

---

The Indian rupee has lost ground following the GDP shocker and weakness in the Yuan  
Gold trades in a range; US began imposing 15% tariffs on a variety of Chinese goods on Sunday  
Oil prices under pressure as Russian oil production rose in August and US-China trade war will reduce demand  
LME Nickel prices at five year highs as Indonesia announced stoppage of nickel exports as of Jan. 1

---

---

## THE INDIAN RUPEE HAS LOST GROUND FOLLOWING THE GDP SHOCKER AND WEAKNESS IN THE YUAN

---

- ▲ A fresh drop in the Indian rupee pushed prices beyond the 72 mark following weakest GDP data in the last several quarters.
- ▲ India's Gross Domestic Product (GDP) grew 5 percent in April-June 2019; the GDP growth was 8 percent in the same quarter of 2018-19.
- ▲ Manufacturing activity in India slumped to a 15-month low in August as PMI shrink to 51.40 from 52.50 in July following drop in sales; forcing factories to cut back on production.
- ▲ The global economy is at the brink of a recession. Even the US economy slowed down a bit more than initially thought in the second quarter.
- ▲ Oil prices remain negative following a possible drop in demand as US and China add more tariffs in the ongoing trade war.

### FII and DII Data

- ▲ Foreign Funds (FII's) bought shares worth Rs. 1,162.95 crores, while Domestic Institutional Investors (DII's) bought shares to the tune of Rs. 1,502.27 crores on 30th August.
- ▲ In Aug'19, FII's net sold shares worth Rs. 14,828 crores, while DII's were net buyers to the tune of Rs. 20,933 crores. The outflow of foreign investors from Indian markets continued in the month of August.

### Outlook

- ▲ The Indian rupee slipped beyond the 72 mark in fresh selling by investors over poor GDP and PMI data. FII's turned net sellers for the fourth consecutive month. The Chinese Yuan hit a record low against the dollar to 7.1841 Yuan per dollar. A weakness in the Chinese Yuan has pushed Asian currencies down, including the Indian rupee, which dropped to its lowest level of 2019 to 72.46. The Indian rupee may depreciate further towards 74 levels in the short term with key support levels of 71.80-71.40. Although weakness in Crude oil prices and DII inflows limited the losses, oil prices are nearly 7% down in the last two months, while Domestic Institutional Investors remained supportive and infused a total of Rs. 41,327 crores into domestic equities in July and August.

---

## Gold trades in a range; US began imposing 15% tariffs on a variety of Chinese goods on Sunday

---

- ▲ Gold is marginally up and trading in a range. United States and China imposed new tariffs on each others' goods but a firmer dollar limited the precious metal's upside. The 15% US taxes apply to about \$112 billion of Chinese imports.
- ▲ U.S. President Donald Trump said both sides would still meet for talks later this month.
- ▲ SPDR Gold Trust holdings have risen about 12% this year.
- ▲ CFTC Report - Speculators increased their bullish stance in COMEX gold and upped net long positions in silver contracts in the week ending August 27.

### Outlook

- ▲ We expect gold to find a stiff resistance near \$1,568-1,583 levels, while an immediate support level can be seen around \$1,501-1,488 per ounce. Gold rallied on fears of a recession amidst uncertainties in the US-China trade dispute. There is a high possibility that the US Federal Reserve may cut interest rates by 25 bps in next month's meeting which will keep gold prices firm over the short term. Gold may remain firm over US-China trade dispute; US has implemented 15% on \$112 billion of Chinese imported goods.

---

## Oil prices under pressure as Russian oil production rose in August and US-China trade war will reduce demand

---

- Oil prices remained weak after new import tariffs imposed by the United States and China came into force. Tariffs in both the countries will further hit global economic growth and demand for crude.
- China imposed 5% tariffs on US crude market, which is the first time since the world's two largest economies started their trade war more than a year ago.
- Russian oil production in August rose to 11.294 million barrels per day (bpd). Energy Minister Mr. Alexander Novak admitted last week that oil output in August was slightly higher than levels agreed under a global deal with OPEC members.
- A decline in U.S inventories and a looming hurricane in Florida are keeping oil prices volatile. Hurricane Dorian is reaching towards Florida and this has increased fears that offshore US crude producers may slow output if the storm passes into the Gulf of Mexico. Offshore oil and gas workers have been evacuated from the Gulf of Mexico due to the hurricane.

### Outlook

- Brent oil may find support near 58.20 - 57.60 levels, while an important resistance can be seen around 61 - 61.50 levels. We expect oil to trade in a range of 57.60-61.50 with a positive trend. A possible production loss due to the hurricane in Florida and drop in US oil inventories may keep oil prices firm. But prospects of a slowdown in the world economy due to the US-China trade war and increasing oil production by Russia may limit the gains in oil prices. Russian oil production in August rose to 11.294 million barrels per day (bpd).

