

## Shanghai copper slid due to strong dollar and BHP response to unionized workers

- Copper continued to lose ground as the dollar strengthened and BHP responded to a proposal from unionized workers at its Escondida copper mine in Chile.
- **ESCONDIDA:** Global miner BHP said on Monday it had responded to the latest contract proposal from unionized workers at its Escondida copper mine in Chile, the world's largest, triggering a new round of talks that could last a month or more.
- **USD:** The dollar edged up to a three-week high against the yen on Tuesday, elevated by hopes that the closely watched U.S.-North Korea summit can pave the way towards reduction in tensions between the two old foes. A stronger greenback makes dollar-denominated metals more expensive for holders of other currencies and can weigh on prices.
- **China's Copper Output** in May grew 1.3% over the previous month, 19.6% over the previous year, and came in at 747,300 mt. Output in the first five months of the year gained 13.4% and stood at 3.60 million mt. (SMM Survey reports)

Source: Reuters

**Our view:** LME Copper 3m contract is facing a stiff resistance zone near \$7346 and has failed to breach this level in the second attempt, suggesting a selling point near this range. We may see an immediate support base around \$ 7100; an aggressive break below this level may push the counter towards next level of support around \$6960 and \$6850 .

## Gold dips on dollar strength amid ongoing U.S.-North Korea summit

- **Strong Dollar:** Gold prices eased on Tuesday as the dollar strengthened amid encouraging signs from a historic U.S.-North Korea summit and a likely interest rate hike by the U.S. Federal Reserve, limiting the demand for the yellow metal.
- **Key Central Banks Meetings:** Gold declines as investors weigh an expected rate hike by the Federal Reserve on Wednesday and a meeting of the European Central Bank on Thursday. Higher interest rates will likely have an impact on gold prices as they tend to boost the dollar and pressure greenback-denominated commodities like gold.
- **US & North Korea Summit:** The dollar edged up to a three-week high against the yen on Tuesday, bolstered by optimism about a closely-watched U.S.-North Korea summit.

Source: Reuters and Bloomberg

**Our View :** Gold is expected to be volatile this week amid the U.S.-North Korea summit and Central Bank meetings scheduled from Wednesday through Friday. Technically, *Gold trading in a range (\$1284-\$1321 per troy ounce) needs a fresh breakout on either side on the weekly chart. Gold may find a strong support base around \$1284-\$ 1269 per troy ounce; if this level is maintained, any break above \$1308 per troy ounce may push the counter higher towards \$1321 per troy ounce for the short term. While a break below \$1291 may push the counter lower till \$1284 and furthermore below this level till \$1269 per troy ounce. A positional bullish move may happen only above \$1321 per troy ounce towards the next level of resistance around \$1355 per troy ounce.*

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## Contact Details

### ABANS GROUP OF COMPANIES

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](mailto:info@abans.co.in) Website : [www.abans.co.in](http://www.abans.co.in)

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