

## COMMODITIES

Gold retreated from a six year high, though prices remained underpinned by lower sovereign yields and downward revision in US and Germany GDP reading. Growing probability of a Fed rate cut next month also underpinned the yellow metal. Interest rate futures are now pricing in 90% chance of 25bps cut. Fed chief Jerome Powell at Jackson Hole symposium clearly tilted towards an accommodative stance, reinforcing perception of several rate cuts in next 12 months. Meanwhile, industrial metals like Copper and Aluminium continue to struggle amid deceleration in global manufacturing activity. Oil futures remained on the defensive, weighed down by lower demand growth projections.

Commodity	Technical observations	Trend
Gold	Uptrend is stalling as prices are facing resistance at the channel upper end along with a negative divergence on RSI which suggests a pullback to 38500 levels.	Bearish
Silver	RSI reading above 80 suggests that prices have reached extreme overbought territory which can lead to sideways consolidation/correction.	Neutral
Crude Oil	Sideways consolidation is active currently. Upper range is placed at 4090 and lower end is at 3830.	Bullish
Copper	Copper is stuck in a range of 20 points. Lower end of the range is at 433 and upper end of the range is at 451.	Neutral
Lead	Broad sideways consolidation is likely to continue. Upper end of the range is at 156 and lower end is at 152.	Neutral
Zinc	Zinc is taking support between 179-180 following massive decline. A sustained trade above 183 can take it to levels of 187.	Neutral

## FX

Volatility in Pound escalates given the growing threat of a no deal Brexit. With British PM suspending the parliament from mid-September to October 14, there is little scope for the opposition parties to block UK's disorderly divorce from EU. Meanwhile, Yen's haven appetite remains intact in the wake of uncertainty over US-China trade negotiations. Indian Rupee is expected to gain ground in the wake of several measures announced by the government to support growth. Tax relief for FPIs and startups, coupled with targeted steps for the automobile sector should help in reviving demand conditions. The government also relaxed FDI norms in several sectors to attract foreign investments.

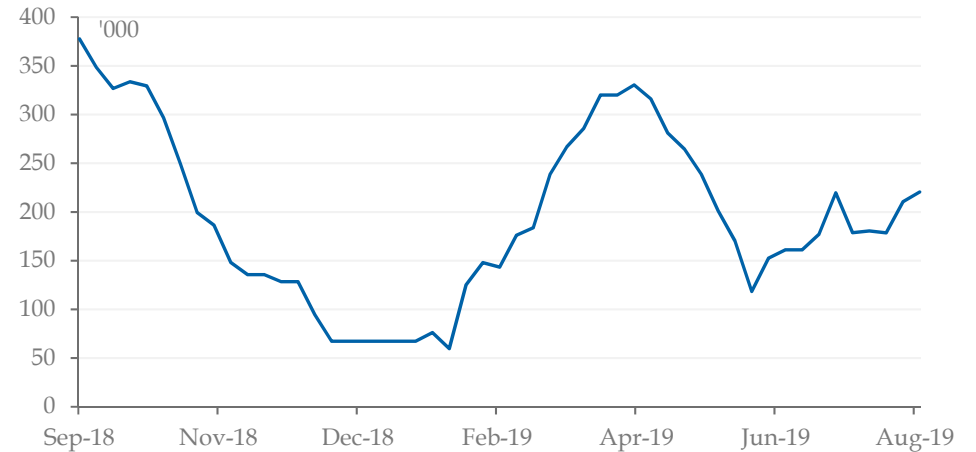
Pair	Technical observations	Trend
USD INR	The pair retreats from 72.25-72.30 Future levels along with negative divergence on RSI. Such structure could attract range bound action; while on the flip side, it could retest 71.1-70.90 zone.	Range-bound
EUR INR	Inability to build on gains above levels of 80 could drag EURINR pair lower towards 78.80-78.50 future levels.	Negative
GBP INR	The pair could digest its recent gains. It is likely to consolidate within the range of 86.80 - 88.20 future levels.	Range-bound
JPY INR	Swift decline from ~68 (Future) indicates the pair is expected to digest its recent sharp up moves. It could make an attempt to retest levels of 67.10-66.80 on the downside.	Negative

