



Wednesday, June 05, 2024

Overview

- Gold prices inched higher as DXY cools off amidst weak economic numbers
- Oil extends decline amid decline concerns and buildup in inventories
- This week, PMI figures from major economies will be important to watch for.

Precious Metals

Gold prices inched higher after sell off witnessed in previous session, as signs of a cooling U.S. economy ramped up expectations of rate cuts and drove the dollar to two-month lows. Fed officials this entire month have been preparing the market for further delay in rate cuts as inflation is still away from their target of 2%. Bets for a 25bps rate cut in September rose by 5% from yesterday to 55%. This shift in expectations came after purchasing managers index data showed that U.S. manufacturing activity shrank for a second consecutive month in May. The PMI data, which came just days after a soft gross domestic product reading, pushed up bets that the U.S. economy was cooling, which could herald softer inflation and give the Federal Reserve more confidence to begin cutting interest rates. Lower than expected JOLTS and flat Factory orders data also supported metals on lower end. Amidst this lower than expected data from US, Dollar index sink to a two-month low, hovering around 104. Focus today will be on US ADP employment change report and Services PMI data from major economies. Gold on domestic front is expected to between the range of ₹71,700 -72,500.

Precious metals	Close (\$)	%Chg.
Gold	2335.3	0.3%
Silver	29.68	0.7%
CFTC data	Speculative Longs	Change WoW
Gold	179221	-14751
Silver	39529	1826
ETF	Close	%Chg.
GOLD ETF	1546.8	-7.00
Silver ETF	11409	-3.37
Others	Close	%Chg.
DXY	104.11	0.1%
US 10Y Yields	4.34	-1.5%

Base Metals

LME Copper prices dipped below the key mark of \$10,000 for the first time in three weeks as consolidation continued due to lackluster demand in top consumer China. Stockpiles on the Shanghai Futures Exchange have climbed to their highest level since 2020, there has also been a steady stream of smaller inflows in London Metal Exchange warehouses located in Asia. While this is likely the result of an attractive arbitrage trade with international prices, it didn't help sentiment. The market also shrugged off recent supply side issues, the suspension of operations at Taseko Mines' Gibraltar copper mine in Canada due to a strike by union workers is expected to be short lived. On data front, China manufacturing PMI at the start of this week was reported in-line with expectations at 51.7; however, Service PMI reported today was better than expectations at 54 supporting the overall sentiment. Softer U.S. economic data has boosted the case for earlier rate cuts by the Federal Reserve, weighing on Dollar and supporting metal on lower end.

Energy

Oil prices further extended losses, hovering near 4-month lows after API data showed unexpected buildup in inventories. Oil prices have already been under pressure after weak US economic prints and gradual phasing out of voluntary production cuts which presented a weak outlook for oil prices going into 2025, especially if demand remained stagnant. Oil stockpiles increased by nearly 4mb in the week ending May 31, despite expectation of a 1.9-million-barrel drop. Even as the travel-heavy summer season began, gasoline and distillate inventories continued to rise, creating further concerns about demand in the world's largest fuel consumer. The probable increase in inventories occurred despite the Memorial Day weekend, which marks the start of the summer season. Although, better than expected services activity reported by Caixin for China could potentially support prices. Natural gas prices steadied after gaining almost 5% in previous session the back of an outage at a Norwegian offshore platform, which is Europe's biggest supplier of gas. The outage was caused by a crack in a pipeline and is expected to be repaired and resume activity by June 7 according to Gassco. Today, EIA inventories will be important to watch for.

Base Metals (MCX)	Close (Rs.)	%Chg.
Copper	864	0.7%
Aluminium	2410	-2.3%
Nickel	1668	-2.0%
Lead	190	-0.8%
Zinc	262	-3.2%

Inventory		Current	W/W Chg.	Units
Copper	LME	118950	2950	MT
	Shanghai	290376	2878	MT
Aluminum	LME	1109900	-3250	MT
	Shanghai	211698	-12161	MT
Nickel	LME	83514	-210	MT
	Shanghai	19825	-17	MT
Lead	LME	181950	-1700	MT
	Shanghai	62211	13890	MT
Zinc	LME	254600	-1325	MT
	Shanghai	131178	3386	MT

Energy	Close (\$)	%Chg.
WTI Crude oil	73.28	0.5%
Natural gas	2.65	-6.6%

Inventory (EIA)	Current	W/W Chg.	Units
Crude oil	454.69	-4.16	Mnbl
Gasoline	228.84	2.02	Mnbl
Distillate	119.29	2.54	Mnbl
Natural Gas	3.13	-0.21	bcf

CFTC data	Speculative Longs	Change WoW
Crude oil	201429	29143
Natural Gas	42864	28409

MT- Metric Ton, MNBL – Million Barrel, BCF –Billion Cubic Feet.

