

GOLD

News and Developments

Global gold demand in Q1 2017 was 1,034.5t. The 18% year-on-year decline suffers from the comparison with Q1 2016, which was the strongest ever first quarter. Inflows into ETFs of 109.1t, although solid, were nonetheless a fraction of last year's near-record inflows. Slower central bank demand also contributed to the weakness. Bar and coin investment, however, was healthy at 289.8t (+9% y-o-y), while demand firmed slightly in both the jewellery and technology sectors.

Inflows into gold-backed ETFs of 109.1t were concentrated in Europe. Although inflows were just one-third of the extraordinary levels seen in Q1 2016, demand was firm. European-listed products were the most popular, due to continued political uncertainty in the region.

Trump asked his now dismissed Federal Bureau of Investigation (FBI) Director James Comey to end a probe into ties between former national security adviser Michael Flynn and Russia, according to a source who has seen a memo written by Comey. The memo raises questions about whether Trump tried to interfere with a federal investigation. The White House denied the report. "The big signs for gold are going to be a combination of interest-rate movement and stock market fear as we enter the seasonally weak months of the year (May 1 through Halloween)," said Koos. "If stocks start to stumble toward the end of this month and interest rates revert to their mean, we could see some temporary upside pressure to the yellow metal."



Technical Outlook



On a daily chart, the COMEX Gold prices have been trading in a "Rising Channel" formation from past few months and price has taken the support of its lower band of channel pattern at \$1231 level. Moreover, COMEX Gold prices are trading above its 100 Days Simple Moving Average which suggests the medium term trend remains up. Furthermore, on a daily chart, MCX Gold price has taken the support of its horizontal trend line at 27890 level.

In addition, momentum indicator MACD has given a positive crossover on COMEX Gold daily chart which indicates bullishness in the prices going forward. For short term perspective, one can initiate a long position in MCX Gold (June) at CMP Rs.28880 or on fall in the prices till Rs.28600 levels can be used as buying opportunity for the upside target of Rs.29800 levels. However, the bullish view can be reversed if gold prices close the below support of Rs.28100. **Overall, we hold our bullish view in Gold (June) for the next one to two months.**

News and Developments

As per market sources, in the month of March 2017 India has exported around 56000 tonnes of guar gum compared to around 28000 tonnes last year for the same month. In fiscal year 2016-17, around 4.23 lakh tonnes of guar gum has been exported compared to 3.25 lakh tonnes in 2015-16. Guar gum is used in hydraulic fracturing for extracting oil and gas; therefore as the number of oil rigs is increasing demand for guar gum is also expected to increase further. As per data released by Baker Hughes the number of oil rigs in USA has increased to 870 until 28th April up by 13 compared to last week and by 450 compared to 29th April 2016. Guar gum is used in hydraulic fracturing for extracting oil and gas; therefore as the number of oil rigs is increasing demand for guar gum is also expected to increase. The number of oil rigs is expected to increase further in coming months which will provide support to guar gum exports.

GUAR SEED



As per market sources, in the month of February 2017 India has exported around 45000 tonnes of guar gum compared to around 26000 tonnes last year for the same month. For financial year 2016-17, in the first eleven months from April'16 to February'17 around 3.67 lakh tonnes of guar gum have been exported compared to 2.97 lakh tonnes in financial year 2015-16 for the same period.

Technical Outlook



On a daily chart, NCDEX Guarseed price gave a breakout of its “Falling Trend Line” at 3600 level and has retested its breakout trend line at 3602 levels. Furthermore, on a daily time frame, NCDEX Guarseed prices are trading above its 100 Daily Simple Moving Average which indicates the medium term trend is up. In addition, momentum indicator RSI has taken the support of its horizontal trend line at 34 levels, which suggests the possibilities of a strong bounce back in the prices. For short term perspective, one can initiate a long position in NCDEX Guarseed (June) at CMP Rs.3610 or on dips in the prices till Rs.3550 levels should be used as buying opportunity with a stop loss to be kept around Rs.3400 for the upside target of Rs.4000. **Overall, we hold our bullish view in Guarseed for next one to two months.**

| Commodity | LTP | WoW (%) | MoM (%) | Open Interest (Weekly) |
|------------------------------|---------|---------|---------|------------------------|
| Spot Gold (\$/oz) | 1222.50 | -1.25 | -1.52 | -- |
| Spot Silver (\$/oz) | 16.34 | -3.99 | -5.75 | -- |
| MCX Gold (Rs./10 gms) | 27986 | -2.15 | 1.44 | -1741 |
| MCX Silver (Rs./kg) | 38121 | -4.33 | -6.67 | -10311 |
| NCDEX Guarseed (Rs./quintal) | 3705 | -1.2 | -3.11 | -36350 |

Source: Bloomberg

SPDR Gold ETF Holdings



Crop Calendar

| Commodity | Country | January | February | March | April | May | June | July | August | September | October | November | December |
|-----------|---------------------|---------|----------|-------|-------|-----|------|------|--------|-----------|---------|----------|----------|
| Guarseed | India | | | | | | | | | | | | |
| | Sowing | | | | | | | | | | | | |
| | Growth | | | | | | | | | | | | |
| | Harvesting/Arrivals | | | | | | | | | | | | |

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