



Friday, September 20, 2024

Overview

- Fed cut interest rates by 50 bps for the first time in 4 years
- Gold prices hover near record highs
- Copper heads for weekly gains

Precious Metals

Gold prices rose over 1% as the U.S. Federal Reserve launched its monetary easing cycle with a half percentage point move, boosting bullion to an all-time high and just a few points shy of the key psychological level of \$2,600. Market participants were slightly taken back post Governor Powell's commentary as he mentioned that the Fed will move meeting to meeting and keep a data dependent approach. He did not commit to further cuts in the coming meetings as oppose to what market participants have been discounting. Also, there was no mention about easing the Quantitative Tightening that was announced during the rate hike cycle, supporting an up-move in dollar. Updates regarding geopolitical tensions is also keeping market participants on edge. Further escalation and involvement of other major economies in this middle tensions could boost sentiment for metals. In this week, US retail sales, weekly jobless claims and Philly fed manufacturing index were reported better than estimates, further capping gains for bullions. No major economic data points are scheduled today from US.

| Precious metals | Close (\$) | %Chg. |
|-----------------|-------------------|------------|
| Gold | 2591.9 | 0.2% |
| Silver | 31.10 | 1.0% |
| CFTC data | Speculative Longs | Change WoW |
| Gold | 226709 | 119 |
| Silver | 27090 | 589 |
| ETF | Close | %Chg. |
| GOLD ETF | 1988.7 | -1.35 |
| Silver ETF | 25921 | 0.01 |
| Others | Close | %Chg. |
| DXY | 100.61 | -0.1% |
| US 10Y Yields | 3.71 | 1.4% |

Base Metals

Base metals headed for weekly gains, supported by a larger than expected cut announced by the Federal Reserve. The U.S. Fed's rate cuts eases concerns of weak demand Copper, which is widely used in the manufacturing sector and building construction, has faced headwinds amid China's sluggish economic recovery. The lower rates may release the pent-up demand from the U.S. housing market. Dollar initially rebounded after Powells remarks stating the central bank is not in a rush to ease policy and that half-percentage point cuts are not the "new pace." Markets are also anticipating potential economic support from China, the world's largest copper consumer, following the realization that manufacturing is on a downward trajectory in the absence of additional stimulus, as evidenced by weaker-than-anticipated industrial output, retail sales, and fixed-asset investments.

Energy

Oil prices rallied by 1% in yesterday's session as the softer monetary policy outlook has fostered expectations of stronger future demand following the steep interest rate cut by the Federal Reserve. Increased tensions in the Middle East also aided crude, after Israel allegedly exploded pagars and walkie talkies belonging to Hezbollah members, sparking vows of retaliation. Fighting in and around Gaza also continued. Despite the weekly bounce, bigger gains in crude held back by persistent concerns over slowing demand, especially in top importer China. U.S. fuel demand also appeared to be cooling with the end of the travel-heavy summer season. China remained a key point of contention for crude markets, as economic readings from the world's biggest oil importer showed little signs of improvement. The People's Bank of China kept benchmark lending rates unchanged, despite mounting calls on Beijing to unlock more stimulus for the economy. Data released earlier in September showed Chinese refinery output slowed for a fifth straight month in August, while the country's oil imports also remained mostly weak. Natural gas prices initially fell to a 1-week low after weekly EIA inventories rose more than expected. EIA reported that gas inventories rose +58 bcf above expectations of +56 bcf. Prices however saw some recovery on forecasts for warmer US temperatures that will boost gas demand from electricity providers to run air conditioning.

| Base Metals (MCX) | Close (Rs.) | %Chg. |
|-------------------|-------------|-------|
| Copper | 814 | 0.1% |
| Aluminium | 2320 | 0.3% |
| Nickel | 1372 | -1.0% |
| Lead | 185 | 0.7% |
| Zinc | 270 | -0.4% |

| Inventory | | Current | W/W Chg. | Units |
|-----------|----------|---------|----------|-------|
| Copper | LME | 304925 | -325 | MT |
| | Shanghai | 185520 | -29854 | MT |
| Aluminum | LME | 813000 | -500 | MT |
| | Shanghai | 283773 | -2174 | MT |
| Nickel | LME | 123924 | 198 | MT |
| | Shanghai | 21024 | 547 | MT |
| Lead | LME | 203750 | -800 | MT |
| | Shanghai | 51481 | 20956 | MT |
| Zinc | LME | 256800 | 4950 | MT |
| | Shanghai | 81695 | -2793 | MT |

| Energy | Close (\$) | %Chg. |
|---------------|------------|-------|
| WTI Crude oil | 70.94 | -1.4% |
| Natural gas | 2.36 | 2.7% |

| 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 | 105024 | -19844 |
| Natural Gas | -50645 | 19311 |

