
Copper drops after ECB president sounded less dovish as compared to market expectation
Gold is trading in range ahead of US GDP data today and Fed meeting next week
Crude oil gains after a drop in US inventories and geopolitical tension in the Middle East
Rupee trade negative due to FII outflow and rising crude oil prices

COPPER DROPS AFTER ECB PRESIDENT SOUNDED LESS DOVISH AS COMPARED TO MARKET EXPECTATION

- ▲ Copper prices dropped as comments from European Central Bank President Mario Draghi were less dovish than market expectations after the bank held rates steady at its latest meeting. Copper could have found support from an aggressive easing which faded hope.
- ▲ China and the United States will meet in Shanghai on Tuesday for two days in the next round of trade talks aimed to end their year-long trade war, China's commerce ministry confirmed
- ▲ Copper also traded negative after IMF lowers global growth forecast aimed at trade dispute and Brexit worries.
- ▲ Copper prices dropped after the release of U.S. home sales data which fell more than expected in June. US existing home sales fell 1.7% in June, against market expectation of a 0.2% drop.
- ▲ According to the International Copper Study Group (ICSG), global world refined copper market showed a 96,000 tonnes deficit in April, compared with a 42,000 tonnes deficit in March.
- ▲ Copper prices may get fresh direction from US economic data and ECB meeting this week, along with US new home sales data on Wednesday and durable goods orders data on Thursday. Expectations for Fed rate cuts will support copper prices in the short term.

Outlook

- ▲ Copper may trade in range over little progress in US-China trade talks but it may receive support from positive economic US GDP data which are scheduled to release later today. Copper may find minor support near 5900 while immediate resistance is seen near 6078-6191. Copper prices traded negative after less dovish comment from ECB president, eyes are on key Fed meeting next week.

GOLD IS TRADING IN RANGE AHEAD OF US GDP DATA TODAY AND FED MEETING NEXT WEEK

- ▲ Gold prices traded negative after ECB meeting yesterday but it is still trading in a tight range ahead of U.S. economic growth data later in the day. GDP data could provide clues about the Federal Reserve's monetary policy meeting.
- ▲ ECB president sounded less dovish than expected, The ECB signaled its intention to explore monetary easing but left interest rates unchanged. President Mario Draghi struck a more upbeat tone on the economy than investor's expectations.
- ▲ Comments from a top Federal Reserve official to cut interest rate pushed gold prices higher but the recovery in the US dollar is keeping precious metals gains in a limit. New York Fed President John Williams said on Thursday that policymakers should add stimulus as early as possible. Fed meeting is scheduled for July 30-31.
- ▲ SPDR Gold Trust holdings fell 0.36 percent to 819.32 tonnes on Thursday from 822.25 tonnes on Wednesday.
- ▲ Geopolitical tension in the Middle East may come to an end as U.S. Secretary of State Mike Pompeo said in a television interview on Thursday that he would go to Iran for talks if it was necessary.
- ▲ U.S. jobless claims number fell to a 3 months low last week, pointing to strength in the labor market, while new orders for key U.S.-made capital goods surged 1.9 % in June.

Outlook

- ▲ US Federal Reserve likely to cut interest rate in the next meeting and increasing geopolitical tension after the US attacked an Iranian drone pushed gold prices higher but geopolitical may cool down soon as U.S. Secretary of State Mike Pompeo may plan a visit to Iran if needed. IMF forecast about global growth provided support to gold prices. Gold future at CME may face critical resistance around \$1455-1470 while immediate support can be seen near \$1402. Short to medium term trend is looking positive; eyes are on US GDP data today and Fed meeting next week.

CRUDE OIL GAINS AFTER A DROP IN US INVENTORIES AND GEOPOLITICAL TENSION IN THE MIDDLE EAST

- ▲ US crude stocks fell more than expected in the week to July 19 pushed crude oil prices from lower levels.
- ▲ IMF forecast for lower global growth has kept gains limited due to the poor demand outlook for energy products across the globe.
- ▲ Oil prices were also trading higher on concerns that Iran seized one of the British tankers last week which led to supply disruptions. Britain pledged to defend its shipping interests in the Gulf region while the United States said to work "aggressively" to enable free passage oil tankers.
- ▲ Focus is now shifting on central banking meeting; the U.S. Federal Reserve will cut rates aggressively to support the economy in case poor economic conditions continue.
- ▲ The International Energy Agency (IEA) reduced 2019 oil demand forecast to 1.1 mbpd against last year forecast of 1.5 mbpd due to a slowing global economy until U.S.-China trade spat is not resolved.

Outlook

- ▲ Oil prices rallied on mounting geopolitical tension in the Middle East after the US destroyed Iranian drone and Iranian guard seized a UK oil tanker. US oil inventory may keep the oil market supported at lower levels. Although EIA forecast to cut oil demand over a slowdown in the world economy due to US-China trade war, also IMF forecast for lower global growth may keep prices 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.

RUPEE TRADE NEGATIVE DUE TO FII OUTFLOW AND RISING CRUDE OIL PRICES

- ▲ Rupee to remain under pressure on FII's outflow, Eyes on US GDP data today and Fed meeting next week.
- ▲ European Central Bank (ECB) in its policy decision on Thursday left key interest rates unchanged and provide a hint to restart economic stimulus measure to support the economy.
- ▲ The international monetary fund (IMF) lowers India's growth outlook for FY20 on weaker demand, The Indian economy is now expected to expand 30 bps lower in FY20. The economy is now expected to expand 7% in the year ending 31 March 2020, 0.3 percentage point lower than IMF's April projection.
- ▲ Bond yields could drop further on the expectation of RBI interest rate cut in the next meeting. RBI meeting begins from 5th Aug

FII and DII Data

- ▲ Foreign Funds (FII's) sold shares worth Rs.126.65 Crore, while Domestic Institutional Investors (DII's) bought shares to the tune of Rs.398.53 crore on July 25th.
- ▲ In July'19, FII's net sold shares worth Rs. 12530.79 crores, while DII's were net buyers to the tune of Rs. 13566.26 crores.

Outlook

- ▲ FIIs outflow continued to grow in July to Rs.12520.79 crore following a trend from consecutively last two months while domestic institutional investors remained supportive. Indian rupee may remain negative while in range of 69.40-68.70. A correction in crude oil prices may provide support to domestic currency; India imports nearly 84% of its annual crude oil requirement. Eyes on critical central banking meeting as a top central bank are turning dovish and want to ease liquidity to safeguard economies from slowdown after US-China trade war tariffs. The Fed meeting is on 30th – 31st July next week and the RBI meeting begins from 5th Aug.

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