
Gold is in range ahead of key events this week
China's copper demand may improve in the second half
Rupee found strength from weak crude oil prices
Oil prices cooled down as weak Chinese economic data increased concerns over oil demand
Top iron ore miner Vale SA expects to soon restore 20 million tonnes of the yearly capacity

GOLD IS IN RANGE AHEAD OF KEY EVENTS THIS WEEK; FED MEETING ON WEDNESDAY, ECB AND BOE MEETING ON THURSDAY

- ▲ Gold remains in range and US dollar index changed a little as traders await crucial US Federal Reserve meeting on Wednesday. Eyes on Fed if it's ready to start easing monetary policy amid cooling inflation, deteriorating growth and trade war uncertainty.
- ▲ Apart from the Fed, a meeting of European Central Bank policymakers will be held in Portugal and the Bank of England's interest rate decision is due on Thursday.
- ▲ Hedge funds and money managers raised their net long positions in COMEX gold in the week ending on 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.

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.

CHINA'S COPPER DEMAND MAY IMPROVE IN THE SECOND HALF

- ▲ Goldman Sachs says China's copper demand may improve in the second half on increasing grid investment, housing completion, improvement in the housing starts, and potential infrastructure stimulus.
- ▲ Copper prices receive 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. On Monday, Copper Mine has maintained output at 50% of capacity.
- ▲ Members of trade unions have been in favor of strike action last month. Copper prices may receive little support from mine strike as global growth concern is weighing on prices.
- ▲ 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.

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.

RUPEE FOUND STRENGTH FROM WEAK CRUDE OIL PRICES

- ▲ Indian rupee found some strength from weak crude oil prices and minor correction in dollar index also supported the move.
- ▲ Fitch cuts India growth forecast to 6.6% for FY20. In the last fiscal, the Indian economy grew at a 5-year low pace of 6.8 percent.
- ▲ Currency traders are watching global central banks meeting to be held on Wednesday and Thursday for further direction.

FII and DII Data

- ▲ Foreign Funds (FII's) sold shares worth Rs. 331.27 crore, while Domestic Institutional Investors (DII's) bought shares to the tune of Rs. 1257.86 crore on June 17th.
- ▲ In June'19, FII's net sold shares worth Rs.411.03 crore, while DII's were net buyers to the tune of Rs. 191.06 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

OIL PRICES COOLED DOWN AS WEAK CHINESE ECONOMIC DATA INCREASED CONCERNS OVER OIL DEMAND

- ▲ Oil prices fell after poor Chinese economic figures fanned fears of slowed worldwide oil demand. China's industrial output growth unexpectedly slowed to a more than 17-year low, which grew 5.0% from a year earlier, against the market expectation of 5.5% in May and well below 5.4% from April.
- ▲ Oil found minor support from tension in the Middle East. The United States blamed the attacks on Iran but Tehran denied involvement.
- ▲ US will publish weekly crude inventory data from the American Petroleum Institute (API) today.
- ▲ U.S. President Donald Trump and China's President Xi Jinping could meet at the G20 summit in Japan later this month.
- ▲ 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.
- ▲ OPEC Meeting- OPEC considering rescheduling meeting from June 25-26 to July 3-4 while Iran wants to shift the date to July 10-12.

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.

TOP IRON ORE MINER VALE SA EXPECTS TO SOON RESTORE 20 MILLION TONNES OF THE YEARLY CAPACITY OF BRUCUTU MINE

- ▲ China iron ore retreats as Vale looks to rebuild capacity and concerns that demand from China may falter this year.
- ▲ Vale needs court approval to resume production at Brucutu, which is operating at only a third of its 30 million tonnes yearly capacity. Vale expects to soon restore 20 million tonnes of yearly capacity at its Brucutu mine in Brazil
- ▲ 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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