Vague Lining to July Clouds
Let me start my July issue by wishing all my readers a Happy Ramadan! I am sure you would have already satisfied your taste buds with Hyderabad’s delicacy Haleem. Before we take a quick sneak peek into what our authors have in store for in this edition, I just wanted to confirm if you are enjoying our Olio.

Oh! Did I just say Olio? Yeah, right. For all the crossword fans, olio can be a pretty cool synonym for this game. For those who are new to this jargon, olio means ‘A mixture or medley: a hodgepodge’ and that meaning is the one that came to mind as I was conducting the final review of the current issue. In this case the hodgepodge is a good thing, with a set of seven articles, each highly relevant to the existing scenario, each in its own way.

We lead off with an overview of news covering various commodities across the nation. If in case you’ve missed out anything important that occurred past month, our News Digest is going to give you a quick update.

We have the southwest monsoon featured in our cover story by Veeresh and his team which kicked off a bit late by a week this time. Here is what Veeresh and team had to augur -

“During the period from 1st June 2015 to 25th June 2015, the entire country received 159.20 mm rainfall, 28% higher than normal rainfall of 124.60mm. The highest rainfall is seen in Central India i.e. 55% higher than normal followed by South Peninsula i.e. 30% higher than normal.

As the rainfall distribution has been good, the sowing activities picked up pace during the period under review. Overall acreage under kharif cultivation is leading the numbers compared to last year.”

We then move from monsoon to the long-running Greek debt crisis that has been extensively covered by Tapan Trivedi, where he throws some light on long standing issue related to its economic and debt problems for over 5 years now. As of the current state, Greece is being marred by huge debt with the economy staying into recession for almost all years but one since 2008.

Tapan has also highlighted on the Referendum which was indeed a surprising move by the Greek PM, whilst calling for a vote from the public on 5th July.

We have also featured an exclusive article on the resilience of Indian rupee by Sumit Mukherjee, where he has gone positive about our dinero. Here is a snapshot -

“Post the Union Election of 2014, the Indian rupee has not only depicted growing optimism in the domestic economy, but was far more resilient compared to other emerging market currencies.”

Moving on from this knowledge transfer session, our last two articles, the first by Pramod Shinde and the second by MMR, can be thought of as a pair, although each can be read on its own.
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### Statistics

#### Rupee Movement

<table>
<thead>
<tr>
<th></th>
<th>Jun-14</th>
<th>Sep-14</th>
<th>Dec-14</th>
<th>Mar-15</th>
<th>Jun-15</th>
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<tbody>
<tr>
<td>Rate</td>
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<td>63.7</td>
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#### 10-year Bond Yield (%)

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<th>Dec-14</th>
<th>Mar-15</th>
<th>Jun-15</th>
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<tr>
<td>Yield</td>
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<td>8.77</td>
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### Exchange Rate Trends

#### Indian Rupee

<table>
<thead>
<tr>
<th>Date</th>
<th>Rate</th>
<th>% Change</th>
<th>52 Week High</th>
<th>52 Week Low</th>
<th>% Change for 52 Week</th>
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</thead>
<tbody>
<tr>
<td>June 29, 2015</td>
<td>63.8525</td>
<td>+0.4%</td>
<td>64.1000</td>
<td>59.5387</td>
<td>+7.25%</td>
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#### Euro

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<th>52 Week Low</th>
<th>% Change for 52 Week</th>
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<td>June 29, 2015</td>
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#### Great British Pound

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<th>52 Week Low</th>
<th>% Change for 52 Week</th>
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<tbody>
<tr>
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<td>1.4566</td>
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### DoE Inventory Levels (June)

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<th>Material</th>
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<th>M/M change (%)</th>
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<tbody>
<tr>
<td>Crude oil</td>
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<tr>
<td>Gasoline</td>
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<td>Distillate</td>
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<tr>
<td>Refinery Utilization (%)</td>
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### LME Inventory Levels (June)

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<td>Aluminum</td>
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<td>Copper</td>
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<td>Zinc</td>
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</tr>
<tr>
<td>Lead</td>
<td>176300</td>
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### Inflation (%)

<table>
<thead>
<tr>
<th>Date</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 29, 2015</td>
<td>6.25</td>
</tr>
</tbody>
</table>

### Index of Industrial Production (%)

<table>
<thead>
<tr>
<th>Date</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 29, 2015</td>
<td>6.0</td>
</tr>
</tbody>
</table>

### News Digest

**Shanghai Exchange approves Norilsk Nickel for Futures Delivery**

The Shanghai Futures Exchange (SHFE) on Monday approved nickel from Russian producer Norilsk for delivery against its futures contracts, after concern that domestic suppliers would fail to provide enough supply. SHFE said it had approved the following Norilsk brands: Norilsk Combine H-1, Severonickel Combine H-1 and Severonickel Combine H-1Y. The exchange said in a statement on its website that the Russian metal will be allowed for delivery effective on Monday. It is the first international brand that SHFE has allowed for nickel delivery. Worries over lack of exchange-approved supply from six Chinese producers helped push the most-active July nickel contract up after the launch of the new Shanghai futures contract on March 27. This could be one of the prime factors that led to the massive decline in the prices of the metal towards the end of June 2015. (Source: Reuters.com)

**The Iran Nuclear Deal: A look at what does and problems remaining**

World powers and Iran are back in nuclear talks, and this round may be the deciding one. After nearly a decade of international diplomacy, negotiators are working past Tuesday’s deadline, trying to reach a final agreement that would curb Iran’s nuclear activities for a decade and put tens of billions of dollars back into the Iranian economy through the easing of financial sanctions. But significant obstacles remain. Iran says it won’t allow inspectors to visit military. (Sources: The Economic Times)

**People’s Bank of China Cuts Interest Rates**

After more than a week of a brutal selloff in Chinese stocks, the country’s central bank on Saturday took a rare easing step, cutting both its benchmark interest rates and the amount of reserves certain banks are required to hold. In a statement, the People’s Bank of China said both steps were aimed at lowering borrowing costs and “stabilizing growth” in the world’s second-largest economy. The PBOC cut its one-year benchmark lending rate by a quarter of a percentage point to 4.85% and its one-year deposit rate by the same scale to 2%. At the same time, it also lowered the reserve requirement by half a percentage point for banks with sizable lending to farmers and small businesses. The central bank has rarely cut both interest rates and the reserve-requirement ratio on the same day. The last time it did so was in October 2008, the height of the global financial crisis. The actions came a day after Chinese stocks saw their biggest one-day decline in several years. On Friday, the Shanghai Composite Index fell 7.4% and was off 19% since hitting a 52-week high on June 12, a decline that has wiped away $1.25 trillion in market capitalization, an amount roughly equal to the size of Mexico’s economy. (Source: The Wall Street Journal)

**Crop planting to pick up in Uttar Pradesh, Bihar, and West Bengal after rains**

The monsoon is weakening, but crop planting is likely to gather pace as the fertile areas of Uttar Pradesh, Bihar and West Bengal are among the few patches where it rained in the last two days. In eastern Uttar Pradesh monsoon rains on Monday was 177% above normal, giving the much needed moisture that will help farmers’ complete nursery sowing of long duration varieties of paddy and transplant them in some places. Farmers were advised to undertake land preparation for transplanting of rice and transplant 20-25 days old nursery in East Uttar Pradesh, Bihar, West Bengal and Jharkhand. Also, farmers were going ahead with planting of nursery of kharif onion, tomato, brinjal, lady finger, chili and cauliflower, he said. The weather office said that a low pressure area over East Uttar Pradesh and adjoining north Madhya Pradesh persists, which would give heavy rains at few places in eastern state. (Source: Economic Times)

