

## Gold at ten week high, biggest one day gain in two years

- Gold prices yesterday rallied on fears of rising bond yields and sliding equities pushed buyers toward safe-haven assets, although rising interest rates would likely remain a concern for gold prices it may boost dollar in near term.
- US dollar is trading with modest gains as consumer prices rose less than expected in September, is an early indication of easing inflation.
- Asian equities have recovered some losses in today's trading session after sharp decline is a negative indication for gold prices. Indian Benchmark indices BSE Sensex and NSE's Nifty 50 gained over 1% on Friday as the global stock slump showed signs of easing.

**Outlook** – Gold is sustaining above resistance turned support of \$1218, the key level along with \$1206 and \$1194 to watch on downside, further recovery is possible towards 1235-1262 while it remains above 1206 .

## Crude recovers losses on increasing Chinese crude imports and improving Asian equities markets

- China's daily crude oil imports in September hit their highest level since May, according to customs data
- US crude oil inventory rose by 6 million barrel in last week against the expectation of 2.5 million barrel as reported by EIA.
- OPEC cut its global demand outlook for crude over trade dispute, and estimated oil demand to be around 1.2 million bpd - 1.5 million bpd, also indicating a slowdown in 2019
- US Gulf of Mexico resumes production after a output cut of 40 percent on Thursday due to hurricane Michael

**Outlook** – Brent oil had a relief rally after a sharp decline from 85.17 to 79.80 in last two trading session, though it need to sustain above 82.70 for a major bullish move towards 85.20 and 86.74, sentiments are negative and further weakness can be expected towards 78.20,77.20 and 75.70 in near term.

## Chinese steel prices recover to edge up as equity markets recovers

- China's steel futures recovered from the steep declines seen across international commodity and equity markets to close higher on Thursday as possible Chinese production curbs ahead of winter remained in focus.
- Winter Cut: Supply is expected to reduce as more regions publish their anti-pollution action plans, markets are still paying close attention to this, part of the government's years-long battle against pollution. The Yangtze River Delta region in the country's east, which includes key manufacturing hubs, is working on a new integrated winter pollution plan similar to one in northern areas
- Iron Ore Imports from Jan to Sept were down 1.6% YOY, whereas exports were up 20.6% YOY.
- The Steel Imports from Jan to Sept were down 0.4% YOY, whereas exports were down 10.7% YOY.

**Outlook** – Hot Rolled Coil Future on SHFE found support around 4200-4176 and upcoming winter cut is likely to strengthen prices . Bullish move is expected above 4336 towards 4390 while limited decline could be seen on a close below 4176 till 4124 in near term.

## Aluminum at support; expect a rebound soon

- China exported 507,000 metric tons of unwrought aluminum and aluminum products in Sep, up 37% from the corresponding period last year, according to China Customs data. On a monthly basis, the exports shrank 10,000 mt
- In the first nine months of 2018, China's exports of unwrought aluminum and aluminum products amounted to 4.258 million metric tons, up 16.3% from the same period in 2017
- Chinese aluminum exports are expected to rise further in coming months as Beijing boosted tax cuts for exports of semi-fabricated aluminum, or semis, to 16 percent from 13 percent with effect from Nov. 1
- The dollar declined two weeks low on Thursday on US Treasury yields and losses on Wall Street, helping base metals to rebound

Outlook: LME 3M Aluminum has declined for six consecutive trading sessions and looks to be at support zone, expect aluminum to rebound from current levels towards \$2065, \$2095 and \$2100 in the coming session while it holds above \$2000.

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