



Thursday, July 18, 2024

Overview

- Gold remained close to record highs amidst rate cut optimism
- Oil supported by larger-than-expected inventory draws
- Investors await the outcome of the Third Plenum in China
- Focus today will be on weekly jobless claims and gas storage.

Precious Metals

Gold prices held steady in the early morning trade after hitting a record peak in the previous session amid growing optimism for an interest-rate cut from the U.S. Federal Reserve in September and a weaker dollar. Till last week, even though CME fed watch tool suggested a 60% probability of a rate cut in September meet there still was an ambiguity regarding the same. However, this week market participants are expecting two rate cuts in 2024, despite dot plot suggesting only one. Recent economic data points from the US, were slightly mixed supporting the rate cut potential this year, bets for rate cut in September has now shifted to ~95% and same for November is at ~50%. Fed Governor Christopher Waller said the time for a U.S. central bank interest rate cut "is drawing closer", but uncertainty about the path of the economy makes it unclear when a lowering in the cost of short-term borrowing might happen. The dollar index weakened about 0.5% to near a four-month low against major currencies; similarly, US 10Y Yield is also inched lower to about 4.1%. After better than expected industrial production yesterday, focus today will be on weekly jobless claims and Philly fed manufacturing index. Gold on domestic front could trade in a range of Rs. 73,750-74,700.

Precious metals	Close (\$)	%Chg.
Gold	2468.0	0.4%
Silver	30.43	0.4%
CFTC data	Speculative Longs	Change WoW
Gold	191603	13062
Silver	39803	7331
ETF	Close	%Chg.
GOLD ETF	1960.0	20.09
Silver ETF	24990	76.97
Others	Close	%Chg.
DXY	103.75	0.0%
US 10Y Yields	4.17	-0.5%

Base Metals

Base metal prices inched lower as worries about weak demand in China and rising inventories balanced a slide in Dollar. Investors were awaiting policy news from the ruling Communist Party's "Third plenum", which is due to end today, after weak economic data from the world's second-largest economy. Remarks from U.S. Federal Reserve officials on Wednesday, saying that interest rate cut are getting closer, weighed on the dollar on other hand, rising inventories, highlighting excess supply in the market weighed on metal prices. LME stocks have nearly doubled since the start of June, climbing to their highest since September 2021. Two Chinese smelters have laid out plans to reduce production next year, as an imbalance between mine supply and smelting capacity continues to drive down processing fees.

Energy

Oil prices rebounded from three-week lows, rallying by 2% on a bigger-than-expected weekly drop in U.S. crude stockpiles. Potential supply disruptions also added to positive sentiment after traders attach some risk premium to oil prices after Israel continued to carry out strikes on Gaza, keeping tensions with Hamas and Hezbollah elevated. Yemeni groups were also seen carrying out repeated strikes on vessels in the Red Sea, potentially disrupting crude shipments. However, it remains unclear just how much of an impact the disruptions in the Middle East were having on crude. Meanwhile, EIA U.S. oil inventories saw a bigger than expected draw with data showing that Inventories fell 4.9 million barrels, compared to expectations for a draw of 900,000 barrels. Decline marked third consecutive week of draws in U.S. inventories, as travel demand picked up during the summer season. Gasoline inventories, however, rose unexpectedly by 3.3M while distillate stocks jumped 3.5M, compared with expectations for a draw of 1.7M barrels and 500,000 barrels. Natural gas prices tumbled in yesterday's session amid forecasts of less hot weather and lower demand over the next two weeks. This decline was further exacerbated by rising production, an oversupply of gas in storage, and the slow return of the Freeport LNG export plant in Texas after it shut down ahead of Hurricane Beryl. Adding to the bearish sentiment, speculators cut their net long futures and options positions for the third consecutive week, reaching lowest levels since early May.

Base Metals (MCX)	Close (Rs.)	%Chg.
Copper	840	-1.0%
Aluminium	2230	-1.7%
Nickel	1416	-0.2%
Lead	189	0.0%
Zinc	267	-1.6%

Inventory		Current	W/W Chg.	Units
Copper	LME	221100	4625	MT
	Shanghai	316108	-5534	MT
Aluminum	LME	964350	-1200	MT
	Shanghai	262200	18180	MT
Nickel	LME	101586	2010	MT
	Shanghai	18306	-180	MT
Lead	LME	207750	-1475	MT
	Shanghai	59408	3242	MT
Zinc	LME	246100	0	MT
	Shanghai	125892	-805	MT

Energy	Close (\$)	%Chg.
WTI Crude oil	83.29	0.2%
Natural gas	2.06	-7.5%

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		
-5.9%	528	174	2074.5	72000	74.5	1382	2354	2.1%	
-1.8%	166	48	1605	72500	108.5	509	575	0.0%	
-9.3%	742	1175	1203.5	73000	201	6028	2076	-0.1%	
-20.8%	164	866	844	73500	344	2143	351	8.0%	
-7.2%	1108	8396	576.5	74000	571	8472	1323	38.8%	
64.1%	251	2653	397	74500	899	344	53	0.0%	
25.0%	1782	7096	249	75000	1285.5	697	170	1033.3%	
0.0%	0	0	85.5	75500	1626.5	0	0	0.0%	
47.5%	748	3611	73	76000	2093.5	0	0	0.0%	

