MONTHLY BULLETIN (RESEARCH) Date 9th Nov 2019

GOLD

Market Outlook and Fundamental Analysis:

Bullion lost ground in Nov after smartly recovery previous month as Gold ended with its worst month in last 3-years, basically after phase one deal expectations between world two largest economy which may seen some kind of end for trade war, dented gold as safe appeal added by poor demand at higher prices especially from top consuming nations China & India. All this supported by Strong dollar & historic high equity market turn global investors attention towards riskier assets, so the offload some position from Bullion resulted in sharp selloff in last 2-weeks. For the month November Gold down almost 3%, silver fall almost 6%, Platinum down 4% and against all this only palladium in precious metals register 4th consecutive monthly gain of almost 2.5%. Also, Gold slumped 3.6% in 1st week of Nov, its biggest weekly decline in 3-years on upbeat equities and optimism surrounding the U.S.-China trade deal. However on year to date basis, Palladium is top in chart with gain of 46% followed by Gold 15%, Platinum 13% and Silver inch above 10.5%. A sharp drop in gold imports in the last few months seen in India and demand in the world's top bullion consumer China has remained subdued mainly due its tariff war with the United States that has been dragging on their economic growth. Investors fear the new U.S. legislation backing Hong Kong protesters could disrupt efforts to end the trade war. Bullion also seen under pressure after US FED hint of pause in rate cut at least for some time now which makes profit booking for those who bat for many rate cuts in this cycle. Spot Gold prices have retreated over 5% from a six-year high of $1,557 an ounce hit in September, but are still on track for the biggest yearly gain since 2010. Still Gold has gained about 15% so far this year, which could be its biggest annual gain since 2010, mainly bolstered by the impact of prolonged U.S.-China trade war on global economy.

US nonfarm payroll number, a gauge for FED move, U.S. job growth increased by the most in 10 months in November as former striking workers returned to General Motors' GM.N payrolls and the healthcare industry boosted hiring, the strongest sign yet the economy was not in danger of stalling. Nonfarm payrolls increased by 266,000 jobs last month, the largest increase in payrolls since January lifted job growth well above its monthly average of 180,000 this year. Economists polled by Reuters had forecast payrolls rising by 180,000 jobs in November. The economy created 41,000 more jobs in September and October than previously estimated. The numbers seen negative for bullions appeal as safe haven and put pressure on prices.

U.S. central bank policymakers are expected to highlight the economy's resilience when they meet on Dec. 10-11, though trade tensions continue to reverberate in the background.

Gold get some relief rally after latest trade war update as, U.S. President Donald Trump said a trade agreement with China might have to wait until after the U.S. presidential election in November 2020, denting hopes of a quick resolution to a dispute that has weighed on the world economy. He says, "In some ways, I like the idea of waiting until after the election for the China deal. But they want to make a deal now, and we'll see whether or not the deal's going to be right; it's got to be right." Washington and Beijing have yet to ink a so-called "phase one" agreement announced in

October, which had raised hopes of a de-escalation. U.S. Commerce Secretary Wilbur Ross has said that Dec. 15, when a further 15% U.S. tariff on about $156 billion worth of Chinese imports is set to take effect, is a natural deadline for an agreement. Also added, "I don't think it's up to if they want to make it, it's if I want to make it. We'll see what happens."

The U.S.-China trade war will cut 2019 global growth to its slowest pace since the 2008-2009 financial crisis, the IMF warned earlier, adding that the outlook could darken considerably if trade tensions remain unresolved. The IMF said its latest World Economic Outlook projections show 2019 GDP growth at 3.0%, down from 3.2% in a July forecast, largely due to increasing fallout from global trade friction. Global trade growth reached just 1% in the first half of 2019, the weakest level since 2012, weighed down by higher tariffs and prolonged uncertainty about trade policies, as well as a slump in the automobile industry. After expanding by 3.6% in 2018, the IMF now projects global trade volume will increase just 1.1% in 2019, 1.4 percentage points less than it forecast in July and 2.3 percentage points less than forecast in April.

In its latest move, India Reserve Bank of India (RBI) kept its key lending rate on hold in a shock decision, while sharply revising its forecast for the economy to project the weakest growth in seven years. The RBI's monetary policy committee (MPC) unanimously voted to hold the key repo rate at 5.15% while the reverse repo rate was also held at 4.90%. Economists polled by Reuters expected the central bank to cut rates for the sixth time this year. The RBI lowered its GDP growth forecast for the year ending March 2020 to 5% from 6.1%, while raising its headline inflation projection for the second half of the ongoing financial year to between 5.1%-4.9%, from an earlier forecast of 3.5%-3.7%.

A divided U.S. Federal Reserve that decided to hit pause in its easing cycle following a rate cut in October signalled in minutes of last month's meeting that it was in no hurry to reassess the path of interest rates. Next FED meeting schedule on 2nd week of Dec. The U.S. Fed has interest rates at the appropriate level for the U.S. economy but risks to the economic outlook are still tilted downwards, Fed President John Williams said earlier. Gold is highly sensitive to interest rates, as a lower interest reduces the opportunity cost of holding the non-yielding bullion. U.S. Federal Reserve Chair Jerome Powell said the negative interest rates sought by President Donald Trump were not appropriate for the U.S. economy right now. The Fed has cut interest rates thrice this year to help sustain U.S. growth.

Consistent central banks buying offer some support to gold prices as latest, Poland could keep buying gold as the country's economy grows, potentially doubling the proportion of total reserves held in the metal, central bank governor Adam Glapinski said.

Other updates, Silver demand will creep up by 1% this year, reducing global oversupply to the lowest since 2015, as slowing global economic growth amid the tariff war has weakened demand for the industrial metal, according to consultancy Metals Focus.

