

Trend remains bearish in Crude Oil, focus shifts to G-20 and OPEC meetings next week

- Slowdown in demand and surging supply continues to keeps oil weak, downward pressure continues from surging US supplies and slowdown in demand growth after US tariff war with China, which is expected to result in oil supply overhang in 2019.
- Focus now shifts towards upcoming OPEC meeting in Vienna, the cartel is set to meet on Dec. 6, but days earlier the key decision makers from Russia and Saudi are set to gather on the sidelines of the G20 summit in Buenos Aires in a meeting that may well decide the direction of oil prices in 2019.
- Saudi Prince Mohammed bin Salman and Russian President Vladimir Putin, both plan to be in the Argentina for the G20 summit which is *scheduled* for November 30th and December 1st. China and US are also scheduled to participate in the meeting and discuss trader war.
- Inventory - According to the latest EIA report, crude oil stocks increased 2.38% to 442.1m barrels on November 2-9 period, whereas Cushing storage progressed 3.4% to 35.46m barrels. This has been the seventh week in a row that U.S crude storage advanced. U.S stockpiles are now starting to significantly weigh on crude futures and OIL shares.
- CFTC Report – Speculators reduced long positions for the 7th Consecutive week and for the 17th time in 21 weeks by 22,585 contracts, which brought the net positions to +381.2K contracts. Here, The U.S. Commodity Futures Trading Commission is known as CFTC.
- Fed Expectation -Oil markets have also been weighed down by a strong U.S.-dollar, which has surged against most other currencies this year, thanks to rising interest rates that have pulled investor money out of other currencies and also assets like oil, which are seen as more risky than the greenback.

Outlook

- Brent oil may consolidate in the broader range of \$57.20-\$64.40 in the short term, outlook remains negative as Russia adopted a wait and watch approach for winter season demand on Saudi Arabia's suggestion of cutting oil production by 1 to 1.4 million barrels per day. Oil supply is expected to increase in near term while oil demand may be negatively impacted.

Gold steady above \$1230 per ounce, focus on G-20 meeting this week

- Gold prices steady in Asia along while the dollar was flat after the Thanksgiving week holiday
- Market watchers are keeping an eye on the Fed's policy outlook ahead of high-level U.S.-China trade talks on Friday, which could weigh on precious metals this week.
- Trade war – U.S. President Donald Trump and Chinese President Xi Jinping are to meet at the G20 summit in Buenos Aires to discuss trade issues, and market watchers will be waiting to see if the two largest economies in the world will ease trade tensions.
- Fed Meeting – U.S.-dollar has surged against most other currencies this year, due to rising interest rates that have pulled investor money out of other currencies, gold will get further direction from next fed meeting which falls on December 18th -19th
- Federal Reserve Chairman Jerome Powell is to deliver a speech on November 28th to address economic outlook, which may give the dollar a boost. A firmer U.S. dollar makes dollar-denominated assets such as gold expensive for foreign buyers, and vice versa.
- CFTC Report - Speculative accounts turned net bearish on gold for the first time in five weeks, according to the latest data released on November 13 by CFTC . The net short positions declined by 28,273 contracts that pushed the net potion from long to short. The current net potion stands at -9.3K contracts.

Outlook

- Gold traders await fresh direction from key events such as G-20 summit and fed meeting in December months. the precious metal is facing Stiff resistance near \$1238 while important support remains near \$1195, we may see further consolidation in the \$1195-\$1238 region with negative bias based on Fed meeting expectations .

Copper is trading in a tight range of \$6140-\$6300 per ton before Trump and Jinping meeting during G-20 summit

- A G20 summit scheduled later this week in Argentina is expected to set a trade war turning point, when leaders from the two biggest economies meet to address trade tensions that have been increasingly hurting global growth.
- As per economist view, China's economic growth is expected to hit 6.6 percent this year and slow to 6.3 percent in 2019 as the country struggles with challenges relating to trade and structural reforms.
- Copper LME warehouse inventory dropped by 21475 mt in last week to 139550 mt while SHFE warehouse inventory dropped by 1581 mt to 133163 mt.
- CFTC Report - The net long positions declined last week, and by 2,971 contracts to +3.4K contracts.

Outlook

- Copper may not sustain above 6300 in near term unless ongoing tension between US and China settles during G-20 meeting later this week. Any decline below 6140 may push counter below 6100 towards recent low of 5980. We may see recovery in copper only when trade disputes settles between US and China, any breakout above 6300 may push counter towards next important resistance level of 6400.

Rebar prices at multi-month low on sluggish demand during winter season

- Chinese iron ore futures tumbled and steel prices dropped to the lowest in almost five months on as worries over weaker steel demand mounted.
- Rebar inventory continue to increase at Chinese mills indicating slow demand during winter season. Construction Steel demand is typically slow during winter as the cold weather halts construction projects.
- Hot rolled Coil (HRC) inventory increased over trade tension with China, Chinese economy is cooling further amid an ongoing trade war with the United States. Chinese exports to the United States are expected to slide soon as higher U.S. duties start to bite.

Outlook

- Rebar prices which dropped to lowest level in five months on slow construction demand during winter season and increased supply. Further weakness is expected towards 3448-3332 below 3564

Rupee continues recovery on sliding oil prices, Focus on RBI meeting on 5th Dec 2018

- Weakness in the dollar along with weakness in crude and positive domestic equity markets supported the rupee move.
- Crude oil prices fell sharply on piling inventories amid expectations that demand may decline due to a gloomy global growth outlook. Brent crude oil futures closed at the lowest point since November 2017 at \$58.45 per barrel.
- Equities Markets stalled after a three-week rally despite a stronger rupee and falling oil prices as investors start assessing the risks associated with the general election due by May. As Equities recovers from recent lows, Indian rupee is projected to receive further boost, FII's data to be watched for.

Outlook

- Recovery in Indian rupee continues as fresh decline in crude oil prices last week, focus now shifts towards RBI meeting scheduled for December 5th. USDINR may drop to 200 Day moving average at 68.50 below 71.10 in near term.

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