**Government may extend ban on onion hoarding beyond ceiling by 1 year**

In order to check price rise of onions, the government may extend by another year the ban on hoarding of the...
key kitchen staple beyond a prescribed limit. Last year, both onions and potatoes were brought under the pur-
view of the Essential Commodities Act, 1955 and gave powers to state governments to impose upper limit for
holding the stock of these two commodities by individu-
als and traders. The state governments were given the
powers to impose the stock limits on these two com-
modities and ban hoarding beyond the set ceiling for a
year till July 2. Apprehending further increase in onion
prices in coming days due to supply shortage, the gov-
ernment has already increased the minimum export price
of the commodity to $425 per tonne and is also planning
to import some quantities of onions to boost domestic
availability. Prices in both wholesale and retail markets
have started increasing due to sluggish supply of good
quality onion in the wake of the crop being damaged in
storage in major growing states, including Maharashtra.
(Source: Economic Times)

Sugar Exports From India Seen Doubling
as Bumper Crop Looms
Sugar exports from India may double as farmers pre-
pare to harvest the third-biggest crop ever, extending
the country’s surplus for a sixth year. Shipments will
be 2 million metric tons in the 12 months starting Oct.
1, according to the median of six estimates from refi-
ners, brokers and analysts compiled by Bloomberg. That
compares with 700,000 tons to 800,000 tons this year,
the Indian Sugar Mills Association says. Production will
be 27.25 million tons from a record 28.4 million tons
this year, estimates from eight survey participant’s show.
The glut in the world’s second-largest producer threat-
ets to extend a 35 percent slump in New York futures
in the past year. The decline in prices to the lowest since
2009 has forced the government to subsidize exports and
waive interest on bank loans to processors. Stockpiles of
10 million tons will add to supplies and exceed demand
of 25.5 million tons, the mills say. That may force pro-
ducers to ship as much as possible. (Source: Bloomberg)

As rain gods smile, farmers plant more
pulses and oilseeds
Consumers can hope for some relief from spiraling dal
and edible oil prices, with farmers significantly stepping
up sowing of pulses and oilseeds on the back of bountiful
monsoon rain. This comes even as the Met department
announced Friday that the south-west monsoon has now
covered the entire country and the season’s overall rain-
fall has so far been nearly 27 per cent higher than the
normal average for this period. The good spell of rains in
June across central, western and southern India has led
to the progressive area planted under kharif pulses
nearly doubling to 11.04 lakh hectares (lh), from 6.14 lh
covered during this period last year, while going up more
than five times in the case of oilseeds (from 5.29 to 27.89
lh) (Source: Indian Express)

India set to record highest coffee production
in 2015-16
Coffee Board of India has forecast the post blossom crop
of coffee in 2015-16 to touch a record 355,600 tonnes,
up by 8.75% over the final production estimate of coffee
in 2014-15. Every year the board releases two forecasts,
the post blossom and post monsoon estimates. The total
post blossom crop comprises 110,300 tonnes of arabica
and 245,300 tonnes of robusta. The total crop showed an
increase of 28,600 tonnes over 327,000 tonnes estimated
in 2014-15. The post blossom estimate shows 12.55 %
increase in arabica production over that in 2014-15 while
robusta is up by 7.12%.
A board statement said the production gain has mainly
come from Karnataka to the tune of 23,270 tonnes. The
board has pegged the final crop estimate of coffee for
2014-15 at 327,000 tonnes, which is the highest so far
comprising 98,000 tonnes of arabica and 229,000 tonnes
of robusta.
Last year the condition was good and favorable at
the time of prediction of post blossom crop. However,
according to the board, coffee areas witnessed a long
period of drought after receiving blossom showers fol-
lowed by an extremely harsh monsoon. As a result the
final estimate showed a marginal decrease of 1.21% or
4000 tonnes over the post monsoon estimate. The loss
came mainly from Karnataka. (Source: Economic Times)
monsoon, we can see that monsoon has covered entire Southern Peninsula and Eastern India. This monsoon has brought enough rains to Southern Peninsula and on the other hand, it even created havoc on North East India.

The Indian Meteorological Department has projected 93% of Long Period Average rainfall during April in its forecast report, which was revised downward to 88% of LPA in first week of June. Lower revision of rainfall has raised the concern among farming community, policy makers etc. However, the kind of rainfall that India received so far has eroded the negative concern from the stakeholders.

The IMD in April has projected occurrence of El Nino over India, which would have resulted into drought situation in India. However, the progress of monsoon and better-than-normal rainfall so far over India has eased the concerns of drought in India.

Rainfall Distribution

During the period from 1st June 2015 to 25th June 2015, the entire country received 159.20 mm rainfall, 28% higher than normal rainfall of 124.60 mm. The Indian Meteorological Department has projected 108% excess rainfall as compared to the period under review. Overall acreage under kharif cultivation is leading the numbers compared to last year.

Looking into rainfall category, out of 36 meteorological sub-divisions, 17 sub-divisions have received excess rainfall during the period from 01.06.2015 to 25.06.2015, which accounts for 62% of the country’s area. Furthermore, 13 sub-divisions accounting for 26% of India’s area received normal rainfall during the period under review.

Surprisingly, the drought-hit regions such as Marathwada and Vidarbha regions have received 2% and 108% excess rainfall as compared to the period under review.

Sowing progress

Kharif crops such as cotton, paddy, groundnut, maize, paddy, soybean, bajra and sesamum etc rely heavily on monsoonal rains. Even drought zones in India depend on Southwest Monsoon for maintaining healthy and well-fed cattle.

With the onset of monsoon, the farmers have started agricultural activities. As the rainfall distribution has been good, the sowing activities picked up pace during the period under review. Overall acreage under kharif cultivation is leading the numbers compared to last year.

From the table below, it can be revealed that rice acreage improved marginally and as on 26th June 2015, the total acreage covered with rice cultivation declined by 7.03% to 23.28 lakh hectares. Total pulses acreage saw a tremendous increase of 79.80% Y/Y, with major increase in Urad (177.78% Y/Y) cultivation followed by Tur (160.78%). On the other hand, area under cereal cultivation, which was lagging behind by 42.11% as on 19th June has picked up and as on 26th June, its acreage rose by 15.17% Y/Y.

Oilsseeds, one of the largest grown Kharif crops, have shown a positive trend with acreage increasing by 427.22% Y/Y. The single largest gain was seen in soybean with acreage increasing by 14 times to 20.34 lakh hectares. Farmers are showing less interest in sowing of sugarcane, as they have still not received remunerative price for their crop in the last year. Ongoing tussle between state governments and sugar mills over cane pricing and continuous fall in sugar prices despite government sops is discouraging farmers from cultivating sugarcane in the current season.

It is just a beginning of the kharif season and so far only 16% of the total cultivable land is covered with various crops. We have to travel a way forward and monitor the progress of monsoon as well as sowing activity on weekly basis till end of July to arrive at total acreage under kharif season. The progress of sowing activity is purely dependent on rainfall distribution till end of July.

MSP: Boost to Farming Sector

In order to protect the interests of the farmers from distress sale during harvesting season, the Central Govt. announces Minimum Support Price prior to commencement of each season. This will assure the farming community of minimum price they can get once produce is ready for harvesting. History shows that Central Govt. increases MSP every year in order to protect interest of the farmers.

Considering the factors such as lower crop size and rising price level of farm products, the Central Government has increased the MSP by considerable amount in the current season. Pulses segment is one of the most important sectors, which is consumed by every Indian irrespective of their standard of living. Though India is the largest producer and consumer of pulses, its production is not sufficient to meet the growing demand for pulses. Hence, it is relying on imports. In order to bring more area under pulses cultivation, the Cabinet Committee on Economic Affairs has increased the MSP for pulses in the range of Rs. 250 to Rs. 275 per quintal.

