

API data showed a decline in crude inventory and increase in gasoline stocks. EIA would be releasing the report today.

- U.S. oil prices edged up in early trade on Wednesday to move away from the lows hit in the previous session, buoyed after industry data showed a decline in U.S. crude inventories.
- API Data: Crude inventories fell by 2 million barrels versus 1.8 million barrel expectations.
- Gasoline stocks rose by 3.8 million barrels versus 0.587 million barrel expectations.
- Distillate fuels stockpiles, which include diesel and heating oil, fell by 871,000 barrels, compared with expectations for a 784,000-barrel gain.
- EIA Data expectations: U.S. inventories dropped by an estimated 2.1m bbl last week.
- U.S. crude marked its lowest level in nearly two months on Tuesday after the U.S. government has asked Saudi Arabia and other OPEC producers to increase oil production by 1m b/d.

Source: Bloomberg

Our view: Brent Oil future is finding a support base near \$74 on the daily chart and was unable to close below this level. As it bounces from these levels, we may see a short covering rally till \$76.80, although the short-term trend is still looking weak following ample supply expectations and a bullish move can be declared only on any hold above \$78.40.

Copper on LME rises for the fifth day to the highest in more than three months as the market tightens; the contract may trade in backwardation as supply tightens.

- Copper has strengthened on concerns that wage talks at the world's top mine for the metal at Escondida in Chile could lead to supply outages, and after the closure of Vedanta's biggest smelter in India.
- Spread of Future versus cash contract this week is at the narrowest discount since early 2017, signalling heightened spot demand.
- Copper rises to the highest in almost six weeks and forward curve points to tightening supplies as labor tensions increase at the world's largest mine.
- Cash contracts may soon trade at a premium as supply risks mount, in a condition known as backwardation. Cash contracts settled below three-month futures on Monday, the narrowest discount since January 2017, in a sign of increased spot demand.

Source: Bloomberg

Our view: LME Copper which was consolidating in a range of \$6600-\$7100 per ton, gave a breakout yesterday, after a three day's positive rally. The immediate support remains near 6953 and a more bullish move is possible toward \$7251 per ton and \$7311 per ton in the near term.

Gold hovers near \$1300, US Treasury yields fell and U.S. services sector activity accelerated in May

- Holdings of SPDR Gold Trust, a gold-backed exchange-traded fund, fell 0.03 percent to 836.13 tonnes on Tuesday from 836.42 tonnes on Monday.
- Gold jewellery sales in the number one market China are finally picking up after years of decline. Indian Imports are expected to fall to 77.6 metric tons last month from 126.2 tons in the same period last year.
- U.S. Treasury yields fell on Tuesday as traders piled back into lower-risk government debt after Italy's new prime minister vowed to enact economic policies that could balloon the nation's already-heavy debt load.
- U.S. President Donald Trump is considering a shift in the efforts to revamp the North American Free Trade Agreement to separate talks with Canada and Mexico.
- Mexico put tariffs on American products ranging from steel to pork and bourbon on Tuesday, retaliating against import duties on metals imposed by President Donald Trump and taking aim at Republican strongholds ahead of the U.S. congressional elections in November.
- The European Union does not expect any breakthrough on steel and aluminum tariffs imposed by the United States on the EU and Canada at talks of G7 leaders in Canada later this week.
- The Federal Reserve's next interest rate increase will mark a key milestone as the era of cheap dollars draws to a close, further unsettling a U.S. bond market already rattled by rising inflation and government debt supply.

Source: Bloomberg

Our View: Gold trading in range needs fresh breakout on either side of the range between \$1284-\$1321 on the weekly chart. Gold may find strong support base around \$1284-\$1269 ; if this level is maintained, any break above \$1308 may push the counter higher towards \$1321 for the short term. While a break below \$1291 may push the counter lower till \$1284 and more below this level till 1269. A positional bullish move may happen only above \$1321 towards the next level of resistance around \$1355.

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