



Metals Daily

Wednesday, July 27, 2016

Commodity	Last	Chg.	% Chg.
Gold / US Dollar FX Spot	1319.84	4.69	0.36%
Silver / US Dollar FX Spot	19.619	0.09	0.46%
Crude oil \$ Spot	42.16	-0.24	-0.57%
COMEX Copper \$	343.5	-1.9	-0.55%
LME Copper (3M)	4925	8	0.16%
LME Aluminum (3M)	1600.5	4.5	0.28%
LME Nickel (3M)	10345	-5	-0.05%
LME Lead (3M)	1845	6	0.32%
LME Zinc (3M)	2230	-2	-0.09%

Equity	Last	Chg.	% Chg.
BSE Sensex Index	27976.5	-118.8	-0.42%
S&P CNX NIFTY	8590.7	-45.0	-0.52%
Hang Seng Index	22129.7	136.3	0.62%
Shanghai SE Composite Index	3050.2	34.3	1.14%
Nikkei 225 Index	16383.0	-237.3	-1.43%
DAX Index	10247.8	49.5	0.49%
CAC 40 Index	4394.8	6.8	0.15%
Dow Jones Industrial Average Index	18473.8	-19.3	-0.10%
NASDAQ 100 Index	4672.1	6.2	0.13%

The Fed is unlikely to raise rates at this meeting but probability of a December rate hike has jumped above 50%.

Market Overview (Economy)

- Asian markets are mostly mixed in early trade as investors remain on the sidelines ahead of the Fed outcome today.
- Japan is likely to inject 27 trillion yen of stimulus as per latest reports and considering issuing 50 year bonds as part of the stimulus package
- The dollar index continues to remain supported and the yen is weakening sharply in early trade after reports on the Japanese stimulus. The pound meanwhile will take cues from the UK GDP data due this afternoon.

Precious Metals

- Gold prices are flattish at the start as a stronger dollar continues to cap the upside for precious metals.
- The Fed is unlikely to raise rates at this meeting but probability of a December rate hike has jumped above 50%.
- SPDR Gold Trust holdings also fell 0.46% to 954.24 tonnes.
- US economic data also remains positive as consumer confidence held steady in July and new single-family home sales hit their highest level in nearly 8-1/2 years in June.
- We could see range bound move today as markets await the Fed outcome.

Base Metals

- Base metals are largely flat after declining yesterday as global risk appetite declined and as participants stay away ahead of the U.S. Fed meeting.
- Chinese data will provide some support as profits earned by China's industrial firms rose 5.1% in June from the year earlier. Profits in June rose to 616.31 billion yuan (\$92.40 billion). Industrial profits rose 6.2% in the first half of 2016.
- Copper declined as Grupo Mexico's April-June production of copper was up 22.7% at 266,071 tons from same period of 2015, while its output of zinc jumped by 43%.
- Overall, investors are likely to remain bearish going into FOMC meeting this week as the USD strengthens and fundamentals remain weak.

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LME Inventory	
Commodity	Change
Copper	-7625
Zinc	-200
Lead	-125
Nickel	6
Aluminium	4975

Source: Reuters

Energy

- Oil prices are flat today but have corrected over the past few days on concerns of ongoing oversupply. The short term trend remains weak.
- API inventory data was also not encouraging as it showed that oil inventories fell by just 0.8 million barrels. Inventories at Cushing built up by 1.4 million barrels.
- Ongoing fears of oversupply are encouraging hedge funds to liquidate their recent record bullish position.
- Hedge funds and other money managers cut their net long position in Brent and WTI by 31 million barrels to 453 million last week.
- The focus will be on EIA data today, specifically gasoline inventories.

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Level Playing Sheet

Commodity	Exchange	Expiry	Close	S2	S1	Pivot	R1	R2	Trend	Conviction	Range
Gold	MCX	Aug	30912	30716	30814	30882	30980	31048	Flat	Moderate	30848 - 31014
Gold	COMEX	Jul	1321	1314	1317	1319	1322	1324	Bearish	Moderate	1318 - 1323
Silver	MCX	Sep	46404	46087	46246	46447	46606	46807	Flat	Moderate	46347 - 46707
Silver	COMEX	Jul	19.66	16.78	16.80	16.80	16.93	17.01	Bearish	Moderate	16.78-17.01
Crude Oil	MCX	Aug	2903	2843	2873	2903	2933	2963	Bullish	Moderate	2858 - 2918
Crude Oil	NYMEX	Sep	42.92	41.86	42.39	42.89	43.42	43.92	Bearish	Moderate	42.1 - 43.2
Copper	MCX	Aug	332.95	327.38	330.17	332.08	334.87	336.78	Bearish	Low	331.1 - 335.8
Zinc	MCX	Jul	150.25	147.62	148.93	150.32	151.63	153.02	Bearish	Low	148.3 - 151
Lead	MCX	Jul	123.05	122.02	122.53	123.22	123.73	124.42	Bearish	Moderate	122.3 - 123.5
Nickel	MCX	Jul	694.7	680.6	687.6	694.7	701.7	708.8	Bearish	Moderate	684 - 698
Aluminum	MCX	Jul	106.95	106.02	106.48	107.27	107.73	108.52	Bearish	Moderate	106.3 - 107.5

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