

Weekly Commodity News Letter



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**Star India Market
Research**

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COMMODITY OUTLOOK

Gold:-

Gold futures tilted lower away from September 15 highs for the second session as the dollar index gained ground, following earlier US data and ahead of Federal Reserve Bank of Cleveland President Loretta Mester's speech later today. The Federal Reserve released the minutes of the December 12-13 meeting, at which policymakers voted to increase overnight interest rates by 25 basis points to between 1.25% and 1.50%, while releasing their three-year forecasts for interest rates, inflation, growth, and unemployment. Last month, President Donald Trump signed into law the \$1.5 trillion tax reform bill, which cuts the corporate tax rate from 35% to 21%, while also signing a stopgap government spending bill to prevent a government shutdown, in turn underpinning Wall Street to successive record highs. Gold holdings at the SPDR Trust, the world's largest gold-backed investment fund, fell 0.28 tonnes on Thursday to a total of 836.04 tonnes, the lowest since December 18, after rising 3% in 2017, or 23.63 tonnes.

Silver:-

Silver futures tilted lower in American trade away from November 20 highs, as the dollar index advanced following a basket of data from the US, while Federal Reserve Bank of Cleveland President Loretta Mester spoke earlier today. The Federal Reserve released the minutes of the December 12-13 meeting, at which policymakers voted to increase overnight interest rates by 25 basis points to between 1.25% and 1.50%, while releasing their three-year forecasts for interest rates, inflation, growth, and unemployment. Otherwise, White House economic adviser Gary Kohn said earlier that the stock market is not too high right now, and the tax cuts have begun to have an impact on the economy, with wages rising and optimism improving. Last month, President Donald Trump signed into law the \$1.5 trillion tax reform bill, which cuts the corporate tax rate from 35% to 21%, while also signing a stopgap government spending bill to prevent a government shutdown, in turn underpinning Wall Street to successive record highs.

Crude:-

Oil prices fell nearly one percent in American trade away from May 2015 highs for the second session, as the dollar index gained ground, following a basket of data from the US, the world's largest energy consumer. Otherwise, gasoline stocks in the world's largest energy consumer rose 4.8 million barrels, while distillate stocks, including heating fuel, jumped 8.9 million barrels. On another note, Iran is engulfed in heavy protests since Thursday, which led to violent confrontation between protesters and security and forces and the death of 12, which nonetheless didn't impact the production or exporting levels in OPEC's third largest producer. Pumping has started anew through the North Sea pipelines in Britain, responsible for shifting 0.5 million bpd, after the system was frozen last month, while also pumping resumed in a Libyan pipeline that was bombed in a militia attack. Oil prices benefited widely from OPEC's decision in cooperation with Russia and other independent producers last November to extend to the output cut deal by 1.8 million bpd for nine more months until the end of 2018.

Copper:-

Copper futures fell in American trade away from the highest since January 23, 2014 for another session, as the dollar index rose for the first time in six sessions off four-month lows, ahead of Fed's minutes later today. Later today, the Federal Reserve will release the minutes of the December 12-13 meeting, at which policymakers voted to increase overnight interest rates by 25 basis points to between 1.25% and 1.50%, while releasing their three-year forecasts for interest rates, inflation, growth, and unemployment. The Fed reiterated its commitment to normalize the \$4.5 trillion balance sheet, a process which started in October, by selling its debt holdings in public auctions to trim them down from their record highs and keep financial conditions accommodative.

Natural gas:-

Natural gas futures fell below \$3 on Thursday away from December 4 highs, after earlier data from the US, the world's largest energy consumer, including the EIA report that showed a lower-than-expected inventory drawdown last week. Earlier US data showed the economy added 250 thousand new private sector jobs in December, beating expectations of 191K, and up from 185K in November. US unemployment claims rose to 250 thousand in the week ending December 30 from 245K in the previous reading, missing expectations of a dip to 241K. The Energy Information Administration released its report on US natural gas storage, showing a wide drawdown of 206 billion cubic feet in the week ending December 29, adding to the 112B drop in the previous reading, while analysts expected a 221B decline. Total stocks have now fallen to 3.126 trillion cubic feet from 3.332 trillion in the week ending December, which is below the total of the same period in 2016 at 3.318 trillion, while also below the five-year average.

Lead:-

Lead prices edged up by 0.18 per cent to Rs 163.10 per kg in futures trade today as participants built up fresh positions after demand from consuming industries in the spot market picked up. At Multi Commodity Exchange lead for delivery in September went higher by 30 paise or 0.18 per cent to Rs 163.10 per kg in a business turnover of 631 lots.

Similarly the metal for delivery in September contracts traded higher by 25 paise or 0.15 per cent to Rs 162.90 per kg in 617 lots. Analysts attributed the rise in lead futures to fresh positions from traders after uptick in demand from battery makers in the spot market.

Aluminum:-

The Aluminum is bearish for medium-long term .Currently Aluminum is in strong downtrend and the trend is supported with good volume the open interest is not increasing with trend. The Aluminum is now trading in oversold level. The oscillator is showing sell signal for short term Aluminum is in sell position and closed above 1 week high with volume signals up breakout. Immediate support for Aluminum is 128.Resistance for the Aluminum is 133. Aluminum closed above 1 week high with volume signals up breakout Currently Aluminum is in hold long position Aluminum is in sideways and sellers was at high so for short term better buy above 132.5 or hold with stop at 128.4 The next resistance will be at 133. The oscillator is showing buy signal.

Zinc: -

The Zinc is in long- short-medium- short- term bull phase .Currently Zinc is moving sideways the oscillator is showing buy signal .In last 1 month volatility is very less and fresh Buy can be considered in the Zinc if it close above 212 or buy with strict stop at 198. The oscillator is showing buy signal for short term Zinc is in hold long position. Support for the Zinc is 202. Immediate resistance for Zinc is 210.

Commodity Trends

	R1	S1
GOLD	29450	28600
SILVER	39600	38050
CRUDE	3960	3730
COPPER	468	451
LEAD	166	155
ALUMINIUM	146	135
Zinc	216	207
Natural Gas	197	174

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