

## Global Steel output rises to 151.70 million tonnes in Sept, up by 4.4% on year

- As per world steel association (WSA), crude steel output increased to 151.70 million tonnes in September, with an increase of 4.4% this year.
- China remains world top producer with 80.8 million tonnes of output up 7.5% year on year in September.
- China produced 53.30% of total world output in September, which is 0.40% up from August.
- SHFE Rebar prices remain below 4200 as production increased by 4.9% during September as compared 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 accounts for 51.2% of total long steel production in china.
- 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

### Outlook

- Rebar prices on SHFE exchange may remain sideways with negative bias unless it breaks 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.

## Crude under pressure as equity market slides

- Oil prices are under pressure from sharp selloffs in global stock markets, with U.S. stocks posting the biggest daily decline since 2011 to wipe out the year's gains. US China trade war, Italian budget fiasco is hammering global markets.
- 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 added 6.3 million barrels in the week to October 19 after a build of 6.5 million barrels a week earlier. At 422.8 million barrels, U.S. inventories of crude are some 2 percent above the seasonal average. Gasoline and Distillate inventories were down by 4.8 million barrels and 2.3 million barrels respectively.
- US Oil production - Crude Output remained unchanged at 10.9 million barrels per day (bpd), below a record 11.2 million bpd reached at the start of October.
- Oil markets remain nervous ahead of U.S. sanctions against Iran's , which kick in from Nov. 4. China's oil-majors Sinopec and China National Petroleum Corp (CNPC) have not ordered any oil from Iran for November because of concerns that violating sanctions could impact their global operations.

### Outlook

- Brent 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 decline towards 74.65-72.45 on break below 75.66.

## Copper Outlook positive while above \$6400

- LME copper prices fell for a 3rd straight session on Thursday, hitting a 2-week low as the copper followed the a slump in global equity markets lower
- Copper has been declining on concerns of a slowdown in top metals consumer China, which said it would support illiquid private companies after third-quarter GDP growth slowed to 6.5 percent, lowest since 2009
- Chilean company Antofagasta said on Wednesday that copper output for the first nine months of the year fell 4%, but it forecasted an increase in production for 2019 as grades begin to improve
- Dollar index is trading sideways on Thursday still copper has declined indicating that the base metal is weak, further negative sentiment in equity markets has also had a negative impact on the metal

### Outlook

- LME 3M Copper has declined sharply in the past three trading sessions, currently it is trading near the support zone of \$6120-\$6075 suggesting some buying could emerge near current levels. On should wait to see if the above mentioned support holds, if it is held then a further rise towards \$6230 & \$6280 can be seen. On the other hand a break below \$6120-\$6075 it could test \$6000.

## Gold above \$1240 as equity sell off continues

- Gold prices inched higher as equity sell-off continued. Asian equity markets declined following a sell-off on Wall Street.
- Gold up due to geopolitical tensions, led by Saudi Arabia's role in the murder of a journalist and Italy's budget issue.
- The European Commission rejected Italy's budget on Tuesday and asked its member state to revise it, Italy's Prime Minister met with Russian President Putin on Wednesday. The meeting is widely seen as a move towards Italy's collision with the EU.
- India's Gold ETF - As per Association of Mutual Funds in India (AMFI) report, gold ETFs see an outflow of Rs. 274 Crore during April- September period or 14% drop in assets base. As Indian gold prices are approaching their 2-year high, investors are exiting from Gold ETFs on poor performance expectations of the assets class in comparison to equities. International gold prices remained sideways since 2013 and also given poor returns in last 5-years whereas Indian gold prices found support from declining rupee against US dollar.

### Outlook

- Gold is holding its gains after the rally from 1228 to 1238 in previous 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.

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