

Gold – Fundamental Highlights

Gold hit a two-week high on Thursday as the dollar fell and investors fretted over weak Chinese data and U.S.-China trade frictions, though the precious metal's upside was capped by a slightly more hawkish Federal Reserve. News reports suggest that President Trump was preparing to put tariffs on billions of dollars of Chinese goods as early as Friday and this raised concerns in the market that economic growth would be impacted. This saw some safe-haven buying emerge.

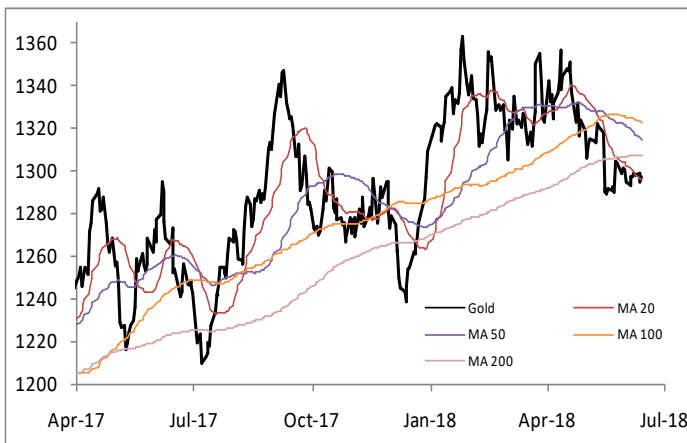
U.S. President Donald Trump will meet his top trade advisers on Thursday to decide whether to activate threatened tariffs on Chinese goods.

Federal Reserve officials raised interest rates for the second time this year, Fed policymakers expected four or more quarter-point rate increases for the full year, compared with seven officials during the forecast round in March. The median estimate implied three increases in 2019, to put the rate above the level where officials see policy neither stimulating nor restraining the economy.

ECB calls halt to quantitative easing, despite 'soft' euro, termed as a negative sentiment for safe heaven metals.

US inflation figures were released on 12th June. The headline (y/y) figure came in at 2.8%, beating the market expectation of 2.7%. While the core inflation (y/y) which is ex food and energy stood at 2.2% matching the market expectations.

Comex Gold Fut. - Historical Daily Chart



Source: Comex Gold near month contract daily price movement since April 2017

Technical Outlook

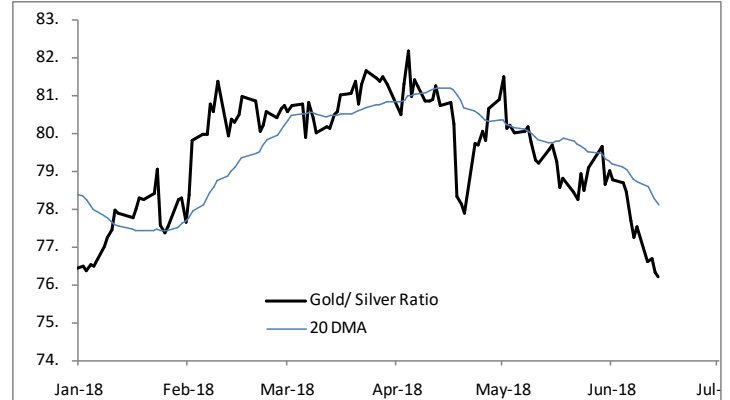
Gold trading in a range (\$1284-\$1321 per troy ounce) needs a fresh breakout on either side on the weekly chart. Gold may find a strong support base around \$1284-\$1269 per troy ounce; if this level is maintained, any break above \$1308 per troy ounce may push the counter higher towards \$1321 per troy ounce for the short term. While a break below \$1291 may push 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.

