Spot Gold at highest level since Aug'18, US Job data and China issues being closely watched

- Gold prices railed as dollar weakened from its recent high, traders await US jobs data today and keeping a close watch over latest development of US and China turf over arrest of Huawei Executive
- US Jobs report on Today - consensus forecast for jobs growth of 200,000, after adding 250,000 positions in October, and unemployment rate seen at 3.7%
- U.S. Federal Reserve President John Williams remarked in favor of interest rate hike in contradiction to Fed chairman Jerome Powell. Fed president said that the central bank should expect to continue raising interest rates "over the next year or so"
- Fed Meeting on December 19th - Minutes from FOMC November meeting indicate that another interest rate hike is warranted. However, Fed officials are keeping 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 scheduled for December 18th and 19th. Gold traders are closely watching the Fed to decide their next course of action.
- Equity Sell off – US and Asian equity markets recovered marginally from losses over the arrest of CFO of Chinese telecom giant Huawei. This arrest in Canada at the behest of the U.S., enraged China and it could retaliate by detaining American executives.
- US arms control treaty – U.S. delivered Russia a 60-day ultimatum to come clean on violation of an arms control treaty that keeps missiles out of Europe.
- 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.

Outlook

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

India rupee appreciated as Crude oil drops further during OPEC meeting

- Indian rupee gained as crude declines and equity markets recovered marginally from yesterday's lows.
- Foreign funds bought shares worth Rs 72.47 crore, while DIIs sold share to the tune of Rs 389.78 crore yesterday
- RBI monetary policy committee has kept the interest rates unchanged at 6.5% as per our expectation and has also maintained "calibrated tightening" stance. Meanwhile RBI has started to cut the SLR by 0.25 bps from January-March, every quarter till it reaches to 18% from 19.5%
- SLR cut is likely to boost lending capacity of banks and will enhance liquidity
- RBI projected GDP to be at 7.4% and 7.5% for FY19 and F20 respectively. Meanwhile positive news comes from inflation forecasts as RBI projected inflation to be under control, it estimates inflation to be around 2.7-3.2% from its earlier expectations of 3.9-4.5% for the second half of the FY19. RBI expects inflation to rise in first half of FY20 to 3.8-4.2%

Outlook

- USD-INR pair is forming short term bottom near 69.78 and if it sustains above 71.20, it may see a further move towards 50 days moving average near 72.68.

OPEC meeting today in Vienna to discuss oil production strategy for next six months

- Oil prices dropped on sell off in equities across the globe despite drop in Crude inventories from latest US DOE report on Thursday, focus now on OPEC meeting. Market expects OPEC to implement a production Cut in December meeting at Vienna. OPEC will conclude its 2day meeting today.
- US DOE Inventory Report - Crude oil inventories have declined for the first time in 11 weeks, U.S. commercial crude oil inventories declined by 7.3 million barrels last week. U.S. commercial crude oil inventories of 443.2 million barrels remain six percent above the five-year average for this time of year.
- OPEC Highlights –
    - The Organization of the Petroleum Exporting Countries (OPEC) in Vienna failed to reach a final decision on cutting output
    - Output decision delayed to Friday following a discussion with Russia
    - Russian Energy Minister Alexander Novak flew back to St Petersburg to meet with President Vladimir Putin and he is expected to return to Vienna on Friday to discuss an output decision with OPEC for the next six months
    - Saudi Arabia's Energy Minister Khalid al-Falih told journalists before the OPEC meeting that possible output cuts could range between 0.5 to 1.5 million barrels per day (bpd)
    - Uncertainties over the OPEC meeting outcome are further complicated by Iran as it seeks an exemption to output cuts.
    - Qatar said it would leave the cartel in January

Outlook

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

LME Copper bounced from three week low over reports of Fed interest rate

- LME 3M copper prices climbed as reports that the U.S. Federal Reserve could pause from raising interest rates. Now focus on US-China dispute and US non-farm pay roll data
- U.S.-China trade dispute remains the "largest downside risk for global and Chinese economic outlook. Equity market were down over arrest of a top Chinese executive in Canada which diminished hopes for a resolution to the U.S.-China trade conflict.'
- Chile's state copper miner Codelco reached agreement on a new collective labor contract in early negotiations with the union of workers at its Gabriela Mistral mine in northern Chile. News is likely to support supplies
- Inventory – Copper inventories at LME declined further by 3250mt to 124950 mt which is a net loss of 11300 in last 5 sessions.

Outlook

- LME Copper 3M contract bounced over Fed expectations and inventory decline but focus is on US-China trade tension, trade war may further escalate and might be negative for copper demand from renewed concern of arrest of Chinese Executive in Canada. Strong support base is seen near 6000 while important resistance seen at 6200.

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