

Gold slides marginally ahead of New Year holiday, US-China trade war is in focus

- International spot Gold moved in a closed range of 1277-1280 and remained negative as equities gained on likely progress in US-China trade war talks.
- Global Gold prices heading for their first annual decline since 2015, as dollar index mostly moved up due to trade war between US-China.
- Gold prices rallied in the month of December 2018 over volatility in equities, as there is dollar index correction from recent highs, in addition to the worry about the slowing global growth.
- According to a report by the Chinese state media, China's President Xi Jinping on a telephone call with U.S. President Donald Trump help on Saturday said that he hopes to push forward a Sino-U.S. relationship that is coordinated, cooperative and stable.

Outlook

- Spot gold may remain in tight range as most global markets are closed for New Year holiday, bias is expected to remain positive with strong support near \$1265. We expect more positive move on a break above 1283 this week, towards next level of resistance around \$1299-1310.

Brent oil formed short term bottom, bounced from \$50 over rig count drops

- Oil prices gained marginally, after hitting the lowest level in 18 months last week. Drop in oil rigs in Canada may have pushed up prices.
- Supply concern remains high as crude prices are closing negative in 2018, this may be mainly due to the fact that there is increase in supply but the demand outlook for 2019 has shown no visible improvements. Canada rig count - While the U.S. continues to add oil and natural gas drilling rigs, Canada's count in the past two weeks has dropped from 174 to just 70, the lowest since June 2016. According to data provided by Baker Hughes Inc., twelve years ago, approximately in 2006, Canada had about 727 rigs drilling Oil and Natural gas.
- Market sentiment was also lifted up by some positive news in the ongoing trade negotiations between the U.S. and China. U.S. President Donald Trump said he had a "long and very good" phone call with Chinese President Xi Jinping.

Outlook

- Brent oil formed short term bottom near \$50, more positive move can be seen above 55.40 towards next level of resistance at 58.20-62. US Crude oil inventory report and Canada rig count to give further clue of next move.

Copper recovered on US-China tariff talk and comment from president Trump

- Copper recovered from recent low of \$5950; after global equity market recovered as China and US have been on the path of resolving the ongoing tariff war. China's PMI data kept prices under pressure and concerns over global economic slowdown remains alive.

US China tariff talk

- The trade war between the United States and China has placed immense pressure on the stock market of both countries since mid-2018. With the working on a new trade agreement, China-U.S. relations are expected to improve in the months to come.
- U.S. President Donald Trump said on December 29 that a comprehensive trade deal is currently being drafted in an attempt to increase U.S. exports and eliminate the friction between the two major economies.
- "Deal is moving along very well. If made, it will be very comprehensive, covering all subjects, areas and points of dispute," Trump said.

China PMI

- China's December manufacturing activity contracts more than the expectation.
- The Chinese National Bureau of Statistics said that the country's official manufacturing Purchasing Managers' Index (PMI) was 49.4 for December — lower than 49.9 which was the expectations forecasted by the analysts. Meanwhile, China's official non-manufacturing PMI came in at 53.8, which was higher than the reading of 53.4 in November.

Outlook

- LME Copper 3M future contract formed triple bottom around 5950 and facing stiff resistance near 6100 ahead of US-China tariff tussle and expected slowdown in world economy. In case it breaks above 6100 then we may see more recovery towards 6228-6356 in near term as long as it maintains support near 5950.

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