

## US close to becoming the world's biggest oil producer, production up by 28% in last two years

- U.S. crude oil production hit another record high last week at 10.8 million barrels per day (bpd). This translates into a 28 percent gain in two years, or an average 2.3 percent growth rate per month since mid-2016.
- Surging U.S. production has helped widen WTI's discount to Brent to more than \$10 per barrel. The United States is close to becoming the world's biggest crude oil producer, edging nearer to the 11 million bpd churned out by Russia, with exports also surging.
- U.S. crude inventories: U.S. crude inventories also rose, gaining 2.1 million barrels in the week to June 1, to 436.6 million barrels, as per the inputs received from the Energy Information Administration on Wednesday.
- Oil prices rose on Thursday to shake off some of the previous session's losses, supported by plunging exports by the OPEC-member Venezuela, which is nearly a month behind in shipping crude to customers from its main oil export port.
- OPEC Meeting is scheduled for June 22 -The group is due to meet at its headquarters in Vienna, together with top producers. OPEC-member Iraq said on Wednesday that a production increase was not on the table as the market was stable and prices good.
- Meeting is scheduled with non-OPEC member Russia on June 22 to discuss production policy.

Source: Reuters, Bloomberg

*Our view: Brent Oil future has support near \$74 on the daily chart and held this level yesterday. If it bounces from these levels, we may see a short covering rally towards \$76.80, although the short-term trend is still looking weak following ample supply expectation. A bullish move can be declared only on hold above \$78.40.*

## Copper extends gains - longest winning streak this year amid labor tensions at the worlds top mine

- Union at Escondida mine in Chile and owner BHP Billiton are scheduled to hold talks next week on a work contract expiring on July 31.
- Escondida poses strike risk as union demands are unlikely to be accepted.

Source: Bloomberg

*Our view: LME Copper which was consolidating in range of \$6600-\$7100 per ton, gave a breakout, after three day's rally. Immediate support remains near 6953 and a further bullish move is possible towards \$7318 and \$7474 per ton in the near term.*

## Gold in a tight spot, bond yields are forcing Gold to give up gains

- Gold prices fell modestly on Wednesday as rising U.S. bond yields forced the yellow metal to give up some of its gains following a soft dollar.
- Global stocks rally extends run on the confidence that global economic expansion is intact and on hopes that a full-blown trade war will be averted.
- Fed policy makers are widely expected to raise interest rates when they meet during June 12-13.
- European Central Bank would debate in the coming week whether to cut bond purchases gradually.

Source: Reuters, Bloomberg

*Our View: Gold trading in a range needs a fresh breakout on either side of the range between \$1284-\$1321 on the weekly chart. Gold may find a 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 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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