Gold rallies on dollar weakness; focus on Non-Fram payroll data

- Gold prices held on to its gains from the previous session as investors remained cautious ahead of a U.S. jobs report, which could provide clues on the pace of further interest rate hikes.
- The industry is being cautious ahead of the NFP data, expectation are for a rise of 190,000 jobs in October as compared to 135000 of September.
- Asian shares jumped after the U.S. and Chinese presidents expressed optimism about resolving trade conflicts.
- SPDR Gold Trust holdings rose 0.90%to 760.82 tonnes on Thursday from 754.06 tonnes on Wednesday.
- WGC Report – Global demand for gold rose slightly in the third quarter, total global gold demand was 964.3 tonnes in Q3, just 6.2 tonnes higher on an annual basis. China – the world's largest bar and coin market – saw demand rising by 25% y-o-y. Jewelry demand was also up 6% in Q3, totaling 535.7 tonnes. Indian total demand in the first three quarters of this year was down one per cent at 524 tonnes from 529 tonnes last year. Indian gold demand is project to remain flat this year at 700 marginally lower than 771 tonnes from last year.

Outlook:

- Gold's direction might depend on today's non-farm payroll data; any further weakness in dollar index is likely to boost gold from current levels. Key resistance is seen around $1239, above higher targets of $1261 could be achieved, while critical support remains near $1212-$1206.

Iron Ore slumps over strength in Yuan

- China's iron ore prices have slumped after the Yuan strengthened; making imports cheaper, amid expectations that the winter season will see reduced demand for the steelmaking raw material.
- Steel Rebar futures also declined on sufficient supply and reduced construction demand during winter season.
- The construction in eastern and southern region will improve in current month, while it will be reduced in the north due to weather conditions.
- In Shandong Province, industries in steel, coking, casting and such industries have to implement peak production cut from November 15th, 2018 to March 15th, 2019, implementation no less than 2 months, including December and January. This might be cut short or extended depending on the air quality.
- Easing tensions between the US and China may boost demand as telephonic conversation between US and Chinese President gave a ray of hope.
- Inventory of steel products declined in China , rebar stocks fell by 5.8 per cent and hot-rolled coil inventories declined by 0.8 per cent, according to third party website.

Outlook:

- Iron Ore prices are expected to decline from recent highs as November is considered as off season for steel demand thus reducing Iron Ore demand too.

Oil declines sharply on supply assurance from US, Saudi and Russia after export sanction on Iran

- Oil prices inched down as the U.S., Saudi Arabia and Russia made efforts to raise crude output, Declining market concerns on supply tension over Iran sanctions which will be effective next week.
- The U.S. becomes the world's top crude producer with output at record level of 11.346 million barrels per day (bpd), a jump of 2.1 million barrels from August 2017. Russia produced 11.21 million in the same month.
- Russia and Saudi Arabia have agreed to pump more crude to offset the tighter supply due to Iran sanctions.

Sanction waiver talks:

- Japan said that it had not yet been granted a waiver by US on Iranian sanctions.
- China's Sinopec Group and China National Petroleum Corp do not have any cargoes of crude from Iran booked for November.
- India, which is the second biggest buyer of Iranian oil after China, is willing to restrict its monthly purchase to 300000 barrel per day from 452000 barrel per day. India is also seeking waiver from US on Iran oil imports and has not placed new orders from Iran.

Outlook:

Oil supply is expected to increase in near term, oil price may remain weak, medium term support is seen near 70.40-69.80

Copper: The metal could trade sideways with positive bias while above $5980

- LME copper prices rose sharply on Friday morning's Asia session, extending the relief rally from previous session after the respective presidents of United States and China both expressed optimism about resolving a trade conflict between the world's two biggest economies
- Bloomberg reported that U.S. President Trump wants to reach to an agreement with Chinese counterpart at the G-20 nations summit in Argentina later this month
- Three-month LME copper contract rallied as much as 1.8 percent to $6,200, after closing up 1.5% on Thursday, it is likely to end the week up 0.3 percent
- Chinese President on Thursday again promised support for struggling private firms, promising further tax cuts and financial aid, underscoring governments resolve to support the private sector as economy shows signs of slowing down
- Dollar index has corrected as investors moved to risky assets as the street mood was uplifted by expectations of some resolution on the trade row
- Copper could remain sideways with positive bias

Outlook: LME 3M Copper has risen strongly in the past two trading sessions indicating that the downtrend has ended suggesting strong buying at lower levels. Expect the metal to rise further towards $6300 & $6400 if it trades above $6250, further it could also trade sideways while below $6250. View remains sideways with positive bias.