MCX Crude Oil

% Chg in OI	Call			Particulars			Put		% Chg in OI
	OI	Volume	Premium	Strike	Premium	Volume	OI		
-18.5%	6439	36457	85	6700	0.1	46147	12932	-4.1%	
-60.9%	1481	33894	50.8	6750	0.1	46118	5925	-20.0%	
-80.1%	2940	175081	24.4	6800	0.1	153696	6307	-26.4%	
-75.4%	2397	170196	8.9	6850	0.2	142100	3042	-27.2%	
-85.5%	2936	304181	4	6900	1.8	241215	8337	-3.5%	
0.4%	7606	68832	1.3	6950	42.5	36369	1137	45.2%	
-8.6%	14903	44109	1.3	7000	93.4	28777	1799	20.0%	
9.8%	3963	5270	0.7	7050	142.8	2540	1099	7.3%	
-9.8%	4501	5450	0.7	7100	193.1	2882	1146	13.1%	

MCX Natural Gas

% Chg in OI	Call			Particulars			Put		% Chg in OI
	OI	Volume	Premium	Strike	Premium	Volume	OI		
0.0%	45	52	32.45	150	0.7	15494	5558	106.4%	
6314.3%	449	3422	23.35	160	1.8	33821	4201	84.5%	
1790.5%	6976	53021	14.1	170	5.35	74244	8614	37.5%	
1982.6%	7643	58714	10.4	175	8.3	55556	3374	40.5%	
295.6%	15798	101222	7.55	180	255	72675	5721	-15.6%	
106.4%	10243	59924	5.25	185	16.05	28007	2499	-21.5%	
23.3%	15660	57909	3.45	190	20.6	18843	4272	-18.9%	
2.8%	15462	24528	1.55	200	29.8	3541	3524	-13.2%	
6.8%	8694	10387	0.7	210	39.6	210	2515	-5.3%	

Level Playing Sheet

Commodity	Exch.	Expiry	Close	S2	S1	Pivot	R1	R2	Trend	Conviction	Intraday Range
Castor Seed	NCDEX	Aug	6,123	6,053	6,088	6,148	6,183	6,243	Bearish	Moderate	6071 - 6166
Cocudakl	NCDEX	Aug	3,010	2,974	2,992	3,010	3,028	3,046	Bearish	Moderate	3001 - 3037
Cotton	NCDEX	July	57,410	56,937	57,173	57,437	57,673	57,937	Bearish	Moderate	57055 - 57555
Dhaniya	NCDEX	Aug	7,204	7,147	7,175	7,213	7,241	7,279	Bearish	Moderate	7194 - 7260
Jeera	NCDEX	July	26,420	25,753	26,087	26,398	26,732	27,043	Bearish	Moderate	26243 - 26888
Guar Seed	NCDEX	Aug	5,497	5,465	5,481	5,505	5,521	5,545	Bearish	Moderate	5493 - 5533
Guar Gum	NCDEX	Aug	10,738	10,671	10,704	10,756	10,789	10,841	Bearish	Moderate	10688 - 10773
Mentha Oil	MCX	July	946	938	942.30	945	949	952	Bearish	Moderate	944 - 951
Turmeric	NCDEX	Aug	15,740	15,371	15,555	15,677	15,861	15,983	Bearish	Moderate	15616 - 15922

Commodity	Exch.	Expiry	Close	S2	S1	Pivot	R1	R2	Trend	Conviction	Intraday Range
Gold	MCX	Aug	74273	73260	73766	74038	74544	74816	Bullish	Low	73902 - 74680
Gold Comex	Comex	July	2462	2417	2440	2450	2473	2483	Bullish	Moderate	2445 - 2478
Silver	MCX	Sep	93860	91757	92809	93431	94483	95105	Bullish	Moderate	93120 - 94794
Silver Comex	Comex	Aug	31.28	30.28	30.78	31.10	31.60	31.93	Bullish	High	31 - 32
Crude	MCX	July	6704	6591	6647	6704	6760	6817	Bearish	Moderate	6619 - 6732
Crude Nymex	Nymex	Sep	79.71	78.28	79.00	79.93	80.65	81.58	Bearish	Moderate	79 - 80
Nat Gas	MCX	July	183	176	179	184	187	191	Bearish	Moderate	177 - 185
BullDex	MCX	July	19098	18779	18939	19044	19204	19309	Bullish	Moderate	18992 - 19257
Copper	MCX	July	846.80	830	838	848	857	866	Bearish	Moderate	834 - 852
Zinc	MCX	July	269.90	265	268	271	274	277	Bearish	Moderate	266 - 272
Lead	MCX	July	189	188	189	189	190	191	Bearish	Moderate	188 - 190
Aluminum	MCX	July	223.50	220	222	225	226	229	Bearish	Moderate	221 - 225

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