
Copper facing resistance at higher levels
Crude prices taking resistance at higher levels
Indian rupee strengthens against the Dollar
Gold remains strong

COPPER FACING RESISTANCE AT HIGHER LEVELS

- ▲ Striking workers at the Codelco run Chuquicamata copper mine in Chile agreed on Thursday to end their two week-old strike by voting to accept the latest pay offer from the management. Workers are expected to resume work starting Friday first shift. The unions, which make up to 80% of the workforce at the chuquicamata mine, had earlier rejected Codelco's latest offer on Saturday, but asked the state miner for another chance to vote on the proposal. Around 3,200 workers and employees represented by Unions 1, 2 and 3 will return to their normal work schedules starting with the first shift on June 28.
- ▲ Copper has risen in the past few trading sessions on the back of optimism due to the weekend meeting between U.S. and Chinese presidents on their prolonged trade dispute. The mine strike had also supported prices in the past few trading sessions, however with the mine strike now out of the way we can expect copper to experience profit booking soon.
- ▲ US and China have agreed to a tentative trade truce ahead of a meeting between leaders of the two nations at the G20 summit in Japan this weekend.
- ▲ Copper is used in manufacturing and construction, and is seen by investors as a gauge of economic health. A trade war between the US and China has been hurting copper prices.

Outlook

- ▲ Short term trend continues to remain weak as a world economic slowdown may decrease the demand for industrial metals but copper is receiving support at lower levels from improved sentiments on US-China tariff issues. Immediate support could be seen around 5,715, while key resistance is seen near 6,050-6,200 levels. Copper prices may not sustain gains in the short term due to low seasonal demand in June where the consumption is generally weak.

CRUDE PRICES TAKING RESISTANCE AT HIGHER LEVELS

- ▲ Crude oil prices corrected from their highs on Thursday suggesting resistance at higher levels also inventors are in wait and watch mode before the weekend meeting between Trump and Xi on the sidelines of the G-20 before taking further action.
- ▲ Asia's oil imports from Iran declined in May to the lowest level in at least five years after India and China reduced purchases amid the ongoing U.S. sanctions, while Japan and South Korea halted imports completely.
- ▲ Total imports from Asia's top four buyers were 386,021 barrels per day (bpd) of crude oil from Iran in May 2019, which is down 78.5% from a year ago to the lowest level since 2014.
- ▲ Trump said on Wednesday that a deal could be possible with China but also spoke of a Plan B that would initiate reducing business ties with China. Trump stirring up trade war dust via "Plan B" could damage the markets but could come into focus only if things go south at the G-20.
- ▲ The International Energy Agency said this month it had revised down its estimate for crude demand growth in 2019 aimed at trade dispute between US and China.

Outlook

- ▲ Crude oil prices have rallied in the recent past and which were further fuelled from an attack on a US drone; later higher prices also received support from lower US inventories. Saudi Arabia and Russia may extend output cuts and similar proposals can be seen in the coming OPEC meeting. Brent oil could find immediate support around \$62.80-60.15 per barrel; meanwhile, resistance is seen near \$66.90 per barrel.

INDIAN RUPEE STRENGTHENS AGAINST THE DOLLAR

- ▲ Rupee strengthened by 15 paise to 68.92 against the US dollar in opening trade on Friday, on the back of positive opening in domestic equities and softness on crude oil prices on Thursday evening. Market is eyeing the meeting between Trump and Xi scheduled for Saturday on the sidelines of G-20 in Osaka

Japan. USD-INR has moved below 69.00 for the first time since April 2019.

- ▲ The Budget-2019 from the newly elected Modi government will be presented next week on July 5. The market expects the budget 2019 to retain the divestment target at Rs. 90,000 crores. The Finance minister is meeting with various industry experts before the Budget presentation.
- ▲ On the global front, oil prices may keep the rupee under pressure if the rise depending on the outcome of the G-20 and the OPEC meet, but Dovish comments from the Fed and ECB are lending support at lower levels, so the rupee is trading in a tight range from last few weeks. Rising optimism over US-China trade talks may support the domestic currency; all eyes are now on the G-20 summit this week.

FII and DII Data

- ▲ Foreign Funds (FII's) sold shares worth Rs. 0.71 Crore, while Domestic Institutional Investors (DII's) bought shares to the tune of Rs.196.57 crore on June 28th.
- ▲ In June'19, FII's net sold shares worth Rs. 174.59 crore, while DII's were net buyers to the tune of Rs. 3460.91 crore.

Outlook

- ▲ All Eyes are now on the G-20 meeting this week, where US President Trump and his Chinese counterpart Xi Jinping are scheduled to meet. Any solution to US-China tariff issues will be positive for the world economy and emerging market currencies. USD-INR could find support near 68.80-68.40 levels, while an important resistance is seen around 70.23 levels.

GOLD REMAINS STRONG

- ▲ Gold is up 8.4% for the month of June 2019, the precious metal is on track to record its best month in about 3-years. Gold has been supported by the trade uncertainty ahead of the meeting between Trump and Xi on Saturday. Dollar weakness has also been supportive for the yellow metal in the past few trading sessions.
- ▲ Trump has indicated earlier that a trade deal with President Xi was possible this weekend but warned he was prepared to impose tariffs on all of remaining Chinese imports if talks fail; the possibility that he may impose a lower, 10% duty on a \$300 billion of Chinese imports, instead of the currently proposed 25%.
- ▲ India's gold demand could decline 10% in 2019 as compared to the previous year, to the lowest level in about three years due to rally in local gold prices due to a record high dents retail purchases during the upcoming festive season. If INR weakens then this could further fuel the rally in domestic gold prices making the precious metals even more expensive in the coming days.
- ▲ COT report – Net long for gold futures raised +20,085 contracts to 204,323 last week. Speculative long positions surged +24,519 contracts, while shorts added +4,434.

Outlook

- ▲ Key support levels are seen around \$1,390-1,379, while an important resistance level is seen near 1,453 and 1,498 levels. Gold may face some resistance over improved sentiments for US-China tariff issues after President Trump's scheduled forthcoming meeting with Xi Jinping in Japan during the G-20 meeting between June 27-29th.

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