### Exhibit 1: SPDR Gold ETF holdings



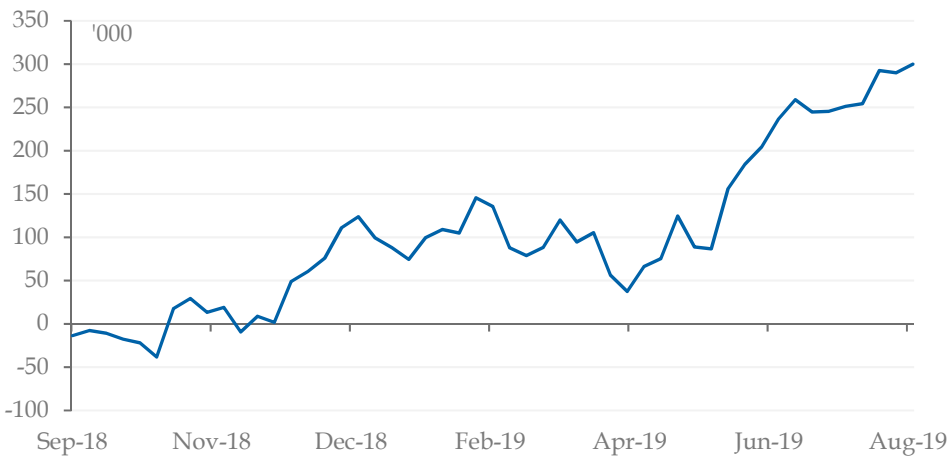
Source: Bloomberg, YES Sec - Research

### Exhibit 3: CFTC WTI Crude Oil Speculative Net Positions



Source: Bloomberg, YES Sec - Research

### Exhibit 2: CFTC COMEX GOLD Speculative Net Positions



Source: Bloomberg, YES Sec - Research

### Exhibit 4: US Crude Oil Inventories



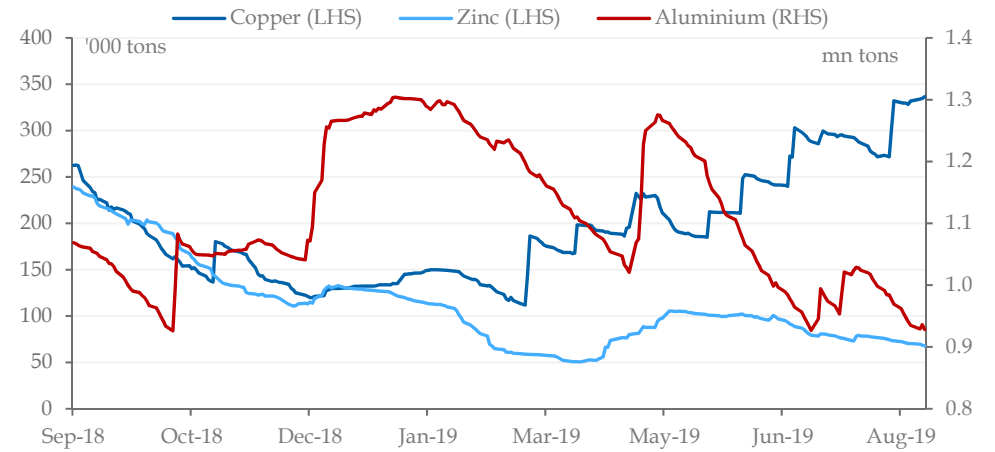
Source: Bloomberg, YES Sec - Research

### Exhibit 5: US Gasoline Inventories



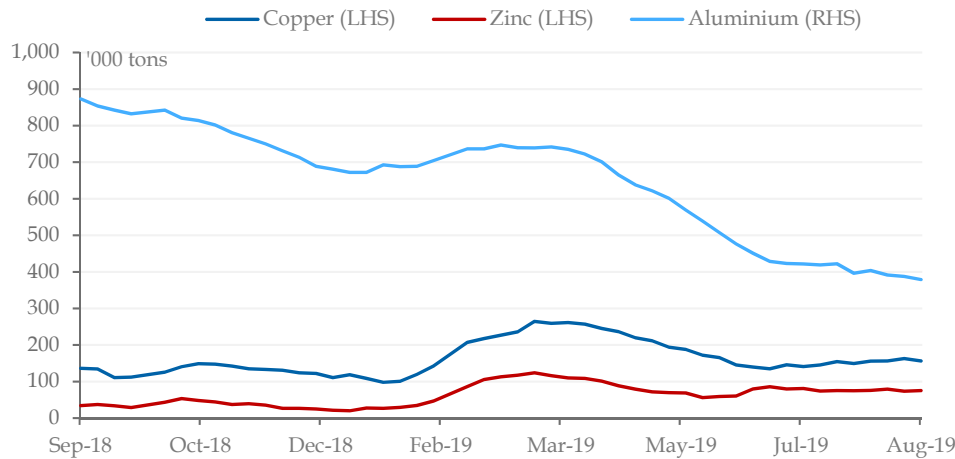
Source: Bloomberg, YES Sec - Research

### Exhibit 7: LME stocks



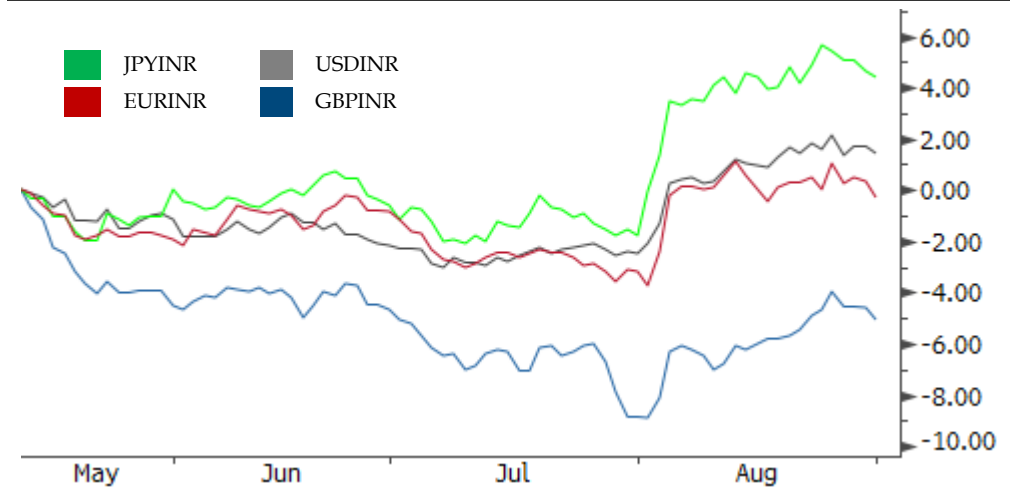
Source: Bloomberg, YES Sec - Research

### Exhibit 6: SHFE Metal stocks



Source: Bloomberg, YES Sec - Research

### Exhibit 8: Currency Trend (3 months)



Source: Bloomberg, YES Sec - Research

## Economic Calendar

Time	Cur.	Event	Forecast	Previous
2-Sep-19	JPY	Capital Spending (YoY) (Q2)		6.10%
2-Sep-19	EUR	Manufacturing PMI (Aug)	47	47
2-Sep-19	GBP	Manufacturing PMI (Aug)		48
3-Sep-19	GBP	BRC Retail Sales Monitor (YoY) (Aug)		0.10%
3-Sep-19	GBP	Construction PMI (Aug)		45.3
3-Sep-19	USD	Manufacturing PMI (Aug)		49.9
3-Sep-19	USD	ISM Manufacturing Employment (Aug)		51.7
4-Sep-19	JPY	Services PMI (Aug)		51.8