Recommendation: Buy on hold above \$1308 with closing stop loss below \$1291 for target of \$1321 and further above this level till \$1355

Price Movement % Change

Commodity	Prev. Close	5D	MTD	YTD	3YTD
Gold	1304.0	0.4%	1.1%	5.3%	9.2%
Silver	17.3	2.7%	6.6%	10.8%	2.8%

Gold and Silver Ratio



Source: Comex Gold and Silver Ratio Chart since Jan 2018

Gold and Silver ratio is observed to be volatile in the last six months and has traded in a range of 67.78 to 82.18. It was highest during the period Feb 2018 to March 2018, but started sliding since May 2018 and held on to near six months lowest levels. If we see price movement for last one year, gold prices rose only by 4% in comparison to silver process, which rose by 8%. In the short term, as per current trends, silver may outperform gold.

Key Technical Levels

Pivot Level	1296.9	
Support	1290.9	1285.0
Resistance	1302.8	1308.8
Moving Average		
	Simple	Exponential
MA5	1297.5	1297.4
MA10	1297.0	1297.4
MA20	1296.2	1295.9
MA50	1314.6	1314.6
MA100	1322.7	1322.5
MA200	1307.2	1307.0
14 Days RSI	65.0	

Nickel - Fundamental Highlights

Shanghai nickel gains the most in two weeks as bulls step in after recent correction. The market for nickel with focus on EV Batteries is growing with the expansion of this industry sector worldwide. Nickel posts biggest gain in almost a month on the London Metal Exchange as heavy buying in Shanghai bolsters the bullish outlook for prices.

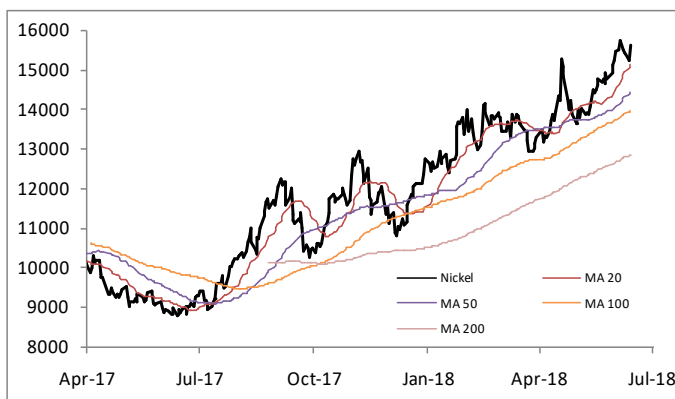
Output of Stainless steel, which drives two thirds of Nickel demand, touched 12.2 million tonnes over the first three months of 2018, after robust growth in 2017.

China's steel output climbed - Nickel is added at over 8% content to high chromium stainless steel, China's steel output climbed to a new record in May as mills in the world's top producer continued to enjoy robust margins amid a seasonal demand spurt.

Chinese y/y inflation print matched the market expectation of 1.8% which was released on 9th June (Saturday). Chinese y/y industrial production was soft at 6.8% against the expectations of 6.9%. Chinese retail sales figures (y/y) were disappointing at 8.5% against the market expectations of 9.6%.

Nickel Warehouse Data: LME warehouse data declined to 2.77 lac from 3.10 lac since the last week of April 2018, which is almost an 11% decline. In Shanghai also, warehouse stock remains near 30635, down from 39334, which is a 23% decline in the stock from the last week of April 2018

LME Nickel 3M - Historical Daily Chart



Source: LME 3 Month Nickel daily chart since April-2017

Technical Outlook

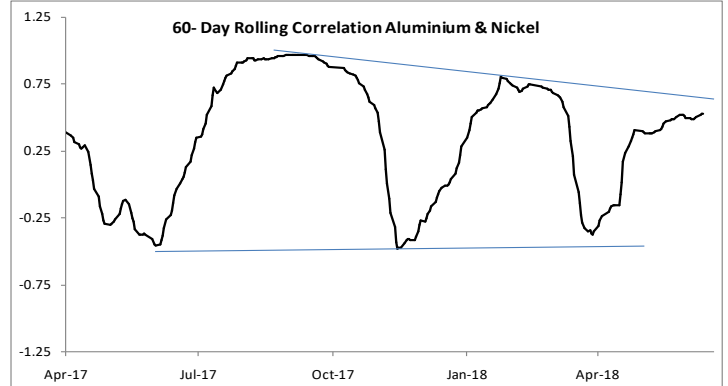
Nickel LME 3M prices rose to the highest levels since 2015, corrected from high of \$16687.50 per ton in April 2018, found momentum back and now the counter is aiming again for those highs. On weekly charts, a fresh breakout above 15840 may push the counter further higher above \$16687 per ton till \$17250 per ton in due course.

