## India is considering a proposal to increase import duty on Aluminium

- The government is considering a proposal to increase import duty on aluminium with a view to support domestic aluminum industry. The industry has demanded increase in import duties on aluminium scrap and primary aluminium amid a high growth in inwards shipments of these items.
- Indian imports of scrap aluminium increased to 36000 tonnes from 16000 tonnes in Q1 FY18-19. India produces 4 Million tonnes and has consumption of 3.6 million tonnes of Aluminium.
- Basic custom duty on Aluminium scrap and primary Aluminium is at 2.5% and 7.5% respectively. Other than keeping import quota, big Industry players asked government to consider increasing import duty on primary and scarp aluminium to 10%. India is becoming dumping ground in ongoing tariff-war between the US and China.

## HRC and Rebar prices dropped amid fresh tariffs if December talks fails between US and China

- US is preparing fresh round of tariff on remaining Chinese goods if trade talks between US and China fail to ease the ongoing trade war in December
- Growth in China's factory sector likely cooled further in October as domestic demand faltered and exporters faced bigger challenges from trade war with the United States
- China's steel production is also expected to increase this year on lenient production cut during winter this year
- Eastern Shandong province plans to allow local authorities in seven cities to determine the length of their output restrictions on industry from mid-November to mid-March, but the cuts must cover at least two months and include December and January.
- 11 cities in three central provinces, known as Fenwei Plain, will introduce production restrictions
- Several regions have published their production restriction plans during anti-pollution campaigns in winter; however the actual impact on steel output is expected to be limited.
- Construction sites in northern China will close down amid falling temperatures, which would curb demand for steel products.

Outlook

- Rebar prices on SHFE exchange may remain sideways with negative bias unless it breaks above its critical resistance of 4220; further decline is possible on break below 4052 towards next support level of 3971 and 3903 in near term.

## Nickel expect selling on rebound as trend remains bearish

- Copper heads for a 5-week low as the Chinese currency dips to its weakest level since May2008, thus putting pressure on Base metals including Nickel
- The U.S. could announce by early December tariffs on the remaining Chinese imports if talks next month between presidents Donald Trump and Xi Jinping fail to make progress in trade war
- The trade war is expected to weaken the Chinese economy and could threaten demand for industrial metals thus putting pressure on base metals, strength in dollar index is also having a negative impact on commodities
- Chinese Manufacturing PMI numbers are due on Wednesday which would give further direction to the markets, nickel has rebounded today in the Asian trading session after declining for six consecutive trading sessions

Outlook:

- LME 3M Nickel has been trading lower since the past six trading sessions, it has bounced today in the morning session however expect the metal to remain under pressure and the selling to resume again. Further decline towards $11400 & $11150 can be expected while it sustains below $12000.

## Gold is trading in the $1226-1236 per ounce range, finding support on fresh threats of tariff war

- Gold recovered some losses on fears of new tariff war between the U.S. and China
- Geopolitical tensions are helping gold stay firm. US is preparing fresh round of tariff on remaining $257 billion Chinese goods if trade talk between US and China fails to ease the escalating trade war in December. US imposed 10% tariff on $200 billion Chinese goods in September.
- US sanction on Iran and Monthly non-farm pay roll data are key events to watch out for this week. Nonfarm employment data are projected to show an increase of 191000 in October against 134000 in September.
- European commission's decision of rejecting Italy's budget and US trade war with china may have negative impact on Chinese economic growth, are also helping the precious metal prices stay afloat.
- Gold is also expected to take further cues from US midterm elections; Fed interest rate decision coming months could also drive gold prices in the near term.
- While strength in US Dollar and minor recovery in equities from current levels is a risk to gold.

**Outlook**

- Gold is trading in the $1226-$1236 per ounce range since the last three trading sessions; it could target $1262-$1285 per ounce in near term. Immediate correction towards $1222 could be considered as fresh buying opportunity with a closing stop below 1216 per ounce.

## Crude range bound on easing supply expectations, four days left for US sanction on Iran oil exports

- Oil prices remain range bound as Saudi Arabia and Russia vowed to raise crude output. To contain oil prices at current levels Saudi Arabia pledged to increase oil production to 11 million bpd and waivers would ease crude prices further from current levels in near-term
- US sanction on Iranian crude oil exports will take place from November 4th. Sanction waivers are also the topic of discussion which needs to be watched before coming to any conclusion. China and India which are primary importers of Iranian crude oil and are seeking waivers from the US.
- Iran crude sanction is projected to reduce world oil supply by 1.5 million barrel per day which cannot be easily compensated from existing resources of other nation, though US oil production is expected to rise further on increasing oil rig count.
- U.S. reached 33 million barrels per day (bpd) for the first time in September, a jump of 10 million bpd since the beginning of the decade. US production has already reached the highest level since March 2015.
- Crude demand is projected to drop as trade war between US and China will slowdown global economic growth.
- The Energy Information Administration (EIA) will realise weekly report on Wednesday, Crude inventory are expected to increase by 3.667M against previous 6.346M. The American Petroleum institute (API) will released its weekly report today.

Outlook

- After a sharp decline from 86.74 to 75.10, Brent oil's near month future contract on ICE bounced towards 77.91 on short covering rally, though short term trend continues to remain weak unless it remains below 79.59 i.e. 38.2% of Fibonacci retracement level of current decline. Further weakness is expected if Brent trades below 76.50. Decline towards 75.10 could be seen and a further weakness below this level is possible for a decline towards 73.90-71.30 in near term.

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