

Gold prices trading below \$1225 ahead of FOMC Minutes and G20 meeting

- Gold prices moving in a range after a drop from 1231, it awaits fresh direction from FOME Minutes which will be released tonight for November meeting and focus will be towards next month meeting.
- U.S. Federal Reserve Vice Chair Richard Clarida bolstered expectations on Monday that the central bank would continue hiking interest rates. Higher interest rates tend to boost the dollar, making gold expensive in other currencies.
- Trade war - The chances that President Donald Trump and Chinese President Xi Jinping will strike a deal to resolve their escalating trade war have started looking increasingly bleak. Prior to this President Trump is said to move ahead with raising tariffs on \$200 billion in Chinese Goods to 25 percent from the current 10 percent and also repeated the threat to put tariffs on all remaining imports.
- Brexit voting on December 11th – The government is due to publish its economic analysis on the long-term effects of Brexit on the UK. Meanwhile, the PM will visit Scotland and argue that she was "robust" in defending UK fishing in her Brexit talks. MPs are due to vote on May's Brexit deal, which she insists is the only option, on 11 December.
- Italy's Budget fiasco – Italy's government says it will stick to its high-spending budget plans, setting up a potential stand-off with the European Union over its deficit. The European Commission has threatened fines unless Italy revises its plans. Deputy Prime Minister Luigi Di Maio suggested the government might be willing to reduce the deficit target to end the stand-off with the EU saying: "If, during the negotiating process, the deficit has to be reduced a bit, that's not a big deal."
- ECB Stimulus - ECB President said that the euro zone has lost some growth momentum but this was mostly normal and not enough to derail plans by the European Central Bank. ECB eying stimulus.
- China's net gold imports in October via Hong Kong doubled from a more than seven-year low which it touched in the previous month as lower prices revived demand in the world's top consumer.

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 is at \$1195; we may see further consolidation in the \$1195-\$1238 region with negative bias based on Fed meeting expectations.

Brent Oil prices recovered some losses ahead of OPEC, G20 meetings

- Oil prices climbed ahead of an OPEC meeting in Austria on December 6th. OPEC member nations are expected to decide some form of supply cut to counter an emerging glut.
- G20 Summit on November 30th-December 1st - G20 summit is another major focus for market, it remains to be seen if U.S. President Donald Trump and his Chinese counterpart Xi Jinping can de-escalate the U.S.-China trade war.
- Saudi Arabia raised oil production to an all-time high in November and pumped around 11.1-11.3 million barrels per day.
- The World Trade Organization (WTO) said in its latest outlook, published on Tuesday, that "trade growth is likely to slow further into the fourth quarter of 2018", with growth likely at it's slowest since Oct. 2016.
- API Inventory report – U.S. crude supplies rose by nearly 3.5 million barrels for the week ended Nov. 23, gasoline supplies declined by 2.6 million barrels, but distillate stockpiles rose by 1.2 million barrels. Inventories in the Cushing, Oklahoma facility this week had climbed by 1.302 million barrels.
- DOE inventory report – Weekly inventory report will be released today at 9pm (IST), we expect an increase of 1 million barrels in crude supplies in last week.

Outlook

- Brent oil may consolidate in the broader range of \$57.50-\$64.40 in the short term, OPEC meeting in focus. Outlook remains negative as Oil supply is expected to increase in near term while oil demand may be negatively impacted.

Copper marginally up ahead of G-20 meeting, uncertainty over the direction of the U.S.-China trade war

- LME copper marginally up on Wednesday after three days of losses, uncertainty over the direction of the U.S.-China trade war.
- US Economic advisor quoted saying that U.S. President Donald Trump is open to reaching a deal on U.S.-China trade irritants over dinner on Saturday with Chinese leader Xi Jinping but is ready to hike tariffs on Chinese imports if there is no breakthrough
- US dollar rose ahead of FOMCE minutes today, market awaits for clues on how many more rate hikes.
- LME warehouse inventory increased by 750 mt yesterday to 137850 mt, weekly decline remains at 7400 mt.

Outlook

- Copper may not sustain above 6300 in near term unless ongoing tensions 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.