Recommendation: Buying on corrective dips till \$15100 per ton and adding more quantity on corrective dips till \$15022 per ton is advisable by taking stop loss below \$14890 per ton for target of \$15800 per ton and more above \$15840 per ton till \$16687 per ton-\$17250 per ton in the medium term.

Price Movement % Change

Commodity	Prev. Close	5D	MTD	YTD	3YTD
Copper	7177.0	-2.1%	5.4%	7.7%	18.8%
Aluminium	2256.0	-2.4%	-3.1%	11.9%	29.6%
Nickel	15285.0	-1.5%	6.0%	38.1%	17.1%
Zinc	3187.0	0.1%	4.1%	1.0%	47.7%

Nickel and Aluminium 60 Day Rolling Correlation



Source: LME 3 M nickels and aluminium

The 60-day correlation of Aluminium and Nickel is approaching the downward sloping trend line resistance indicating that it could face resistance near this region and could decline. Post this, correlation between the two commodities can be expected to turn down ; we can expect it to decline towards zero and further towards the trend line support.

Key Technical Levels

Pivot Level	15540.0	
Support	15240.0	14855.0
Resistance	15925.0	16225.0
Moving Average		
	Simple	Exponential
MA5	15413.0	15485.0
MA10	15460.0	15449.5
MA20	15112.0	15106.5
MA50	14441.9	14443.6
MA100	13971.6	13973.4
MA200	12841.2	12848.4
14 Days RSI	65.0	

Crude - Fundamental Highlights

Oil prices bounced from low levels this week after U.S. government data showed a bigger weekly draw than expected in domestic crude inventories along with unexpected declines in gasoline and distillate stocks.

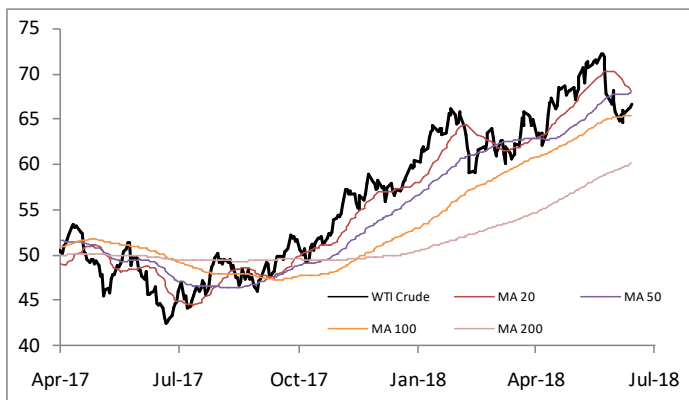
EIA U.S. crude output forecast raised to 10.79m b/d in 2018 compared with 10.72m b/d estimate in May report, EIA says in monthly Short-Term Energy Outlook. 2019 average output estimate lowered to 11.76m b/d vs 11.86m.

EIA Price Forecast: WTI - For year 2018, price forecasted at \$64.53/bbl vs \$65.58 and for year 2019, prices may remain at \$61.95 vs \$60.86 Brent. For year 2018, price forecasted at \$71.06 vs \$70.68 and for year 2019, prices may remain near \$67.74 vs \$65.98.

Crude inventory: Crude oil inventory declined by 4.143 million barrels against the market expectation of 1.440 million barrels. US Cushing crude oil inventories data was released on 13th June, which stood at -0.687M million vs -0.955 in the previous week.

Russia plans to propose that OPEC and its allies be allowed to return production to October 2016 levels, rolling back most but not all of their output cuts within three months, according to a person familiar with Russian thinking.

