

---

Optimism over US-China trade talks pushed Gold prices down, eyes on US NFP data today  
Indian rupee regained strength against the US dollar following a recovery in domestic equities  
Copper demand outlook improves after US & China announced further talks in October  
Optimism over US-China trade talks and a drop in US oil inventory pushed oil prices higher

---

## OPTIMISM OVER US-CHINA TRADE TALKS PUSHED GOLD PRICES DOWN, EYES ON US NFP DATA TODAY

- ▲ The Dollar Index found support from strong economic data. Gold prices dropped nearly 2% from optimism over US-China trade talks and positive ADP employment data.
- ▲ ADP employment change reading showed that 195,000 jobs were created, which is the highest reading since April. Eyes are on US non-farm payroll data later today. The August jobs report is expected to be strong, and economists target employment to increase by 160,000.
- ▲ Treasury yields jumped on the positive developments on U.S.-China trade as well as the strong U.S. data. Gold prices dropped as the risk premium reduced after US & China agreed to talk again in October to discuss tariff issues.
- ▲ There is a high possibility that the US Federal Reserve may cut interest rates by 25 bps in the September month's meeting, which will keep gold prices supported at lower levels.

### Outlook

- ▲ Gold corrected as optimism over US-China trade talks grows further. Gold has rallied in the last one month on fears of a recession amidst uncertainties in the US-China trade dispute and Brexit delay over political turmoil in the UK, but sentiments changed later after the US & China agreed to talk again in October to discuss trade issues. There is a high possibility that the US Federal Reserve may cut interest rates by 25 bps in the September month's meeting, which will keep gold prices firm over the short term. 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.

## INDIAN RUPEE REGAINED STRENGTH AGAINST THE US DOLLAR FOLLOWING A RECOVERY IN DOMESTIC EQUITIES

- ▲ The Indian rupee regained strength against the US dollar following a recovery in domestic equities, but sentiments are still negative over higher crude oil prices and FII outflows.
- ▲ The Indian rupee is trading higher against the US dollar in line with other Emerging Market currencies after the US and China agreed to hold trade talks in October.
- ▲ Crisil lowers India's GDP growth forecast to 6.3%, and says that the slowdown is deeper than suspected. Crisil has also downgraded its GDP forecast for India for the 2020 fiscal year from 6.9% to 6.3%.
- ▲ 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.

### FII and DII Data

- ▲ Foreign Funds (FII's) sold shares worth Rs. 561.17 crores, while Domestic Institutional Investors (DII's) bought shares to the tune of Rs. 699.31 crores on September 5.
- ▲ 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 may trade in a wide range of 71.40-72.60 following mixed signals of rising crude oil prices and optimism over US-China trade talks. The rupee is under pressure due to a slowdown in the domestic economy. A recent release of GDP data indicates that the economy is not on the right path. Recently announced measures by the Finance Minister have failed to boost investors and FII flows have

not improved since July'19. Rating agencies Moody's and Crisil have decreased their growth forecast for India. The RBI is projected to announce more rate cuts in the coming months to prevent a slowdown and boost consumption. The Government is also taking necessary steps to increase demand, but still more steps are needed to improve sentiments.

---

## COPPER DEMAND OUTLOOK IMPROVES AFTER US & CHINA ANNOUNCED FURTHER TALKS IN OCTOBER

---

- ▲ Copper bounced after China and the United States agreed to hold trade talks next month which revives hopes for an end to the tariffs issue that has weakened global economic growth and consumption of industrial metals.
- ▲ China has also announced that it would cut the target rate in the country to stimulate the economy from a slowdown. China has said that it will implement both broad and targeted cuts in the Reserve Requirement Ratio for banks in a timely manner.
- ▲ China Yangshan copper premium rose to the highest this week since November 2018. Rising copper premium indicates that copper demand is not much affected due to the trade war.
- ▲ Supply concerns remain after the Peru government suspended construction permits in August for Southern Copper's Tia Maria mine, a project that has triggered violent protests by nearby residents.

### Outlook

- ▲ LME 3M Copper contracts bounced from the support level near \$5,520 following US-China trade talks optimism, tight supply in LME warehouses and improved demand in China over increasing import premium. The optimism over US-China trade talks could improve sentiments for metals prices and we expect copper to remain firm in the near term, although LME Copper could face resistance around 5,865-6,064 levels in the near term.

---

## OPTIMISM OVER US-CHINA TRADE TALKS AND A DROP IN US OIL INVENTORY PUSHED OIL PRICES HIGHER

---

- ▲ US crude, along with gasoline and distillate inventories, dropped last week pushed oil prices higher.
- ▲ Crude stocks dropped 4.8 million barrels against the market expectations of a 2.5 million barrels drop.
- ▲ Oil prices may remain firm on optimism over US-China trade talks. Both countries planned to meet again in October to continue talks over tariffs.
- ▲ Oil supply looks to tighten; OPEC indicated that the countries remain committed to an agreement to rein in production to support prices. Both OPEC and Russia boosted production in August, and this may keep the oil rally limited for the time being. Russian oil production in August rose to 11.294 million barrels per day (bpd).

### Outlook

- ▲ Brent oil bounced from support near 57.60 - 57.20 levels. An immediate resistance can be seen around 61 - 61.50 levels. Optimism over US-China tariff negotiations improved after both countries decided to meet further in October. Oil demand could improve if the US & China settle tariff issues. China is also stimulating its economy from many preventive measures such as interest rate adjustments. The global economy could recover from a slowdown if US-China trade talks settle and major economies take preventive measures. A drop in US oil inventory supported the oil prices this week, but higher OPEC and Russian oil production in August prevented a further rally in crude oil.

---

## 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)

---