

Gold near eight months high, Fed meeting today

- Gold prices to eight-month highs on concerns over U.S.-China trade relations and the Federal Reserve's policy decision today, where the central bank is expected to leave interest rates unchanged
- Gold rallied after the United States charged Huawei's chief financial officer and two affiliates with the bank and wire fraud, who are accused of violating sanctions against Iran in a case that has escalated tensions with Beijing. U.S. Treasury Secretary Steven Mnuchin said on Monday that the United States expects significant progress in trade talks and two sides will be tackling "complicated issues".
- Brexit plan 'B' – British lawmakers rejected most amendments that aimed to keep Britain from leaving the European Union without a deal, reviving worries of a chaotic withdrawal from the trading bloc that would damage UK's economy.
- SPDR Holdings - Holdings of SPDR Gold Trust rose 1.01 percent to 823.87 tonnes on Tuesday from Monday.

Outlook

- Gold above the psychological level of \$1300, weak dollar along with US-China tension over Huawei is keeping the precious metals firm. It is also receiving support from the deadlock in the Brexit deal and Federal Reserve policy meeting this week, gold may rally towards \$132-1356 while above \$1289.

Copper trades near \$6100 per ton, Fed meeting and US-China trade talks in focus

- The copper move is limited with a positive bias ahead of Fed meeting and US-China trade talks
- Reuters Poll: Copper and other base metals will recover only modestly this year as an economic slowdown in top metals consumer China subdues demand, a Reuter's poll showed
- Mining news
 - The number of miners missing after an earth tremor struck KGHM Polska Miedz's mine near the Polish town of Rudna fell to one from nine. Supply disruption causes prices to rally, KGHM produces around 700 thousand tonnes of payable copper yearly
 - Mongolia is working with overseas investigators to look into claims of corruption at its giant Oyu Tolgoi copper mine, the country's anti-graft body said. Oyu Tolgoi is scheduled to produce 430,000 tonnes (470,000 short tons) of copper per year, an amount equal to 3% of global production.
 - Freeport McMoRan Inc, the world's second-largest copper miner forecasts a drop in 2019 production. Freeport McMoRan consolidated sales for the year 2018 are expected to approximate 1769000 tonnes of copper
 - Anglo American said its copper output has reached a five-year high and its overall output for the last quarter of 2018 has risen 7 percent following operational changes that boosted efficiency.
 - Chilean copper miner Antofagasta Plc is evaluating building a new concentrator plant at its Centinela mine that would cost around \$3 billion. The Copper production for the quarter was 220,000 tonnes and for the full year, it was 725,300 tonnes.

Outlook

- Present economic condition is denting growth in copper prices; overall economic activity is slowing due to US tariff war on Europe and China. In case copper sustains current breakout above 6000 and moves above 6100 then a further recovery till 6230-6320 in the near term while critical support remains at 5878-5728 for the medium term

Brent Oil consolidates above \$61, US warns to put sanction on Venezuela

- Geopolitical tension - Venezuela's opposition leader Juan Guido declared himself as the interim president earlier this week, winning backing from Washington and large parts of Latin America, prompting Nicolas Maduro, the country's leader since 2013, to break relations with the United States.
- Inventory- American Petroleum Institute (API) reported a crude oil inventory build of 2.098 million barrels for the week ending Jan 25 against the expectation of 7.97 million barrels, Distillate inventories also increased this week by 211,000 barrels. EIA will release its report today.

- Saudi Oil Cut – Saudi Arabia is targeting oil production of 10.10 million bpd instead of 10.20 million bpd of January levels. Saudi Arabia's voluntary limit under the December cuts deal with Russia and other producers were 10.33 million barrels a day.

Outlook

- Brent oil formed a short-term bottom near \$50 a barrel, crude is likely to face stiff resistance around \$63.73, while key support remains near 58.74-56.50, the trend is looking sideways as OPEC production cut is pushing prices higher but global growth concern and US inventory build-up is pressurizing oil.

The rupee is trading weak following sell-off in equities, rising oil prices

- Indian rupee is trading weak following FII outflow in January along with rising crude oil prices and a strong dollar on export demand
- Minister Piyush Goyal will present an interim budget on February 1st which is expected to be populist ahead of the general election due for May 2019
- Oil prices are expected to remain higher on OPEC production cut and US warning to put a sanction on Venezuela

FII and DII Data

- Foreign funds (FII's) sold shares worth Rs. 354.36 crore, while Domestic Institutional Investors (DII's) bought shares to the tune of Rs 81.27 crore on January 29th
- In January 2019 FIIs net sold shares worth Rs. 3008.99 crore, while DII's were net buyers to the tune of Rs. 3278.93 crore.

Outlook

- Equity Sell off, FII's selling and rising oil prices continue to support positive move in USD-INR pair, the key resistance level is broken near 70.80; next level is seen near 72.60 while important support remains near 70.40-69.90.

Steel prices firm near recent high, US-China talks in focus

- Steel prices remain firm on caution ahead of the U.S.-China trade talks this week. U.S. Treasury Secretary Steven Mnuchin said on Monday the United States expects significant progress during trade talks in Washington with Chinese Vice Premier Liu
- Iron ore - Chinese iron ore futures jumped nearly 6 percent after Brazil's Vale SA said it was cutting output following a deadly tailings dam disaster.

Outlook

- As steel prices move above 3659, a further upside can be seen towards 3886-3900 in the near term. Stringent pollution control policy will keep prices higher due to reduced production and supply in the market. US-China trade talks are watched cautiously and any positive outcome may boost steel prices further from current levels.

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