

OPEC meeting on June 22

- The producer cartel of the Organization of the Petroleum Exporting Countries (OPEC), which is de-facto led by Saudi Arabia, and some allies including Russia, have been withholding output since the start of 2017.
- The cartel would meet in Vienna on June 22 to decide on the production policy to be followed going forward.
- Most industry observers are expecting a production rise but the magnitude and timing of the boost remain uncertain.

Source: Bloomberg

U.S. oil slumps as China threatens duty on U.S. crude imports

- U.S. oil prices slumped after China threatened duties on American crude imports in an escalating trade dispute with Washington.
- In an escalating spat over the American trade deficit with most of its major trading partners including China, U.S. President Donald Trump last week pushed ahead with hefty tariffs on \$50 billion of Chinese imports, starting on July 6.
- China on Friday said it would retaliate by slapping duties on American export products, including crude oil. This was in response to reports that top suppliers Saudi Arabia and Russia are likely to increase their production levels.

Source: Reuters

Our view: Crude has broken a recent support base of 64.20 and has turned negative till 61.40 in the near term. A further bullish move is possible only on hold and close above 67.31. Those selling on pullback till 64.50-65 levels may keep a stop loss above 67.31.

Indian rupee strengthens against US dollar as oil prices soften

- India's rupee erased early losses to trade, and changed little due to a retreat in oil prices. The central bank has eased some foreign investment rules in government bonds and this has also boosted sentiments.
- Softer crude prices have come as a big relief, and that's helping the rupee, as viewed by traders.
- RBI easing foreign investment rules could be attracting some inflows and supporting the rupee, say one of the traders.
- Some information comes from FX traders familiar with the transactions who asked not to be identified because they were not authorized to speak publicly.

Source: Bloomberg

Our View: USD INR dropped from a recent high of 68.55, and has formed a double top near this range. A further bullish move is possible only on close and hold above this level; a minor correction from current level is possible till 67.80-67.25 in the near term. Those selling around 68.20 may keep closing stop loss above 68.85 i.e. at the high levels of Nov 2016 and Feb 2016.

Silver declines from its highest level since Feb 2018, and faces critical resistance near \$17.40

- Russian silver production rose 30.6% year-on-year to 170.52 tons, including 68.84 tons of mined silver.
- Metals decline after dropping most on Friday since April 23, as fears of a global trade war escalated following China's move to retaliate against an U.S. decision to impose tariffs on a range of imports.
- China says it will charge tariffs of the same scale and intensity, and would target agriculture and autos; U.S. curbs on investments from China would follow in two weeks.
- Next move is President Trump's after China hits back in the trade-war opener.
- Russia's total gold production reached 33.46 tons in the period Jan-Feb. including 25.95 tons of mined gold. Gold output was 31.01 tons in the period Jan-Feb 2017, whereas silver production for the same period was 130.59 tons.

Source: Bloomberg

Our view: *Silver is facing a stiff resistance near \$17.40, and it has been unable to rise beyond this level since Feb 2018 on the monthly charts. It has formed a triple top in this range, sellers may find an immediate support base near \$16.11 - \$16.00 and the counter may not close below these levels to continue its bullish move which began from \$16.00 last month. Those looking to buy on these dips are advised to keep a stop loss below \$15.61, which is the next support level below \$16. Meanwhile, a bounce back from current levels and a close above \$16.80 may push the counter till \$17.20 and \$17.40 in the near term.*

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