

Gold prices trading range near \$1230 per ounce, G-20 meeting in focus

- Gold is closely watching G-20 meeting, trading flat near \$1230
- US and China leadership is expected to discuss trade on the sidelines of the G20 summit on Saturday, where global trade tensions are expected to dominate the agenda.
- The chances that President Donald Trump and Chinese President Xi Jinping will strike a deal to resolve their escalating trade war have started to look 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 vote on December 11th - The government is due to publish its economic analysis on the long-term effects of Brexit on the UK. Meanwhile. MPs are due to vote on May's Brexit deal, which she insists is the only option, on 11 December.
- Fed Meeting on December 19th - Minutes from FOMC November meeting indicate that another interest rate hike is warranted. However, Fed officials also kept the debate open on when the U.S. central bank might pause its monetary tightening and how it would relay those plans to the public, next meeting is on December 18th and 19th. Gold traders are closely watching Fed to decide next course of action.

Outlook

- Gold awaits fresh direction from key events such as G-20 summit and fed meeting in December month. 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 due to Fed meeting.

Brent Oil holds above \$60 per barrels ahead of G-20 and OPEC meeting

- Oil prices climbed ahead of OPEC meeting in Austria on December 6th. OPEC member nations are contemplating some form of supply cut to counter an emerging glut and softer prices. Saudi Arabia is pushing for an output cut of 1 million to 1.4 million barrels per day (bpd) to avoid oversupply. Meeting is expected to reach a decision for the next six months.
- Russia being a significant exporter of crude also has its interests in reducing production along with OPEC Policy meeting to be held in Vienna on December 6th & 7th
- 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.
- Iran - China payment issue: Iran and China have solved the oil payments issue. China will start oil imports from Iran next week and payment will be made within a month. Washington has granted Beijing sanctions waiver so it can continue its crude imports of around 360,000 bpd from Iran.

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 continues recovery, US interest rate and trade talk with China in focus

- LME copper has extend its recovery as Fed comments supported recovery in base metals which gave a indication that interest rate cycle is peaking out.
- China PMI Data : The official Purchasing Managers' Index fell to 50.0 in November from 50.2 in October against market expectation of 50.20
- Copper is likely to find further direction after US-China G-20 summit, market anticipates a positive outcome for these talks.
- 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, however he is also ready to hike tariffs on Chinese goods in case of no breakthrough
- LME warehouse inventory dropped by 1075 mt yesterday to 136250 mt, weekly decline remains at 7075 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.

Indian rupee continues its recovery, FOMC minutes lift equity market, focus on G-20 and RBI meeting

- Nifty above 10,900 on positive global cues; Sensex and rupee gain as Brent sustains near \$60 focus on US-China meeting on Saturday and RBI meeting next week
- Important G20 meeting scheduled during this weekend, market participants cautious ahead of meeting between the US and Chinese Presidents
- Brent oil is stabilizing near \$60 per barrel and will support further strength in the Indian rupee.
- The RBI's Monetary Policy Committee will detail its next policy statement on Dec 5.
- Oil prices are declining which is positive 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 823 crore worth of domestic stocks in cash market on Wednesday while DIIs bought to the tune of Rs 973 crore in cash market. FPI's were net buyers in Nov'18 to 5266 crore which is first time since April'18.
- HSBC has upgraded Indian equities to 'neutral' from 'underweight' in the regional context, as investor holdings are very low and valuations are relatively reasonable.

Outlook

- Recovery in Indian rupee continues as Brent Oil hovers near \$60 per barrel this week, focus now shifts towards G-20, OPEC and RBI meetings. USDINR may drop to 200 Day moving average at 68.76 below 71.10 in near term.

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