
Oil price drops after Iran said to be ready to negotiate about its missile program
Global zinc supply deficit narrows to 27200 tonnes in May'19 from 87500 tonnes in April '19: ILZSG
Copper trade in the range of 5950-6000 on little progress in US-China trade talks
Gold trades down, Stronger U.S. economic data this month could mean a less dovish Fed
Rupee under pressure after trade data but receiving support from lower crude oil prices

OIL PRICES DROP AFTER STATE SECRETARY POMPEO'S STATEMENT THAT IRAN IS READY TO NEGOTIATE ABOUT ITS MISSILE PROGRAM

- ▲ Oil drops after State Secretary Pompeo's statement that Iran is ready to negotiate about its missile program. U.S. President Donald Trump said in the cabinet meeting that progress has been made with Iran, signaling tensions could ease in the Mideast. Iran believed to be prepared to negotiate about its missile program.
- ▲ US-China trade war may keep oil price under pressure as President Trump quoted saying that the US can impose an additional tariff on remaining goods if talks fail.
- ▲ U.S. oil companies began restoring some of the nearly 74% of production that was shut at platforms in the Gulf of Mexico because of Hurricane Barry.
- ▲ The American Petroleum Institute (API) reported a small crude oil inventory drop of 1.401 million barrels for the week ending July 11 against market expectations of a 2.69-million-barrel drop. Official Inventory data will be published by the U.S. Department of Energy on Wednesday.
- ▲ Oil prices were also trading negative on poor demand outlook after weak Chinese economic data. China posted its slowest quarterly economic growth in at least 27 years.

Outlook

- ▲ Oil prices remained weak after poor china GDP and production resumption in the Gulf of Mexico. Global oil demand may drop as trade war continues to affect major economies. Although OPEC production cut and any supply dent in the US may keep the oil market under check. 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.

GLOBAL ZINC SUPPLY DEFICIT NARROWS TO 27200 TONNES IN MAY'19 FROM 87500 TONNES IN APRIL '19: ILZSG

- ▲ Zinc may remain under pressure as supply deficit narrowed in May to 27200 tonnes from 87500 tonnes in April according to a report published by international lead and zinc study group (ILZSG).
- ▲ LME warehouse stock for Zinc has increased around 60% since April when the stockpiles hit a record low, while stocks in warehouses tracked by SHFE have jumped 268% year-to-date.
- ▲ Zinc premium for cash over 3month eased to \$4 a tonne on Tuesday from \$12 on Monday, indicating more nearby supplies.

COPPER TRADE IN THE RANGE OF 5950-6000 ON LITTLE PROGRESS IN US-CHINA TRADE TALKS

- ▲ Copper trade in the range of 5950-6000 on little progress in US-China trade talks, President Donald Trump said on Tuesday the United States still has a long way to go to conclude a trade deal with China but could impose tariffs on an additional \$325 billion worth of Chinese goods if they needed to do so.
- ▲ Copper remained firm after Rio Tinto Group flagged long delays to the expansion of a mine viewed as a crucial untapped source of the metal. Rio said the underground facility at Oyu Tolgoi in Mongolia will take as much as 30 months longer than expected period to get into production.
- ▲ China's economy showed some signs of stabilization but still, clear policy measures need to support the economy.

Outlook

- ▲ Copper may trade in a wide range of 5900-6078 over little progress over US-China trade talks but it may receive support from positive retails sales data and Chinese infrastructure spending boost. Copper may find minor support near 5900 while immediate resistance is seen near 6078-6191

GOLD TRADES DOWN, STRONGER U.S. ECONOMIC DATA THIS MONTH COULD MEAN A LESS DOVISH FED

- ▲ Better US retail sales and factory output affects the prospect of Federal Reserve cutting interest rate, Gold remained in range with a slight negative bias as better-than-projected U.S. data.
- ▲ U.S. retail sales and factory output in June exceeded expectations and underscored steady economic growth.
- ▲ Fed is "carefully monitoring" downside risks to U.S. growth and may act as appropriate to sustain the expansion.
- ▲ President Donald Trump reiterated that he could impose additional tariffs on Chinese imports if he wants, after promising to hold off on more duties in a trade-war truce he reached with China's President Xi Jinping last month
- ▲ China showed signs of stabilization in emerging economies after GDP and Industrial production data release. Eyes are on Fed to lower interest rates at its July 30-31 meeting, at the same time focus is on how deep they will cut and what they will do afterward.

Outlook

- ▲ Gold outlook turned positive after Fed minutes and testimony of Fed chairman Jerome Powell with anticipation that Federal Reserve may cut interest rate; eyes are on economic data this week as Stronger U.S. economic data this month could mean a less dovish Fed. 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.

RUPEE UNDER PRESSURE AFTER TRADE DATA BUT RECEIVING SUPPORT FROM LOWER CRUDE OIL PRICES

- ▲ Indian rupee receiving support as Oil futures moved sharply lower after US Secretary of State Mike Pompeo said that Iran was prepared to negotiate with the US over its missile program
- ▲ Bond yields at 6.34 percent near the two-and-a-half-year low mark on the hopes that RBI will cut the interest rate further in next meeting.
- ▲ India's Imports declined 9% to \$40.29 billion in June, due to falling prices of petroleum products. India's trade deficit remained at \$15.28 billion in June'19 against \$16.6 billion in June'18. Although export entered no negative zone and dropped to 25.01 billion with a record drop of 9.71%.
- ▲ FII and DII Data
- ▲ Foreign Funds (FII's) sold shares worth Rs.444.9 Crore, while Domestic Institutional Investors (DII's) bought shares to the tune of Rs.637.7 crore on July 16th.
- ▲ In July'19, FII's net sold shares worth Rs. 4103.5 crores, while DII's were net buyers to the tune of Rs. 5300.6 crores.

Outlook

- ▲ Indian rupee may trade in a wide range of 68.90-68.20. FIIs outflow continued to grow in July to Rs.4103.5 crore following a trend from consecutively last two months while domestic institutional investors remained supportive. A correction in crude oil prices may provide support to domestic currency; India imports nearly 84% of its annual requirements.

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