NYMEX WTI Crude Oil - Historical Daily Chart

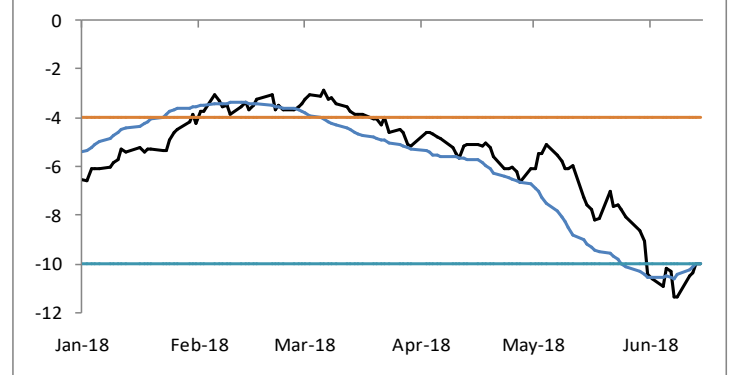


Source: Nymex WTI Crude daily chart since April -2017

Price Movement % Change

Commodity	Prev. Close	5D	MTD	YTD	3YTD
Crude WTI	66.9	1.4%	-6.2%	17.1%	9.2%
Brent	75.9	-1.8%	-3.2%	19.9%	16.0%
Nat. Gas	3.0	1.2%	4.5%	10.7%	9.9%

Spread Between WTI and Brent Crude Oil



Source: Nymex and ICE near month Future contracts

Spread between WTI Crude Oil and Brent Oil which was near -2.88 during the month of Feb 2018, has dropped to its lowest level in the first week of June and now we are seeing a recovery from lowest level of -11.38 to current spread of -10. Price movement of WTI Crude dropped by 6% in comparison to Brent which dropped by only 2% was the reason ; we are expecting this spread to touch 20 DMA near -9.4 in coming week's time.

Key Technical Levels

Pivot Level	66.1	
Support	65.3	64.0
Resistance	67.4	68.2
Moving Average		
	Simple	Exponential
MA5	66.2	66.1
MA10	65.9	66.1
MA20	68.1	68.2
MA50	68.0	67.8
MA100	65.4	65.4
MA200	60.1	60.1
14 Days RSI	37.8	

Technical Outlook

A bullish reversal is seen on the weekly charts as the counter formed a Doji Star pattern; further confirmation is seen on cross and close above \$66.49 per barrel this week. Immediate upside can be seen till \$68.60 per barrel and a more bullish move above this level till \$71.90 per barrel. Short term bearishness will be back in case of a negative close below \$64.30 per barrel, which is a strong support base.

Recommendation: Buy with a stop loss below \$64.20 per barrel for immediate upside; more till \$68.60 per barrel and more above this \$71.90 per barrel is seen on the charts.

Cotton - Fundamental Highlights

Cotton was higher again this week, and trends are still up on the weekly charts. Futures held support and closed near the weekly highs. It looks very likely that the rally can continue as the mills will spend the next two weeks covering on-call positions in the futures market.

USDA Monthly Report -For 2018/19, production is forecast down, with declines for China, Pakistan, and Australia partially offset by an increase for Brazil. Consumption and trade are forecast effectively unchanged. U.S. beginning and ending stocks are lowered 500,000 bales with a higher 2017/18 export forecast. The U.S. season-average farm price is up 5 cents to 70 cents per pound.

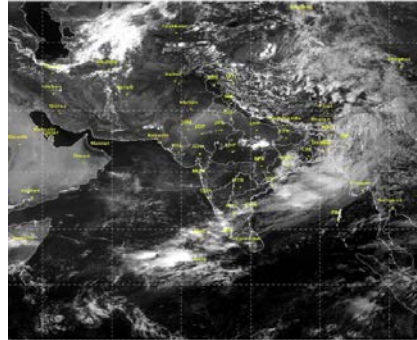
Drought conditions are developing in Pakistan, but the monsoon has arrived in southern India and should spread through the subcontinent in the next couple of weeks. There are ideas that the US is now running short of high-quality cotton to deliver to the exchange and to overseas buyers. Demand remains strong in export markets. In India Monsoon will remain subdued over Maharashtra, Telangana, Chhattisgarh, Interior Karnataka and Tamil Nadu.

