

16-SEPTEMBER-2024



COMMODITY WEEKLY REPORT



UPCOMING KEY ECONOMIC EVENTS



Monday, Sept- 16

- USA: Empire State Manufacturing Index - Previous - -4.7 : Level of a diffusion index based on surveyed manufacturers in New York state.

Tuesday, Sept- 17

- EUR : German ZEW Economic Sentiment - Previous - 19.2: Level of a diffusion index based on surveyed German institutional investors and analysts
- USA: Core Retail Sales m/m - Previous - 0.4% : Change in the total value of sales at the retail level, excluding automobiles
- USA: Retail Sales m/m - Previous - 1.0% : Change in the total value of sales at the retail level

Wednesday, Sept- 18

- EUR: Final Core CPI y/y - Previous - 2.8% : Change in the price of goods and services purchased by consumers, excluding food, energy, alcohol, and tobacco
- EUR: Final CPI y/y - Previous - 2.2% : Change in the price of goods and services purchased by consumers
- USA: Federal Funds Rate - Previous - 5.50% : Interest rate at which depository institutions lend balances held at the Federal Reserve to other depository institutions overnight
- USA: FOMC Economic Projections , FOMC Statement , FOMC Press Conference
- USA: Crude Oil Inventories - Previous - 0.8M : Change in the number of barrels of crude oil held in inventory by commercial firms during the past week

Thursday, Sept- 19

- USA: Unemployment Claims - Previous - 230K : The number of individuals who filed for unemployment insurance for the first time during the past week
- USA: Philly Fed Manufacturing Index - Previous - -7.0 : Level of a diffusion index based on surveyed manufacturers in Philadelphia
- USA: Existing Home Sales - Previous - 3.95M : Annualized number of residential buildings that were sold during the previous month, excluding new construction
- USA: Natural Gas Storage - Previous - 40B : Change in the number of cubic feet of natural gas held in underground storage during the past week

Friday, Sept- 20

- EUR: ECB President Lagarde Speaks
- EUR: Consumer Confidence - Previous - -13 : Level of a diffusion index based on surveyed consumers
- JPY: BOJ Policy Rate - Previous - <0.25% : Interest rate levied on excess current account balances held at the BOJ
- JPY: Monetary Policy Statement
- CNY: 1-y Loan Prime Rate - Previous - 3.35% : Interest rate at which commercial banks lend to households and business
- CNY: 5-y Loan Prime Rate - Previous - 3.85% : Interest rate applied by commercial banks for mortgage loans

COMMODITY OVERVIEW



Bullion overview:

Gold prices hit a record high in Asian trade on Friday, buoyed by persistent speculation that the Federal Reserve will cut interest rates in the coming week, while increased safe haven demand in the face of a tight U.S. presidential election also helped. The yellow metal shot up on Thursday and Friday, tracking declines in the dollar and Treasury yields as markets maintained bets on an interest rate cut despite some stronger inflation data. Signs of weakness in the labor market also furthered this notion. Gains in the yellow metal came as investors remained convinced that the Fed will cut rates when it meets next week. But markets were uncertain over the scale of the potential rate cut. Strong inflation readings released earlier this week saw expectations shift towards a smaller, 25 bps reduction. But soft labor market data- specifically jobless claims- released on Thursday, saw bets on a 50 bps reduction come back into play. Traders were seen pricing in a 58% chance for a 25 bps cut and a 42% chance for a 50 bps cut, according to CME Fedwatch. Source: investing.com

Technical levels:

Comex gold future has breached the four weeks trading range and prices are trading near \$2610. The prices were facing resistance at upper line of short-term channel which has broken by gold prices previous week. Currently, gold has given the breakout of rectangle pattern, formed on daily chart, which may take the prices towards \$2626 to \$2660 or beyond this week. The RSI hovering at 73, while MACD shows moderate buying momentum on weekly chart. In MCX, gold prices may remain upside and may move towards 74200 to 75500 levels this week.

Silver future has resistance at \$30.7 above this level prices may test \$33, which may act as crucial resistance. Silver prices have formed a bullish flag pattern on weekly and monthly chart and prices are trading on the verge of a breakout. The trend is upside and prices are trading above the 50, 100 and 200-SMA on weekly chart. While, MACD indicates high buying momentum on daily chart and RSI is hovering near 60 levels. MCX December future silver, is likely to test 92000 to 94000 levels in the coming weeks. It has support at 86000.

COMMODITY OVERVIEW



Energy pack overview :

Oil prices rose in Asian trade on Friday and were set for a positive close to the week as concerns over supply disruptions stemming from Hurricane Francine helped crude rebound from near three-year lows. But the prices were still nursing steep losses from last week, and were trading only marginally above this week's lows, as persistent fears over slowing demand stemmed crude's advance. Oil production and refinery activities in the Gulf of Mexico were battered by Hurricane Francine as it made landfall in Louisiana earlier this week, although it was later downgraded to a tropical storm. A slew of offshore platforms in the storm's path were evacuated through the week, while operations in crude and natural gas shipping terminals were also suspended. The Gulf of Mexico accounts for nearly a quarter of all U.S. oil production, with any extended production halts heralding tighter supplies in the country. Despite some positive momentum this week, oil prices were still trading close to three-year lows amid persistent concerns over slowing demand. Weak economic signals from China were a key driver of these concerns, as traders positioned for potentially weaker demand in the world's biggest oil importer.

