



Tuesday, July 16, 2024

Overview

- Gold and silver gain on firming rate cut expectations
- Oil weighed by Chinese demand uncertainties
- Investors await the outcome of the Third Plenum in China
- Focus today will be on US retail sales.

Precious Metals

Gold and Silver prices witnessed a sharp recovery on the back of rate cut expectations. Last week, US inflation was in the highlights, Dollar Index fell by ~60bps and Gold breached important \$2400 level post the US CPI data which was reported at 3% against the expectations of 3.3%. However, gains were capped after better than expectations US PPI data. Dollar index continues to hold near the lows it hit last week around 104.30, similarly US 10Y yield is also steady near ~4.2% after falling from ~4.4%-level last week. No major data points were scheduled yesterday, however, comments from Governor Powell were in limelight. Governor Powell said that second quarter data has given policymakers greater confidence that inflation is heading down to the central bank's 2% goal. He did reiterate that US central bank is in no rush to cut rates but he also raised concerns regarding ease off in labour market and increase in deficits. Market participants are now discounting two rate cuts despite the latest dot plot which showed only one. Bullion initially shrugged off the assignation attempt on Trump, before moving higher as safe haven buying emerged. Market participants this week will also keep an eye on important data points like US Retail Sales, Industrial production and a few housing numbers which could provide clarity on overall economic health. Gold on domestic front could trade in a range of Rs. 73,000-73,850

Precious metals	Close (\$)	%Chg.
Gold	2427.8	0.2%
Silver	31.01	0.8%
CFTC data	Speculative Longs	Change WoW
Gold	178541	-6169
Silver	39803	7331
ETF	Close	%Chg.
GOLD ETF	1948.9	10.56
Silver ETF	24917	0.00
Others	Close	%Chg.
DXY	104.09	0.1%
US 10Y Yields	4.23	-0.1%

Base Metals

Base metal prices eased as weak demand prospects in top consumer China were emphasized by slow economic growth, weak lending numbers and rising inventories. China's economy grew 4.7% in the second quarter, its slowest since the first quarter of 2023. That was below a 5.1% consensus forecast and the previous quarter's 5.3% expansion. Expect for Industrial production, all other data points reported from China yesterday were lower than expectations. Bank lending in China also rose below consensus in June, highlighting weak demand. Stocks of copper in LME-approved warehouses have reached their highest since October 2021 at 210,325 tons, more than double levels in mid-May. Focus this week is on the 20th Central Committee of the Communist Party of China convenes the Third Plenum. With the current property rescue plan having little impact on improving the confidence in the property market, there are growing expectations that officials will have to introduce policies that will help stimulate the economy in H2'24.

Energy

Oil prices ticked lower following China's disappointing GDP figures dampened optimism about demand prospects, but persisting hopes for a US rate cut in September limited further losses. China's crude oil imports fell 2.3% in the first half of this year to 11.05 million barrels a day, amid disappointing fuel demand. Market participants hope for more stimulus measures to support the deteriorating economy in Third Plenum of the Chinese Communist Party for such measures to be introduced. Possibility for a rate cut by Fed in September firmed, post Governor Powell's speech as, he mentioned that recent inflation readings had boosted Fed's confidence. Lower interest rates reduce the cost of borrowing, thereby boosting economic activity and oil demand. In response to Israel's bombardment of Gaza over the weekend, Houthi fighters in Yemen attacked three vessels in the Red and Mediterranean seas, including an oil tanker. While the Middle East conflict has not had an impact on supply, attacks on ships in the Red Sea have caused vessels to take longer routes, resulting in more oil remaining on the water. Natural gas prices fell to its lowest level in almost two months following increased production, reduced gas flow to LNG export plants and excess gas in storage. Gas production in the Lower 48 states rose to 102.4 bcf so far in July from a 17-month low of 99.5 bcf in May. Today focus will be on US Retail sales data.

Base Metals (MCX)	Close (Rs.)	%Chg.
Copper	855	1.4%
Aluminium	227 ^P	-0.8%
Nickel	1431	-0.5%
Lead	189	-0.3%
Zinc	275	0.3%

Inventory		Current	W/W Chg.	Units
Copper	LME	210325	4100	MT
	Shanghai	316108	-5534	MT
Aluminum	LME	970725	-6000	MT
	Shanghai	262200	18180	MT
Nickel	LME	99132	606	MT
	Shanghai	18539	-113	MT
Lead	LME	211475	0	MT
	Shanghai	59408	3242	MT
Zinc	LME	247475	-3650	MT
	Shanghai	125892	-805	MT

Energy	Close (\$)	%Chg.
WTI Crude oil	81.81	-0.7%
Natural gas	2.29	2.6%

Inventory (EIA)	Current	W/W Chg.	Units
Crude oil	459.65	3.73	Mnbl
Gasoline	233.51	2.57	Mnbl
Distillate	123.37	0.88	Mnbl
Natural Gas	3.13	-0.21	bcf

CFTC data	Speculative Longs	Change WoW
Crude oil	252804	3723
Natural Gas	-34317	-37483

