

Crude prices dropped on supply assurance from Saudi to meet any demand post Iran sanction

- Crude prices dropped by 5% in previous trading session over Saudi assurance to meet any demand during geopolitical tensions like US sanction on Iran.
- Saudi Arabia Oil minister quoted saying that Saudi would step up to "meet any demand" that materializes to ensure customer's Needs are fulfilled.
- U.S. sanctions on Iran oil exports are due on November 4
- API Report - Commercial crude inventories rose by 9.88 million barrels in the week ended Oct. 19 to 418.4 million. Inventories at the Cushing, Oklahoma site increased this week by 971,000 barrels.
- EIA Report – US weekly crude oil inventory is due to be released today; market expects a build of 3.694 million barrel.

Out look

- Brent oil may find support near 75.66 after sharp decline from 86.74, minor short covering rally could be seen till 77.65-78.20 , overall trend is turning bearish and it may declines towards 74.65-72.45 on break below 75.66

Gold above \$1235 per ounce, geopolitical tension in focus

- Gold rallied above \$1242 in last session over geopolitical tensions; Saudi Arabia's involvement in the murder of a journalist and Italy's problematic budget which was rejected by European commission
- Geopolitical tensions intensified, after Saudi Arabia's involvement in the murder of a journalist got confirmation from Turkey's president. Turkey's President Recep Tayyip Erdogan said that killing was "planned" and "brutal". US revoked visa of 21 Saudis allegedly involved in murder.
- Italy's populist budget was scrapped by European commission which created tension among the EU which led to a further boost in gold prices. Italy's debt is among the highest in EU. Italy's government was looking to rise public spending by lowering budget targets.

Outlook

- Gold is holding its gains after its rally from 1224.50 to 1242.80 in last trading session, it could target 1262-1285 in near term. Immediate correction towards 1233-1227 can be considered as fresh buying opportunity with closing stop below 1216.

Nickel Outlook positive while above \$6400

- China said earlier this week that it announce more policies to support private companies, they would also help them raise funds in capital markets, last week showed its third-quarter GDP growth slowed to 6.5 percent, the lowest since the first quarter of 2009
- Asian stocks swung to gains on optimism that the Chinese government is committed to stimulus measures and inventories declined further on LME
- Demand for nickel is likely to be boosted by the EV revolution, the timeframe could still be further out than predicted however the stainless steel business likely to remain the biggest consumer
- Dollar index is trading flat and has helped base metals rebound on Wednesday morning after they declined sharply on Tuesday; the sentiment was slightly negative after a rally on Friday & Monday indicating it could consolidate before breaking on the upside
- Base metals are waiting for further macroeconomic and global cues post which we can expect a move in either direction in the coming days

Outlook

- LME 3M Nickel took support near \$12,200 and has bounced today morning, expect it to rebound further towards \$12,650 & \$13,000 if it holds its support zone of \$12,200.

China Rebar production rose 4.9% YOY to 153 million tonnes till September

- SHFE Rebar prices are below 4200 as production increased by 4.9% during September in comparison to same month last year. Rebar production rose to 18.28 million tonnes during September to 153 million tonnes up by 4.5% YOY as reported by China's National bureau of statistics (NBS) showed in report.
- Rebar is 51.2% of total long steel production in china.
- China Crude Steel production was at 80.85 million tonnes in Sep'18 month in comparison to record production of 81.241 million tonnes in Aug'18 according to NBS report.
- Inventory: China domestic inventories except exchange for Rebar dropped by 7.30% while Hot rolled coil dropping 1.06% during last week based on third party survey data.
- Winter Cut: Anhui province in China's manufacturing hub Yangtze River Delta would introduce anti-smog measures during the winter season.
- Demand in the near-term remains strong, with consumption from the construction sector increasing drastically.
- Coal: China's Shandong province ordered 41 coal mines to halt production for security checks after an accident killed 3 people, potentially cutting coal mining capacity in the region by 89.81 million tonnes per year. Some coke producers hiked physical prices by 50-100 yuan a tonne in northern China.

Outlook

- Rebar prices on SHFE exchange may remain sideways to negative unless it break above its critical resistance of 4220, further decline is possible on break below 4052 towards next support level of 3971 and 3903 in near term.

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