
Gold climbed back on the International Monetary Fund (IMF) comment on Dollar
US inventory report of the modest draw of 3.1million barrel limit the losses in Brent oil prices
Indonesian export ban talk on Nickel ore by 2022 pushed nickel prices by nearly 23% in two weeks
Copper trade in the range of 5950-6000 on little progress in US-China trade talks
Rupee gained from the correction in crude oil prices

GOLD CLIMBED BACK ON THE INTERNATIONAL MONETARY FUND (IMF) COMMENT ON DOLLAR

- ▲ Gold found support from IMF comment on US dollar. IMF said that the U.S. dollar was overvalued by 6% to 12%, based on near-term economic fundamentals, while the Euro, the Japanese Yen, and China's Yuan were seen as broadly in line with fundamentals.
- ▲ Gold rallied higher as the U.S. dollar weakened and the traders weighed expectations for a U.S. interest-rate cut.
- ▲ The Federal Reserve's Beige Book says that the economy is expanding at roughly the same "modest" pace as indicated in the last survey and that chances for a rate cut is higher.
- ▲ Market expectations for Fed interest rate cuts remain relatively high. Fed-funds futures markets are showing a 67% probability of a 25-basis-point cut in rates, which currently stand between 2.25%-2.50% and a 32% chance of a half-point cut in rates. Fed meeting is scheduled for July 30-31.
- ▲ Better US retail sales and factory output affects the prospect of Federal Reserve cutting interest rate; Gold remained in range with a slight negative trend as better-than-projected U.S. data.
- ▲ U.S. retail sales and factory output in June exceeded expectations and underscored steady economic growth.

Outlook

- ▲ US Federal Reserve likely to cut interest rate in the next meeting which pushed gold prices higher. IMF comment on US dollar also provided support to gold prices. Gold future at CME may face critical resistance around \$1428- \$1440 while immediate support can be seen near \$1400-1388. Short to medium term trend is looking positive.

US INVENTORY REPORT OF THE MODEST DRAW OF 3.1MILLION BARREL LIMIT THE LOSSES IN BRENT OIL PRICES

- ▲ The Energy Information Administration reported a drop of 3.1 million barrels in US crude oil inventory for the week ending on July 12.
- ▲ The geopolitical issue re-emerged in the Middle East due to the mysterious loss of a small tanker which suddenly stopped transmitting its location near the Strait of Hormuz. Iran claims it had towed the ship to render aid, while the US had made claims that Iran had hijacked the vessel.
- ▲ A day before, 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 is expected to be prepared to negotiate about its missile program.
- ▲ U.S. oil companies began restoring production that was shut at platforms in the Gulf of Mexico because of Hurricane Barry.
- ▲ Oil prices may trade negative on poor demand outlook after weak Chinese economic data. China's data depicted that this is 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 mounting geopolitical tension in the Middle East along with a drop in US oil inventory may keep the oil market under check. Brent oil futures may face immediate resistance around \$65.40- 67.20 per barrel while the key support level is seen around \$63.20 to \$61.90 per barrel.

INDONESIAN EXPORT BAN TALK ON NICKEL ORE BY 2022 PUSHED NICKEL PRICES BY NEARLY 23% IN TWO WEEKS

- ▲ 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's exports accounted for 39% and 63% of the total charge nickel exports in 2016 and 2017 respectively
- ▲ Frequent earthquakes in Indonesia caused a limited impact on Nickel pig iron (NPI) production, but temporarily suspended shipments of nickel ore from local mines

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 that the United States still has a long way to go to conclude a trade deal with China and that they can 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 retail sales data and boost in Chinese infrastructure expenditure. Copper may find minor support near 5900 while immediate resistance is seen near 6078-6191

RUPEE GAINED FROM THE CORRECTION IN CRUDE OIL PRICES

- ▲ Indian rupee receiving support as Oil futures moved downwards sharply after US Secretary of State Mike Pompeo said that Iran was prepared to negotiate with the US over its missile program
- ▲ Bond yields to two-and-a-half-year low mark on the hopes that RBI will cut the interest rate further in next meeting. Falling bond yields globally, amid expectations of the US Federal Reserve to adopt dovish tone also keeping domestic yield under pressure.
- ▲ 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.16.97 Crore, while Domestic Institutional Investors (DII's) bought shares to the tune of Rs.208.88 crore on July 17th.
- ▲ In July'19, FII's net sold shares worth Rs. 4120.5 crores, while DII's were net buyers to the tune of Rs. 5509.5 crores.

Outlook

- ▲ Indian rupee may trade in a wide range of 68.90-68.20. FIIs outflow continued to grow in July to Rs.4120.5 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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