

Oil prices firm as Hurricane 'Michael' moved across Gulf of Mexico

- Tropical storm Michael strengthened to a Category 1 and expected to be a major Category 3 hurricane by the time it hits Florida on Wednesday.
- Oil companies operating in the Gulf of Mexico shut down 19 percent of oil production as it moved toward eastern Gulf States.
- Iran's crude exports fell from 2.5 million bpd in April and 1.6 million bpd in September to 1.1 million bpd in the first week of October, according to tanker data. Buyers of Iranian oil are seeking alternatives ahead of the U.S. sanctions.
- International Monetary Fund on Tuesday cut its global economic growth forecasts for 2018 and 2019, over tariff war and EM struggle due to currency fluctuations. Economic growth directly affects the oil demand.

Outlook:

Brent oil bounced from 82.66 and is holding above key support level of 83.90, immediate recovery towards recent high of 86.78 is only seen on if it trades above 85.40. Bias is looking negative and further weakness is likely on the break of 82.52 towards 80.48 i.e. 38.2% Fibonacci retracement level of current rally from 70.40-86.74.

Gold weakest in six days on strong dollar

- Gold fell to lowest level in a week as investors found safe haven in the U.S. dollar on global sell off in equities over concerns of economic growth in China post trade war
- Possibility of further rates hikes by FOMCis pushing the dollar higher and gold lower Global Equity sell off continues over growth concern in China and budget turmoil in Italy
- China's central bank on Sunday reduced the cash holding requirements to boost liquidity in the systems and lowered finance cost to resume growth.

Outlook:

Gold is locked in the tight trading range of \$1218-\$1180 per ounce from several weeks and a further move is expected only on a breakout beyond these levels. Immediate support levels are seen at \$1180 and \$1161 per ounce while major resistance is seen near \$1235 per ounce above \$1218 per ounce.

Copper bouncing from support on positive comments at LME week

Copper may surge above \$7,000/ton as demand is set to outstrip supply according to UBS Group AG

The optimism from those gathering at LME Week in London indicates that the trade war has been masking the solid internal market dynamics for copper suggesting optimism for the industrial metal

Chile's copper production fell by 7% in August compared with the same month in the previous year due to a drop in output at Codelco's and Escondida, Cochilco: govt. agencies

Chile produced 462,000 tons of copper in August 2018, compared with 496,600 in August 2017. Escondida mine owned by BHP Billiton & Codelco produced 84,600 tons, down 13.5 % compared with August last year, while production at Codelco dropped 12% to 141,500 tones

Copper premiums have surged in China since this year's July low, while global inventories have declined sharply and are at multi year lows, which suggests that a medium to long term bullish move can be seen in copper

Outlook: LME 3M Copper has rebounded after finding support at Monday's low suggesting buying at lower levels. The medium term trend continues to remain positive and a further rally toward \$6330-6380 can be expected in the short term while the metal sustains above \$6125.

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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



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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;

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