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Copper found support from Trump's comment on Huawei and low VAT in China
FII inflow preceded the rally in equities and easing crude oil prices lent support to Indian rupee
Gold received support from struggling US dollar and ETF inflow in the last two weeks
Brent oil remain weak over increasing oil supplies and poor demand outlook

Aluminium trading higher after production halted at Chinese smelting unit

- ▲ Shanghai aluminium rose over 1% on Monday after a Chinese firm halted production at a smelting unit following a fire that broke out over the weekend.
- ▲ Aluminium unit of Henan Shenhua Coal & Power Co Ltd which has a capacity of 250000 tonnes, caught fire and production halted.

Copper found support from Trump's comment on Huawei and low VAT in China

- ▲ China would look to keep VAT low for the manufacturing industry to support the economy.
- ▲ Metals received support after U.S. President Donald Trump said that Huawei could be included in the trade deal.
- ▲ Unionized workers at top copper miner Codelco's Chuquibambilla mine voted on Saturday to reject contract offer.
- ▲ China's automobile sales are expected to reach around 28.1 million units this year, unchanged from 2018 levels, state news agency Xinhua reported on Sunday.
- ▲ Profits for China's industrial firms dropped in April on slowing demand and manufacturing activity. Data is indicating a slowdown in the Chinese economy.
- ▲ Copper also received minor support after Goldman Sachs says copper is cheap at these levels.
- ▲ U.S. new homes cooled in April from an 11-year high indicates signs of softness in the housing sector.
- ▲ U.S. manufacturing purchasing managers' index from IHS Markit declined two points to 50.6, the lowest reading since 2009.

Outlook

- ▲ LME 3M copper contracts broke the support around 5988, this may push counter toward 5874-5758 in the near term. Ongoing tariff issues between the US and China are turning out to be negative for metals as demand could slow down in the coming months. LME 3M Copper contract may receive minor support from product shortages and declining inventories, important resistance is seen near 6224-6303.

FII inflow preceded the rally in equities and easing crude oil prices lent support to Indian rupee

- ▲ Indian equities remained higher despite muted sentiment in global markets over US-China trade war.
- ▲ Softening crude oil prices also provided support to crude oil,
- ▲ The Indian rupee continued recovery from last week over election results in favor of ruling BJP and NDA for a clear majority in the house.
- ▲ US-China escalating trade tension continues to keep emerging market currencies under pressure.

FII and DII Data

- ▲ Foreign Funds (FII's) bought shares worth Rs.2026.33 crores, while Domestic Institutional Investors (DII's) sold shares to the tune of Rs. 195.35 crore on May 24th
- ▲ In May'19, FII's net sold shares worth Rs.4886.72 crores, while DII's were net buyers to the tune of Rs. 6293.07 crores

Outlook

- ▲ Rupee received momentum support after a rally into Indian equities following election results and softer crude oil prices, USD-INR could find support near 68.80-68.40 levels, while important resistance is seen around 70.23 levels. US-China tariff war is still exerting pressure on global equities and emerging market currencies are expected to be negatively impacted.

Gold received support from struggling US dollar and ETF inflow in the last two weeks

- ▲ The U.S. dollar is struggling against and fallen off a two-year peak to U.S.-China trade dispute. Gold found support over the weak US dollar.
- ▲ Gold gained from 4 weeks lows as escalating trade tensions between the U.S. and China damped the outlook for growth. As global equities sell-off continued for the third week and pushed gold higher.
- ▲ President Donald Trump said Thursday that China's Huawei Technologies Co. could be part of a trade pact with the country.
- ▲ CFTC Report- Gold speculative net-long positions have fallen by 35.7k contracts in last week saw. Speculative short position increased by +13k contracts and while longs position decreased by -22.7k contracts resulting in a shortage of net long.
- ▲ The SPDR Gold Trust ETF has experienced net inflows of \$108.5 million in the last two weeks.

Outlook

- ▲ Gold bounced after dollar corrects from 2 year high. US-China trade has increased risk appetite. Geopolitical issues have increased volatility into equities and providing support to precious metals. Gold could find support near \$1270 and \$1260 while critical resistance remains near \$1307 and 1324.50.

Brent oil remain weak over increasing oil supplies and poor demand outlook

- ▲ Oil declined over intensifying US-China trade war, fuel demand may drop in the second half of the year.
- ▲ Oil prices drop along with global equities as trade war could slow global economic growth and weaken fuel demand.
- ▲ Economic data from Japan, Germany, and the European Union shows weakness.
- ▲ Secretary of State Mike Pompeo says the U.S. stands ready to negotiate with Iran when the Islamic Republic is ready.
- ▲ CFTC -Net-long exposure on crude oil has fallen for four consecutive weeks, bringing the total to 68.9k contracts reduced. Last week saw 22k long contracts closed and 12.6k short contracts closed.
- ▲ Oil rig count- The total number of active oil and gas drilling rigs in the United States fell by 4 according to the report. Active oil rigs falling 5 to reach 797 and the number of gas rigs increasing by 1 to reach 186. Year-to-date, the oil rig count has fallen from 877 active rigs on January 4 to 797, Oil rigs are now at their lowest since March 2018, according to Baker Hughes.
- ▲ U.S. crude oil inventory rose by 4.7 million barrels, compared with expectations for a decrease of 599,000 barrels as per EIA report data released last week.

Outlook

- ▲ Crude oil lost the ground along with global equities as demand outlook fades over intensifying trade war between US and China. Crude has broken critical support levels around 68.70 and further decline is possible towards 66.2-65 while key resistance level is seen around 70.80 and 72.70

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