India Cotton: China will import 1.4 million tonnes of cotton in the 2018/19 crop year, raising its forecast from a previous estimate of 1.2 million tonnes due to a poor local crop. India's cotton exporters have signed contracts to ship 500,000 bales (85,000 tonnes) of their new season harvest to China as the world's biggest consumer of the fibre looks to raise its imports in the next crop year.

Price Movement % Change

Commodity	Prev. Close	5D	MTD	YTD	3YTD
Soybean	927.3	-4.8%	-9.0%	-5.0%	-1.4%
Cotton	93.4	-0.3%	11.5%	28.1%	46.9%
Sugar	12.2	4.3%	6.2%	-11.2%	-0.7%
Corn	363.0	-3.5%	-9.8%	8.1%	1.1%

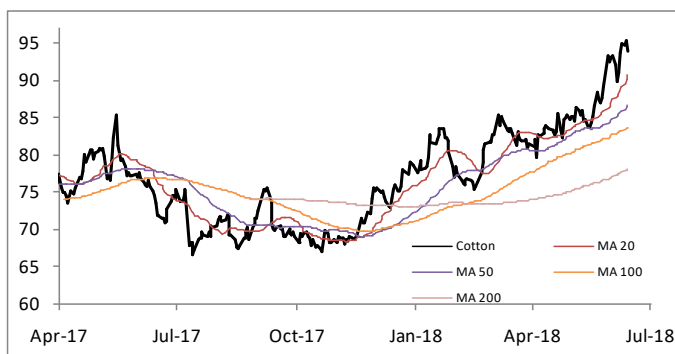
India: Weekly Monsoon Progress



Source: IMD

During the last 24 hours, the Southwest Monsoon has not advanced further. The Northern Limit of Monsoon continues to pass through Thane including Mumbai, Ahmednagar, Buldhana, Amravati, Gondia, Titlagarh, Cuttack, Midnapore, Goalpara and Baghdogra. In fact, monsoon will not further advance during the next few days.

ICE Cotton No.2 Fut. - Historical Daily Chart



Source:ICE Cotton No. 2, daily price quote since April-2017

Key Technical Levels

Pivot Level	93.6	
Support	90.7	87.5
Resistance	96.7	99.6
Moving Average		
	Simple	Exponential
MA5	94.5	93.9
MA10	93.2	93.2
MA20	90.6	90.5
MA50	86.6	86.7
MA100	83.6	83.7
MA200	78.0	78.1
14 Days RSI	54.9	

Technical Outlook

ICE Cotton Futures Contract is finding stiff resistance around \$96.30 per pound and major support near \$92 per pound; overall, the trend is looking positive as it is in a short term bullish trend since Jan 2017 and now the counter is feeling shy around the high level of 2014 ; once this breakout above \$97.40 per pound may move the counter in a new territory of \$105-\$114 per pound for the medium term.

Recommendation: Buy on dips around \$92.70-\$91 per pound by taking stop loss below \$88.50 per pound on weekly close below basis for a target of \$100.11 per pound and \$105 per pound in the near term.

Market Data
Commitment of Traders Report for 5 June 2018

WTI Crude Oil: Money managers have cut their bullish Nymex WTI crude oil bets by 10,785 net-long positions to 313,450, weekly CFTC data on futures and options show. The net-long position was the least bullish in seven months, long- only positions fell 12,177 lots to 362,727 in the week ending June 5. The long-only total was the lowest in eight months, short- only positions fell 1,392 lots to 49,277.

Copper: Money managers have increased their bullish copper bets by 18,887 net-long positions to 48,799, weekly CFTC data on futures and options show. The net-long position was the most bullish in almost four months, long-only positions rose 9,591 lots to 90,233 in the week ending June 5. The long-only total was the highest in almost four months. Short-only positions fell 9,296 lots to 41,434. The short-only total was the lowest in six weeks.

