

Weekly Commodity News Letter



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**Star India Market
Research**

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COMMODITY OUTLOOK

Gold:-

Gold futures tilted lower for the second session even as the dollar index declined for the fourth straight session to the lowest since October 19, following earlier data from the US, the world's largest economy. Gold futures were buoyed this week by geopolitical tensions and dollar's slump to six-week lows, after the Federal Reserve's meeting minutes hurt prospects of rate hikes next year due to softening inflation. On another note, UN representative in South Korea said on Wednesday that North Korea has breached the truce signed in 1953 after one of its soldiers passed the borders to chase a defector on November 13, with the defector getting shot and injured in the incident. The fracas raised concerns about renewed geopolitical tensions in the Korean peninsula and raised demand on precious metals such as gold as safe havens in times of turmoil. The Gold is in long short medium term bull phase .Currently Gold is in strong uptrend and the trend is supported with good volume the open interest is not increasing with trend. Cautious point is buying at higher levels seems decreasing. The Gold is now trading in overbought level. The oscillator is showing sell signal for short term Gold is in hold short position. Support for the Gold is 29070. Resistance for the Gold is 29750.

Silver:-

Silver futures fell in American trade even as the dollar swooned to the lowest since September 26 following a basket of data from the US the world's largest economy. Earlier US data showed the first reading for the November services PMI down to 54.7 from October's 55.3 missing expectations of 55.5 amid low market liquidity due to the US Thanksgiving holiday. On Wednesday the Federal Reserve released the minutes of its last meeting at which policymakers voted to hold interest rates between 1.00% and 1.25% which paved the way for a December rate hike. However due to softening inflation the Fed is unlikely to carry on its relatively-brisk pace of policy tightening in 2018 in turning nudging the dollar index to eight-week lows.

Crude:-

US crude futures rose in American trade for the fourth session in a row marking the highest since July 2015 while Brent hit a two-week high after Russian statements about extending the global output cut deal until the end of 2018 in cooperation with OPEC and as the dollar index hit the lowest since September 26. The dollar index hit eight-week lows after the Federal Reserve's meeting minutes showed concerns about the softening inflation and hurt prospects of rate hikes in 2018 in turn buoying oil futures. On Wednesday the Energy Information Administration released its report on US crude stocks showing a drawdown of 1.9 million barrels in the week ending November 18 compared to a 1.9M increase in the previous reading while analysts expected a 1.4M drop with total stocks now reaching 457.1 million barrels remaining within the upward range on average in this time of year. Otherwise gasoline stocks in the world's largest energy consumer rose 0.3 million barrels, while distillate stocks, including heating fuel fell 1.0 million barrels, remaining within the lower range on average in this time of year.

Copper:-

Copper futures shed nearly two percent as the dollar index hit the highest since July 20 ahead of US labour data and speeches by Federal Reserve Governor Randal Quarles and Chair Janet Yellen. Now markets await the JOLTS Job Openings survey expected to drop to 5.98 million in September from 6.08 million in August while Federal Reserve Governor Randal Quarles is due to speak at The Clearing House Annual Conference in New York. Federal Reserve Chair Janet Yellen is due to deliver acceptance remarks at the presentation of the Paul H. Douglas Award for Ethics in Government in Washington DC as markets await any clues on the future of interest rates and the chances of a third hike in December.

Nickel:-

Supported by rising demand from alloy makers in domestic spot markets nickel prices moved up by 0.20 per cent to Rs 800.80 per kg in futures trade today as participants enlarged their bets. Nickel for delivery in November moved up by Rs 1.60 or 0.20 per cent to Rs 800.80 per kg in a business turnover of 440 lots at the Multi Commodity Exchange. The metal for delivery in December too rose marginally by 80 paise or 0.10 per cent to Rs 805.50 per kg in 35 lots. Analysts attributed the rise in nickel prices at futures trade to rising of bets by speculators following pickup in demand from alloy makers in the spot market.

Lead:-

Lead prices were down 0.61 per cent to Rs 162.35 per kg amid muted domestic demand in futures trading today as participant's trimmed exposure. Lead for December declined by Re 1 or 0.61 per cent to Rs 162.75 per kg in a business turnover of 6 lots. Similarly the metal for delivery in November shed 90 paise or 0.55 per cent to Rs 162.35 per kg in 954 lots. Market men said the fall in lead futures was triggered by a weak trend at the domestic spot markets due to sluggish demand from consuming industries particularly battery makers.

Aluminum:-

Aluminium prices were marginally higher by 0.18 per cent to Rs 139.90 per kg in futures trade today as speculators created fresh positions amid improved demand in the spot market. At the Multi Commodity Exchange aluminium for delivery in November inched up by 25 paise or 0.18 per cent to Rs 139.90 per kg in business turnover of 727 lots. The Aluminum is in long term bull phase .Currently Aluminum 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 Aluminum is in sell position. Support for the Aluminum is 133. Resistance for the Aluminum is 139.

Natural Gas: -

Natural gas futures slid over one percent to below \$3 even as the dollar index hit a one week trough following a stream of US data, including the EIA report that showed a less than expected inventory drawdown last week. The University of Michigan's final reading of the Consumer Sentiment survey rose to 98.5 from the preliminary reading of 97.8 compared to 100.7 in October while the economic conditions and outlook indicators fell as inflation outlook varied for one and five year terms. Later today the Federal Reserve will release the minutes of its last policy meeting at which policymakers voted to hold interest rates unchanged between 1.00% and 1.2% while pointing to strong US growth and improvement in the labour sector and downplaying concerns about the recent hurricanes that hit the US and asserting their work to normalize the balance sheet, a process which started in October.

Commodity Trends

	R1	S1
GOLD	29750	29070
SILVER	40250	39030
NATURAL GAS	197	177
CRUDE	3990	3580
COPPER	454	438
LEAD	161	156
ALUMINIUM	139	133
NICKEL	772	740

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