4-Sep-19	EUR	Markit Composite PMI (Aug)	51.5	51.8
4-Sep-19	EUR	Services PMI (Aug)	53.4	53.4
4-Sep-19	GBP	Composite PMI (Aug)		50.7
4-Sep-19	GBP	Services PMI (Aug)	50.2	51.4
4-Sep-19	EUR	Retail Sales (MoM) (Jul)		1.10%
4-Sep-19	USD	Trade Balance (Jul)	-55.40B	-55.20B
5-Sep-19	USD	ADP Nonfarm Employment Change (Aug)	140K	156K
5-Sep-19	USD	Nonfarm Productivity (QoQ) (Q2)		2.30%
5-Sep-19	USD	Unit Labor Costs (QoQ) (Q2)	-0.80%	2.40%
5-Sep-19	USD	Markit Composite PMI (Aug)		50.9
5-Sep-19	USD	Services PMI (Aug)		50.9
5-Sep-19	USD	Factory Orders (MoM) (Jul)	0.30%	0.60%
5-Sep-19	USD	ISM Non-Manufacturing Employment (Aug)		56.2
5-Sep-19	USD	Crude Oil Inventories		-10.027M
6-Sep-19	JPY	Household Spending (YoY) (Jul)		2.70%
6-Sep-19	JPY	Household Spending (MoM) (Jul)	-3.00%	-2.80%
6-Sep-19	EUR	GDP (YoY) (Q2)	1.10%	1.10%
6-Sep-19	EUR	GDP (QoQ) (Q2)	0.20%	0.20%

6-Sep-19	USD	Average Hourly Earnings (YoY) (YoY) (Aug)		3.20%
6-Sep-19	USD	Average Hourly Earnings (MoM) (Aug)	0.30%	0.30%
6-Sep-19	USD	Nonfarm Payrolls (Aug)	155K	164K
6-Sep-19	USD	Private Nonfarm Payrolls (Aug)	144K	148K
6-Sep-19	USD	Unemployment Rate (Aug)	3.70%	3.70%

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**ADD 5% to 15%**

**HOLD -15% to +5%**

**SELL > - 15%**

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