

Gold continues to trade below \$1210, Federal Reserve plans a gradual increase of interest rates

- Gold near one month low over Federal Reserve's comment to increase borrowing cost gradually.
- Dollar index near 16 month high on positive US economic data, U.S. producer prices increased more than expected in October. U.S. wholesale prices rose by the most in six years last month, led higher by expensive gas, food and chemicals. Inflation remains under control as per Federal Reserve expectations.
- Fed is in a comfortable situation to increase interest rates as US unemployment rate is at a five-decade low of 3.7 percent and companies are raising wages and salaries to attract workers. Average hourly pay rose in October from a year earlier at the fastest pace in nearly a decade.
- Brexit – British PM Theresa May is facing criticism internally over Brexit negotiation.
- Italy – Italian Minister approaching European commission over fiscal policy and revise down budget growth forecasts
- China – Economic growth slowed down further, China's factory-gate inflation slowed for the fourth month in October on cooling domestic demand and manufacturing activity.
- CFTC - Hedge funds and money managers cut their net short positions in gold by 8,136 contracts to 37,486 contracts

Outlook

- Gold is looking weak as trades below key support level of \$1212 per ounce after the latest development of US Midterm election, fed interest rates and easing worries over US-China trade tension. Next level of support is seen around \$1202-\$1186 per ounce.

Crude oil bounces on supply cut talk from Saudi Arabia

- Saudi Arabia planning to cut the amount it supplies in December by 500,000 barrels per day (bpd) from November levels.
- Proposed Reduction is due to a seasonal drop in demand, Saudi is greatly concerned about the decline in prices.
- Brent crude has declined by about 19 percent from its October high of close to \$70 per barrel. OPEC nation wants crude prices to remain at sustainable levels above \$80 a barrel.
- Oil prices dropped after Trump's pressure to supply more crude to compensate for oil deficit after sanctions on Iran. However, the Trump administration decided to grant waivers to eight countries, have eased supplies for next 180 days from November 4th.
- CFTC: Hedge funds net-long positions in WTI crude oil have declined 18 percent to 160,291 futures and options contracts in the week-ended November 6. Long positions are now trading at their lowest level since July 2015, while short-seller positions jumped 29 percent to the highest level since October 2017.

Outlook

- Oil supply is expected to increase in near term unless Saudi implements proposed production cut, Crude Oil price could remain weak. Medium-term support is seen near 70.40-69.80, on a break below this level, immediate support is seen till 66.54 and 65.49.

HRC prices dropped as Chinese car sales number worsens

- **HRC**- Demand outlook remains negative after china's car sales dropped 11.7% for Oct'18 in comparison with the same month last year. The October drop follows an 11.6% fall in September and a 3.8% decline in August.
- Slowing economic growth and trade war with US are the key reasons behind this drop, which are affecting demand for Hot rolled coil which is used mainly to make passenger cars.
- **Iron Ore** - Steel output in the world's top producer will remain high, pushing prices of raw material iron ore to a one-week peak. China's steel production is not expected to show any signs of weakening as China's government is using flexible winter cut policy this year.
- China Iron and Steel Association showed that average daily crude steel production at its member mills stood at 1.97 million tonnes over Oct. 1-20, nearly matching September's 1.98 million tonnes.
- China's iron ore imports rose 11.2 percent from a year ago to 88.4 million tonnes in October, according to Chinese government data.

Outlook

- HRC prices may remain weak on lower demand forecast over slowdown in Chinese economic activity and trade war with US. Most active HRC Contract on SHFE may remain negative while below key resistance level of 4110, it may find some support around 3860-3790.

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