Moreover, crop damage happened to chana due to unseasonal rainfall has prompted the Central Govt. to increase MSP of pulses considerably. Among other Kharif crop, the MSP has increased marginal to keep pace of production level.

Food Inflation: Still a Concern

The Wholesale Price Index-based inflation of all commodities is continuing to remain in negative territory at –2.65% for the month of May 2015 Y/Y compared to –2.33% recorded in the month of April 2015. However, the WPI inflation of Food Articles is continuing to be positive at 3.80% Y/Y. Among Food Articles, WPI of pulses is staying much higher at 22.84%, which is a cause of concern. Short supply and crop damage to
Rabi pulses led to a sharp rise in prices of pulses across major markets of India.

**Wholesale Price Indices of Pulses**

<table>
<thead>
<tr>
<th>Weight</th>
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<th>2015-16</th>
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<tbody>
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<td>Pulses</td>
<td>Gram</td>
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<td>231.2</td>
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<tr>
<td></td>
<td>Tur</td>
<td>0.33</td>
<td>241.6</td>
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<tr>
<td></td>
<td>Moong</td>
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<tr>
<td></td>
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<td>300.4</td>
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<tr>
<td></td>
<td>Urad</td>
<td>0.10</td>
<td>342.2</td>
<td>263.8</td>
</tr>
</tbody>
</table>

**Conclusion**

Since beginning of current monsoon season, the rainfall activity and sowing progress have been moving in good tandem with each other. The monsoon has revived very fast after stagnant phase moved to cover other parts of India. The sowing activities are gathering momentum across the country and we expect a good rainfall albeit forecast of deficit rainfall by IMD. The acreage under various crops is likely to meet the targeted figures. However, fingers are crossed for actual rainfall and its distribution through July. Finally, we are expecting a good kharif season, which would wipe out all the odds seen in the recent past.

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**Forwards Contract**

A Forwards Contract is a bilateral agreement between two parties to buy or sell an asset or a commodity at a pre-agreed price at a future date. A futures contract, on the other hand, is also an agreement to buy or sell a commodity at a future date. But unlike forwards contracts, which are negotiated between individual parties, futures contracts are standardized and traded on formal exchange. Both forwards and futures are used as an instrument to hedge underlying risks. Specific characteristics of Forwards market make it a bridge between spot and futures market.
**FEATURE**

**Advantages of Forwards**

1. Forward contracts are decentralized; it means that they are traded over the counter.
2. The price of forward contract is called “delivery price” which usually equals to the sum of spot price and cost of carry.
3. Forward contracts are mostly non-standardized and are custom designed.
4. In case of forward contracts actual physical delivery takes place on maturity.

Although there is benefit of no margin requirement for forward contracts but there is also a negative point of no exchange guarantee.

Apart from such main features there are many more characteristics of forwards, some of them are listed below:

- It leads to integrated price structure throughout the nation.
- Eases lengthy and complex, production and manufacturing activities.
- Helps in balancing of supply and demand position throughout the year.
- Promotes competition and keeps an eye on prices for farmers and other trade functionaries.

**Need of a unified structure**

Considering the amount of transactions taking place, the forwards segment is enormous, but mostly they have been conducted privately without any regulatory purview. Therefore price discovery has been a concern because details are not known to the wider public. In case if prices are not favorable to any party then absence of any regulating body creates threat for participants.

Apart from such main features there are many more characteristics of forwards, some of them are listed below:

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- Eases lengthy and complex, production and manufacturing activities.
- Helps in balancing of supply and demand position throughout the year.
- Promotes competition and keeps an eye on prices for farmers and other trade functionaries.

In case any time counterparty defaults happens then the participant is protected against that and gets assured compensation to the extent of margin collected till that particular date. Although forwards traded on exchange are far more foolproof and reliable, still they also hold the feature of flexibility and convenience as exchange traded forwards maintain the flexibility of customized contract norms for any commodity, quantity, specification, location, duration of contract and delivery date. It helps the manufacturer and bulk traders to keep a continuous supply of required goods at the desired time, thus helping in better inventory management.

**Recent Developments**

Introduction of forward contracts by well established and a major exchange NCDEX under the name of “Agrim Sauda” has been a giant leap and game changer for commodities market, as it has eliminated the most prominent drawback of counterparty risk, while reducing the participation of speculators. This ultimately provides a wonderful central platform for forward trading in agricultural commodities. Through this we can magnetize bilateral forward contracts being conducted at mandi or APMC to the exchange platform and thus reduce risk of default and also removes cost of intermediaries. Earlier commodity could only be traded under futures on the exchange platform where quality and quantity of the commodity were pre-fixed as per the contract specifications.

Thus “Agrim Sauda” or forward has now become a boon for those participants, who are directly involved in physical trading of agricultural commodities and are exposed to their price fluctuations. The exchange has guaranteed that forward trading is only for compulsory delivery and thus there will be no speculation. Ultimately this provides an exclusive platform only for physical delivery. Introduction of forwards through exchange has also removed the basic inefficiencies like risk of counter-party default, absence of a mechanism for settling disputes, built-in cost of intermediaries and lack of transparency in the price discovery process.

Through forward contracts, there are many options available for delivery FOT/FOR/FOB/Comtrack which has made an attractive proposal for all physical participants such as Miller/Trader/Exporter. As we all know that market is never steady but sometimes it is extra volatile, thus in case of vicious price fluctuations forwards also provides price stabilization.

**Summary**

Forwards contract has proved itself as an imperative tool for physical delivery, especially in the case of agricultural commodities. Thus they ensure timely availability of commodities to the manufacturers, processors, importers and exporters and also provide hedge against price fluctuations and ultimately reduces risk. It is boon for those participants, who are directly involved in physical trading of agricultural commodities and are exposed to their price fluctuations.
All that You wanted to Know about the Greece Debt Crisis

— Tapan Trivedi

Greece debt crisis is a long standing issue related to its economic and debt problems for over 5 years now. The Greek economy virtually enjoyed a honeymoon period between the year 2003 and 2006 with easy monetary flow into the economy, strong external economic growth which kept exports and imports growing and healthy EU and US economy aiding support. As per the data available from Eurostat, Greece clocked an average GDP growth of over 5% during the aforementioned period between 2003 and 2006.

However the scenario shifted into deceleration mode after 2008, as the global economy and mainly the US and European region got hit by its worst financial and housing crisis since the ‘Great Depression’ in 1930’s. As of the current state, Greece is being marred by huge debt with the economy staying into recession for almost all years but one since 2008. While one may say, economic contraction and debt problems were faced by all major economies around the world then why only Greece remain in focus time and again. That issue can

Greece GDP has remained in contraction for almost all quarters since 2007

Greece government debt rises while the budget remains stagnant

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be justified with the fact that Greece’s own problems regarding the long-standing budget deficit into the economy, burgeoning Debt/GDP ratio of the economy along with lower actual internal output pushed it at the bottom raking in terms of economic comparison in the EU region.

This was conjugated with calls that Greece government made changes in its accounting policies so as to suit the requirements from the Euro group to enter as a EU Member state in 2000 (Budget deficit below 3% of GDP and debt below 60% of GDP or declining). It is said that the government manipulated the accounting norms so as to show its budget deficit by a reduced rate and thus enhanced the troubles for the economy. Above mentioned problems along with issues regarding its economic contribution, growth, employment, debt cycle, bank and financial sector leverage in the EU region have troubled Greece for last couple of years.

Amidst its structural issues, Greece has already got two bailouts. The country received first assistance worth €110 Bln in 2010, saving it from sovereign default while covering its financial needs through May 2010 - Jun 2013 period. Lenders are EC (European Commission), the ECB and the IMF which were called the Troika. While markets got a sigh of relief post the financial support, actual situation didn’t change much with the Greek economy maintaining its recession mode. This pushed a case for another round of bailout worth €130 Bln 2012.

Additionally, private creditors holding Greek government bonds took a hit in their balance sheet by extending the maturity for repayment, lowered interest rates while pulled their face value of the bonds by 53.5%. One may remember the 2012 crisis when long-term 10 year bond yields of Greece, Spain and Italy amongst others moved up to record high levels creating additional pressure in the financial markets. The second bailout programme made the total fund provided to Greece to €240 Bln with the timeframe extending from May 2010 - Dec 2014.
continue to stay in EU region. However the creditors want the country to maintain its prior terms of lending and austerity which the current political system in Greece is avoiding and thus this mess.

The Referendum twist!!!

Major European policy makers including the IMF were expected to come out with an amicable solution to the Greece crisis, with talks seen moving into final rounds on Saturday, 27th Jun 2015. However, Greece’s Prime Minister Alexis Tsipras had provided enough meat to the global markets so as to produce a highly volatile week starting 29thJun. In an unexpected state of events Greece PM on 27th Jun came out with a call of REFERENDUM against the demand from the Troika weighed on Greece in return for the financial assistance. The government called for a vote from the public on 5th Jul.

This surprising move is seen to satisfy internal arrangements by the government with the opposition parties and public as the latter were voicing resistance against the austerity proposals by the Troika. Tsipras in the parliament said, policy proposed by lender will add “unbearable weight” to Greece’s troubles. While different market polls suggest majority of Greek people supporting to remain in the EU though they are against further tax increases and cut in spending.

What to expect next???

Post the twist in tale as put in due to the referendum, Greece needs to cross the IMF deadline to repay €1.5 Billion on Jun 30th. Its coffers are depleting out of cash on a daily basis and the creditors have already held back the money until the country signs the austerity pack. This is directly or indirectly pushing the country into default mode, while the worst scenario also makes a condition of Grexit, i.e. exiting the EU.

The fate of the political battle now seems in hands of the Greek public wherein we should watch the government if it can work out a temporary model by asking for the IMF to go light up till the self-imposed Jul 5th deadline. The step by the Greece government has shattered the market confidence and also raises questions about the sanctity of the EU group which was formed in 1993.

Following the change in plans, FM of EU 18 (Ex-Greece) rejected its plea to extend a bailout until the proposed vote is passed and results out. Also, indirect comments came with the EU group members suggesting to prepare for the default of Greece. EU 18 members in joint statement said they pledge again to secure the strength and the power of the Euro currency and the group with or without Greece. Separately, the FM’s also advised Greece to impose capital controls against its banks so as to stabilize its banking system which is consistently dependent on the ECB to work efficiently due to lack of money and huge drawdown from the public since the middle of Jun. As per the Financial Times, the ECB and the Bank of Greece likely discussed implementing capital controls or limiting the ability for money in Greek banks to be withdrawn. There is also speculation that Greece would officially declare holiday for its banks till the Jul 5th vote.

Traders and investors note that global markets are moving into highly uncertain territory over the next few weeks with the critical period watched in and around 5th of Jul. We believe during the short-to-medium term as well, the outcome of the aforementioned cues could be felt on the Greece economy and politics, EU area economy, policy dynamics by major leaders, Euro currency and select other asset classes like the Bullion complex which gets flavour in times over economic or political uncertainty globally.

Volatility is anticipated to be high while markets would be closely watching major aspects like:

- Greece may witness political upheaval on what may happen after the outcome of the referendum
- Already the Syriza party headed by the PM is under pressure as opposition and also its own allies are questioning the promises made to the public during elections
- Syriza while getting elected promised reversal of select austerity measures and also guided for almost 100% standstill in fresh austerity
- A NO by the public in the referendum could pave way for Grexit. However what could happen to its issues over likely default to IMF, launch of new policy and also how it manages its future financial obligation with likely that ECB and EU members too stopping any kind of support
- A YES would force the Greece government to accept the complete terms set-in by the Troika, even though this may trigger internal political restructuring as current government failed to take the responsibility
- For the Euro, Greece’s actual exit may have minimal effects on the economic side as Greece counts of under 2% of the total share on EU GDP, though sentimental impact could be damaging
- Exit by Greece may incite other Left wing political outfits arising in Spain, Italy and other smaller nation like Portugal and Ireland which like Greece are suffering post the recession in 2008, though their situation is somewhat contained at this stage

In the worst case, speculation about other nations too looking for similar exit (if Grexit really happens) may lead to the destabilization of the EU economic structuring

Worst case scenario could lead to Euro currency moving below 1 against the USD while inflicting very sharp negative reactions in region and global equities

Bond yields in the EU region could spike heavily while spread between Bunds and regional bond widening. Spread between US Treasury and Bunds too might see an increase probably triggering another round of global bond sell-off which has already been a critical issue in last few months

Emerging markets currencies along with the bigger ones like USD and JPY may also get affected heavily while in commodities, major volatility could be seen in precious metal and especially gold

SPECIAL FEATURE

July 2015 Karvy Comtrade’s Invest & Harvest

ANSWERS

Q1: A) Hedgers B) Speculators
Q2: A) Market in which price go down B) Market in which price go up
Q3: A) Future price > spot price B) Future price < spot price
Q4: A) Price at which all the profits are settled B) Price at which all the outstanding trades are settled
Q5: A) Future price > spot price B) Future price < spot price

Please read the Disclaimer carefully on page 4
In order to meet the long awaited demand from the domestic steel manufacturers, government has increased the import duties to protect the domestic players who are reeling under cheaper steel imports from China and South East Asia.

Such changes in import duty announcement come on the top of recent imposition of anti-dumping duty on some grades of stainless steel products. And these include the Hot Rolled (HR) flat products of stainless steel Grade 304 with all its variants originating from China, Malaysia and Korea.

As per the notification, duty on flat products of steel like hot and cold rolled (HR/CR) sheets and coils typically used in automobiles, refrigerators and washing machines were revised upwards from 7.5% to 10%. On long products of steel like TMT bars, angles and channels used in building and construction, duty has been raised from 5% to 7.5%. The two exceptions where duty has been maintained at existing levels – 1. CRGO (cold rolled grain oriented) steel or “electrical steels” that few domestic players manufacture 2. Stainless steel flat products.

The hike in steel import duty will reduce the gap between domestic steel prices and the landed cost of Chinese steel (estimated between 12%-17%) only by around 2.5%, says India Ratings & Research (Ind-Ra). Moreover, the benefit may quickly disappear if Chinese exporters indulge in undercutting if the rupee appreciates. Though the domestic steel players had appreciated the step but remained disappointed with the quantum of the hike.

“The move will benefit Indian steel makers from the pressure of imports,” Union Steel & Mines Minister Narendra Singh Tomar tweeted on the micro-blogging site. “Combined with a recent anti-dumping duty on stainless steel, it is also a sign of our commitment to Make in India,” the minister commented on Twitter.

Indian Steel Alliance (ISA), an industry body of private and public steel producers like JSW Steel, Tata Steel, SAIL and JSPL lobbying also welcomed the move. “It is a welcome step since it relieves some of the pressure on steelmakers though we wanted a bigger hike in duty.”