Options Monitor

MCX Gold Mini

% Chg in OI	Call			Particulars			Put		
	OI	Volume	Premium	Strike	Premium	Volume	OI	% Chg in OI	
0.0%	0	0	2644.5	69500	121	0	0	0.0%	
0.9%	117	38	2129	70000	262	2360	871	6.3%	
0.0%	0	0	1828.5	70500	305.5	0	0	0.0%	
-4.7%	163	364	1481	71000	509	2269	732	1.9%	
-29.2%	34	68	1245	71500	695.5	361	49	58.1%	
4.0%	1336	3920	945	72000	945	2580	732	-11.1%	
-7.0%	132	351	748	72500	1250	22	23	130.0%	
-1.8%	1259	3073	564	73000	1561.5	181	295	14.8%	
0.0%	1	0	370	73500	1876.5	0	0	0.0%	

MCX Crude Oil

% Chg in OI	Call			Particulars			Put		
	OI	Volume	Premium	Strike	Premium	Volume	OI	% Chg in OI	
1610.3%	496	4446	338.9	5900	39.9	73794	2181	141.0%	
0.0%	1	7	254.5	5950	21.5	0	0	0.0%	
94.2%	1606	54114	260.4	6000	61	138494	4644	28.4%	
0.0%	90	4555	179	6050	77.5	25623	368	493.5%	
156.5%	3814	151651	194.7	6100	95	176728	4754	85.2%	
168.5%	768	36836	165.8	6150	115.6	46582	978	14.1%	
21.9%	9282	191091	138.5	6200	140.1	100323	3915	-14.4%	
22.0%	1427	23711	113.9	6250	165.9	7197	353	-30.4%	
-0.9%	11295	91992	94.6	6300	198.2	20562	3636	-11.3%	

MCX Natural Gas

% Chg in OI	Call			Particulars			Put		
	OI	Volume	Premium	Strike	Premium	Volume	OI	% Chg in OI	
-1.6%	370	779	28.8	200	4.75	31765	3550	3.7%	
-13.1%	1165	5608	21.45	210	8.1	39868	2311	-4.9%	
15.8%	3902	31582	15.35	220	12.7	65528	4465	-5.8%	
-3.7%	1823	29536	12.95	225	15.45	37534	1330	11.5%	
1.1%	5070	69004	10.95	230	255	54484	2461	16.2%	
46.1%	1909	36220	9.25	235	22.45	15974	477	84.9%	
3.6%	5201	52781	7.9	240	26.25	12569	1450	-11.6%	
-0.9%	5164	42084	5.8	250	34.65	2052	626	-6.1%	
-21.4%	3513	26494	4.25	260	42.5	157	126	5.0%	

Level Playing Sheet

Commodity	Exch.	Expiry	Close	S2	S1	Pivot	R1	R2	Trend	Conviction	Intraday Range
Castor Seed	NCDEX	Jun	5,641	5,607	5,624	5,647	5,664	5,687	Bearish	Moderate	5616 - 5656
Cocudakl	NCDEX	Jun	2,573	2,538	2,555	2,573	2,590	2,608	Bearish	Moderate	2564 - 2599
Cotton	NCDEX	July	57,580	56,833	57,207	57,433	57,807	58,033	Bearish	Moderate	57320 - 57920
Dhaniya	NCDEX	Jun	7,386	7,322	7,354	7,392	7,424	7,462	Bearish	Moderate	7373 - 7443
Jeera	NCDEX	Jun	24,230	23,457	23,843	24,492	24,878	25,527	Bearish	Moderate	23650 - 24685
Guar Seed	NCDEX	Jun	5,410	5,341	5,376	5,410	5,445	5,479	Bearish	Moderate	5359 - 5428
Guar Gum	NCDEX	Jun	10,787	10,638	10,713	10,808	10,883	10,978	Bearish	Moderate	10676 - 10846
Mentha Oil	MCX	Jun	936	924	930.27	934	940	945	Bullish	Moderate	932 - 942
Turmeric	NCDEX	Jun	18,832	18,345	18,589	18,983	19,227	19,621	Bullish	Moderate	18467 - 19105

Commodity	Exch.	Expiry	Close	S2	S1	Pivot	R1	R2	Trend	Conviction	Intraday Range
Gold	MCX	June	70745	69585	70165	70733	71313	71881	Bearish	Moderate	70449 - 71597
Gold Comex	Comex	June	2299	2269	2284	2293	2307	2316	Bearish	Moderate	2277 - 2300
Silver	MCX	July	79712	78897	79305	79802	80210	80707	Bearish	Moderate	79101 - 80006
Silver Comex	Comex	June	26.57	25.85	26.21	26.61	26.97	27.38	Bearish	Moderate	26 - 27
Crude	MCX	June	6546	6470	6508	6578	6616	6686	Strong	Low	6489 - 6597
Crude Nymex	Nymex	July	77.76	76.63	77.20	78.18	78.75	79.73	Strong	Moderate	77 - 78
Nat Gas	MCX	June	179	164	172	176	183	188	Bearish	Moderate	174 - 185
BullDex	MCX	May	17846	17615	17731	17850	17966	18085	Bearish	Moderate	17673 - 17908
Copper	MCX	May	855.30	839	847	852	860	865	Bearish	Moderate	850 - 862
Zinc	MCX	May	257.80	253	256	257	259	261	Bearish	Moderate	256 - 260
Lead	MCX	May	192	189	190	191	192	193	Bearish	Moderate	191 - 193
Aluminum	MCX	May	233.30	229	231	233	235	237	Bearish	Moderate	232 - 236

Navneet Damani

Head Research- Currencies and Commodities

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Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemang Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

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