Gold railed on softer dollar, Fed meeting is in focus

- Gold prices railed as dollar decline from its recent high after US-China meeting at G-20 summit. Markets are eyeing non-farm payroll data this week and fed meeting on December 18th and 19th.
- U.S. President Donald Trump and his Chinese counterpart Xi Jinping agreed not to introduce any new tariffs for the next 90 days. During this time, the two countries will work together to resolve wider structural problems in trade relationship. U.S. will not increase the existing 10% tariffs on $200 billion worth of Chinese goods to 25%. Trump said China have agreed to "reduce and remove" tariffs on American cars from the current bracket of 40 percent. But there has not been any written agreement so far on talks being successful.
- Brexit vote on December 11th – The government is due to publish its economic analysis on the long-term effects of Brexit on the UK. MPs are due to vote on May's Brexit deal, which she insists is the only option, on 11 December.
- Fed Meeting on December 19th - Minutes from FOMC November meeting indicate that another interest rate hike is warranted. However, Fed officials also kept the debate open on when the U.S. central bank might pause its monetary tightening and how it would relay those plans to the public, next meeting is on December 18th and 19th. Gold traders are closely watching Fed to decide next course of action.
- SPDR Gold Trust Holdings –Gold holdings fell 0.46 percent to 758.21 tonnes on Monday.

Outlook

- Weakness in dollar index is pushing gold prices higher, fresh outlook after monthly nonfarm payroll data this weeks and fed meeting on 1December 19th. Meanwhile a technical breakout above breaks above 1238 may push the precious metal towards next level of resistance around 1252 and 1266 while above 1221.

OPEC is widely expected to cut oil production, oil prices strong

- Brent oil prices advanced following an expectation that OPEC is planning a production Cut on December 6th meeting at Vienna.
- Saudi Arabia proposed a production cut of 1 million to 1.4 million barrels per day (bpd).
- Russian President Vladimir Putin and the kingdom's leader Prince Mohammad bin Salman agreed to manage the market at the G20 summit last week.
- Goldman Sach Report – OPEC and Russia need a cut of 1.3 million bpd to manage over supplied market
- OPEC member will also discuss Qatar issue as it plans to leave OPEC in January according to the statements from its Energy Minister Saad Sherida al-Kaabi. Qatar produces 600000 bpd out of total 27 million bpd which is nearly 2% of total OPEC production.US Oil Supply Cut - Canada's Unprecedented Oil Cut Plan Boosts Crude. As per news sources Canada's Alberta province will force producers to cut output by 8.7 percent, or 325,000 barrels per day (bpd), Most of Alberta's oil is exported to the United States.
- Saudi, US and Russia Oil production - Saudi Arabia raised oil production to an all-time high in November and pumped around 11.1-11.3 million barrels per day. Russian oil output stood at 11.37 million bpd in November, down from a post-Soviet record of 11.41 million bpd it reached in October, Energy Ministry data showed on Sunday. Oil producers in the United States continue to churn out record amounts of oil, with crude output at an unprecedented level of more than 11.5 million bpd. U.S. oil production set to rise further in 2019.

Outlook

- Brent oil may consolidate in the broader range of $57.50-$64.40 in the short term, OPEC meeting in focus. Global economic growth looking slightly positive after US-China tariff talk while OPEC oil production cut may boost prices from current levels.

LME Copper erases gains after reports of US and China discussion being doubtful to resolve key issues

- China and the United States agreed to halt an additional tariff in a deal that keeps their trade war from escalating as the two sides try to bridge their differences with fresh talks aimed at reaching an agreement within 90 days. But there has not been any written agreement so far which creates doubt on talks being successful.
- LME warehouse inventory dropped by 1975mt on Friday to 134200mt, weekly decline remains at 2900mt.
- Premium for imports of copper into China dropped to 18 months low over demand slowdown.
- Asian equity markets remained negative as doubts over success of US-China trade war
- Chile's state copper miner Codelco, the world's No. 1 copper producer, said on Saturday it had reached agreement on a new collective labour contract with the union of workers at its Ministro Hales mine in northern Chile
- China PMI Data: The official Purchasing Managers' Index fell to 50.0 in November from 50.2 in October against market expectation of 50.20

Outlook

- Positive tariff talk between US and China pushed counter above $6300 per ton but next level of important level of resistance is seen around $6402 per ton, fresh breakout above this level may push counters towards $6454-6573 per ton. Important support level remains near 6164 per ton.

China Steel Rebar prices hits nearly eight month low over heavy supply

- Steel product prices not able to sustained gains as supply worries remains intact.
- U.S. President Donald Trump and his Chinese counterpart Xi Jinping agreed to not introduce any new tariffs for 90 days. U.S. will not increase the existing 10% tariffs on $200 billion worth of Chinese goods to 25%, China has agreed to "reduce and remove" tariffs on American cars from 40 percent currently.But there has not been any written agreement so far which creates doubt on talk being successful.
- Winter Pollution - A total of 79 Chinese cities have triggered air pollution alerts as severe winter smog covers wide swaths of the country, the official Xinhua news agency reported on Saturday.
- We expect this rally to be temporary as steel market is well supplied and demand for manufacturing steel not rising due to winter season. China has not announced any stimulus to boost demand.
- Steel inventory–Rebar weekly inventory increased by 0.58% and while HRC inventory dropped nearly 2% last week, data compiled and reported by a third party website.

Outlook

- Steel Rebar contract on SHFE found some relief rally after a sharp decline in recent months on tariff talk between US and China, this rally is likely to be short lived as market still expects a stimulus to boost demand. Huge inventory buildup and low demand may push prices back to recent lows in the near term unless some economic stimulus is announced. Counter may face stiff resistance around 3687-3755.

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