“The rising imports are posing a serious challenge to the domestic steel industry”, said Sanak Mishra, Secretary General of ISA. He further said that ISA to continue our dialogue with the government on ways to sustain domestic steel industry.

ISA intensified its efforts in the wake of a 71% jump in imports between April’14 and March ’15 to nine million tonne (mt) of which China accounted for 2.9 mt or 33% of it. Imports, which have been clocking almost 1 mt per month since September 2014, remained unabated, going up 43% in April and 85% in May 2015. Chinese imports had amounted to 1.08 mt in 2013-14 when total steel imports touched 5.45 mt.

Last month, ISA members, including top steel honchos like JSW Steel chief Sajjan Jindal, Tata Steel MD TV Narendran, the-then SAIL chairman C S Verma, Essar Steel chairman Shashi Ruia, Jindal Steel and Power Limited’s Naveen Jindal met Finance Minister Arun Jaitley and Tomar Singh, Steel Minister to apprise him of the threat posed by rising steel imports.

While the increase of import duty would impact on imports from China and Russia but it would not apply to countries which are under Free Trade Agreement (FTA) with India, such as Korea and Japan. The government has taken his move to increase domestic steel production and discourage imports.

Such import duty reduction would certainly help steel producers currently struggling at capacity utilization of near 55%-65% to improve their utilization.

Overall, the impact of imposition is likely to be moderately positive in the long term; however, any near-term benefit is less likely given bleak consumer spending and falling steel demand.

As per the India Rating report, the impact will be minimal on the imports, given the price differential between domestic and imported steel prices. Though this move may not help domestic players in seeing an improvement in demand for their products, it should ease the pressure on them by restricting the fall in domestic prices to some extent.

The import duty could raise steel prices for certain end-user industries such as auto ancillaries, infrastructure companies and construction companies that import from China and Russia.

Steel traders who import from these countries could also see a dip in their already slim margins if steel demand remains weak.
Resilience of the Indian Rupee

Post the Union Election of 2014, the Indian rupee has not only depicted growing optimism in the domestic economy, but was far more resilient compared to other emerging market currencies. Expectation of a new stable government at the center, backed by surprise end for a decade old policy paralysis regime favored the Indian rupee to appreciate against the US dollar in a broader half of 2014.

Since the last quarter of 2014, most of the currency pairs including the Euro and Yen have witnessed a roller-coaster ride amidst looming Fed tightening fears with increase in US interest rates (sometime in later 2015). Only a select few currencies, surprisingly rupee has not only depicted growing optimism in the current weakness in Indian rupee, we first need to glance the unfolding of fundamentals over the past one year. Fundamentally, a pro-growth government elected last year has earlier resulted in improving optimism and higher foreign currency inflows. Both, foreign institutional as well as direct investors remained a net buyer which has contributed to a change in foreign exchange reserves. And this contribution is based on balance of payments basis to USD 61.4 billion in financial year 2014-15 compared to only USD 15.5 billion in the previous fiscal year, recording nearly 296% growth. However, considering the valuation effects, we have witnessed only 200% growth from USD 12.2 billion to USD 37.4 billion in the past two fiscal.

The contribution from foreign inflows, which was expected to peak as similar to 2007, had the dispute over Minimum Alternate Tax concerns on a retrospective basis not surfaced in the past quarter. Additionally, sharply fall in crude-oil prices (India being a net importer) too substantially helped to control the current account deficit. The widening current account deficit, which stood at 1.6% of GDP (USD 8.3 billion) at the OND’14 was limited to 0.2% of GDP (USD 1.3 billion) by JFM’15. For the full fiscal ending March’15, the current account deficit shrank to USD 27.5 billion, or 1.3% of GDP, from USD 32.4 billion, or 1.7% of GDP, a year ago. Merchandise trade deficit at USD 31.7 billion in fourth quarter contracted sharply on a Q-o-Q basis on account of a larger decline in merchandise imports (13.4%) as compared to merchandise exports (10.4%). Hence, significant improvement in the Indian balance of payments was majorly influenced by not only increasing foreign inflows but also declining import bill in the past fiscal which in part explains the resilience of the rupee among the Emerging Market currencies.

The Indian Reserve Bank in line with International standards has targeted inflation to decide on monetary policy outlook and interest rates since October, 2013. The above development has resulted in positive real interest rates as well as stability at the exchange rate front. Additionally, low inflation on the back of falling energy and food prices coupled with efforts to curtail supply bottlenecks resulted in lower inflation concerns providing more room for policy makers to brace interest rate cut.

The Wholesale Price Index (WPI)-based inflation stayed in the negative zone for the seventh consecutive month in May’15 at -2.36%, compared to -2.65% in April, with price rise in food items, fuel and manufactured goods slowing down further. Low inflationary concerns have already resulted in 0.75% cut in repo rates in three tranches beginning January’15. Hence, a lower inflation reading and cautious rate cut approach by the RBI too has contributed stability in the exchange rate. Currently, the RBI targets below 6% CPI by Jan’16 and hence any further downside revision of inflation is ought to lower the interest rate further in the coming days.

Change in base year from 2004-05 to 2011-12 and change in GDP calculations from growth in production basis to gross value addition basis have contributed higher GDP growth rate from nearly 5% to 8% at present. However, downstream economic development has remained lackluster with slow growth in industrial production and purchasing manager index. Industries have failed to increase exports while the public sector banks too failed to pass on the benefits of rate cut to the borrowers.

Additionally, lack of majority at the upper house (Rajya Sabha) and delay in passage of key bills like Land Acquisition is ought to attract fiscal concerns in future too. Amidst the given juncture, we expect the flexible monetary policy targeting CPI is likely to keep the exchange rate fragile to make exports competitive ahead of Fed’s interest rate hike. As far as the economic growth is concerned, downside risk pertaining to delay in implementation and sluggish global economic health is unlikely to support double digit GDP growth for India in the coming fiscal.

However, slowing Chinese economy and focus on government policies like “Make in India” should hold the key for strengthening GDP numbers in the long term.

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Impact of Exchange Traded Forwards on Physical Business

Ms. Pallavi Oak, NCDEX

Over the last decade, Indian commodity market has made notable progress with the commodity futures and electronic spot markets, backed by state-of-the-art technology, sound governance and risk management practices, thereby enhancing trading efficiency and strengthening market confidence. Cohesive development of the commodity eco-system, however, requires efficient functioning of forwards transactions which form more than half of the country’s total commodity trade. Forward Contract, in its traditional form, reduces price risk for both the seller and the buyer. A maize farmer, for instance, enters into a pre-harvest forward contract with a buyer to sell his produce at a mutually agreed price on a pre-specified date at the time of harvesting. This type of trading arrangement saves time and cost for both the buyer and seller to locate counter-party, while giving them an assurance of price, delivery and market. It is the comfort of trading that makes forward contracts the most preferred form of trading. Does that mean both the parties are getting the best deal? Probably not.

Forward contracts help the two concerned parties lock in prices, yet a risk of any one of the sides defaulting remains. In fact, they have a higher risk of resulting in counter-party default, as being bilaterally negotiated deals they do not have any legal authority or regulatory framework in place that can penalize a defaulting party. Small and marginal farmers as well as the traders are the worst sufferers of such trade-defaults owing to their smaller marketable surplus, inadequate access to warehouses and quality assaying facilities, insufficient credit facilities and least bargaining power. The unorganized and fragmented structure of the physical market further amplifies the possible occurrence of such defaults, magnifying their impact in the physical market transactions.

