

# Commodity Morning Update

November 04, 2019

## CONTENTS

1. [Energy](#)
2. [Bullion](#)
3. [Base Metals](#)
4. [Cotton](#)

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## Energy

### Crude International

International Oil futures have started on the back foot this Monday morning in Asian trade as traders remained cautious ahead of uncertainty around macro-economic data and U.S. oil inventory reports.

Prices were also weighed down after Russia again missed its output cut target to 11.23 million barrels per day (bpd) in October from 11.25 million bpd in September, data from Russian energy ministry showed.

The US oil rig count fell again last week, according to Baker Hughes. The total number of active oil rigs in the United States decreased by 5 according to the report, reaching 691.

CFTC data showed that money managers boosted their net long U.S. crude futures and options positions by 13,311 contracts to 115,877 in the week to Oct. 29.

Support/Resistance for ICE Brent January is 60.90-60.30/61.70-62.50.

Support/Resistance for NYMEX WTI December is 55.40-54.90/56.30-57.00.

### Crude Domestic

Domestic crude on MCX started higher this Monday morning, despite weak overseas prices.

Support/Resistance for MCX Crude November is 3940-3870/3990-4030.

### Natural Gas International

International Natural Gas ended surged higher on Friday and opened gap up this Monday morning in Asian trade amid cold weather expectation in the U.S.

Support/Resistance for NYMEX Natural Gas December is 2.750-2.730/2.810-2.840.

### Natural Gas Domestic

Domestic Natural Gas started higher this Monday morning.

Support/Resistance for MCX Natural Gas November is 195.00-192.50/199.00-203.00.

# Commodity Morning Update

November 04, 2019

## Bullion

### International

International bullion ended lower Friday as better-than-expected U.S. jobs numbers and strong factory data from China bolstered sentiment for riskier assets.

Also lifting sentiment for riskier assets was a statement by U.S. President Donald Trump saying Washington and Beijing would soon announce a new venue for the signing of a "Phase One" trade deal, after protests in Chile resulted in the cancellation of a planned summit there this month.

Prices have started flat this Monday morning in Asian trade supported by a weaker Dollar. The US Dollar was trading weaker this Monday morning in Asian trade despite upbeat jobs number as risk appetite improves in the market, reducing safe haven appeal for the Greenback.

In Europe, the new head of the European Central Bank (ECB) Christine Lagarde will be giving her first speech in the role later in the day and markets expect she will stick to easy policy script left by her predecessor, Mario Draghi.

Meanwhile, CFTC said that Comex gold speculators raised their net long position by 7,171 contracts to 233,101 in week to Oct. 29. While, Comex silver speculators raised their long position by 5,245 contracts to 49,355 in week to Oct. 29.

Support/Resistance for LBMA Gold spot is 1505.00-1495.00/1517.00-1525.00.

Support/Resistance for LBMA Silver spot is 17.80-17.55/18.17-18.35.

### Domestic

Domestic bullion started surprisingly higher this Monday morning.

The Indian Rupee appreciated this Monday morning and limited downside in bullion prices.

Support/Resistance for MCX Gold December is 38300-38150/38550-38700.

Support/Resistance for MCX Silver December is 46350-46000/46900-47250.

# Commodity Morning Update

November 04, 2019

## Base Metals

### International

LME Copper ended higher on Friday after upbeat Chinese manufacturing and U.S. jobs data bolstered demand for the commodity.

China's factory activity unexpectedly expanded at the fastest pace in well over two years in October, as new export orders rose and plants ramped up production, a private business survey showed.

However, prices have started with small cuts this Monday morning in Asian trading as markets remained cautious ahead of uncertainty around macro-economic data.

Meanwhile, CFTC data showed that Copper speculators trimmed their short position by 23,463 contracts to 20,365 in week to Oct. 29.

Meanwhile in the Asian markets, most metals on ShFe started with gains with Aluminium and Nickel leading the way.

Shanghai aluminium prices rose to their highest in almost a month on Monday due to a drop in inventories of the metal.

Aluminium stocks in warehouses tracked by ShFe dropped to their lowest since March 2017 at 278,736 tonnes, while LME aluminium inventories dipped to their lowest since Sept. 30 at 956,200 tonnes.

Fundamentally, the global aluminium market is due to flip into a surplus of 304,000 tonnes next year from a deficit of 658,500 tonnes in 2019, a recent Reuters poll showed.

Support/Resistance for LME 3M Copper is 5860.00-5840.00/5880.00-5910.00.

Support/Resistance for LME 3M Nickel is 16600.00-16380.00/16900.00-17160.00.

### Domestic

Most metals started higher this Monday morning, tracking ShFe prices.

Support/Resistance for MCX Copper November is 437.00-434.50/440.60-442.00

Support/Resistance for MCX Nickel November is 1192.00-1189.00/1200.00-1217.00.

# Commodity Morning Update

November 04, 2019

## Cotton

### International

ICE cotton ended lower Friday pressured by lower demand for the natural fiber and uncertainty over the U.S.-China trade negotiations.

However, prices started higher this Monday morning in Asian trade.

Total futures market volume fell by 32,671 to 31,568 lots. Data showed total open interest gained 2,482 to 246,481 contracts in the previous session.

Certificated cotton stocks deliverable as of Oct 31 totalled 30,972 480-lb bales, up from 25,516 in the previous session.

CFTC data showed that ICE cotton speculators increase net short position by 617 contracts to 11,503 in the same period.

Support/Resistance for ICE Cotton December is 64.70-64.50/65.00-65.45.

### Domestic Cotton

Domestic Cotton ended with gains Friday and started higher this Monday morning after the state Maharashtra government said that excess rains have caused crop damage. The final estimates, placed by government officials stated that the rain has hit 19.73 lakh hectares of cotton.

Support/Resistance for MCX Cotton November is 19400-19250/19600-19830.

### Domestic Kapas

Domestic Kapas ended higher on Friday and started with gains this Monday morning.

Support/Resistance for MCX Kapas April is 1098-1092/1115-1122.

### Domestic Cotton Seed Oilcake

Domestic Cotton Seed Oilcake ended higher on Friday and started higher this Monday morning.

Support/Resistance for NCDEX Cotton Seed Oil December is 2358-2330/2382-2410.

# Commodity Morning Update

November 04, 2019

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