Commodity	Price	Long Positions		Short Positions		Net Positions		Open Interest	
	% Change	Contracts	% Change	Contracts	% Change	Contracts	% Chng	Contracts	% Chng
NYMEX Crude WTI	-9.2%	709.36	-5.9%	125.79	23.4%	0.58	-10.5%	2546.83	-3.7%
ICE Brent	-5.3%	592.17	-7.9%	262.55	1.3%	0.33	-14.1%	2543.53	-5.6%
COMEX Gold	0.4%	185.32	4.9%	73.91	-25.8%	0.11	44.6%	450.64	-10.4%
COMEXNSilver	0.2%	83.55	9.1%	65.79	3.5%	0.02	36.3%	211.61	6.7%
CBOT Soybean	-2.8%	191.77	-8.0%	96.78	10.5%	0.09	-21.4%	512.12	-0.7%
ICE Cotton	2.9%	137.88	-3.2%	10.83	-20.0%	0.13	-1.4%	320.55	7.9%
CBOT Corn	-5.2%	511.25	-4.3%	283.61	28.7%	0.23	-27.5%	1988.94	5.5%
ICE Sugar	-1.1%	237.40	2.1%	215.34	-27.4%	0.02	-134.4%	997.69	-3.4%

(Source: CFTC, Value in 1000Qty, price in percent change)

PMI Data- Developed Market and Emerging Markets
U.S. Manufacturing Purchasing Managers Index (PMI)

Latest Release Jun 01, 2018 Actual - 56.4, Forecast - 56.6, Previous - 56.6

Market US Manufacturing PMI for May 2018 came in at 56.4, which was close to the estimate of 56.6 and the previous reading of 56.5 for April. This was the second best improvement in the health of the manufacturing sector since Sept 2014, indicating expansion in output and new orders. Favorable demand conditions along with increased client demand were responsible for the improved factory output.

China Manufacturing Purchasing Managers Index (PMI)

Latest Release May 31, 2018, Actual - 51.9, Forecast - 51.4, Previous- 51.4

General Manufacturing PMI for China stood at 51.1 in May 2018 which was also the figure in April 2018, however, the market consensus was 51.3. New export sales declined which was offset by growth in output and new orders. Employment took a hit at the cost of cost reduction while both input and output costs increased thus intensifying inflationary pressures. Good number of PMI will indicate robust demand in metals sector.

Date	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	
Developed Markets	Canada PMI	53.5	54.7	55.5	55.9	55.1	54.7	54.6	55	54.3	54.4	54.7	55.9	55.6	55.7	55.5	
	US PMI	55	54.2	53.3	52.8	52.7	52	53.3	52.8	53.1	54.6	53.9	55.1	55.5	55.3	55.6	56.5
	UK PMI	55.2	54.5	54.1	57.8	56.6	54.5	55.4	56.9	56	56.2	58	56	55.1	54.9	54.8	53.9
	Japan PMI	52.7	53.3	52.4	52.7	53.1	52.4	52.1	52.2	52.9	52.8	53.6	54	54.8	54.1	53.1	53.8
	EU PMI	55.2	55.4	56.2	56.7	57	57.4	56.6	57.4	58.1	58.5	60.1	60.6	59.6	58.6	56.6	56.2
	Australia PMI	55.3	55.7	56.3	55.5	55.9	56.2	54.4	53.5	53.8	55.5	56.3	57.1	55.4	55.6	54.3	55.5
Emerging Markets	China PMI	51	51.7	51.2	50.3	49.6	50.4	51.1	51.6	51	51	50.8	51.5	51.5	51.6	51	51.1
	India PMI	50.4	50.7	52.5	52.5	51.6	50.9	47.9	51.2	51.2	50.3	52.6	54.7	52.4	52.1	51	51.6
	SA PMI	50.5	50.7	50.3	50.2	49	50.1	49.8	48.5	49.6	48.8	48.4	49	51.4	51.1	50.4	50
	Brazil PMI	44	46.9	49.6	50.1	52	50.5	50	50.9	50.9	51.2	53.5	52.4	51.2	53.2	53.4	52.3
	Russia PMI	54.7	52.5	52.4	50.8	52.4	50.3	52.7	51.6	51.9	51.1	51.5	52	52.1	50.2	50.6	51.3

ABans Group

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