Moreover, forward trade offers limited growth opportunities to small and marginal market players, as exploring new business territories or trading with unknown/lesser known counterparts has huge risks and operational costs attached to it - in the form of appointing intermediaries to reach suitable counter party, and/or increased investment in marketing infrastructure. In case of large corporations that buy in bulk and those who cater to the needs of niche market segment or have exposure to international market where margins are largely quality-determined, forward transactions help them procure desired quality of raw material at over a preferred time-span. However, this trading arrangement forces large producers to adopt stringent contract terms, stick to the regular set of suppliers and to maintain higher inventories of raw material. As a result, large traders, processors are unable to minimize their input costs and utilize their resources optimally.

NCDEX, the country’s largest agricultural commodities exchange, offers a refined version of forward contract known as ‘Agrim Sauda’ on its online national trading platform that retains innate features such as flexibility to negotiate trading parameters, while increasing ease of trading by providing a firm legal underpinning to reduce counter-party risks and enabling them expand their market reach at reduced operational expenses.

Mitigating counter-party risk

Exchange-traded forwards allow buyers and sellers to execute their customized bilateral deals on the national electronic trading platform under the regulatory framework of NCDEX as well as Forwards Market Commission. Prudent risk management practices of the Exchange, viz. the robust system of margin collection, help them minimize their counter-party default risk by assuring compensation guarantee to the extent of margin collected.

A participant pays for an initial margin at the time of making a trade. Then, there is an Incremental Margin, similar to exposure margin that is charged in futures trading, to cover risks that may arise from unusual fluctuations in commodity prices. In the event of default, ninety percent of margin amount collected from the defaulting party is paid as compensation to the counterparty and 10 percent is retained by the Exchange, viz. the robust system of margin collection.

Enhanced convenience to trade and access to pan-India market

Exchange-traded forwards provide for customizing the contract terms. For example, a feed miller from Delhi, willing to buy maize, can negotiate pricing date, packaging, moisture content, broken/damage grain count, foreign matter, delivery location and mode of delivery as he enters Agrim Sauda. He can enter the contract at flat price (say e.g. at Rs 1100 per quintal) or link it to the NCDEX maize contract quoting a premium or discount. It thus enables commodity stakeholders with diversified requirements to participate in this market segment. Additionally, as the contract period under the exchange-traded forwards varies from minimum 12 days to maximum 180 days, commodity stakeholders do not have to buy/sell their stocks at one go, instead they can enter a series of exchange-traded forward contracts of different maturities and adjust their delivery schedule accordingly. This helps farmers avoid distress sale, processors or traders overstocking the commodity and reduce the short-term liquidity crunch.

Moreover, online trading mode facilitates a buyer or a seller seek a suitable counter-party from across the country instead of just the familiar neighbouring areas at minimal efforts and cost as against huge investments they might have incurred in doing the same.

Multiple delivery modes

Exchange traded forwards guarantee delivery of the underlying commodity as against the futures contracts which permit cash-settlement of trade without taking deliveries.

Moreover, it provides multiple options to give/take deliveries. A maize seller, for instance, by entering into exchange-traded forwards, can make deliveries in multiple consignments by using a uniform delivery mode for all deliveries for the contract as agreed at the time of trade. He can make delivery at rakes point or truck point within 100 km of agreed location. Alternatively he can opt for direct delivery mode or simply deliver at exchange-approved warehouses through COMTRACK, to track the movement of goods online. This helps in optimizing delivery and transportation costs. He can compare physical price and future price of a commodity and if the physical price is higher he

Exchange Traded Forwards Statistics as on June 30, 2015

| Total Turnover | Rs 8,247 lakh, Total volume: More than 18,000 tonnes |
| No. of Traders | Approaching 400, No. clients participated: more than 100 |
| Membership | Existing NCDEX members and clients can participate in this new segment with their existing membership/client codes. Alternatively, a special membership category, ‘Commodity Participant Member’, is also available for participating in forward segment. |
| Commodities Covered | No. of commodities available for trade – 26 agri. commodities: Maize, chana, coriander, sugarcane, castor seed, turmeric and jeera are major among others. |

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can sell the commodity on forward segment instead of giving delivery on the futures segment.

The flexibility provided with regards to location and mode of delivery and the consignment size help traders to give and to take deliveries at locations that are not covered by existing delivery network under futures market. This allows more number of physical market players to participate in this market, widen their market reach and grow their business. It also help traders save expense on setting up their own delivery infrastructure across the country.

Time-bound settlement

Exchange traded forwards have standard timelines set for different activities forming part of settlement process such as assaying, delivery of goods as well as payment, etc., which help streamline the settlement procedure by keeping track of all the transactions and guarantees the compliance of all trade commitments undertaken by the parties to each transaction. Time-bound settlement procedure assures buyers and sellers of the receipt of goods and payment, thereby helping them in rational allocation of resources and planning business activities. It helps them in rational allocation of resources and planning business activities.

Flexible quality norms and reduced quality concerns

Exchange traded forwards, on one hand, enable trading parties to customize quality specifications of the underlying commodity as per their needs using ‘Bid & offer’ parameters, while by stipulating ‘fixed parameters’ they also ensure that minimum quality standards are maintained. For instance, while entering into ‘Exchange-Traded Forward Contracts’ for sugar a buyer and a seller can mutually decide upon the grade of sugar, packaging material, moisture level, ICUMSA value, and the crop year. Yet, with regard to polarization, sulphur content and grain size, sellers are mandated on larger scale, the exchange-traded forwards have the potential to facilitate all participants in the food and agriculture value chain to tap much larger pool of liquidity which in turn can provide a seamless ability to do business across the existing market segments, viz. spot, forwards and futures.

The resulting synergies can provide more accurate reflection of the actual supply/demand situation, prices and eliminate information asymmetries. This can promote more efficient production, storage, marketing and agro-processing operations, and improved overall agriculture sector performance.

Exchange Traded Forwards –ONE STOP SOLUTION to accelerate efficiency and growth

Exchange-traded forwards help market participants better manage their price risks. Unlike in traditional practices, exchange-traded contract enables traders to link trade price to the futures contract quoting at a premium or discount, thereby facilitating a trader better manage unusual fluctuations in commodity prices and optimize his returns. Futures prices discovered on the exchange, at any point of time during the contract tenure, capture the prevailing demand-supply dynamics, and provide a fair picture of the price trend likely to emerge. Hence, a reference price-forward contract, settled at a price based on its futures market equivalent (counter-part), increases the possibility of receiving fair price by the trading parties.

Boost to overall commodity market growth

Exchange-traded forwards are effective marketing tool that provide single point access to all physical market activities including trading, storage, quality assessment and institutional credit facilities. It is a best blend of physical and futures trade. Once implemented on larger scale, the exchange-traded forwards have the potential to facilitate all participants in the food and agriculture value chain to tap a much larger pool of liquidity which in turn can provide a seamless ability to do business across the existing market segments, viz. spot, forwards and futures.

The resulting synergies can provide more accurate reflection of the actual supply/demand situation, prices and eliminate information asymmetries. This can promote more efficient production, storage, marketing and agro-processing operations, and improved overall agriculture sector performance.

