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Nickel prices rallied to multi-month high on export Ban speculation in Indonesia  
Copper climbed due to better than expected Chinese industrial and retail sales data  
Gold speculative long position drop for the first time in 6 weeks on profit booking  
Crude oil remained lower on poor China's GDP number  
Rupee trade marginally higher against the dollar after consumer inflation numbers

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## NICKEL PRICES RALLIED TO MULTI-MONTH HIGH ON EXPORT BAN SPECULATION IN INDONESIA

- ▲ Nickel prices are on multi-month high on supply concerns in Indonesia. Indonesia relaxed a ban to export nickel ore in 2017 but said that exports will be restricted again in 2022.
- ▲ In January 2017, the country relaxed its ban on low-grade nickel ore exports in an attempt to boost its economy. Under the new rules, miners can export up to 5.2 million tonnes of nickel ore a year.
- ▲ Indonesia witnessed a production growth of 86% in 2017 and advanced to become the second largest producing country in 2017 from its 6th ranking in 2016
- ▲ Indonesia has been responsible for nearly 100% of the growth in exports since 2015 and has become the single largest exporter of charge nickel.
- ▲ Indonesia's exports accounted for 39% and 63% of the total charge nickel exports in 2016 and 2017 respectively

## COPPER CLIMBED DUE TO BETTER THAN EXPECTED CHINESE INDUSTRIAL AND RETAIL SALES DATA

- ▲ Copper climbed on better than expected Chinese industrial data and Retail sales data, June industrial output climbed 6.3% from a year earlier, beating a forecast of 5.2%.
- ▲ China's January-June fixed-asset investment rose 5.8% from the same period last year against market expectation on 5.5%.
- ▲ China retail sales for June rose 9.8%, against expectations of 8.3%. Sales of automobiles surged 17.2% in the month, accelerating from a 2.1% gain in May.
- ▲ Although GDP number kept the rally under pressure, China's economic growth slowed to 6.2% (As per market expectations) in the second quarter from a year earlier, the weakest in at least 27 years due to trade war worries between US-China. Government authority said that China will make efforts to ensure steady economic growth. China will make timely use of cuts in banks' reserve requirement ratios (RRR) and other financing tools to support smaller firms.
- ▲ Base metals found support as Beijing has leaned largely on fiscal stimulus to underpin growth. China announced massive tax cuts worth nearly 2 trillion yuan (\$291 billion) and a quota of 2.15 trillion yuan for special bond issuance by local governments aimed at boosting infrastructure construction.

### Outlook

- ▲ Copper price rallied on better than expected retail sales and industrial production numbers. Economic stimulus will further add to expand demand. Copper may find minor support near 5900 while immediate resistance is seen near 6078-6191

## GOLD SPECULATIVE LONG POSITION DROP FOR THE FIRST TIME IN 6 WEEKS ON PROFIT BOOKING

- ▲ According to the CFTC Commitments of Traders report, Net-long positions of gold shrank last week.
- ▲ Net-long positions for gold futures declined by -14,183 contracts to 244,763. This is the first decline in 6 weeks as traders took profit from a recent gold price rally. Speculative long positions fell by -6,597 contracts, while short positions rose +7,586.
- ▲ Gold prices remained sideways but receiving safe-haven demand after tension over US-China trade issue renewed. 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.
- ▲ Eyes on Producers and Consumer prices data this week, Better-than-expected increases in U.S. producer and consumer prices could complicate policymakers' decision on interest-rate policy later this month

## 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 the 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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## CRUDE OIL REMAINED LOWER ON POOR CHINA'S GDP NUMBER

- ▲ Oil prices slipped marginally after China posted its slowest quarterly economic growth in at least 27 years. Poor economic condition will reinforce concerns about demand in the world's largest crude oil importer.
- ▲ According to the CFTC Commitments of Traders report for the week ending on July 9, net long positions for crude oil futures fell -2,661 contracts to 390,149 for the week. Speculative long positions dropped -7,484 contracts and short positions were down -4,823 contracts.
- ▲ The US oil and gas rig count fell by 5 this week, according to Baker Hughes report. The total number of active oil rigs in the United States fell by 4 according to the report, reaching 784. The number of active gas rigs decreased by 2 to reach 172.
- ▲ Refineries in the path of Tropical Storm Barry continued to operate despite flood threats. Although the storm has slashed production nearly 73% or 1.38 million barrels per day.

## Outlook

- ▲ Oil prices remained near six weeks high after the Gulf of Mexico faced a tropical storm, added with the rising tension in the Middle East and US inventory drop for a fourth week consecutively. Oil supplies had been cut in the Gulf of México by more than 1.38 million barrels per day which is nearly 73% of the regions oil production. Brent oil futures may face immediate resistance around \$67.90-69.20 per barrel while the key support level is seen around \$65.70 to \$61.90 per barrel.

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## RUPEE TRADE MARGINALLY HIGHER AGAINST THE DOLLAR AFTER CONSUMER INFLATION NUMBERS

- ▲ The rupee traded marginally high against the dollar after consumer inflation numbers, India's consumer price-based inflation (CPI) for June came in at 3.18% compared to estimates of 3.13%, and 3.05% a month ago.
- ▲ India's factory output growth eased in May 2019 as it rose by 3.1 percent from revised growth of 4.32 percent reported for April 2019 according to government data.
- ▲ Monsoon rainfall is at 12% below normal as on July 11, according to a weather department report, while Monsoon rains likely to hit in Punjab and Haryana in next 24 hrs

## FII and DII Data

- ▲ Foreign Funds (FII's) sold shares worth Rs.850 Crore, while Domestic Institutional Investors (DII's) bought shares to the tune of Rs.940 crore on July 12th.
- ▲ In July'19, FII's net sold shares worth Rs. 3442 crores, while DII's were net buyers to the tune of Rs. 4071 crores.

## Outlook

- ▲ Indian rupee may trade in a wide range of 68.90-68.20 although rising crude oil prices and strength in the dollar may keep the rupee under pressure. FIIs outflow continued to grow in July to Rs.3442 crore following a trend from consecutively last two months while domestic institutional investors remained supportive.

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Prepared by:

Mr. Kamlesh Jogi | Market Research Analyst

email: [kamlesh.jogi@abans.co.in](mailto:kamlesh.jogi@abans.co.in)

Phone: +91 22 68354176 (Direct)

Abans Broking Services (P) Limited

36, 37, 38A, 3rd Floor, 227 Nariman Bhavan, Backbay Reclamation, Nariman Point, Mumbai-400 021

Phone +91 22 61790000 | Fax +91 22 61790000

Email: [info@abans.co.in](mailto:info@abans.co.in) | Website: [www.abans.co.in](http://www.abans.co.in)

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