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Impeachment inquiry against President Donald Trump is keeping gold prices firm  
Increasing US inventories and pessimism over US-China trade talks keep oil prices lower  
Copper trades negative as US trade talks with China are hurt after Trump's criticism  
Indian rupee lost marginally against the dollar following selling into Asian Currencies

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## IMPEACHMENT INQUIRY AGAINST PRESIDENT DONALD TRUMP IS KEEPING GOLD PRICES FIRM

- The gold prices jumped over strengthening safe-haven demand. Geopolitical tensions blowing up from the Middle East after the Saudi attacks and uncertainty over Brexit is also lending support to gold.
- Gold also found support after US lawmakers launched a formal impeachment inquiry for President Donald Trump. The development creates fresh uncertainty in the financial markets.
- Trade-related issues between the US and China are keeping precious metals supported. The US President criticized China heavily at the United Nations General Assembly. The US-China trade deal is found to be difficult as Chinese officials unexpectedly cancelled a visit to farms in Montana and Nebraska.
- Uncertainty over Brexit is also lending support to prices of precious metals. The UK Supreme Court ruled on Tuesday that Boris Johnson's decision to shut down parliament in the run-up to Brexit was unlawful.
- Bank of Japan policymakers discussed the need for the Central Bank to take a pre-emptive response to downside risks to the economy and prices, minutes of the Central Bank's July 29-30 meeting showed on Wednesday.

### Outlook

- Gold found support on worries over US-China trade negotiations. Mounting tensions in the Middle East after the drone attack on Saudi Aramco have increased the risk premium and improved the safe-haven demand for gold. A rate cut by various central banks will create additional liquidity into the system and this could support gold in the medium term. We expect CME Gold futures contracts to find a stiff resistance near \$1,568-1,583 levels, while an immediate support level can be seen around \$1,501-1,488 per ounce.

## INCREASING US INVENTORIES AND PESSIMISM OVER US-CHINA TRADE TALKS KEEP OIL PRICES LOWER

- According to an API report, the US crude inventories rose 1.4 million barrels last week against forecasts of a 200,000-barrel drawdown. US crude inventories probably rose 450k bbl to 417.6m bbl last week, according to the median estimate by a Bloomberg survey. Official government data from the US Energy Information Administration will be released later today.
- Pessimism increased over US-China trade talks after President Trump criticized China's policy over WTO and currency manipulations. Gloomy economic conditions are likely to keep oil demand lower.
- Weak economic data from Japan and Europe increased the gloomy outlook for oil demand. Japan's Jibun Bank Flash Manufacturing Purchasing Managers' Index slipped to a seasonally adjusted 48.9 from a final 49.3 in the previous month.
- Saudi has restored around 75% of output from the Abqaiq crude processing facility. Saudi Arabia is expected to restore as soon as next week the production which has been lost from the Sept. 14 attack on Aramco.

### Outlook

- Weak economic data from Japan and Europe increased the gloomy outlook for oil demand, and this will keep oil prices under pressure. We can see selling near resistance levels, however rising tensions in the Middle East post the Aramco attack may provide support to oil prices. Brent oil could find support around 60.50-58.80 levels, while key resistance remains near 64.40-69.70 levels.

## COPPER TRADES NEGATIVE AS US TRADE TALKS WITH CHINA ARE HURT AFTER TRUMP'S CRITICISM

- President Trump has said not to accept a "bad deal" in the trade negotiations with China and has blamed China for failing to keep the promises of the WTO. Uncertainty over US-China trade talks is keeping copper prices lower along with weak global economic data.
- Copper also lost ground after China's Central Bank Governor said that there is no rush to significantly loosen the monetary policy to prop up slowing economic growth. This comment reduces hopes for more economic stimulus to support the economy.
- ICSG: The global refined copper market showed a 21,000 tonnes deficit in June, compared with a 70,000 tonnes deficit in May.
- A series of weak economic data are also keeping industrial prices under pressure. Japan's Jibun Bank Flash Manufacturing Purchasing Managers' Index slipped to a seasonally adjusted 48.9 from a final 49.3 in the previous month.
- Manufacturing activity in Germany also fell to its lowest level since the financial crisis this month, data from IHS Markit showed.
- Germany's services sector also grew at its slowest pace in nine months. The weaker-than-expected data caused concerns that demand for oil might be affected.

### Outlook

- Uncertainty over US-China trade talks is keeping copper prices in a range, but weak global economic data is putting pressure on prices. Weakening economic conditions in the global economy may keep copper prices lower in the short term. Copper may find an important support around \$5,767 per ton, while key resistance can be seen near \$6,036 per ton. A disappointment from China's Central Bank Governor dismissed hopes for additional economic stimulus and a further decline could be seen on a break below \$5,767 till \$5,710-5,620 per ton in the near term.

## INDIAN RUPEE LOST marginally AGAINST THE DOLLAR FOLLOWING SELLING INTO ASIAN CURRENCIES

- The Indian rupee was marginally lower against the dollar as the equity rally halted after recent days of aggressive moves. Asian Equities and currencies were also lower amidst concerns of the US President Donald Trump's impeachment inquiry and pessimism over US-China trade talks.
- On Friday, the government has slashed the basic corporate tax rate to 22% from 30%, while for new manufacturing companies, it has been cut down to 15% from 25%.
- GST Council Meeting – The GST Council on Friday announced rate cuts for the hospitality industry, but didn't announce any major relief for auto and cement sectors. The GST Council, however, recommended a lower 12 per cent cess on 1,500cc diesel and 1,200cc petrol vehicles with the capacity to carry up to 13 people.

### FII and DII Data

- Foreign Funds (FII's) sold shares worth Rs. 828.49 crores, while Domestic Institutional Investors (DII's) bought shares to the tune of Rs. 472.81 crores on September 24th.
- In Sept'19, FII's net sold shares worth Rs. 6,335.82 crores, while DII's were net buyers to the tune of Rs.11,950.6 crores.

### Outlook

- The Rupee may recover till 70.40-70.00 levels against the US dollar in the short term following measures by the Government of India to stimulate the economy through tax cuts for corporate, optimism over the US-China trade war, an interest rate cut by the US Fed and dovish policy measures by other central banks such as BOJ, ECB, BOE and PBOC.

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