



2017

## Weekly Commodity News Letter



Gold futures tilted lower in American trade as the dollar index gained ground following a basket of data from the world's largest economy and ahead of Federal Reserve Bank of Minneapolis

**Star India Market  
Research**

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# COMMODITY OUTLOOK

## Gold:-

Gold futures tilted lower in American trade as the dollar index gained ground following a basket of data from the world's largest economy and ahead of Federal Reserve Bank of Minneapolis President Neel Kashkari's speech later today. Fed policymakers pointed to strong US growth and improvement in the labor sector as the harmful impact of recent hurricanes fades while asserting the path of normalizing the balance sheet which started in October. Otherwise the Committee will gradually give up the current policy of reinvesting its holdings of debt mortgage backed securities and treasury bills and selling them in public auctions to trim them down from their current high levels in the long term and in order to keep the financial conditions accommodative. The Committee announced previously its plan to cut its monetary holdings gradually by reinvesting them through the open market system while expecting the Treasury bill sales to reach \$6 billion at the start of the process while rising to \$30 billion a month in 12 months.

## Silver:-

Silver futures fell two percent in American trade as the dollar index rose following a basket of data and developments from the US the world's largest economy as Federal Reserve Bank of Minneapolis President Neel Kashkari spoke in Washington. Earlier US data showed the unemployment rate fell to 4.1%, the lowest since early 2001 and compared to 4.2% in September while average hourly earnings steadies at zero from 0.5% missing expectations of 0.2%. The economy created 261 thousand new non-farm jobs in October up sharply from 18 thousand in September while still missing expectations of 312K as the trade deficit rose past expectations of \$43.5 billion from \$42.8 billion in August. The ISM services PMI raised to 60.1 in October the best since October 2015 from 59.8 in September besting expectations of 58.5.

## Crude:-

Oil futures rose in American trade on track for the fourth weekly profit in a row even as the dollar index gained ground following an array of data from the US the world's largest energy consumer while Federal Reserve Bank of Minneapolis President Neel Kashkari spoke in Washington. The ISM services PMI raised to 60.1 in October the best since October 2015 from 59.8 in September besting expectations of 58.5. On Wednesday the Energy Information Administration released its report on US crude stocks showing a drawdown of 2.4 million barrels in the week ending October 27 compared to a buildup of 0.9 million in the previous reading while analysts expected a 1.5M drop with total stocks now receding to 454.9 million barrels remaining within the upward range on average in this time of year. Otherwise gasoline stocks in the world's largest energy consumer fell 4.0 million barrels while distillate stocks including heating fuel dipped 0.3 million barrels remaining within the lower range on average in this time of year. Brent futures hit their highest since July 2015 recently while US West Texas hit a ten-month high after reports indicated Saudi Arabia and Russia are working to extend the OPEC deal to cut output by 1.8 bpd until the end of 2018.

## Copper:-

Copper prices rallied in American trade to the highest since August 11, 2014 even as the dollar index gained ground following an array of data from China and the US and after the International Monetary Fund's Washington meeting which underpinned a positive outlook for global growth. Producer's prices accelerated to 6.9% y/y in September up from 6.3% in August pointing to strong growth in inflation in the world's largest metals consumer. The data bolstered expectations of stable economic growth for China in the next quarters despite earlier forecasts of a slowdown ahead of the national conference for the Chinese Communist Party next Thursday at which the government will unveil its forecasts for growth in the short and medium terms. Otherwise from the US earlier US data showed the Empire State Manufacturing Index rose to 30.2 in October from 24.4 in September passing expectations of 20.3 while Chile the world's largest copper producer curbed production levels recently with optimism over Chinese demand in turn underpinning prices to a 38-month high.

## Zinc:-

The Zinc is in long medium short term bull phase .Currently Zinc is showing some up move after small correction and trend is strong and supported with good volume the open interest is not increasing with trend. Caution note buying at higher levels seems decreasing. The oscillator is showing buy signal for short term Zinc is in hold long position. Support for the Zinc is 207.Resistance for the Zinc is 217 Currently Zinc is in hold long position In short term Zinc is in strong up trend so hold with stop at 207 The oscillator is showing buy signal .

## Lead:-

The Lead is in long medium term bull phase .Currently Lead is in strong downtrend and the trend is supported with good volume the open interest is not increasing with trend. Noting point is selling at lower levels seems decreasing. The oscillator is showing sell signal for short term Lead is in sell position. Support for the Lead is 152.Resistance for the Lead is 163. Currently Lead is in hold long position Lead is moving sideways so short term investor better to buy only above 161.4 with stop at 152 the oscillator is showing buy signal.

## Aluminum:-

The Aluminum is in long medium short medium short term bull phase .Currently Aluminum is in strong uptrend with good momentum but volume is unsatisfactory The open interest is not increasing with trend . Cautious point is buying at higher levels seems decreasing. The oscillator is showing buy signal for short term the current position is buying. Support for the Aluminum is 136. Immediate resistance for Aluminum is 142 Currently Aluminum is in hold long position In short term Aluminum is in strong up trend so hold with stop at 136 The oscillator is showing buy signal.

## Natural Gas: -

Natural gas futures rose over one percent in American trade as the dollar index fell following a basket of data from the US the world's largest energy consumer including the EIA report that showed another inventory build-up for the 31th week in a row. The Energy Information Administration released its report on US natural gas stocks showing another build-up of 65 billion cubic feet in the week ending October 27 adding to a 64B rise in the previous reading while analysts expected a 63B increase. Total stocks have now risen to 3.775 trillion cubic feet from 3.710 trillion in the week ending October 20 which is below the total in the same period of 2016 at 3.955 trillion and also below the five-year average of 3.816 trillion. US President Donald Trump nominated Federal Open Market Committee member Jerome Powell to be the next Federal Reserve Chair after current occupant Janet Yellens ends her term next February.

# Commodity Trends

	R1	S1
GOLD	29700	28950
SILVER	40200	38570
NATURAL GAS	197	185
CRUDE	3625	3440
COPPER	466	436
LEAD	163	152
ALUMINIUM	142	136
ZINC	217	207

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