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Copper falls due to poor progress over US-China trade talk and higher LME inventories  
Crude oil prices rose as risk premium over Iran nuclear program increases  
Gold drops as aggressive rate cut view fade after strong job number  
Equity sell-off continued for the second day in early trade pulled rupee lower  
Iron ore near record high due to supply worries

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## CRUDE OIL PRICES ROSE AS RISK PREMIUM OVER IRAN NUCLEAR PROGRAM INCREASES

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- ▲ Oil prices firmed over Iran's nuclear program and positive US monthly non-farm payroll data released on Friday. But the rally did not last long as sentiments changed that good jobs data might trim scope for Fed interest rate cuts.
- ▲ Japan's core machinery orders fell for the first time in four months in May, which is a worrying sign for the global economy.
- ▲ 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 the same period last year.
- ▲ Eyes are on API and EIA weekly inventory report later this week.

### Outlook

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

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## GOLD DROPS AS AGGRESSIVE RATE CUT VIEW FADE AFTER STRONG JOB NUMBER

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- ▲ Gold drops as aggressive rate cut view fade after strong job number, eyes are on fed meeting minutes on Wednesday.
- ▲ US Nonfarm payrolls climbed a solid 224,000 last month, which is highest since January, after a disappointing 72,000 in May.
- ▲ Hedge fund managers boost net bullish gold bets to a 21-month high, weekly CFTC data on futures and options show.
- ▲ Holdings of SPDR Gold fell 0.18% to 796.97 tonnes on Friday from 798.44 tonnes on Wednesday.
- ▲ Eyes are on Fed Chairman Jerome Powell's testimony to Congress and Minutes from the last Federal Open Market Committee meeting are also due for release on coming Wednesday.
- ▲ Gold demand may slide in India as the 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 weak on the strong dollar as optimism over the US economy improved from strong job number but risk premium remains as 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 FOMC minutes to be released on Wednesday. Immediate support can be seen around \$1384 per ounce while critical resistance remains near \$1424 per ounce.

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## COPPER FALLS DUE TO POOR PROGRESS OVER US-CHINA TRADE TALK AND HIGHER LME INVENTORIES

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- ▲ Copper prices fell amid a lack of progress on steps to settle a trade dispute between the US and China. Representatives from the two countries were expected to resume talks this week, but nothing has been released about whether the talks happened.
- ▲ Illegal miners in Congo protested outside a metallurgical plant on a copper and cobalt concession run by Glencore
- ▲ Copper prices fell over LME inventory pile-up last week and strong US dollar due to jobs data. 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.

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## EQUITY SELL-OFF CONTINUED FOR THE SECOND DAY IN EARLY TRADE PULLED RUPEE LOWER

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- ▲ An equity market selloff was due to a variety of reason from global and domestic front. Union finance minister Nirmala Sitharaman made her maiden budget speech on Friday and hope for India to become 3 trillion dollar economy in the current year and aspire to make 5 trillion dollar economy soon.
- ▲ But many proposals in the budget were not so good for the market, such as increasing the minimum public shareholding levels to 35 percent, along with a 20 percent tax on share buybacks. There was some confusion about whether a hike in taxes for the rich also applies to certain structures used by foreign portfolio investors (FPIs).
- ▲ Morgan Stanley downgraded global equities from equal-weight to underweight citing economic growth challenges. Global trade and purchase manager's index data have continued to worsen.

## FII and DII Data

- ▲ Foreign Funds (FII's) sold shares worth Rs.401.99 Crore, while Domestic Institutional Investors (DII's) bought shares to the tune of Rs.321.1 crore on July 8th.
- ▲ In July'19, FII's net sold shares worth Rs. 995.97 crores, while DII's were net buyers to the tune of Rs. 1033.02 crores.

## Outlook

- ▲ Sell off into equities after union budget led to the 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 the release of strong jobs number last week. 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.

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## IRON ORE NEAR RECORD HIGH DUE TO SUPPLY WORRIES

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- ▲ Iron ore futures surged more than 6% in early trade amid strong demand and concerns about supply, while steel prices rose following targeted production cut due to an environmental issue in Hebei.
- ▲ China's top steelmaking province Hebei has moved up the target dates for cutting industrial capacity to October.
- ▲ Price may not rally further as steelmakers are facing the possibility of a downturn in demand as the global economy weakens, mainly because of the U.S.-Sino trade war.

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