Recovery in Indian rupee continued along with Equity markets positive move, eyes on G-20 meeting

- Important G20 meeting scheduled during this weekend. Market participants are cautious ahead of the important meeting between the US and Chinese President
- Brent oil is stabilizing near \$60 per barrel and will support further positive move in rupee.
- The RBI's Monetary Policy Committee will detail its next policy statement on Dec 5.
- Oil prices are declining which is good for India as CAD may decline below 2% next year, currently CAD is around 2.2% after current decline in Crude oil prices.
- Foreign portfolio investors (FPIs) bought Rs 811.52 crore worth of domestic stocks on Tuesday; DIIs were net buyers to the tune of Rs 31.21 crore.
- HSBC has upgraded Indian equities to 'neutral' from 'underweight' in the regional context, as investor holdings are very low and valuations have become more reasonable.

Outlook

- Recovery in Indian rupee continues on fresh declines 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.

Shanghai Steel futures recover marginally; bias is still negative over ample supply and low demand during winter

- Steel supply in China has been rising while demand is weaker as the winter slows construction sector.
- Steel Rebar which is used in construction, however consumption may not recover strongly even post winter as China's economy continues to remain under pressure from faltering consumer spending and property sales.
- Other Steel products such as HRC also dropped as Chinese exports to the United States are expected to slide soon as higher U.S. duties start to bite.
- Rebar stocks at Chinese traders dropped to 3.08 million tonnes in mid-November, the falling stockpiles show traders are not restocking. Traders are trying to sell out their stocks and not buy any new stocks as demand continues to weaken.

Outlook

Rebar prices dropped to lowest level in six months on slow construction demand during winter season and increased supply. Further weakness is expected towards 3340-3275 below 3462

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

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



Disclosure & Disclaimer: ABans Broking Services Pvt. Ltd. (ABSPL)

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;

NCDEX: Member ID F00681 / SEBI Reg. No. INZ000032733

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as **the Regulations**). **ABans Broking Services Pvt. Ltd. (ABSPL)** is a SEBI Registered Research Analyst having registration no. **INH000006369**. **ABSPL**, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock Broking services. **ABSPL** is a subsidiary company of ABans Finance Pvt. Ltd. (AFPL). AFPL is an NBFC, registered with the RBI, in the category of non-acceptance of public deposits.

One of the group companies of **ABSPL** is ABans Securities Pvt. Ltd. (ASPL) which is a SEBI registered member with NSE, BSE and MSE stock exchanges. ASPL is also a Depository Participant of CDSL. ABans Commodities Pvt. Ltd. (ACIPL) is another group entity which is also a registered member with MCX in the Commodity segment. Further details are available on the group website www.abans.co.in

Mandatory Disclosures as per the Regulations:

- **Ownership & Material conflicts of interest –**
 - Whether the Research Analyst or ABSPL, or his associate or his relative has any financial interest in the subject company and the nature of such financial interest – No
 - Whether the Research Analyst or ABSPL, or its associates or relatives, have actual/beneficial ownership of 1% or more securities of the subject company, at the end of the month immediately preceding the date of publication of this research report or date of the public appearance - No
 - Whether the Research Analyst or ABSPL, or his associate or his relative, has any other material conflict of interest at the time of publication of this research report or at the time of public appearance –No
- **Receipt of Compensation –**
 - Whether **ABSPL**, or its associates have received any compensation from the subject company in the past twelve months – **No**
 - Whether **ABSPL**, or its associates have managed or co-managed public offering of securities for the subject company in the past twelve months – **No**
 - Whether **ABSPL**, or its associates have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months – **No**
 - Whether **ABSPL**, or its associates have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months – **No**
 - Whether **ABSPL**, or its associates have received any compensation or other benefits from the subject company or third party in connection with the research report – **No**
- Whether **the Research Analyst** has served as an officer, director or employee of the subject company – **No**
- Whether **the Research Analyst** or **ABSPL** has been engaged in market making activity for the subject company – **No**
- Other material disclosures, if any

Disclaimer:

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Neither ABans Broking Pvt. Ltd. (ABSPL), nor its directors, employees or affiliates shall be liable for any loss or damage that may arise from or in connection with the use of this information. The document is not, and should not be construed as an offer to sell or solicitation to buy any securities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from "ABans Broking Services Private Limited". Your feedback is appreciated on compliance@abans.co.in