---

## LME Nickel prices at five year highs as Indonesia announced stoppage of nickel exports as of Jan. 1

---

- The Energy and Mineral Resources Ministry has announced stoppage of nickel exports from Jan'20 next year. The supply situation may worsen due to Indonesia export ban while nickel demand is likely to remain firm of EV industry.
- According to the Coal and Minerals Director, nickel ore exports ban is in line with the national plan to accelerate the establishment of smelters so that Indonesia could sell value-added nickel products such as stainless steel slabs.
- The Government has given mining companies four months to complete their exports contracts as all exports would need to be completed by Dec. 31.
- Indonesia was the world's largest nickel producer in 2018 with 560,000 tons. Indonesia had proven reserves of about 698 million tons of nickel that could be mined for the next seven to eight years.
- Shanghai nickel prices hit an all-time high last week, following a waste spill at a nickel plant in Papua New Guinea, which sparked fears of supply shortage. This plant is facing compensation claims and possibly closure after it spilled waste into a local bay.
- This plant produces approximately 35,000 tonnes of nickel, equivalent to 23% of the metal held in London Metal Exchange inventories.
- Nickel inventories at LME are around 152,000 tonnes that have halved since May last year, while cancelled warrants or metal earmarked for delivery are above 41%. One single company is also holding between 50% and 79% of LME nickel warrants, creating nervousness in the market.

---

## DISCLOSURE & DISCLAIMER: ABANS BROKING SERVICES PVT. LTD. (ABSPL)

---

Prepared by:

Mr. Kamlesh Jogi | Market Research Analyst

email: [kamlesh.jogi@abans.co.in](mailto:kamlesh.jogi@abans.co.in)

Phone: +91 22 68354176 (Direct)

Abans Broking Services (P) Limited

36, 37, 38A, 3rd Floor, 227 Nariman Bhavan, Backbay Reclamation, Nariman Point, Mumbai-400 021

Phone +91 22 61790000 | Fax +91 22 61790000

Email: [info@abans.co.in](mailto:info@abans.co.in) | Website: [www.abans.co.in](http://www.abans.co.in)

---

### Membership Details:

MCX Member ID: 40385 / SEBI Reg. No. INZ000032733;

NCDEX: Member ID F00681 / SEBI Reg. No. INZ000032733

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations). ABans Broking Services Pvt. Ltd. (ABSPL) is a SEBI Registered Research Analyst having registration no. INH000006369. ABSPL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock Broking services. ABSPL is a subsidiary company of ABans Finance Pvt. Ltd. (AFPL). AFPL is an NBFC, registered with the RBI, in the category of non-acceptance of public deposits.

One of the group companies of ABSPL is ABans Securities Pvt. Ltd. (ASPL) which is a SEBI registered member with NSE, BSE and MSE stock exchanges. ASPL is also a Depository Participant of CDSL. ABans Commodities Pvt. Ltd. (ACIPL) is another group entity which is also a registered member with MCX in the Commodity segment. Further details are available on the group website [www.abans.co.in](http://www.abans.co.in) Mandatory Disclosures as per the Regulations:

- ▲ Ownership & Material conflicts of interest –
  - ▲ Whether the Research Analyst or ABSPL, or his associate or his relative has any financial interest in the subject company and the nature of such financial interest – No
  - ▲ Whether the Research Analyst or ABSPL, or its associates or relatives, have actual/beneficial ownership of 1% or more securities of the subject company, at the end of the month immediately preceding the date of publication of this research report or date of the public appearance - No
  - ▲ Whether the Research Analyst or ABSPL, or his associate or his relative, has any other material conflict of interest at the time of publication of this research report or at the time of public appearance - No
- ▲ Receipt of Compensation –
  - ▲ Whether ABSPL, or its associates have received any compensation from the subject company in the past twelve months – No
  - ▲ Whether ABSPL, or its associates have managed or co-managed public offering of securities for the subject company in the past twelve months – No
  - ▲ Whether ABSPL, or its associates have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months – No
  - ▲ Whether ABSPL, or its associates have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months – No
  - ▲ Whether ABSPL, or its associates have received any compensation or other benefits from the subject company or third party in connection with the research report – No
- ▲ Whether the Research Analyst has served as an officer, director or employee of the subject company – No
- ▲ Whether the Research Analyst or ABSPL has been engaged in market making activity for the subject company – No
- ▲ Other material disclosures, if any

### Disclaimer:

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Neither ABans Broking Pvt. Ltd. (ABSPL), nor its directors, employees or affiliates shall be liable for any loss or damage that may arise from or in connection with the use of this information. The document is not, and should not be construed as an offer to sell or solicitation to buy any securities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from "ABans Broking Services Private Limited". Your feedback is appreciated on [compliance@abans.co.in](mailto:compliance@abans.co.in)

---