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

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Options Monitor

MCX Gold Mini

% Chg in OI	Call		Particulars			Put		% Chg in OI
	OI	Volume	Premium	Strike	Premium	Volume	OI	
66.8%	372	205	1681.5	71500	100	581	430	36.1%
-4.4%	667	761	1344	72000	143	2868	1903	17.6%
-25.9%	180	397	1008.5	72500	248	1348	546	4.6%
-40.1%	1230	9582	723	73000	432.5	8494	1994	4.8%
33.3%	228	1978	497.5	73500	691.5	609	131	274.3%
14.0%	1235	4821	339.5	74000	999.5	873	487	75.2%
0.0%	5	2	231	74500	1320.5	0	0	0.0%
13.0%	1128	2676	155.5	75000	1600	2	3	200.0%
0.0%	0	0	46.5	75500	2213	0	0	0.0%

MCX Crude Oil

% Chg in OI	Call		Particulars			Put		% Chg in OI
	OI	Volume	Premium	Strike	Premium	Volume	OI	
11.0%	2781	70121	201.1	6700	11	94681	14938	-1.5%
42.4%	1138	54976	156.7	6750	17.1	100531	6524	3.1%
44.1%	8388	333963	117.4	6800	30.5	397496	17486	9.1%
95.8%	7935	283904	82.4	6850	49.3	296576	4737	-4.7%
63.1%	22154	514092	56.3	6900	77	462263	10459	-0.5%
6.2%	10373	143129	35.6	6950	113.5	78352	1805	-12.3%
6.1%	23809	157220	21.7	7000	158.5	113722	2641	-44.5%
-4.2%	4960	21026	12.8	7050	204.4	9927	1232	-14.0%
-4.0%	7606	36793	9.2	7100	253.9	11122	1522	-16.1%

MCX Natural Gas

% Chg in OI	Call		Particulars			Put		% Chg in OI
	OI	Volume	Premium	Strike	Premium	Volume	OI	
0.0%	0	0	45.9	150	0.15	2534	2440	28.3%
0.0%	4	2	35.25	160	0.3	2890	2117	-0.4%
573.7%	256	1821	26.4	170	1.1	14478	6072	0.5%
2500.0%	182	2428	21.75	175	2.15	12647	1463	13.3%
661.0%	2420	24892	17.6	180	255	44757	4867	-6.2%
401.4%	3234	37801	13.75	185	6.15	42646	3302	30.8%
234.9%	13029	91329	10.35	190	9.05	66307	6199	-11.3%
50.6%	15522	45347	5.55	200	16.6	15239	5090	-0.7%
15.5%	8687	14657	2.85	210	25.55	1234	2764	-2.2%

Level Playing Sheet

Commodity	Exch.	Expiry	Close	S2	S1	Pivot	R1	R2	Trend	Conviction	Intraday Range
Castor Seed	NCDEX	Aug	6,201	6,112	6,157	6,198	6,243	6,284	Bearish	High	6135 - 6221
Cocudakl	NCDEX	Aug	3,008	2,939	2,973	3,037	3,071	3,135	Bearish	Moderate	2956 - 3054
Cotton	NCDEX	July	57,790	57,657	57,723	57,767	57,833	57,877	Bearish	Moderate	57690 - 57800
Dhaniya	NCDEX	Aug	7,238	7,183	7,211	7,227	7,255	7,271	Bearish	Moderate	7219 - 7263
Jeera	NCDEX	July	26,390	26,030	26,210	26,480	26,660	26,930	Bearish	Moderate	26120 - 26570
Guar Seed	NCDEX	Aug	5,503	5,447	5,475	5,500	5,528	5,553	Bearish	Moderate	5461 - 5514
Guar Gum	NCDEX	Aug	10,755	10,640	10,697	10,759	10,816	10,878	Bearish	Moderate	10669 - 10788
Mentha Oil	MCX	July	944	936	939.97	946	951	957	Bearish	Moderate	938 - 949
Turmeric	NCDEX	Aug	15,490	14,438	14,964	15,576	16,102	16,714	Bearish	Moderate	14701 - 15839

Commodity	Exch.	Expiry	Close	S2	S1	Pivot	R1	R2	Trend	Conviction	Intraday Range
Gold	MCX	Aug	73471	72712	73092	73414	73794	74116	Bullish	Moderate	73253 - 73955
Gold Comex	Comex	July	2423	2424	2423	2430	2429	2436	Bullish	High	2423 - 2429
Silver	MCX	Sep	92572	91651	92111	92786	93246	93921	Bearish	Moderate	91881 - 93016
Silver Comex	Comex	Aug	30.76	30.27	30.51	30.83	31.08	31.40	Bearish	Moderate	30 - 31
Crude	MCX	July	6847	6776	6811	6853	6888	6930	Bearish	Moderate	6794 - 6871
Crude Nymex	Nymex	Sep	80.84	79.86	80.35	80.85	81.34	81.84	Bearish	Moderate	80 - 81
Nat Gas	MCX	July	185	181	183	187	190	194	Bearish	Moderate	182 - 189
BullDex	MCX	July	18922	18532	18727	18846	19041	19160	Bullish	Low	18787 - 19101
Copper	MCX	July	855.40	846	851	859	864	873	Bearish	Moderate	848 - 862
Zinc	MCX	July	274.10	271	272	274	276	277	Bullish	High	273 - 276
Lead	MCX	July	189	189	189	190	190	191	Flat	Moderate	189 - 190
Aluminum	MCX	July	227.20	226	226	228	228	230	Bearish	Moderate	226 - 228

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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