

US Midterm Election today at 6.30PM (IST), Pressure on president trump

- US Voters will decide which representatives will be in the Congress, plus state and local levels on Tuesday, November 6.
- Pressure on US President Donald Trump as he projected to face a Democrat landslide in the House of Representatives.
- History: Presidents virtually always lose seats in the midterms, similar projections are also made by opinion poll this year.
- This election result could see the president's law-making capabilities suppressed.

Gold trading sideways to negative, focus on US Midterm election and Fed meeting on November 9th

- Gold continues to trade in the range of \$1227-\$1239 per ounce as focus shifts towards U.S. congressional elections which will determine whether the Republican or Democratic Party controls Congress.
- Opinion polls show strong chances that the Democratic Party may win control of the House of Representatives in the Nov. 6 midterm elections.
- A Democratic win would result in pressure on the dollar and will boost gold while Republican control of both the House and Senate would create selling pressure in Gold.
- Market awaits this week's Federal Reserve meeting to gauge the outlook for U.S. monetary policy. Fed meeting is scheduled on November 9th (00:30 IST). Hawkish tone is likely to keep gold under pressure.

Outlook

- Gold's direction might depend on US Midterm election and Fed's meeting this week; any further weakness in dollar index is likely to support gold from current levels. Key resistance is seen around \$1239, higher targets of \$1261 could be achieved, while critical support remains near \$1212-\$1206

US choked Iran's Oil and Shipping industry, India and China temporarily allowed to buy crude

- US President Trump re-imposed sanctions on Iran oil and shipping industry. These sanctions cover 50 Iranian banks and subsidiaries, more than 200 people and vessels in its shipping sector, Tehran's national airline, Iran Air, and more than 65 of its aircraft, US Treasury statement said.
- More than 20 nation have zeroed out their imports, Pompeo said in a statement
- Only China, India, South Korea, Japan, Italy, Greece, Taiwan and Turkey allowed to import for next 180 days, US officials have said the countries given temporary exemptions will deposit revenue in an escrow account Tehran to be used solely for humanitarian purposes.
- Iranian President Hassan Rouhni said that they will continue to sell oil despite sanction and US has been further isolated post sanction
- Crude exports are one-third of Iran's governmental revenues.
- Iran lost almost \$2.5 billion in revenue since may 2018, as per US Secretary Pompeo
- Iran oil exports were around 2.8 million barrel per day in April'18, which has fallen to 1.8 Million barrel per day till October as per market sources and which will further drop to 1 million bpd after sanctions

Oil traded negatively after US announced sanctions on Iran oil export

- Oil prices edged down as Trump administration imposed gradual sanctions on Iran to avoid a global spike in oil prices.
- US oil output hit a record high this year of about 11.3 million barrels, Joint output from the world's top producers—Russia, United States and Saudi Arabia—in October rose above 33 million bpd for the first time, up 10 million bpd since 2010.
- The American Petroleum Institute and the Energy Information Administration are expected to release weekly oil data on Tuesday and Wednesday respectively. Crude inventory are expected show an increase of 2.050 Million barrel.
- OPEC and other oil producers are due to meet in Abu Dhabi on Nov. 11 to review their agreements on limiting their output.

Outlook

- Oil supply is expected to increase in near term, hence price could remain weak, medium-term support is seen near 70.40-69.80

Copper: It could trade sideways in the \$6300-\$6000 range

- Copper, one of the best electrical conductors, is in focus as miners see good demand prospects from both traditional consumers and from EVs and global improvements in grid infrastructure, copper is expected to be in a short fall in 2019 which could support prices
- Copper prices are trading sideways in the morning Asia sessions on Tuesday, with investors waiting on the sidelines ahead of the U.S. mid-term elections and uncertainty over the US-China trade deal
- Market is expecting opposition party of Democrats to take over the House of Representatives (Lower house), while Trump's Republican Party is expected to retain the Senate
- Trump on Monday had said that, China has hurt the United States economically but was ready to make a trade deal and that he is open to a fair agreement
- Dollar index is trading flat, however it faced resistance near the 97 are suggesting it could remain range bound in the coming sessions

Outlook

- LME 3M Copper is trading near the 20-day & 20-week SMA indicating support near current levels, with dollar index trading flat we can expect copper to trade sideways in the \$6310-\$6000 in the coming sessions.

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Contact Details

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 +91-22-61790010

Email: info@abans.co.in Website: www.abans.co.in

Social Media



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Prepared By:

Mr. Kamlesh Jogi, Market Research Analyst

E-mail: kamlesh.jogi@abans.co.in

Phone: 022 – 6789 8621

Communication Address: Mittal Chambers, 2nd Floor, No. 25,
Backbay Reclamation, Nariman Point, Mumbai - 400021.

Membership Details:

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