
Gold hovers around \$1400, US Nonfarm payrolls climbed a solid 224,000 last month
India aspires to become a 5 Trillion Dollar Economy soon
Crude oil prices rose from upbeat US jobs data increased demand hopes
Copper prices fell over LME inventory pile-up and strong US dollar

Gold hovers around \$1400, US Nonfarm payrolls climbed a solid 224,000 last month

- ▲ Gold prices are trading in range near \$1400. US jobs report showed an increase in hiring last month, which also fades sentiment that Fed will cut interest rate.
- ▲ US Nonfarm payrolls climbed a solid 224,000 last month, which is highest since January, after a disappointing 72,000 May.
- ▲ Eyes are on Fed Chairman Jerome Powell's testimony to Congress, which starts this Wednesday, about monetary policy and the state of the U.S. economy. Minutes from the last Federal Open Market Committee meeting are also due for release on coming Wednesday. Fed and European Central Bank are projected to add stimulus.
- ▲ The Governor of Bank of England, Mark Carney, said a global trade war and a no-deal Brexit were growing risks to Britain's economy and that they may need more help to cope with a downturn.
- ▲ Gold demand may slide in India as government increased import duty to 12.5% from 10%. India's gold imports rose 12.6% in June from a year earlier to \$2.69 billion amid a jump in global prices to six-year highs.

Outlook

- ▲ Spot gold is looking strong on the weak dollar as optimism over US-China trade talk fades and concern over world economic slowdown increases. Geopolitical issues such as the tension between the US and Iran may also support precious metals. Eyes are on Fed Chairman Jerome Powell's testimony and FOMCE minutes to be released on Wednesday. Immediate support can be seen around \$1384 per ounce while critical resistance remains near \$1424 per ounce.

India aspires to become a 5 Trillion Dollar Economy soon

- ▲ Union finance minister Nirmala Sitharaman made her maiden budget speech on Friday and hope for India to become 3 trillion dollar economy in current year and aspire to make 5 trillion dollar economy soon.

Key budget highlights as follows-

- ▲ Target of Rs. 1, 05,000 crore of divestment receipts set for the FY 2019-20.
- ▲ Rs. 70,000 crore proposed to be provided to PSBs to boost credit.
- ▲ Rs. 350 crore allocated for FY 2019-20 for 2% interest subvention (on fresh or incremental loans) to all GST-registered MSMEs
- ▲ SEBI to consider raising the threshold for minimum public shareholding in the listed companies from 25% to 35%.
- ▲ FDI in sectors like aviation, media (animation, AVGC) and insurance sectors can be opened further after multi-stakeholder examination. Also Insurance Intermediaries to get 100% FDI.
- ▲ Tax rate reduced to 25% for companies with annual turnover up to Rs. 400 crore
- ▲ TDS of 2% on cash withdrawal exceeding Rs. 1 crore in a year from a bank account , this is to support more of digital payments
- ▲ Petrol and Diesel to be levied with additional charge of two rupees in the name of Special Additional Excise Duty and Road and Infrastructure cess, where each sector holds one rupee.

- ▲ Increased customs duty on gold and other precious metals from 10% to 12.5%.
- ▲ Stainless steel products duty be hiked from 5% to 7.5%
- ▲ Indoor and outdoor units of Split Air Conditioning units are set to get costlier by 10%.
- ▲ Imported automobile and auto parts to get costlier to make way for Make in India.

FII and DII Data

- ▲ Foreign Funds (FII's) sold shares worth Rs.89.38 Crore, while Domestic Institutional Investors (DII's) bought shares to the tune of Rs.275.63 crore on July 5th.
- ▲ In July'19, FII's net sold shares worth Rs. 593.98 crores, while DII's were net buyers to the tune of Rs. 711.89 crores.

Outlook

- ▲ Sell off into equities after union budget led to fresh decline in Indian rupee. Any rally into crude oil prices may weaken the domestic currency further. US dollar remained higher against all major currencies after release of strong jobs number on Friday. Eyes are on FOMCE minutes to be released on Wednesday. USD-INR could find support near 68.80-68.40 levels, while an important resistance is seen around 70.23 levels.

Copper prices fell over LME inventory pile-up and strong US dollar

- ▲ Copper prices fell over LME inventory pile-up and strong US dollar due to jobs data. Strong jobs data dimmed hopes of an aggressive rate cut by the Federal Reserve.
- ▲ Copper inventories in warehouses approved by the London Metal Exchange (LME) touched a near 13-month high to 302975mt.
- ▲ China's factory activity unexpectedly shrank in June. Chinese domestic and export demand may slump further and put strains on its vast manufacturing sector
- ▲ According to the private survey report, China's air conditioning output in July might fall more while construction and power sectors are expected to have a stable growth

Outlook

- ▲ Copper lost momentum from US-China trade talks after weak PMI data and rising inventory at LME. The purchasing managers' index slipped to a five-month low of 49.4 in June, from 50.2 in May; Copper prices also lost ground that the Chinese government may not provide economic stimulus as expected earlier. Important support is seen around 5830-5780 while important resistance is seen around 5971-6073.

Crude oil prices rose from upbeat US jobs data increased demand hopes

- ▲ Crude oil prices rose following positive US monthly non-farm pay roll data released on Friday. But rally did not last long as sentiments changed that good jobs data might trim scope for Fed interest rate cuts.
- ▲ US Oil and Gas Rig count- The total number of active oil rigs in the US fell by 5 according to a survey report, reaching 788. The number of active gas rigs increased by 1 to reach 174. Oil is seeing a 75-rig decrease year on year and gas rigs down 13 since this time last year.
- ▲ Oil prices also received support by extended output cuts by OPEC+ aimed at slowing global economy which could crimp demand. OPEC+ agreed to extend oil supply cuts of 1.2 million

bpd until March 2020.

- ▲ Morgan Stanley lowered its long-term Brent price forecast to \$60 per barrel from \$65 per barrel while Barclays expects oil demand to grow at its slowest pace since 2011.
- ▲ US crude oil production fell again this week to 12.1 million bpd. EIA will release its weekly crude oil report today.

Outlook

- ▲ OPEC supply cut and geopolitical issues in the Middle East may provide some support at lower levels along with US-China trade talk. Although higher US inventory build and lower oil demand may keep the oil prices in range. Immediate resistance is seen around \$66.85 per barrel while the key support level is seen around \$61.90 per barrel.

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

Prepared by:

Mr. Kamlesh Jogi | Market Research Analyst

email: 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 | Website: 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 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
