

## Shanghai Steel Rebar holds 4 Week high over winter production cut

- Anti smog policy is keeping rebar prices buoyant as Chinese steel production capacity drops during winter.
- Tangshan has ordered mills to cut output by half from Oct. 11 to Oct 18 due to adverse weather forecasts, while the province of Hebei, where Tangshan is located, last week started its environmental inspections of industrial plants.
- The World Steel Association estimates China's steel demand is expected to rise by 6 percent this year to 781 million tonnes and will remain flat in 2019 in the absence of stimulus measures.
- The inventory levels at steel mills currently are higher than the same period of last year. Demand supply mismatch in the heating season might be responsible for the rebar price to fluctuate. China's domestic inventories for rebar dropped by 4.69% while Hot rolled coil dropping 0.12% during last week based on third party survey data
- 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. Iron ore output at Brazilian miner Vale SA, the world's largest iron ore producer, reached a record 104.95 million tonnes in the third quarter

### Outlook:

- SHFE Rebar –Rebar prices are in bullish trend following pattern of higher high and higher lows from last five trading session, further bullishness can be expected on a break above critical resistance of 4205 in near term. Next level of resistance can be seen near 4299-4418 while important support levels are seen near 4095-3962 and 3900.
- SHFE Hot Rolled Coil Future are range bound and found support around 4200-4176, 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.
- Iron Ore prices are projected to drop from recent highs as November is considered as off season for steel demand thus reducing Iron Ore demand too.

## Copper bounce back looks likely in the near term

- Global equity markets rebound lifting the mood, solid earnings eyed. Positive developments on the Italian budget and a appeasing tone from UK Prime Minister May also helped sentiment
- Softer dollar has also helped commodities & base metals strengthen, the SHFE November copper contract gained 30 yuan per tonne to 50,220 yuan
- Chile's copper miner Codelco, submitted an environmental impact assessment of its plans to revamp its aging Salvador mine that would increase its production and extend its life by another 40 years
- According to Codelco the mine's overhaul would incur a capital expenditure of about \$1 billion, and increase production to 90,000 tons of refined copper from the 62,000 tons last year. The new mine is expected to be operational by 2021
- Proposed mining tax increases in Zambia will hit mineral exploration and production in Africa's second largest copper producing country
- Unplanned outages in South Australian and Chilean mines has forced BHP to cut its copper production target for fiscal 2018 by about 3% thus improving sentiment for copper prices

### Outlook

- LME 3M Copper is trading in the \$6100-\$6380 range since the last few weeks, currently it looks to be at a support zone indicating some buying could immerge near current prices. While it sustains above \$6100 we could see a recovery towards \$6300-\$6350.

## Crude surges on surprise decline in US crude stock

- Crude prices trading higher on US commercial inventory report along with Geopolitical tensions over the disappearance of a prominent Saudi journalist.
- Market speculates that Saudi Arabia may cut as much as 0.50 million barrel per day of supply, in case US put sanction over Khashoggi developments.
- Oil prices hold gains after a rally from 79.81 yesterday as industry data showed a surprise decline in U.S. crude inventories. As per data from American Petroleum Institute, U.S. crude inventories fell 2.1 million barrels against expectation to build in 2.2 million barrel. US Gasoline stock dropped by 3.4 million barrel and Distillate fuel stock drops marginally by 0.246 million barrel.
- Inventory data from the U.S. Energy Department's Energy Information Administration will be released today. Crude inventories are expected to rise by 1.25m bbl for week ending Oct. 12 to 411.2m bbl according to the survey done by Bloomberg. Crude inventories at Cushing are expected to increase 2m bbl for week ending Oct. 12. Protest over 200 Dead In Nigeria Oil Pipeline Blast have also helped keep oil prices firm, as per Reuters reports, refiners are running below their capacity of 2100000 bpd after the blast and protest in the area.
- OPEC on Supply - OPEC Secretary-General Mohammad Barkindo on Tuesday urged oil producing companies to increase capacities and invest more to meet future demand as spare oil capacity shrinks worldwide. Russian government is no longer capping oil output increases by local producers, one of the country's top energy companies, Gazprom Neft, said on Tuesday.

### Outlook

- Brent oil forming a bullish pattern of higher high and higher low from last three trading session, formed immediate bottom near 79.23, a positive break out above 82 may push counter higher till 82.63 and further towards 83.66 and 85.22.