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

Options Monitor

MCX Gold Mini

| % Chg in OI | Call | | Particulars | | | Put | | % Chg in OI |
|-------------|------|--------|-------------|--------------|---------|--------|------|-------------|
| | OI | Volume | Premium | Strike | Premium | Volume | OI | |
| -9.4% | 48 | 23 | 1703 | 71500 | 47 | 2278 | 724 | 49.0% |
| -29.7% | 564 | 1173 | 1279.5 | 72000 | 78.5 | 11477 | 2696 | 20.5% |
| -2.6% | 149 | 410 | 916 | 72500 | 138.5 | 4827 | 701 | 54.4% |
| -15.8% | 1421 | 17498 | 643.5 | 73000 | 279.5 | 17397 | 1777 | 31.5% |
| -0.6% | 881 | 11506 | 437.5 | 73500 | 520 | 2244 | 285 | 70.7% |
| -16.5% | 1993 | 19141 | 278.5 | 74000 | 837 | 1306 | 204 | 0.5% |
| 69.6% | 234 | 2062 | 193 | 74500 | 1798 | 1 | 1 | 0.0% |
| 25.4% | 3173 | 11849 | 131.5 | 75000 | 1719.5 | 73 | 26 | 8.3% |
| 0.0% | 1 | 0 | 5 | 75500 | 2146.5 | 0 | 0 | 0.0% |

MCX Crude Oil

| % Chg in OI | Call | | Particulars | | | Put | | % Chg in OI |
|-------------|------|--------|-------------|-------------|---------|--------|------|-------------|
| | OI | Volume | Premium | Strike | Premium | Volume | OI | |
| -41.6% | 2314 | 33156 | 243.8 | 5800 | 143.7 | 94299 | 5779 | 49.3% |
| -63.6% | 333 | 11627 | 219 | 5850 | 163.5 | 21446 | 960 | 173.5% |
| -33.5% | 4664 | 113124 | 194.6 | 5900 | 183.7 | 123064 | 6220 | 82.8% |
| -7.1% | 1185 | 48045 | 174.6 | 5950 | 207.1 | 29302 | 1080 | 445.5% |
| -3.5% | 5975 | 153678 | 155.2 | 6000 | 232.6 | 90554 | 4330 | 70.1% |
| 56.3% | 747 | 25986 | 138.1 | 6050 | 259.9 | 2885 | 113 | 117.3% |
| -5.9% | 2500 | 57519 | 121.7 | 6100 | 288.8 | 9842 | 802 | 140.8% |
| 258.1% | 820 | 12203 | 108.7 | 6150 | 318.8 | 11 | 7 | 0.0% |
| -10.3% | 4540 | 58730 | 95.1 | 6200 | 354.7 | 1966 | 416 | 112.2% |

MCX Natural Gas

| % Chg in OI | Call | | Particulars | | | Put | | % Chg in OI |
|-------------|-------|--------|-------------|------------|---------|--------|-------|-------------|
| | OI | Volume | Premium | Strike | Premium | Volume | OI | |
| -43.9% | 23 | 126 | 28 | 165 | 0.15 | 4377 | 4455 | 1.9% |
| -2.8% | 1139 | 5225 | 19.05 | 175 | 0.3 | 28036 | 6270 | 3.1% |
| 0.9% | 2459 | 71954 | 10.5 | 185 | 1.2 | 129569 | 8840 | 54.1% |
| 6.1% | 7134 | 224622 | 7.2 | 190 | 2.15 | 228970 | 13121 | 51.5% |
| 0.7% | 12608 | 206394 | 4.65 | 195 | 255 | 128161 | 7972 | 29.7% |
| -9.4% | 21741 | 210057 | 2.9 | 200 | 6.8 | 78796 | 4652 | -16.4% |
| -25.4% | 8223 | 65872 | 1.85 | 205 | 10.55 | 19864 | 1205 | 2.3% |
| -25.1% | 4490 | 17443 | 0.6 | 215 | 19.65 | 558 | 71 | -15.5% |
| -12.6% | 1356 | 2269 | 0.2 | 225 | 27.65 | 1 | 4 | 33.3% |

