



Metals Daily

Wednesday, May 18, 2016

Commodity	Last	Chg.	% Chg.
Gold / USD Spot	1279.6	6.14	0.48%
Silver / USD Spot	17.231	0.105	0.61%
Crude oil \$ Spot	48.29	0.57	1.19%
COMEX Copper \$	343.5	-1.9	-0.55%
LME Copper (3M)	4653.5	13.5	0.29%
LME Aluminum (3M)	1548.5	5.5	0.35%
LME Nickel (3M)	8765	15	0.17%
LME Lead (3M)	1717	-1.5	-0.09%
LME Zinc (3M)	1892.5	-7.5	-0.40%

Equity	Last	Chg.	% Chg.
BSE Sensex Index	25773.6	120.4	0.47%
S&P CNX NIFTY	7890.8	30.0	0.38%
Hang Seng Index	20118.8	234.8	1.18%
Shanghai Index	2843.7	-7.2	-0.25%
Nikkei 225 Index	16652.8	186.4	1.13%
DAX Index	9890.2	-62.7	-0.63%
CAC 40 Index	4297.6	-14.7	-0.34%
Dow Jones	17530.0	-180.7	-1.02%
NASDAQ 100 Index	4322.6	-57.9	-1.32%

U.S. consumer price index (CPI) rose more than expected in April, rising 0.4% m/m, its biggest jump since February 2013.

Market Overview (Economy)

- Asian markets are under pressure in early trade as U.S. rate hike prospects came back into focus after a strong set of U.S. data and hawkish commentary from a few Fed officials.
- Economic data including inflation, housing starts and industrial production in the U.S. beat expectations and helped raised prospects of better growth in Q2.
- In currencies, the dollar index is moving higher after some Fed members indicated that we could see two to three rate hikes this year if data supports. A weaker INR will support domestic commodity prices.

Precious Metals

- Gold and silver are flat in early trade but may see selling pressure as the dollar rebounded and U.S. rate hike probabilities increased in September and December.
- U.S. consumer price index (CPI) rose more than expected in April, rising 0.4% m/m, its biggest jump since February 2013.
- Dallas Fed President Robert Kaplan, Atlanta Fed President Dennis Lockhart and San Francisco Fed President John Williams indicated that we could see more than one hike this year and presented an optimistic view of the economy. This will weigh on gold prices in the near term.

Base Metals

- Base metals are flattish on the LME as a stronger dollar weighs on the upside but better U.S. data will support prices on the downside
- Industrial production climbed 0.7% last month after a 0.9% decline while Housing starts rose 6.6% to 1.172 million in April. Building permits rose 3.6% to 1.116 million,
- China's housing data was also supportive as home prices rose 6.2% in April, higher from the previous month's 4.9% gain. Electricity consumption was also up as China consumed 456.9 kilowatt hours of power in April, up 1.9% y/y.
- Aluminum may find support as China's aluminium production fell by 1.2% to 2.57 million tonnes in April.

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LME Inventory	
Commodity	Change
Copper	-2275
Zinc	-575
Lead	-175
Nickel	-606
Aluminium	-2050
Source: Reuters	

Energy

- Oil prices are extending gains as U.S. inventories declined and as Canada's output still remain impacted due to the wildfires. The short term bias for oil still remains positive.
- API data show that U.S. crude, gasoline and distillate inventories declined last week with crude stocks declining 1.1 million barrels.
- In Canada, a massive wildfire burning in the oil sands region gathered strength leading to more evacuations by producers and putting off expected restarts of production.
- Unplanned oil supply outages are at the highest in five years, surpassing 3 million bpd because of wildfires in Canada and further losses in Nigeria and Libya. Nigerian output is down nearly 40% to 1.4 million bpd.

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Level Playing Sheet

Commodity	Exchange	Expiry	Close	S2	S1	Pivot	R1	R2	Trend	Conviction	Range
Gold	MCX	Jun	30049	29730	29889	30015	30174	30300	Bullish	Moderate	29952 - 30237
Gold	COMEX	Jun	1276	1265	1271	1276	1282	1287	Bullish	Moderate	1274 - 1284
Silver	MCX	July	41180	40494	40837	41103	41446	41712	Bullish	Moderate	40970 - 41579
Silver	COMEX	July	17.24	16.78	16.80	16.80	16.93	17.01	Flat	Moderate	16.78-17.01
Crude Oil	MCX	May	3208	3153	3181	3207	3235	3261	Bullish	Moderate	3194 - 3248
Crude Oil	NYMEX	Jun	48.31	46.97	47.64	48.20	48.87	49.43	Bullish	High	47.9 - 49.2
Copper	MCX	Jun	311.30	305.90	308.60	311.30	314.00	316.70	Flat	Moderate	307.3 - 312.7
Zinc	MCX	May	126.55	124.78	125.67	126.23	127.12	127.68	Flat	Moderate	126 - 127.4
Lead	MCX	May	114.95	113.08	114.02	115.58	116.52	118.08	Bearish	Moderate	113.6 - 116.1
Nickel	MCX	May	587.4	574.8	581.1	585.3	591.6	595.8	Bearish	Moderate	583 - 594
Aluminum	MCX	May	103.15	102.35	102.75	103.45	103.85	104.55	Bearish	Moderate	102.6 - 103.7

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