**June Gainers and Losers (M/M%)**

<table>
<thead>
<tr>
<th>Commodity</th>
<th>% Change</th>
<th>52 Week High</th>
<th>% Change</th>
<th>52 Week Low</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mentha Oil,</td>
<td>-0.7%</td>
<td>Natural Gas, 6.7%</td>
<td>-0.7%</td>
<td>Natural Gas, 6.7%</td>
<td>-0.7%</td>
</tr>
<tr>
<td>Cotton,</td>
<td>-0.7%</td>
<td>Gold, -0.7%</td>
<td>-0.7%</td>
<td>Gold, -0.7%</td>
<td>-0.7%</td>
</tr>
<tr>
<td>Cardamom,</td>
<td>-1.3%</td>
<td>Aluminum, -3.2%</td>
<td>-1.3%</td>
<td>Aluminum, -3.2%</td>
<td>-1.3%</td>
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<tr>
<td>Crude Oil,</td>
<td>-3.5%</td>
<td>Copper, -4.2%</td>
<td>-3.5%</td>
<td>Copper, -4.2%</td>
<td>-3.5%</td>
</tr>
<tr>
<td>Silver,</td>
<td>-6.5%</td>
<td>Nickel, -7.3%</td>
<td>-6.5%</td>
<td>Nickel, -7.3%</td>
<td>-6.5%</td>
</tr>
<tr>
<td>Zinc,</td>
<td>-8.6%</td>
<td>Lead, 10.0%</td>
<td>-8.6%</td>
<td>Lead, 10.0%</td>
<td>-8.6%</td>
</tr>
<tr>
<td>Barley,</td>
<td>-2.6%</td>
<td>Rm Seed, -0.4%</td>
<td>-2.6%</td>
<td>Rm Seed, -0.4%</td>
<td>-2.6%</td>
</tr>
<tr>
<td>Wheat,</td>
<td>-0.7%</td>
<td>Soy Oil, -4.5%</td>
<td>-0.7%</td>
<td>Soy Oil, -4.5%</td>
<td>-0.7%</td>
</tr>
<tr>
<td>Soybean,</td>
<td>-8.0%</td>
<td>Jeera, -6.0%</td>
<td>-8.0%</td>
<td>Jeera, -6.0%</td>
<td>-8.0%</td>
</tr>
<tr>
<td>Turmeric,</td>
<td>-8.0%</td>
<td>Soybean, -5.8%</td>
<td>-8.0%</td>
<td>Soybean, -5.8%</td>
<td>-8.0%</td>
</tr>
</tbody>
</table>

**June International Commodity Price Trends**

<table>
<thead>
<tr>
<th>Commodity</th>
<th>June 2015</th>
<th>May 2015</th>
<th>% Change</th>
<th>52 Week High</th>
<th>% Change</th>
<th>52 Week Low</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>LME Lead 3 Month ($/t)</td>
<td>1784.00</td>
<td>1950.00</td>
<td>-8.51%</td>
<td>2307.00</td>
<td>-22.67%</td>
<td>1676.50</td>
<td>6.41%</td>
</tr>
<tr>
<td>LME Zinc 3 Month ($/t)</td>
<td>2019.00</td>
<td>2188.00</td>
<td>-7.72%</td>
<td>2416.00</td>
<td>-16.43%</td>
<td>1981.00</td>
<td>1.92%</td>
</tr>
<tr>
<td>LME Nickel 3 Month ($/t)</td>
<td>11833.00</td>
<td>12620.00</td>
<td>-6.22%</td>
<td>19990.00</td>
<td>-40.80%</td>
<td>11730.00</td>
<td>0.90%</td>
</tr>
<tr>
<td>Comex Silver (S/oz)</td>
<td>15.66</td>
<td>16.70</td>
<td>-6.21%</td>
<td>21.53</td>
<td>-27.23%</td>
<td>14.10</td>
<td>11.09%</td>
</tr>
<tr>
<td>Comex Copper 3 Month ($/t)</td>
<td>5790.00</td>
<td>6015.00</td>
<td>-3.74%</td>
<td>7212.00</td>
<td>-19.72%</td>
<td>5339.50</td>
<td>8.44%</td>
</tr>
<tr>
<td>Nymex Crude Oil (S/mmbt)</td>
<td>58.33</td>
<td>60.30</td>
<td>-3.27%</td>
<td>108.09</td>
<td>-45.02%</td>
<td>42.83</td>
<td>38.78%</td>
</tr>
<tr>
<td>LME Aluminium 3 Month ($/t)</td>
<td>1701.00</td>
<td>1740.00</td>
<td>-2.24%</td>
<td>2119.50</td>
<td>-19.75%</td>
<td>1677.00</td>
<td>1.43%</td>
</tr>
<tr>
<td>ICE Sugar (cents/lb)</td>
<td>11.82</td>
<td>11.98</td>
<td>-1.34%</td>
<td>18.04</td>
<td>-34.48%</td>
<td>11.10</td>
<td>6.49%</td>
</tr>
<tr>
<td>Comex Gold (S/oz)</td>
<td>1179.00</td>
<td>1189.40</td>
<td>-0.87%</td>
<td>1346.80</td>
<td>-12.46%</td>
<td>1130.40</td>
<td>4.30%</td>
</tr>
<tr>
<td>CBOT Soy Oil (cents/lb)</td>
<td>33.05</td>
<td>33.33</td>
<td>-0.84%</td>
<td>40.13</td>
<td>-17.64%</td>
<td>29.32</td>
<td>12.72%</td>
</tr>
<tr>
<td>ICE Cotton (cents/lb)</td>
<td>130.80</td>
<td>126.15</td>
<td>3.69%</td>
<td>225.50</td>
<td>-42.00%</td>
<td>123.55</td>
<td>5.87%</td>
</tr>
<tr>
<td>ICE Cotton (cents/lb)</td>
<td>66.80</td>
<td>64.35</td>
<td>3.81%</td>
<td>80.78</td>
<td>-17.31%</td>
<td>57.05</td>
<td>17.09%</td>
</tr>
<tr>
<td>LIFFE Sugar (S/lt)</td>
<td>363.70</td>
<td>349.10</td>
<td>4.18%</td>
<td>481.70</td>
<td>-24.50%</td>
<td>343.60</td>
<td>5.83%</td>
</tr>
<tr>
<td>Nymex Natural Gas ($/mmbt)</td>
<td>2.81</td>
<td>2.64</td>
<td>6.17%</td>
<td>4.54</td>
<td>-38.27%</td>
<td>2.44</td>
<td>14.82%</td>
</tr>
<tr>
<td>CBOT Soybean (cents/bushel)</td>
<td>1002.50</td>
<td>934.00</td>
<td>7.33%</td>
<td>1448.00</td>
<td>-30.77%</td>
<td>904.00</td>
<td>10.90%</td>
</tr>
<tr>
<td>CBOT Corn (cents/bushel)</td>
<td>383.25</td>
<td>351.50</td>
<td>9.03%</td>
<td>443.75</td>
<td>-13.63%</td>
<td>318.25</td>
<td>20.42%</td>
</tr>
<tr>
<td>CBOT Cotton (cents/bushel)</td>
<td>383.25</td>
<td>351.50</td>
<td>9.03%</td>
<td>225.50</td>
<td>69.96%</td>
<td>123.55</td>
<td>210.20%</td>
</tr>
<tr>
<td>CBOT Soy Meal (S)</td>
<td>341.90</td>
<td>305.70</td>
<td>11.84%</td>
<td>476.90</td>
<td>-28.31%</td>
<td>296.30</td>
<td>15.39%</td>
</tr>
<tr>
<td>CBOT Wheat (cents/bushel)</td>
<td>580.50</td>
<td>477.00</td>
<td>21.70%</td>
<td>677.00</td>
<td>-14.25%</td>
<td>460.00</td>
<td>26.20%</td>
</tr>
</tbody>
</table>