Technical levels:

MCX September futures crude oil prices gained around 6% last week after a large downside move in the prior week. The crude oil prices were trading in a range for several months and the said range has broken down in recent weeks. The prices have formed a bearish triangle pattern on the weekly chart. The MACD shows high selling momentum while a bounce in the prices last week could be a good selling opportunity. Crude oil prices are trading below the 200-SMA on the weekly chart which indicates that a bearish move may continue in the coming weeks. However, a bearish view would be negated if prices close above 6400 in MCX.

A dome-shaped price pattern on the daily chart in MCX natural gas futures may keep the prices upside in the upcoming weeks. The winter season is also knocking the door which will further support the gas prices. The MCX natural gas prices are likely to move towards 226–237 levels.

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Technical levels:

Copper prices gained around 2 percent in MCX last week. The prices are trading above 50-SMA for several weeks. Copper prices rebounded last month and have formed a long-lagged dogi pattern on the monthly chart which is supporting copper. The prices are trading above 50, 100 and 200-SMA indicating that prices still have upside potential as the long term-trend is upside. However, weekly trend still looks range-bound this week.

The zinc prices are trading in a wide swing on weekly chart, where 270 is act as resistance levels and 250 levels as support. Currently, prices are trading at upper range, which may see mild selling this week in zinc prices.

Near trend in aluminum may remain range-bound to the downside and prices are likely to be in the range of 218–229 levels this week. It has resistance at 234 and support at 211.

Base metals overview:

Copper output from Chilean state miner Codelco fell 10.7% in July from a year earlier, copper commission Cochilco said on Wednesday, as the world's largest copper company grapples to halt a decline in production. Codelco produced 111,400 metric tons of copper in July, while other key miners saw mixed results. Codelco has been struggling to boost production, which last year hit a quarter-century low. The company declined to comment on July results. The company previously said it expected production to be stronger in the second half of the year than the first, after registering an 8.4% drop in the January-to-June period versus last year.

Consumption is gradually improving, and a turning point in inventory reduction may have been reached. LME aluminium inventories have dropped by 22% over the past three months, reaching 877,950 tons, the lowest since May 8. On the global front, China's aluminium output surged by 6% year-on-year in July to 3.68 million metric tons, marking the highest monthly output since 2002.



COMMODITY DERIVATIVES READING



MCX Gold:

The CBOE gold volatility index remained near 16% for the second consecutive week, the levels is favorable for bullish trend. At the same time, implied volatility in the Comex division remained near 15% for the October option contract. The volatility of in-the-money puts has increased slightly while IV of calls look neutral, indicates fear at higher levels. September's gold option's put/call ratio is at 1.80 in MCX, it rose suddenly compared to last week. The nearest strike prices in MCX with high open interest are 74000 calls and 72000 puts.

MCX Silver:

The nearest strike price in silver with a high OI is 85000 puts and 90000 calls. While PCR rose to 1.0 from 0.86, compared to last week. In Comex futures silver, the implied volatility (IV) of puts is higher than calls option's IV. The data indicates that trend may remain upside this week.

MCX Crude Oil:

The August month's crude oil options contract has a high OI at 5900 calls and 5700 puts. The CBOE crude oil volatility index rose to 42% and settled near 36% in the previous week. The PCR rose to 0.69 from 0.39, compared to last week. The IV of OTM and deep ITM puts has increased while IV of deep ITM calls has increased, which indicates that trend may remain down this week.

MCX Natural Gas:

The implied volatility of out-of-the-money puts has increased this week in NYMEX natural gas futures. While, the PCR in MCX rose to 1.57 from 1.23, compared to last week, indicating that bullish trend may continue this week with some volatility in the prices. Natural gas has high OI at 200 calls and 190 puts in MCX.

WEEKLY PIVOT LEVELS

PAIR	R3	R2	R1	P	S1	S2	S3
GOLD	76862	75238	74376	72752	71890	70266	69404
SILVER	99494	94659	91920	87085	84346	79511	76772
CRUDEOIL	6354	6129	5950	5725	5546	5321	5142
NATURAL GAS	227.7	215.0	204.5	191.8	181.3	168.6	158.1
ALUMINIUM	244.8	237.0	232.9	225.0	220.9	213.1	209.0
ZINC	289.7	279.1	273.5	263.0	257.4	246.8	241.2
COPPER	837.0	821.1	811.7	795.8	786.4	770.5	761.1

COMMODITY OVERVIEW

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