	Close	
Gold v/s Silver	1201	16.923	70.95
Gold v/s Crude Oil	1201	48.86	24.57

Bullion	Closing		% Ch
	15-Mar-17	14-Mar-17	
Gold Apr MCX	27985	28076	-0.32
Gold Apr Comex	1201	1203	-0.16
Silver May MCX	40045	40083	-0.09
Silver May Comex	16.923	16.923	0.00
Energy			
Crude Oil Apr MCX	3231	3193	1.19
Crude Apr Nymex	48.86	47.72	2.39
Natural Gas Mar MCX	195.40	194.00	0.72
Nat. Gas Apr Henry Hub	2.981	2.938	1.46

LME Inventories (In Tonnes)

Base Metals	15-Mar-17	14-Mar-17	Change	% Change
Aluminum	2019325	2033000	-13675	-0.67
Copper	340525	332050	8475	2.55
Nickel	386400	384522	1878	0.49
Lead	190550	191000	-450	-0.24
Zinc	379275	381650	-2375	-0.62

Base Metals	Closing		% Ch
	15-Mar-17	14-Mar-17	
Aluminium Mar	123.30	122.30	0.82
Copper Apr	386.80	385.50	0.34
Nickel Mar	671.50	672.80	-0.19
Lead Mar	147.35	146.35	0.68
Zinc Mar	183.70	180.30	1.89

ECONOMIC CALENDER

Thursday Mar 16, 2017

Time	Country	Event	Actual	Forecast	Previous
12:00 AM	U.S.	FOMC Press Conference			
6:00 AM	Australia	Employment Change (Feb)	-6.4K	16.0K	13.5K
6:00 AM	Australia	RBA Bulletin			
6:00 AM	Australia	Unemployment Rate (Feb)	5.9%	5.7%	5.7%
8:24 AM	Japan	BoJ Monetary Policy Statement (YoY)			
8:24 AM	Japan	BoJ Interest Rate Decision	-0.10%	-0.10%	-0.10%
12:00 PM	Japan	BoJ Press Conference			
3:30 PM	Eurozone	Core CPI (YoY) (Feb)		0.9%	0.9%
3:30 PM	Eurozone	Core CPI (MoM) (Feb)			-1.7%
3:30 PM	Eurozone	CPI (YoY) (Feb)		2.0%	2.0%
3:30 PM	Eurozone	CPI (MoM) (Feb)		0.4%	-0.8%
5:30 PM	U.K.	BoE QE Total (Mar)		435B	435B
5:30 PM	U.K.	BoE Interest Rate Decision (Mar)		0.25%	0.25%
5:30 PM	U.K.	BoE MPC Meeting Minutes			
6:00 PM	U.S.	Building Permits (Feb)		1.260M	1.285M
6:00 PM	U.S.	Building Permits (MoM) (Feb)		-2.6%	4.6%
6:00 PM	U.S.	Continuing Jobless Claims		2,050K	2,058K
6:00 PM	U.S.	Housing Starts (Feb)		1.260M	1.246M
6:00 PM	U.S.	Housing Starts (MoM) (Feb)		1.4%	-2.6%
6:00 PM	U.S.	Initial Jobless Claims		240K	243K
8:00 PM	U.S.	Natural Gas Storage		-56B	-68B

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