## Gold stable near 1225 after a decline from 1236, relief rally in Asian equities

- Gold is holding near six month highs after retracing from recent top of 1236, Asian equities and currencies rallied following positive global cues.
- The U.S. dollar index dragged lower than the two-week low as emerging market currencies out performed.
- Market awaits release of the minutes from Fed's September policy meeting.
- Gold ETFs saw their longest rally since May on safe haven buying
- Hungary has increased its gold reserves tenfold to 31.5 tons in an effort to make the reserves safer and reduce risks.
- Bullion in India is most expensive in two years due to a weak rupee, potentially cutting demand ahead of the Diwali festival
- Geopolitical tension between US and Saudi is lending support to Gold. President Donald Trump said on Tuesday it "would be bad" if Saudi Arabia's crown prince and king knew about what happened to Khashoggi.

### Outlook

- Gold retraced from recent high of 1236 but it is sustaining above resistance turned support of \$1218 per ounce, the key level to watch are \$1206 and \$1194 on downside, further rally is possible towards \$1235-\$1262 per ounce while it remains above \$1206.

## ABans Group

Founded in 2005, under the leadership of the Group Chairman Mr. Abhishek Bansal, ABans Group has grown from being a trading house to a dynamic and diversified business group. We provide expertise in Broking Services, Financial Services, Non-Banking Financial Services, Gold Refining, and Realty & Infrastructure. In a nutshell, ABans Group is a comprehensive Financial Services conglomerate, providing end-to-end financial services to all its clients.

## Contact Details

### 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 +91-22-61790010  
Email: [info@abans.co.in](mailto:info@abans.co.in) Website : [www.abans.co.in](http://www.abans.co.in)

## Social Media



## Disclosure & Disclaimer: ABans Broking Services Pvt. Ltd. (ABSPL)

Prepared By:

Mr. Kamlesh Jogi, Market Research Analyst

E-mail: [kamlesh.jogi@abans.co.in](mailto:kamlesh.jogi@abans.co.in)

Phone: 022 – 6789 8621

Communication Address: Mittal Chambers, 2nd Floor, No. 25,  
Backbay Reclamation, Nariman Point, Mumbai - 400021.

Membership Details:

MCX Member ID: 40385 / SEBI Reg. No. INZ000032733;

NCDEX: Member ID F00681 / SEBI Reg. No. INZ000032733

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as **the Regulations**). **ABans Broking Services Pvt. Ltd. (ABSPL)** is a SEBI Registered Research Analyst having registration no. **INH000006369**. **ABSPL**, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock Broking services. **ABSPL** is a subsidiary company of ABans Finance Pvt. Ltd. (AFPL). AFPL is an NBFC, registered with the RBI, in the category of non-acceptance of public deposits.

One of the group companies of **ABSPL** is ABans Securities Pvt. Ltd. (ASPL) which is a SEBI registered member with NSE, BSE and MSE stock exchanges. ASPL is also a Depository Participant of CDSL. ABans Commodities Pvt. Ltd. (ACIPL) is another group entity which is also a registered member with MCX in the Commodity segment. Further details are available on the group website [www.abans.co.in](http://www.abans.co.in)

Mandatory Disclosures as per the Regulations:

- **Ownership & Material conflicts of interest –**
  - Whether the Research Analyst or ABSPL, or his associate or his relative has any financial interest in the subject company and the nature of such financial interest – **No**
  - Whether the Research Analyst or ABSPL, or its associates or relatives, have actual/beneficial ownership of 1% or more securities of the subject company, at the end of the month immediately preceding the date of publication of this research report or date of the public appearance - **No**
  - Whether the Research Analyst or ABSPL, or his associate or his relative, has any other material conflict of interest at the time of publication of this research report or at the time of public appearance – **No**
- **Receipt of Compensation –**
  - Whether **ABSPL**, or its associates have received any compensation from the subject company in the past twelve months – **No**
  - Whether **ABSPL**, or its associates have managed or co-managed public offering of securities for the subject company in the past twelve months – **No**
  - Whether **ABSPL**, or its associates have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months – **No**
  - Whether **ABSPL**, or its associates have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months – **No**
  - Whether **ABSPL**, or its associates have received any compensation or other benefits from the subject company or third party in connection with the research report – **No**
- Whether **the Research Analyst** has served as an officer, director or employee of the subject company – **No**
- Whether **the Research Analyst** or **ABSPL** has been engaged in market making activity for the subject company – **No**
- Other material disclosures, if any

**Disclaimer:**

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Neither ABans Broking Pvt. Ltd. (ABSPL), nor its directors, employees or affiliates shall be liable for any loss or damage that may arise from or in connection with the use of this information. The document is not, and should not be construed as an offer to sell or solicitation to buy any securities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from “ABans Broking Services Private Limited”. Your feedback is appreciated on [compliance@abans.co.in](mailto:compliance@abans.co.in)