**By Invite**

**SOLUTION to accelerate efficiency**

**Exchange Traded Forwards –ONE STOP**
### Economic Events In July 2015

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Region</th>
<th>Event</th>
<th>Period</th>
<th>Surv(M)</th>
<th>Prior</th>
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<tbody>
<tr>
<td>07/01/15</td>
<td>06:30</td>
<td>CH</td>
<td>Manufacturing PMI</td>
<td>Jun</td>
<td>50.4</td>
<td>50.2</td>
</tr>
<tr>
<td>07/01/15</td>
<td>06:30</td>
<td>CH</td>
<td>Non-manufacturing PMI</td>
<td>Jun</td>
<td></td>
<td>53.2</td>
</tr>
<tr>
<td>07/01/15</td>
<td>07:15</td>
<td>CH</td>
<td>HSBC China Manufacturing PMI</td>
<td>Jun F</td>
<td>49.6</td>
<td>49.6</td>
</tr>
<tr>
<td>07/01/15</td>
<td>13:25</td>
<td>GE</td>
<td>Markit/BME Germany Manufacturing PMI</td>
<td>Jun F</td>
<td>51.9</td>
<td>51.9</td>
</tr>
<tr>
<td>07/01/15</td>
<td>13:30</td>
<td>EC</td>
<td>Markit Eurozone Manufacturing PMI</td>
<td>Jun F</td>
<td>52.5</td>
<td>52.5</td>
</tr>
<tr>
<td>07/01/15</td>
<td>14:00</td>
<td>UK</td>
<td>Markit UK PMI Manufacturing SA</td>
<td>Jun</td>
<td>32.5</td>
<td>32</td>
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<tr>
<td>07/01/15</td>
<td>17:45</td>
<td>US</td>
<td>ADP Employment Change</td>
<td>Jun</td>
<td>215K</td>
<td>201K</td>
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<tr>
<td>07/01/15</td>
<td>19:30</td>
<td>US</td>
<td>ISM Manufacturing</td>
<td>Jun</td>
<td>33.1</td>
<td>52.8</td>
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<tr>
<td>07/02/15</td>
<td>14:30</td>
<td>EC</td>
<td>PPI YoY</td>
<td>May</td>
<td>-2.00%</td>
<td>-2.20%</td>
</tr>
<tr>
<td>07/02/15</td>
<td>18:00</td>
<td>US</td>
<td>Change in Nonfarm Payrolls</td>
<td>Jun</td>
<td>230K</td>
<td>280K</td>
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<tr>
<td>07/02/15</td>
<td>18:00</td>
<td>US</td>
<td>Unemployment Rate</td>
<td>Jun</td>
<td>5.40%</td>
<td>5.50%</td>
</tr>
<tr>
<td>07/02/15</td>
<td>19:30</td>
<td>US</td>
<td>Factory Orders</td>
<td>May</td>
<td>-0.50%</td>
<td>-0.40%</td>
</tr>
<tr>
<td>07/03/15</td>
<td>10:30</td>
<td>IN</td>
<td>Markit India PMI Composite</td>
<td>Jun</td>
<td>--</td>
<td>51.2</td>
</tr>
<tr>
<td>07/03/15</td>
<td>13:30</td>
<td>EC</td>
<td>Markit Eurozone Servicen PMI</td>
<td>Jun F</td>
<td>54.4</td>
<td>54.4</td>
</tr>
<tr>
<td>07/03/15</td>
<td>13:30</td>
<td>EC</td>
<td>Markit Eurozone Composite PMI</td>
<td>Jun F</td>
<td>54.1</td>
<td>54.1</td>
</tr>
</tbody>
</table>
| 07/05/15-  | 07/10/15| UK         | Halifax House Prices MoM      | Jun    | --      | -10.1%
| 07/06/15   | 11:30  | GE          | Factory Orders MoM            | May    | --      | 1.40% |
| 07/06/15   | 19:30  | US          | ISM Non-Manuf. Composite      | Jun    | 56.2    | 55.7  |
| 07/07/15   | 11:30  | GE          | Industrial Production SA MoM  | May    | --      | 0.90% |
| 07/07/15   | 14:00  | UK          | Industrial Production MoM     | May    | --      | 0.40% |
| 07/08/15   | 05:20  | IN          | Trade Balance Bop Basis       | May    | --      | -Å¥146.2B|
| 07/09/15   | 05:20  | IN          | Machine Orders MoM            | May    | --      | 3.80% |
| 07/09/15   | 07:00  | CH          | CPI YoY                       | Jun    | --      | 1.20% |
| 07/09/15   | 07:00  | CH          | PPI YoY                       | Jun    | --      | 4.60% |
| 07/09/15   | 16:30  | UK          | Bank of England Bank Rate     | Jul-09 | 0.50%   | 0.50% |
| 07/10/15   | 05:20  | IN          | CPI YoY                       | Jun    | --      | -2.10%|
| 07/10/15   | 14:00  | UK          | Trade Balance                 | May    | --      | -Å¥1202|
| 07/10/15   | 17:30  | IN          | Industrial Production YoY     | May    | --      | 4.10% |
| 07/10/15-  | 07/15/15| IN         | Trade Balance                 | Jun    | --      | -$10406.2M|
| 07/13/15   | 10:00  | IN          | Industrial Production MoM     | May F  | --      | --    |
| 07/13/15   | 17:10  | CH          | CPI YoY                       | Jun    | --      | 5.01% |
| 07/13/15   |         | CH          | Trade Balance                 | Jun    | --      | $59.49B|
| 07/14/15   | 11:30  | GE          | CPI YoY                       | Jun F  | --      | --    |
| 07/14/15   | 12:00  | CH          | Wholesale Prices YoY          | Jun    | --      | -2.36%|

**Source:** Bloomberg; EC: European Union; IN: India; UK: United States; CH: China; GE: Germany; UK: United Kingdom; JN: Japan
Cross Word On Commodities - 4
By - Zehra Fatima

Across
1. Forwards have been introduced recently (4)
19. A state known for soybean (2)
35. Known for spices (6)
73. A major centre of a commodity where recently forwards have been launched (7)
83. A pricing policy through which Govt of India gives support to producers (3)
97. India purchases most of the non-agri commodities from other countries (6)
113. Indian economy still gets 25-30% contributed by this sector (4)
121. Guar centre (7)
130. There was a strong rumour that this country could be expelled from EU (6)

Down
3. Gold quality is known in market on this agency name (4)
4. If a currency gets weaker (10)
6. Badami and scooter are varieties of a spice which is grown in Rajasthan and Gujarat (9)
8. Alwar and Jaipur are major centres of a commodity (7)
9. In India maximum rain occurs due to (16)
27. Centre of cocud in Maharashtra (5)
46. The leader in currency which rules the world (6)
49. India exports maximum of this segment of commodities (6)
60. Southeast Asian countries depend on this for their crop (7)

Fill this Cross Word and test your commodity knowledge

Answer of Sunahre Pal series 3.

Answer:
F U T U R E S
M C S M
C O T T O N
S U C R E
L O N G C E T
E F E R E
A C B O T P A
D A I D
T R A D E R E
P R O P Y
N Y M E X

July 2015  Karvy Comtrade’s Invest & Harvest  34
THE BIG WIN
A BRILLIANT REASON TO USHER IN, THE END OF YEAR CELEBRATIONS.

Dear Customer,

We have bagged the award for Best Agri. Analyst (2014) at the prestigious Best Market Analyst Awards (2014) of the Zee Business Awards.

It was an honour to accept the award in the presence of Chief Guest, Mr. Amit Shah (President, BJP)
Mr. Suresh Prabhu (Union Minister for Railways)
Dr. Harsh Vardhan (Union Minister for Science & Technology)
Mr. Devendra Fadnavis (Chief Minister, Maharashtra)

This is our third, having previously won the trophy for other sectors of Commodity Futures markets.

A big thank you to all for making this possible. We are committed to delivering significant and reliable research to benefit you more and more by making the right calls and taking timely decisions.

Cheers,
Karvy Comtrade Ltd.

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