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Gold falls; eyes are on Fed Chairman Powell's testimony and FOMCE minutes later today  
Crude gained after US inventory drop for a fourth week consecutively  
The Indian rupee weakened against US dollar tracking losses in Asian currencies  
Base metals price rose following a news report of resumption of U.S. and China trade talks  
Iron ore future drop from the record high on gradual supply ease and lower demand from China

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## GOLD FALLS; EYES ARE ON FED CHAIRMAN POWELL'S TESTIMONY AND FOMCE MINUTES LATER TODAY

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- ▲ Gold dropped before a monetary policy from testimony by Federal Reserve Chairman Jerome Powell and minutes from the central bank's last meeting.
- ▲ Gold also drops as aggressive rate cut view fade after strong job number; eyes are on fed meeting minutes due on Wednesday.
- ▲ US Nonfarm payrolls climbed a solid 224,000 last month, which is highest since January, after a disappointing 72,000 in May.

### 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 FOMCE 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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## CRUDE GAINED AFTER US INVENTORY DROP FOR A FOURTH WEEK CONSECUTIVELY

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- ▲ Oil prices gained supported by inventory report, stockpiles fell more than forecast last week. API reported more than 8 million barrel drop in US inventories last week. Crude inventories fell by 8.1 million barrels in the week ending on July 5 to 461.4 million, compared with analysts' expectations for a decrease of 3.1 million barrels. Crude stocks at the Cushing, Oklahoma, and delivery hub fell by 754,000 barrels. Energy Information Administration will release the official report later today.
- ▲ According to the EIA outlook, US crude oil production is forecast to rise to a fresh record of 12.36 million barrels per day (bpd) in 2019 from the high of 10.96 million bpd last year.
- ▲ Oil prices have been under pressure from concerns about global economic growth amid growing signs of harm from the US-China trade war that has rumbled on over the last year.

### 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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## THE INDIAN RUPEE WEAKENED AGAINST US DOLLAR TRACKING LOSSES IN ASIAN CURRENCIES

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- ▲ Indian rupee weekend against the dollar, eyes are on Fed Chairman Jerome Powell's two-day testimony to Congress after a surprisingly strong jobs report last week.
- ▲ The Indian rupee also remained under pressure as FII's selling continued this week as well.
- ▲ 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.674.26 Crore, while Domestic Institutional Investors (DII's) bought shares to the tune of Rs.710.91 crore on July 9th.
- ▲ In July'19, FII's net sold shares worth Rs. 1670.23 crores, while DII's were net buyers to the tune of Rs. 1743.93 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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## BASE METALS PRICE ROSE FOLLOWING A NEWS REPORT OF RESUMPTION OF U.S. AND CHINA TRADE TALKS

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- ▲ Base metals price rose following a news report of resumption of U.S. and China trade talks, US and Chinese negotiators held phone talks to resolve their trade war, more than a week after they declared a truce.
- ▲ The U.S. government to issue licenses to companies seeking to sell goods to China's Huawei where there is no threat to national security
- ▲ Mine
- ▲ Southern Copper Corp received a construction permit for its long-delayed \$1.4 billion Tia Maria copper mine project in Peru, but work would not begin until it gains more support from local residents.
- ▲ Illegal miners in Congo protested outside a metallurgical plant on a copper and cobalt concession run by Glencore

## 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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## IRON ORE FUTURE DROP FROM THE RECORD HIGH ON GRADUAL SUPPLY EASE AND LOWER DEMAND FROM CHINA

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- ▲ Iron ore futures drop as National Australian Bank says that there is a gradual recovery in Brazilian exports, also easing in Chinese demand should put downward pressure on prices.
- ▲ Steel prices remained in a higher range 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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