

Copper near \$6200 per ton, Escondida mine production up by 34% in 2018

- Chilean state copper miner Codelco saw a 1.9 percent drop in its output in 2018, at 1.8 million tonnes, while production at the world's largest copper mine, Escondida, shot up 34 percent in 2018(Chile's copper commission Reports)
- Industrial output in Europe's biggest economy- Germany, registered an unexpected fourth consecutive monthly decline in December
- The Bank of England said Britain faces its weakest economic growth in a decade.
- There are concerns over slowing factory activity in China over limiting gains, China's factory activity shrank as new orders drop further in January, output decline perturbed 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. Global growth concern and increasing supplies are keeping rally limited. As Copper sustains above 6100 then a further rally towards 6320 could be seen while critical support remains near 5878-5728 in the medium term.

Crude drops on the uncertainty of US-China trade relation

- Oil prices tumbled as the market confronted concerns that global demand growth would lag in the coming year. A trade war between the U.S. and China would continue, weighing on demand. The counter may receive some support from US inventory report and geological tension in Venezuela
- EIA Report -US crude oil inventories gained by 1.3 million barrels against market expectation of 2.2 million barrels in the week ending on Feb 1. Gasoline stocks increased by 513,000 barrels, less than anticipated, while distillate stockpiles posted a larger-than-expected drop by 2.3 million barrels.
- The API this week reported a build in 1.731 million barrel and 1.141 million barrels gasoline and distillate inventories respectively for the week ending February 1. Crude oil inventories at the Cushing, Oklahoma facility rose by 889,000 barrels for the week.
- 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, 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 and US talk progress with China is being closely watched for further direction.

Indian rupee rise and bond yield decline as RBI cuts rate

- The rupee climbed and 10-year bond yields declined after RBI's Monetary Policy Committee (MPC) lowered the repo rate by 25 basis points to 6.25 percent at the central bank's sixth bi-monthly policy review.
- Inflation- In the fifth bi-monthly monetary policy, CPI inflation for 2018-19 was projected to be in the range of 2.7-3.2 percent in H2FY19 and 3.8-4.2 percent in H1FY20, with risks tilted to the upside. Inflation outcome at 2.6 percent in Q3FY19 was marginally lower than the projection.

- GDP Growth - GDP growth for FY20 has been projected at 7.4 percent, in the range of 7.2-7.4 percent in H1FY20, and 7.5 percent in Q3FY20 with risks evenly balanced. In the December policy, it was projected at 7.4 percent (7.2-7.3 percent in H2) and at 7.5 percent for H1FY20, with risks somewhat to the downside.

FII and DII Data

- Foreign funds (FII's) bought shares worth Rs. 418.10 crore, while Domestic Institutional Investors (DII's) bought shares to the tune of Rs 294.11 crore on February 7th
- In February 2019 FIIs net bought shares worth Rs. 2737.39 crore, while DII's were net buyers to the tune of Rs. 943.39 crore.

Outlook

- Indian rupee is receiving support from a 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; the next resistance is seen near 72.60 while important support is at 70.40-69.90.

Gold recovered marginally on uncertainty over US-China trade talk

- Uncertainty over U.S.-China trade relations and the potential for another U.S. government shutdown continue to support gold from lower levels
- US-China talk- U.S. President Donald Trump said he did not plan to meet with Chinese President Xi Jinping before a March 1. The two countries had taken a 90-day hiatus in their trade war to work out a deal which will end soon.
- US government Shutdown - Democrats signal openness to border barriers as the second government shutdown looms. Top Democrats are now signaling they're open to some kind of enhanced physical barrier along the southern border, raising chances for a spending deal to avert another government shutdown next week.
- 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, The UK Parliament's next opportunity to vote on Brexit, which had been expected for February 14, could be delayed; UK official said that a deal was unlikely to be agreed in the next week and that the vote could take place later.

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 talks between the US and China.

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