Level Playing Sheet

| Commodity | Exch. | Expiry | Close | S2 | S1 | Pivot | R1 | R2 | Trend | Conviction | Intraday Range |
|--------------------|-------|--------|--------|--------|--------|--------|--------|--------|---------|------------|----------------|
| Castor Seed | NCDEX | Oct | 6,511 | 6,432 | 6,472 | 6,521 | 6,561 | 6,610 | Bearish | High | 6452 - 6541 |
| Cocudakl | NCDEX | Dec | 3,014 | 2,976 | 2,995 | 3,024 | 3,043 | 3,072 | Bearish | Moderate | 2986 - 3034 |
| Cotton | NCDEX | Sept | 58,020 | 57,340 | 57,680 | 58,340 | 58,680 | 59,340 | Bearish | Moderate | 57510 - 58510 |
| Dhaniya | NCDEX | Oct | 7,280 | 7,145 | 7,213 | 7,271 | 7,339 | 7,397 | Bearish | Moderate | 7242 - 7368 |
| Jeera | NCDEX | Sept | 27,470 | 26,733 | 27,102 | 27,568 | 27,937 | 28,403 | Bearish | Moderate | 27335 - 28170 |
| Guar Seed | NCDEX | Oct | 5,433 | 5,370 | 5,401 | 5,423 | 5,454 | 5,476 | Bearish | Moderate | 5412 - 5465 |
| Guar Gum | NCDEX | Oct | 10,714 | 10,612 | 10,663 | 10,701 | 10,752 | 10,790 | Bearish | Moderate | 10682 - 10771 |
| Mentha Oil | MCX | Sept | 959 | 953 | 956.03 | 961 | 964 | 968 | Bearish | Moderate | 955 - 962 |
| Turmeric | NCDEX | Oct | 14,172 | 13,604 | 13,888 | 14,274 | 14,558 | 14,944 | Bearish | Moderate | 13746 - 14416 |

| Commodity | Exch. | Expiry | Close | S2 | S1 | Pivot | R1 | R2 | Trend | Conviction | Intraday Range |
|---------------------|-------|--------|--------|-------|-------|-------|-------|-------|---------|------------|----------------|
| Gold | MCX | Oct | 73438 | 72446 | 72942 | 73281 | 73777 | 74116 | Bullish | Moderate | 73112 - 73947 |
| Gold Comex | Comex | Sept | 2588 | 2559 | 2573 | 2581 | 2595 | 2603 | Bullish | High | 2577 - 2599 |
| Silver | MCX | Dec | 89968 | 87263 | 88615 | 89608 | 90960 | 91953 | Bullish | High | 89112 - 91457 |
| Silver Comex | Comex | Sept | 31.13 | 29.43 | 30.28 | 30.81 | 31.66 | 32.18 | Bullish | Moderate | 31 - 32 |
| Crude | MCX | Sept | 6026 | 5865 | 5945 | 6004 | 6084 | 6143 | Strong | Moderate | 5975 - 6114 |
| Crude Nymex | Nymex | Oct | 71.16 | 68.21 | 69.68 | 70.61 | 72.08 | 73.01 | Strong | Low | 70 - 73 |
| Nat Gas | MCX | Sept | 196 | 182 | 189 | 193 | 200 | 204 | Bullish | High | 191 - 202 |
| BullDex | MCX | Sept | 18452 | 18237 | 18344 | 18418 | 18525 | 18599 | Bullish | Moderate | 18381 - 18562 |
| Copper | MCX | Sept | 814.40 | 803 | 809 | 814 | 820 | 825 | Bullish | High | 811 - 823 |
| Zinc | MCX | Sept | 269.55 | 265 | 267 | 269 | 271 | 273 | Bullish | High | 268 - 272 |
| Lead | MCX | Sept | 185 | 183 | 184 | 185 | 186 | 187 | Strong | Moderate | 185 - 187 |
| Aluminum | MCX | Sept | 231.75 | 228 | 230 | 232 | 234 | 236 | Bullish | High | 231 - 235 |

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