
US Dollar index found strength after retails sales data, pushed gold down from recent high
Copper receives support at lower levels after a strike at Chuquicamata copper mine
Increasing tension in the Middle East provided some support to crude oil prices
Higher oil prices and Strength in dollar index pushed the domestic currency down
China crude steel output hits record at 89.09 million tonnes in May (NBS Report)

US DOLLAR INDEX FOUND STRENGTH AFTER RETAILS SALES DATA, PUSHED GOLD DOWN FROM RECENT HIGH

- ▲ The gold price was pushed down from 14 months high as dollar index found strength from encouraging U.S. retail sales. U.S. retail sales increased 0.5% in May, with broad-based gains along with a big rise in auto sales. April sales were revised up to a 0.3% gain from the initial report of a 0.2% fall.
- ▲ Holdings of SPDR Gold Trust rose 0.6% to 764.10 tonnes on Friday from 759.70 tonnes on Thursday.
- ▲ Hedge funds and money managers raised their net long positions in COMEX gold in the week to June 11
- ▲ Physical gold discounts in India widened as local gold prices surged and due to the decreased demand for the precious metal. Investment demand from China and Singapore to hedge against global slowdown is seen rising.
- ▲ Fed meeting is due on 18-19 June; Fed fund futures price in more than two 25-basis point rate cuts by year-end, with one almost fully priced in by July.

Outlook

- ▲ Gold could find immediate resistance near \$1356-1387 while important support remains near \$1321-1304. Positive retail sales data could provide support to the US dollar and may push gold prices down for short term but still gold may continue to receive support from mounting geopolitical tensions. A possibility of economic slowdown and lower inflation in the US makes a better case for Federal Reserve to cut interest rate in the July meeting. Gold could continue to receive support from mounting geopolitical tension in short to medium term.

COPPER RECEIVES SUPPORT AT LOWER LEVELS AFTER A STRIKE AT CHUQUICAMATA COPPER MINE

- ▲ Strike at Codelco's Chuquicamata copper mine has begun on Friday after failed negotiations. Members of trade unions have been favored of strike action last month. Copper prices may receive little support from mine strike as global growth concern is weighing on prices.
- ▲ Poor economic data reduced hope for recovery into the Chinese economy and pushed base metals down. Chinese car sales declined for the 12th consecutive month in May, a historic slump. This sector consumes about 13% of China copper demand.
- ▲ Weakness in Chinese manufacturing and investment data indicates damage to growth and demand prospects after the US-China trade war. China's industrial output growth slowed unexpectedly in May to a more than 17-year low, with investment also cooling.
- ▲ Copper inventories at LME warehouse are up by 35% since last week of May. Copper stocks in LME-approved warehouses - at 252,425 tonnes are weighing on copper prices.
- ▲ China's central bank cut in the reserve requirement ratio (RRR) and freed about 100 billion Yuan (\$14.44 billion) worth of long term funds. The central bank also injected 150 billion Yuan via 14-day reverse repos to "keep liquidity level stable at end-June". The third phase of the RRR cut is scheduled to take effect on July 15.
- ▲ Euro zone's April industrial output fell 0.5%. China is going to announce May industrial output data including steel, aluminum on Friday afternoon.

Outlook

- ▲ Short term trend continues to remain weak as world economic slowdown may decrease demand for industrial metals. Copper prices may not sustain gains for short term due to low seasonal demand in June where consumption weakens further. The copper contract received minor support from strike news at Codelco's Chuquicamata mine but global growth concern may weigh on prices in short to medium term over US-China trade war and poor economic data. Immediate support could be seen around 5715 while key resistance is seen near 5969-6200.

INCREASING TENSION IN THE MIDDLE EAST PROVIDED SOME SUPPORT TO CRUDE OIL PRICES BUT DEMAND PROSPECT IS STILL WEAK

- ▲ U.S. Secretary of State Mike Pompeo said that the US will take all necessary steps to guarantee safe navigation in the Middle East, as tensions mounted following attacks on tankers last week.
- ▲ Crude Oil Short-Selling at NYMEX surged as global demand outlook deteriorates, according to CFTC speculative net position data. Hedge funds have increased sell positions for the week ending on June 11.
- ▲ The total number of active oil and gas drilling rigs in the United States fell by 6 with the number of active oil rigs falling by 1 to reach 788 and the number of gas rigs decreasing by 5 to reach 181. The combined oil and gas rig count is down 90 years on year.
- ▲ Demand outlook still remains weak from poor economic data from China and the USA.

Outlook

- ▲ Crude oil rallied after two oil tankers have been attacked in the Gulf of Oman. Geopolitical tensions have increased after the attack on an oil tanker which pushes oil prices higher. In addition to it, OPEC supply concern may provide support to oil prices after the last week's decline. Saudi Arabia and Russia may extend output cuts and similar proposal can be seen in the coming OPEC meeting at Vienna on June 26th. Brent oil could find immediate support around \$60.40-59.10 per barrel meanwhile resistance is seen near \$63.50 and 64.30 per barrel.

HIGHER OIL PRICES AND STRENGTH IN DOLLAR INDEX PUSHED THE DOMESTIC CURRENCY DOWN

- ▲ The rupee was marginally down over rally into crude oil prices and strong US dollar index after retails sales data in the US.
- ▲ While on the domestic front, in absences of any fresh economic release, the market may trade in a range. Data released last week pushed rupee lower, Indian retail inflation spiked to a seven-month high of 3.05 percent in May mainly due to costlier food items while Industrial production grew at a six-month high of 3.4 percent in April mainly on account of improvement in mining and power generation.

FII and DII Data

- ▲ Foreign Funds (FII's) sold shares worth Rs. 238.64 crore, while Domestic Institutional Investors (DII's) bought shares to the tune of Rs. 376.47 crore on June 14th.
- ▲ In June'19, FII's net sold shares worth Rs.79.76 crore, while DII's were net sellers to the tune of Rs. 1066.80 crore

Outlook

- ▲ The US-China tariff war continues to exert pressure on global equities and emerging market currencies are expected to be negatively impacted. Higher inflation figure pushed rupee lower but industrial production. Rising crude oil prices from the current level may push Indian rupee lower in the near term. USD-INR could find support near 68.80-68.40 levels, while important resistance is seen around 70.23 levels

CHINA CRUDE STEEL OUTPUT HITS RECORD AT 89.09 MILLION TONNES IN MAY (NBS REPORT)

- ▲ China's crude steel output hit a record high in May despite higher iron ore prices. Higher iron ore prices have dented profit margin of steel mills.
- ▲ China produced 89.09 million tonnes of crude steel last month, up from 85.03 million tonnes in April and 81.13 million tonnes in May. (NBS Data).
- ▲ The average daily output of the industrial metal reached 2.87 million tonnes up from a record 2.83 million tonnes in April.
- ▲ In January to May, China churned out a total of 404.88 million tonnes of steel, up 10.2 percent from the same period last year.

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