

## OPEC to discuss production cut of 1 million bpd or more in December 6th meeting at Vienna

- OPEC is widely expected to agree on cuts of around 1 million bpd or more from its current production which is above 33 million bpd. Recent inventory buildup is a reason to worry for OPEC nations
- Saudi Arabia went from announcing a million barrels in cuts initially to 1.4 million barrels in few day, is providing hint on how OPEC meeting will take shape.
- Energy Information Administration (EIA) - reported the biggest weekly crude stock build up in 21 months. U.S. crude stockpiles jumped by nearly 10.3 million barrels last week, compared to the expected build of just 3.2 million barrels.

### Outlook

- Brent oil took support near 61.61 and is holding gains with talks of OPEC production cut, recovery may continue further towards immediate resistance of 69.56 on a short covering rally. Though Oil supply is expected to increase in near term while oil demand may be negatively impacted on expected economic slowdown in 2019. Oil prices could remain weak and a break below 64.50 could see oil declining towards 63.15 and 61.68.

## Copper recovers on hopes of a trade war settlement and Chinese Economic stimulus

- Copper prices recovered on positive news developments after China gave a written offer to US over trade dispute before Trump-Jinping meeting
- Copper warehouse stock at LME remained at 166450 mt on Thursday down by 5875 mt from a week ago.
- China Copper production - Production of copper products during Jan-Sep grew steadily, Production of refined copper and copper materials stood at 6.61 million mt and 12.49 million mt, respectively, up 11.2% and 12% from the same period last year.
- Chile's state copper agency Cochilco lowered its average copper price prediction for this year by \$0.03 to \$2.97 per pound on Thursday in its second negative projection in six months.
- China is increasing smelter capacity next year.. Chinese copper smelter Jiangxi Copper and miner Antofagasta have agreed 2019 copper treatment and refining charges (TC/RCs) at \$80.80 a tonne and 8.08 cents a pound.

### Outlook

- Copper 3Month contract on LME recovered from 6016 as talks between US and China are progressing well before trump and Jinping meeting. Though it still face stiff resistance near 6243-6316 range.

## Indian rupee gained as exporters sell dollar and inflow from foreign funds continues

- The rupee climbed to a 2-month high on the back of low crude oil prices and strong foreign fund inflows. The rupee firmed against the US dollar on increased selling of the US currency by exporters and banks.
- As per provisional FII's data, foreign funds bought shares worth a net of Rs 2,043.06 crore on Thursday.
- Benchmark Nifty50 index rose by 0.53% till Friday afternoon, which also gave a boost to Indian rupee

### Outlook

- Recovery in Indian rupee continues on fresh FII inflow and dollar selling from exporters, rising Brent oil from recent low still poses a threat. Immediate trend is looking weak towards 71.63-71.22 in near term.

## Gold prices lack direction over Brexit, US Bond yields and China talks

- Gold prices trading in range of 1208-1217 over Brexit talks, meanwhile open interest reached highest in four month at 539320 lots at Comex gold future.
- China's written offer to US, China has presented an offer in writing in response to American trade demands, the offer reportedly includes "easing restrictions on foreign investment and eliminating requirements for joint ventures with Chinese partners in some sectors. The offer is another in a growing string of goodwill gestures from the Chinese ahead of the Xi-Trump meeting.
- Brexit - U.K. and European Union negotiators have reached a Brexit withdrawal deal. But the saga is far from over. Brexit lawmakers from her Conservative Party hate the deal and are trying to engineer a no-confidence vote in her as party leader.

### Outlook

- Gold is finding support near \$1202-\$1195 per ounce. Brexit discussions along and China trade talk are keeping gold in range of 1208-1217. Focus now shifts towards resistance level of \$1222 and \$1239 per ounce.

## China Rebar prices closed below stiff resistance of 3940, inventory kept on declining

- Prices of Chinese steel rebar rose but closed below key resistance level of 3940, inventory decline is an indication of firm demand.
- Steel product inventory at Chinese traders declined last week for Nov. 16, down 284,700 tonnes from the previous week at 8.61 million tonnes, according to data compiled by third party website. Steel product inventories are continuously declining from last 6 weeks.
- Steel rebar inventories declined 5.6 percent to 3.17 million tonnes, the data showed, while hot-rolled coil inventory dwindled 4.6 percent to 2.14 million tonnes.
- Increasing output would put downward pressure on steel prices.
- The weekly utilization rate at steel mills across the country continued to increase this week, climbing by 0.14 percentage points to 67.82 percent as of Friday
- Cities in northern China, including steelmaking hubs like Tangshan and Handan in Hebei province, have started to implement four-month-long winter production restrictions from Thursday.

### Outlook

- Rebar prices which dropped to lowest level since Aug'18 found support on hope of an economic stimulus for construction, prices may trade up from current levels in case it sustains above 3940 which is a key resistance level, further upside is seen till 4002-4073 while it sustains above 3940.

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