

Gold remains firm as president Trump view remains unchanged on border funding

- Gold prices held steady near \$1317 per ounce after US President Donald Trump proposed to build a border wall in his union speech, but gave little clarity over developments in the ongoing trade discussions with China over import tariff.
- After a sharp decline from last three days, gold recovers over geopolitical tensions in Venezuela and Brexit. Gold was trading negative since Friday after better than expected US Jobs data.
- Venezuela- Political tensions are reaching boiling point, with the oil-rich, but cash-strapped, historically gold receives support from such events. Thousands of anti-government protesters took to the streets of the capital city over the weekend to demonstrate against President Nicolas Maduro.
- Brexit- uncertainty continues, Prime minister Theresa May said to deliver a Brexit Deal that MPs and Northern Ireland could support.

Outlook

- Gold may remain above the psychological level of \$1300 and it could rally towards \$1328-1356 while above \$1289 in short term. Gold will continue to receive support from geopolitical issues such as Brexit, Venezuela and trade talk between US and China.

LME Nickel corrects on profit booking, concerns over Vale mine supply continues

- Nickel prices corrects from recent high on profit booking although traders are cautious on concerns that Brazilian miner Vale could be forced to cut supply.
- Nickel surged 5 percent on Monday after a Brazilian court ordered Vale to stop using eight tailings dams following a disaster last month that probably killed more than 300 people.
- Nickel fell after the news that most of Vale Nickel resources are outside of the country and recent court order may not have significant impact on Nickel supplies as expected earlier.
- Nickel stocks are continuing to decline in the LME's warehouses, nickel inventories stand at 200754mt

Outlook

- Supply concern at Vale mine continue to support nickel prices in the near term and while declining inventory at LME warehouse will add fuel to it. We expect nickel to rally towards \$13311 per ton and further above this level till \$13690 per ton, key support level remains around \$12690 per ton.

Copper trades above \$6200 following US-China trade talk optimism

- Copper above \$6200 as trade tensions between US and China could ease, although concerns over slowing factory activity in China limiting gains.
- China's factory activity shrank as new orders drops further in January, output declined on fears that slowdown is deepening in China.
- Top copper miner Codelco struck a contract with the union of supervisors at its Gabriela Mistral mine in northern Chile, averting the threat of a strike.

Outlook

- Copper is receiving support from optimism over US-China tariff talk and President Trump comments, in case of copper, sustains above 6100 then a further rally towards 6320 could be seen while critical support remains at 5878-5728 in the medium term.

Brent oil remains below \$62 per barrel after inventory buildup in API report

- Brent oil price remains below \$62 as the American Petroleum Institute (API) reported a crude oil inventory build of 2.514 million barrels for the week ending February 1. Last week, API reported a surprise crude build of 2.098 million barrels and similar trend continued this week, which is indicating sufficient oil supply in US.
- The API this week reported a build in 1.731 million barrel and 1.141 million barrels gasoline and distillate inventories respectively for week ending February 1. Crude oil inventories at the Cushing, Oklahoma facility rose by 889,000 barrels for the week.
- EIA weekly inventory report will be released today.
- Sanction on Venezuela - The Trump administration unveiled sanctions on Venezuela's state-owned oil firm Petr leos de Venezuela SA last week in an effort to cut off money to President Nicol s Maduro, days after opposition leader Juan Guaid  declared himself interim president of the country, political turmoil raises the risk of disruption to Venezuela's oil output.

Outlook

Brent oil has formed a short-term bottom near \$50 a barrel, it is likely to face resistance around \$63.73, while key support remains near 58.74-56.50, the trend is sideways as OPEC production cut and Venezuela tension are keeping oil prices higher however global growth concern may keep rally limited, US inventory report is being closely watched for further direction.

Indian rupee in tight range of 71.60-72, focus on RBI meeting tomorrow

- The Indian rupee stabilizing below 72 per dollar post the aftermath of the interim budget and ahead of the Reserve Bank of India's policy review meet later this week on February 7th
- RBI meeting Expectation - The RBI is likely to change its policy stance to neutral in this meeting following low inflation footprint but the market is not expecting any interest rates cut due to fiscal challenges and rising crude oil prices.
- The fiscal deficit for the current financial year is likely to be around 3.4 percent of GDP, marginally higher than the targeted 3.3 percent.
- Oil prices are expected to remain higher on OPEC production cut and US warning to put sanctions on Venezuela, higher oil prices may keep rupee under pressure.

FII and DII Data

- Foreign funds (FII's) bought shares worth Rs. 420.65 crore, while Domestic Institutional Investors (DII's) bought shares to the tune of Rs 194.31 crore on February 5th
- In February 2019 FIIs net bought shares worth Rs. 1624.41 crore, while DII's were net buyers to the tune of Rs. 124.02 crore.

Outlook

- Indian rupee is receiving support from current rally in equities and FII's buying however rising oil prices along with strength in dollar remains a matter of concern. The USD-INR pair broke its key resistance level near 70.80; next level is seen near 72.60 while important support is at 70.40-69.90.

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Contact Details

Abans Broking Services (P) Limited

36, 37, 38A, 3rd Floor, 227 Nariman Bhavan,
Backbay Reclamation, Nariman Point,
Mumbai - 400 021
Phone +91-22-61790000 Fax +91-22-61790010
Email: info@abans.co.in Website: www.abans.co.in

Social Media



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Prepared By:

Mr. Kamlesh Jogi, Market Research Analyst

E-mail: kamlesh.jogi@abans.co.in

Phone: +91-22-68354176 (Direct)

Communication Address: 36, 37, 38A, 3rd Floor, 227 Nariman Bhavan,
Backbay Reclamation, Nariman Point,
Mumbai - 400 021

Membership Details:

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