

## Copper Jumps as U.S. Job Gains Signal Economic Growth, Demand

- Copper rallied to the highest in more than six weeks on Monday, underpinned by a slightly softer dollar and supply concerns amid wage negotiations at the world's largest copper mine.
- Copper Mine: The union of workers at BHP's Escondida copper mine in Chile said on Friday it had kicked off the latest round of labor negotiations with a contract proposal that includes a bonus of about \$34,000 per worker at the world's largest copper mine.
- Trade War: China warned the United States on Sunday that any agreements reached on trade and business between the two countries will be void if Washington implements tariffs and other trade measures, as the two ended their latest round of talks in Beijing.
- U.S. Economy: U.S. job growth accelerated in May and the unemployment rate dropped to an 18-year low of 3.8 percent, pointing to rapidly tightening labor market conditions, which could stir concerns about inflation.
- COT Report: Money managers have cut their bullish copper bets by 4,336 net-long positions to 29,912, weekly CFTC data on futures and options show. Long-only positions fell 3,079 lots to 80,642 in the week ending May. 29Short-only positions rose 1,257 lots to 50,730
- Copper Warehouse Stock: LME warehouse stock increased by 24500mt last week while SHFE weekly inventory reported an increase of 3869mt

**Source: Reuter and ABans**

**Our view:** LME Copper three month contract is consolidating in tight range of 6700-7100 from last several weeks and any major bullish or bearish move is only possible if it breaks and closes above or below this range, though short-term bias is still looking strong and corrective dips are looking as fresh buying opportunity for very short term.

## Crude oil remained under pressure as the market remained focused on the discussion between OPEC members

- Oil prices coming under pressure from record U.S. output and expectations of higher OPEC supplies
- Saudi Arabia and Russia have discussed boosting output to compensate for supply losses from Venezuela and to address concerns about the impact of U.S. sanctions on Iranian output.
- Russia's largest oil producer Rosneft will be able to restore 70,000 barrels per day (bpd) of oil output in just two days if global production limits are lifted
- U.S. crude production rose in March to 10.47 million barrels per day (bpd), a monthly record, the EIA said on Thursday. U.S. drillers added two oil rigs in the week to June 1, bringing the total to 861, the most since March 2015.
- COT Report: Hedge funds and other money managers cut their bullish wagers on U.S. crude futures and options, according to data released on Friday, as oil prices slumped on oversupply fears. The speculator group cut its combined futures and options position in New York and London by 50,937 contracts to 370,980 during the week to May 29.
- Crude Oil Inventory: Crude Oil stock declined by 3.620M barrel in its latest report against the forecast of 0.400M.

**Source: Bloomberg, Reuter, and ABans**

**Our view:** Brent Oil future contract which corrected from recent high of 80.49 finding support near \$75 and minor buying in these areas is keeping price higher but bullish move is only possible if counter closes and holds above 78.80 on daily closing basis, any break below \$75 may put prices under pressure and will lead to a downfall till \$72.30 and more decline below this level till \$70.40

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