Gold near $1200, Fed meeting to begin today, any dovish comment may spurt buying in gold

- The global markets await the Fed interest rate decision on Wednesday. The Fed is widely anticipated to raise interest rates by 25bp, and this is termed to be supportive for the US dollar. Though the US dollar is sideways after China cancelled trade talks, any pullback from current levels will further pressurize gold prices.
- The U.S. Federal Reserve's meeting is beginning later in the day and the U.S. central bank is expected to raise benchmark interest rates and shed light on the path for future rate hikes.
- Higher US interest rates will be negative for gold prices but Fed policy stance for future will give a fresh direction to the markets.
- Simmering U.S.-China trade tensions kept investors nervous about risks to global growth.
- China and the United States imposed a new round of tariffs on each other's goods that took effect on Monday, intensifying a trade dispute that is expected to hit global growth.
- Dollar index finding a support base around 93.30 and a bounce back above 94.40 may push gold below $1200; the safe haven appeal in dollar is keeping the currency near eight month highs.
- India demand - Harvest season for Kharif crop started from mid-September and will continue till October for different crops. As the government has raised the Minimum Support Price (MSP) for these harvests from 15% to 40% and since two thirds of gold demand comes from rural India, we expect demand to increase in the second half of this year.

Outlook: *Gold bounced from the recent low of $1161.40 per ounce registered on 15th August, following a bullish pattern of higher high and higher low from last three weeks, and is now facing a stiff resistance level around $1217 per ounce ; if the counter crosses this level, a short term bottom will be confirmed at $1161.40 per ounce and focus will shift towards the next level of minor resistance around $1229 per ounce and further above this level till $1245 per ounce in the short term.*

Copper softens on intensifying trade war, inventory drop is giving support to any major decline

- Base-metals demand may slow down as China and the United States imposed tariffs on each other's taking effect from Monday.
- China also called off planned talks with the United States, with the chances of anything happening before the U.S. mid-term election now highly unlikely.
- U.S. tariffs on $200 billion worth of Chinese goods and retaliatory tariffs by Beijing on $60 billion worth of U.S. products took effect on Monday, though the initial level of the duties was not as high as feared earlier.
- LME copper warehouse continues to drop; the net deliverable stock dropped by 7575mt yesterday, total warehouse stock was 214350 mt. SHFE copper inventory remained at 111029mt with a weekly drop of 23537mt, data released on Friday.

Outlook: LME 3M Copper is forming a short term bottom near $5774 per ton and is now on a recovery path after a sharp decline from the recent high of $7347 per ton. Initially, prices are expected to recover till $6374 per ton i.e. 38.2% Fibonacci retracement levels, and more above till $6558 per ton a 50% Fibonacci retracement levels, but still the trend may remain weak unless it crosses above 61.8% Fibonacci level of $6742 per ton in the medium term. A short term bullish recovery will fail if Copper closes back below $5877 per ton.

Brent oil above $81, OPEC failed to resolve supply issue, fuel demand in India set to grow

- The meeting between OPEC and several allies, including Russia, failed to resolve the issue of how they would make up for falling Iranian crude oil exports.
- Britain, China, France, Germany, Russia and Iran said they were determined to develop payment mechanisms to continue trading despite the sanctions by the US.
- Weekly crude oil inventory data, which will be released on Wednesday, will give more direction to crude.
- Indian crude demand is set to grow from 4.7 mbpd in 2017 to 10 mbpd in the year 2040 – IOC said this at the Asia Pacific Petroleum Conference.
- Indian fuel prices keep rallying on the upside withPetrol prices in Mumbai quoting at ₹90.22/Ltr.
- Indian refiners, hit by high crude prices and a sliding rupee, are planning to reduce oil imports in what could be a sign that high prices are starting to hurt demand.

Outlook: *Brent oil future contract on ICE was forming a triple top near $80.40-$80.00 per barrel since May 2018 on the weekly charts ; these are seen broken on the higher side and now further bullishness can be seen towards the next level of resistance till 81.50 and 82.80 in the near term. Minor corrective dips till 80.10-79.20 can be considered as a fresh buying opportunity with stop loss below strong support base of 78.60 in the near term.*

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