OPEC meeting on June 22, market expects a moderate hike

- **OPEC members are discussing** a compromise agreement that would see an oil production increase of between 300,000 and 600,000 barrels a day.
- **Iran** has said on Sunday that it is opposed to any increase in the current quotas but member countries are optimistic that an agreement can be won for a relatively modest hike at this week's meeting in Vienna.
- **Russia Hopes**: The compromise output boost, if agreed, would be smaller than the 1.5 million-barrel a day quota increase that Russia has proposed.
- **Russia,** under pressure from domestic oil companies keen to develop new fields, has said that the total increase should be as much 1.5 million barrels. A quota increase of that size shared among all members wouldn't deliver a commensurate boost in production because several countries, including Venezuela, where an economic crisis is slowly destroying the oil industry, are unable to raise output.
- OPEC officials are also working on putting the co-operation between the cartel, Russia and other oil producers that would be a major diplomatic breakthrough for Riyadh and Moscow.
- An increase of 300,000 to 600,000 barrels a day - above the current OPEC levels + production of about 32 million barrels a day - would be a real increase in production from those countries with spare capacity including Saudi Arabia, Russia and the United Arab Emirates.

EIA Expectations:

- EIA sees **crude output at major U.S**. shale plays at 7.339m b/d in July, according to EIA's monthly Drilling Productivity Report. EIA revises June shale-oil forecast to 7.2m b/d from 7.18m b/d.
- **Crude inventories probably decreased** 2.75m bbl to 429.7m bbl in the week ended June 15.
- EIA Weekly Report scheduled for release on **Wednesday 8:00 p.m. IST.**

Source: Bloomberg

Our view: *Crude has broken a recent support base of 64.20 and has turned negative till 61.40 in the near term. A further bullish move is possible only on hold and close above 67.31. Those selling on pullback till 65-66 levels may keep a stop loss above 67.31 for the short term. Meanwhile, a medium term resistance still remains near 69.44.*

Metals will be impacted by trade war between U.S. and China

- **Copper eased on the news that trade tensions** between the world's two largest economies could escalate. Also, demand from China could cool after last week's lackluster data. SHFE metals also slumped as China opens after a long weekend.
- **China Data:** China posted a weaker-than-expected industrial output, investment and retail sales for the last week of May, signaling further weakness ahead, if Beijing sustains its crackdown on factory pollution and local government spending.

Source: Reuters

Our view: *Price correcting from recent highs may continue further towards the next level of support near $6722 per mt. Upon any break below this level, a further decline is possible till $6534.*

Gold prices may rise as US, China trade spat sinks Bond Yields

- **Gold rises** amid renewed concerns over trade protectionism after President Donald Trump threatened to slap tariffs on more Chinese goods. Signs of escalation in the Sino-US trade war have weighed heavily on sentiment in Asia Pacific trade.
- **Gold** prices rose yesterday, digesting losses after Friday's dramatic selloff. A tepid downshift in Treasury Bond yields offered a bit of support as trade war jitters undermined risk appetite.
- **Dollar:** The dollar rose against a basket of currencies which kept gold under pressure. The dollar is approaching seven-month highs on bets that the United States and China will avoid a full-blown trade war, although tensions between the two slowed its gains.

Source: Reuters

Our view: *Gold may find support near $1277 and any aggressive cross and close below this level on the weekly charts, may push the counter towards the lowest levels of $1237 and $1208 in the medium term. A bounce back from $1277 above $1320 will reinforce the bullish move and the counter may see a new high for this year above $1365.*

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, Merchant Banking, Non-Banking Financial Dealings, Gold Refining, Realty & Infrastructure. In a nutshell, ABans Group is a comprehensive Financial Services conglomerate, providing end-to-end financial services to all its clients.

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