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Copper recovered on eased concern about the trade war  
Oil in range, OPEC supply concern prevent decline  
Gold is in range, Fed fund futures now price in more than two 25-basis point in the year 2019  
Rupee gained in early trade on crude oil decline and FII's inflow

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## COPPER RECOVERED ON BETTER-THAN-EXPECTED EXPORT DATA FROM CHINA AND EASED CONCERN ABOUT THE TRADE WAR

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- ▲ Copper prices rose following eight straight weekly losses, after the US able to finalize a deal with Mexico; boosting a trade deal between the two will ease global growth concerns.
- ▲ Despite higher U.S. tariffs, China's exports unexpectedly returned to growth in May. But Chinese imports fell, still showing signs of weak domestic demand.
- ▲ China may step up stimulus measures to prevent its economy from a slowdown. According to PBOC, China has "tremendous" room to adjust monetary policy if the trade war with the U.S. deepens.
- ▲ Now global markets are turning towards G-20 summit, finance leaders from G-20 said that trade and geopolitical tensions have "intensified", but still a resolution can be found between US and China to settle the trade dispute.
- ▲ China Imports of copper concentrate or partially processed copper ore were 1.84 million tonnes; 10.8% higher from 1.66 million tonnes in April and 17.2% up from 1.57 million tonnes in May 2018
- ▲ The International Monetary Fund cut its China growth forecast for 2019 to 6.2%, threatened tariffs by the US on China could cut the 2020 global gross domestic product by 0.5%, near about \$455 billion.

### Outlook

- ▲ The copper contract received minor support from product shortages and declining inventories and a stimulus in China as demand concern are weighing on supply issues. Immediate support could be seen around 5715 while key resistance is seen near 5969-6200. Short term trend continues to remain weak as world economic slowdown may decrease demand for industrial metals.

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## OIL IN RANGE, OPEC SUPPLY CONCERN PREVENT DECLINE

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- ▲ Oil prices in range after a decline as producer group OPEC and its allies will keep withholding supply to prevent prices.
- ▲ Oil prices tumbled last week amid a broad economic slowdown and affected fuel demand growth.
- ▲ Saudi Arabia and Russia may extend output cuts and similar proposal can be seen in the coming OPEC meeting at Vienna on June 26th.
- ▲ Oil also found support as US drilling activity slowed and World oil demand prospectus improved from US-Mexico trade agreement. The number of active oil and gas rigs in the United States fell by 9 to 975 last week. Oil rig dropped by 11 to 789 while gas rig increased by 2 to 186.
- ▲ CFTC Report- Net long for crude oil futures slumped -38 770 contracts to 400 168 for the week. Speculative long positions plunged -25 486 contracts while shorts rose -13 284.
- ▲ China's crude oil imports slipped to 40.23 million tonnes in May down 8% from an all-time peak in April of 43.73 million tonnes, customs data showed on Monday.

### Outlook

- ▲ Brent oil gained from supply concern as US oil rig count drops and OPEC+ members are planning to keep product cut intact. Immediate support could be seen around \$60.40-59.10 per barrel meanwhile resistance is seen near \$63.50 and 64.30 per barrel

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## GOLD IS IN RANGE, FED FUND FUTURES NOW PRICE IN MORE THAN TWO 25-BASIS POINT IN THE YEAR 2019

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- ▲ Fed meeting is due on 18-19 June; Fed fund futures now price in more than two 25-basis point rate cuts by year-end, with one almost fully priced in by July.
- ▲ Global equities rallied and gold prices have fallen from a recent high after President Donald Trump suspended his plans for tariffs on Mexico.
- ▲ CFTC Report- Hedge funds boosted their long position in bullion at the highest in almost 12 years. Net-long positions for gold futures surged +69427 to 156115 last weeks. Speculative long positions soared +46014 contracts, while shorts slumped -23413.
- ▲ The value of China's gold reserves rose to \$79.83 billion in May from \$78.35 billion at the end of April.

### Outlook

- ▲ Gold declined after agreement US-Mexico and optimism increased for US-China trade war settlement on similar lines. Gold could find immediate resistance near \$1349-1356 while important support remains near \$1321-1304. Any further strength in dollar index from current levels may push gold prices lower.

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## RUPEE GAINED IN EARLY TRADE ON CRUDE OIL DECLINE AND FII'S INFLOW

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- ▲ Strength in Asian equities along with crude oil decline and FII's inflow pushed rupee higher. Markets eyes are on inflation and industrial production number to be released tomorrow.
- ▲ Indian rupee found initial support last week after RBI meeting, the central bank acted dovish as per the market expectation of a 25bps rate cut, along with a change in policy stance to be accommodative from neutral.
- ▲ RBI lowered growth forecast to 7% from 7.2% for FY20. It also lowered its inflation forecast to 3-3.1% for the first half of 2019-20 and to 3.4-3.7% for the second half of 2019-20.
- ▲ FII and DII Data
- ▲ Foreign Funds (FII's) bought shares worth Rs.216.20 crore, while Domestic Institutional Investors (DII's) bought shares to the tune of Rs. 170.62 crore on June 10th.
- ▲ In June'19, FII's net bought shares worth Rs.941.17 crore, while DII's were net sellers to the tune of Rs. 1118.54 crore

### Outlook

- ▲ RBI decision to cut interest rate and change in policy stance to 'accommodative' will support currency for short term. Although the US-China tariff war continues to exert pressure on global equities and emerging market currencies are expected to be negatively impacted. Any further recovery in crude oil prices may keep rupee prices lower. USD-INR could find support near 68.80-68.40 levels, while important resistance is seen around 70.23 levels.

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