ABans Group

Founded in 2005, under the leadership of the Group Chairman Mr. Abhishek Bansal, ABans Group has grown from being a trading house to a dynamic and diversified business group. We provide expertise in Broking Services, Financial Services, Non-Banking Financial Services, Gold Refining, and Realty & Infrastructure. In a nutshell, ABans Group is a comprehensive Financial Services conglomerate, providing end-to-end financial services to all its clients.

Contact Details

Abans Broking Services (P) Limited
36, 37, 38A, 3rd Floor, 227 Nariman Bhavan,
Backbay Reclamation, Nariman Point,
Mumbai - 400 021
Phone +91-22-61790000 Fax +91-22-61790010
Email: info@abans.co.in Website : www.abans.co.in

Social Media

Disclosure & Disclaimer: ABans Broking Services Pvt. Ltd. (ABSPL)

Prepared By:
Mr. Kamlesh Jogi, Market Research Analyst
E-mail: kamlesh.jogi@abans.co.in
Phone: 022 – 6789 8621
Communication Address: Mittal Chambers, 2nd Floor, No. 25,
Backbay Reclamation, Nariman Point, Mumbai - 400021.

Membership Details:
MCX Member ID: 40385 / SEBI Reg. No. INZ000032733;
NCDEX: Member ID F00681 / SEBI Reg. No. INZ000032733

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as **the Regulations**). **ABans Broking Services Pvt. Ltd. (ABSPL)** is a SEBI Registered Research Analyst having registration no. **INH000006369**. **ABSPL**, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock Broking services. **ABSPL** is a subsidiary company of ABans Finance Pvt. Ltd. (AFPL). AFPL is an NBFC, registered with the RBI, in the category of non-acceptance of public deposits.
One of the group companies of **ABSPL** is ABans Securities Pvt. Ltd. (ASPL) which is a SEBI registered member with NSE, BSE and MSE stock exchanges. ASPL is also a Depository Participant of CDSL. ABans Commodities Pvt. Ltd. (ACIPL) is another group entity which is also a registered member with MCX in the Commodity segment. Further details are available on the group website www.abans.co.in
Mandatory Disclosures as per the Regulations:

- Ownership & Material conflicts of interest –
  - Whether the Research Analyst or ABSPL, or his associate or his relative has any financial interest in the subject company and the nature of such financial interest – No
  - Whether the Research Analyst or ABSPL, or its associates or relatives, have actual/beneficial ownership of 1% or more securities of the subject company, at the end of the month immediately preceding the date of publication of this research report or date of the public appearance - No
  - Whether the Research Analyst or ABSPL, or his associate or his relative, has any other material conflict of interest at the time of publication of this research report or at the time of public appearance –No
- **Receipt of Compensation –**
  - Whether **ABSPL**, or its associates have received any compensation from the subject company in the past twelve months – **No**
  - Whether **ABSPL**, or its associates have managed or co-managed public offering of securities for the subject company in the past twelve months – **No**
  - Whether **ABSPL**, or its associates have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months – **No**
  - Whether **ABSPL**, or its associates have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months – **No**
  - Whether **ABSPL**, or its associates have received any compensation or other benefits from the subject company or third party in connection with the research report – **No**
- Whether **the Research Analyst** has served as an officer, director or employee of the subject company – **No**
- Whether **the Research Analyst** or **ABSPL** has been engaged in market making activity for the subject company – **No**
- Other material disclosures, if any

Disclaimer: