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Oil prices near six week high amid Mexican storm and US inventory report  
Gold prices are up with the hope for US Federal Reserve rate cut  
Rupee trade in range ahead on retails inflation and factory output data  
Copper trade in range ahead of China trade data  
Pollution curbs to restrict steel production in China

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## OIL PRICES NEAR SIX WEEK HIGH AMID MEXICAN STORM AND US INVENTORY REPORT

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- ▲ Oil prices remained higher after U.S. oil producers cut nearly 53% of Gulf of Mexico crude output due to Tropical Storm Barry which is expected to hit over the weekend.
- ▲ The OPEC forecasted global oil demand to rise by 1.14 million barrels per day (bpd) and an acceleration in non-OPEC supply growth nearly of 2.44 million bpd in 2020 against 2.05 million bpd this year.
- ▲ Geopolitical tension in the Middle East continues to provide support to the oil market. Iran tried to seize a British tanker in Gulf of Persia this week as oil tanker was crossing into the Strait of Hormuz area.
- ▲ The latest DoE oil inventory report showed drop in crude inventories of 9.49mln barrels against market expectation of 3mln barrel drop which is much bigger than API crude oil inventory report of 8.13mln barrels drop.

### Outlook

- ▲ Oil prices rallied to six week high after Gulf of Mexico faced a tropical storm, added with rising tension in Middle east and US inventory drop for a fourth week consecutively. Oil supplies had been cut in Gulf of México by more than 1 million barrels per day which is nearly 53% of the regions oil production. Brent oil futures may face immediate resistance around \$67.90-69.20 per barrel whiles the key support level is seen around \$65.70 to \$61.90 per barrel.

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## GOLD PRICES ARE UP WITH THE HOPE FOR US FEDERAL RESERVE RATE CUT AND WORRIES OVER RENEWED US-CHINA TRADE TENSION

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- ▲ Gold prices rose on safe haven demand outlook after tension over US-China trade issue renewed. China will release trade data for June; exports are expected to have fallen as weakening global demand after U.S. tariffs on Chinese goods.
- ▲ Gold also found support from rate cut hope from the Federal Reserve. Fed Chairman Jerome Powell indicated that a rate cut is likely at the Fed's next meeting as businesses slow investment due to trade disputes and a global growth slowdown.

### Outlook-

- ▲ Gold outlook turned positive after Fed minutes and testimony of Fed chairman Jerome Powell with anticipation that Federal Reserve may cut interest rate. Gold also found support from renewed trade tension between US and China. Gold future at CME may face critical resistance around \$1428- \$1440 while immediate support can be seen near \$1400-1388.

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## RUPEE TRADE IN RANGE AHEAD ON RETAILS INFLATION AND FACTORY OUTPUT DATA

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- ▲ Indian rupee against US dollar is trading in a tight range 68.70-68.50 ahead of the release of retail inflation and factory output data.
- ▲ Retail inflation data may provide direction to reserve bank of India for interest rate cut in the meeting held in August.
- ▲ June consumer inflation expected to be around 3.13% y/y against 3.05% while industrial production is estimated to be round 2.9% y/y against 3.4%
- ▲ Meanwhile firmer crude prices, higher U.S. yields are keeping domestic currency under pressure.
- ▲ Market is also eying U.S. trade official's talks with Indian counterparts over issues of data localization and India's tariffs.
- ▲ Monsoon rainfall is at 12% below normal as on July 11, according to weather department report.

### FII and DII Data

- ▲ Foreign Funds (FII's) sold shares worth Rs.316.86 Crore, while Domestic Institutional Investors (DII's)

bought shares to the tune of Rs.719.74 crore on July 11th.

- ▲ In July'19, FI's net sold shares worth Rs. 2592.03 crores, while DI's were net buyers to the tune of Rs. 3131.07 crores.

## Outlook

- ▲ Indian rupee may trade in wide range of 68.90-68.20 head of Retail inflation and factory output data later today. Rising crude oil prices and strength in dollar may keep rupee under pressure. FI's out flow continued to grow in July following a trend from consecutively last two months.

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## COPPER TRADE IN RANGE AHEAD OF CHINA TRADE DATA

- ▲ Copper along with other industrial metals is trading in range before China's trade data which is being scheduled to release later this day. Market expects a drop in export after US tariff are imposed on China. In June, China's exports are expected to have contracted by 2.0% in yearly terms, after rising by 1.1% previously.
- ▲ Copper prices also remained under pressure on renewed trade tension between US and China. U.S. President Donald Trump said on Thursday that China was not living up to promises it made on buying agricultural products from American farmers.

## Outlook-

- ▲ Copper price may trade in range of 6020-5920 ahead of China trade data. Copper is under pressure after renewed trade tension between US and China over agricultural export. Copper may receive minor support from LME warehouse inventory report which has declined from recent high and Federal Reserve outlook to cut interest rate may support US economy and increase demand for all metals.

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## POLLUTION CURBS TO RESTRICT STEEL PRODUCTION IN CHINA

- ▲ Iron ore supply remains tight at ports in China, while strict steel output limits have clouded the demand outlook for the raw material. Imported iron ore inventory at Chinese ports has fallen 18% this year in the wake of various supply issues in Brazil.
- ▲ Tangshan and Wu'an steelmaking province of Hebei are bound to curb production to prevent pollution
- ▲ Wu'an imposed output restrictions on 14 steelmakers as part of environmental policies from July 1 to Aug.31.

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