A surge in investment buying will push the global platinum market into a small deficit this year – the first since 2016 – but a hefty surplus will return in 2020, the World Platinum Investment Council said.

On data side, British manufacturers cut jobs last month at the fastest rate since 2012, a survey showed on Monday, as pressures from Brexit and a global trade slowdown caused the sector's longest decline since the financial crisis. U.S. factory activity contracted further in November amid a slump in new orders while construction spending unexpectedly fell, offering cautionary notes on an economy that had recently shown signs of growing at a moderate pace. Euro zone inflation accelerated faster than expected in November on a rise in food and services prices, Annual inflation jumped to 1% this month from 0.7% in October, outpacing expectations for 0.9%, as volatile food prices rose more than predicted, data from Eurostat showed. New orders for key U.S.-made capital goods increased by the most in nine months in October and shipments rebounded, suggesting some stabilization in business investment after it contracted for two straight quarters. U.S. economic growth picked up slightly in the third quarter, rather than slowing as initially reported as GDP increased at a 2.1% annualized rate, the Commerce Department said in its second estimate of third-quarter GDP. That was up from the 1.9% pace estimated last month. Economists polled by Reuters had forecast third-quarter GDP growth would be unrevised at 1.9%. Growth has slowed from the 3.1% rate notched in the first three months of the year. U.S. manufacturing output accelerated in November to its fastest pace in seven months and services activity also picked up more than expected, a survey of purchasing managers showed. Euro Zone IHS Markit's flash November composite Purchasing Managers' Index, seen as a reliable guide to economic health, slipped to 50.3 from October's 50.6, moving to within a whisker of the 50 mark separating growth from contraction. The European Union's statistics office Eurostat said gross domestic product in the 19 countries sharing the euro increased 0.2% quarter-on-quarter in the third quarter for a 1.2% year-on-year gain. Britain's economy grew by a decade-low 1.0% in the 12 months to September, hit by U.S-China trade tensions and the approach of a now postponed Brexit deadline on Oct. 31. On China data side, Profits at China's industrial firms shrank at their fastest pace in eight months in October, tracking sustained drops in producer prices and exports and underscoring slowing momentum in the world's second-largest economy. Hong Kong sank into recession for the first time in a decade in the third quarter, government data confirmed on Friday, weighed down by increasingly violent anti-government protests and the escalating U.S.-China trade war. The economy shrank by 3.2% in July-September from the previous quarter on a seasonally adjusted basis, revised government data showed, in line with a preliminary reading. Gross domestic product (GDP) contracted for the second consecutive quarter, meeting the technical definition of a recession. August retail sales were the worst on record - down 23% from a year earlier - while September's plunged 18.3%. Hong Kong is one of the world's most important financial hubs with total banking, fund and wealth management assets worth more than $6 trillion. Business activity in the private sector fell to its weakest in 21 years in October, according to IHS Markit, while demand from mainland China declined at the sharpest pace in the survey's history - which started in July 1998.

India will make hallmarking of gold jewellery and artifacts mandatory from mid-January, a senior government minister said last week of Nov, a move that could boost demand in the world's second-biggest gold market by tackling quality concerns. Hallmarking will be mandatory from Jan. 15, but a period of one year will be allowed to set up new hallmarking centres and to clear jewellers' existing stocks, Consumer Affairs Minister Ram Vilas Paswan told reporters.

India, world 2nd largest consumer of Gold, its imports in November jumped 78% from a month earlier to the highest level in 5-months as jewellers in the world's second-biggest market for the metal restocked after a fall in prices, a government source said. India imported 71 tonnes of gold in November, compared with 40 tonnes in October but still Imports were down 16% from November 2018. Gold started trading at a premium in India to the official domestic price last month for the first time in 5-1/2 months on an improvement in demand from jewelers. Dealers charged a premium of up to $1.5 an ounce over official domestic prices in November, compared with a discount of up to $21 an ounce in October. The domestic price includes a 12.5% import tax and 3% sales tax. The country's gold demand is expected to fall to its lowest level in three years in 2019, the World Gold Council (WGC) said earlier.

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On domestic Data update, India's manufacturing activity picked up in November as new orders and output rose at a faster pace, The Nikkei Manufacturing Purchasing Managers' Index, compiled by IHS Markit, rose to 51.2 last month from 50.6 in October, confounding expectations in a Reuters poll for a decline to 49.8. India's Q2 GDP cooled to 4.5 % from the same period a year earlier, the weakest pace in more than 6-years, as consumer demand and private investment weakened and a global slowdown hit exports, latest government data showed. Economists polled by Reuters had expected growth to slow to 4.7%, compared with a 5.0% rise the previous quarter. India's fiscal deficit in the first seven months through October stood at 7.2 trillion rupees ($100.32 billion), or 102.4% of the budgeted target for the current fiscal year. India's trade deficit narrowed to $11.01 billion in October from $18.0 billion a year ago, the trade ministry said on Friday, helped by lower oil imports. Merchandise exports fell 1.11% to $26.38 billion in October compared with a year earlier, while imports were down 16.31% at $37.39 billion, the data showed. India's retail inflation rate rose to 4.62% in October, driven by higher food prices, the government said on Wednesday. Annual retail inflation in October was higher compared with 3.99% in the previous month and analysts' forecasts. Analysts polled by Reuters had forecast a retail inflation rate of 4.25% for October. India's wholesale inflation or WPI dipped marginally for the month of October at 0.16 per cent compared to 0.33 per cent in September supported by higher food prices which prevented the index from falling into negative territory. It is the lowest the WPI has touched in more than three years.

Going ahead, While global central bank easing, (the U.S.-China) trade war, economic growth concerns, geopolitical tensions in Mideast and other places, alternative investment demand due to recessionary fears will remain in place, all this lead to Gold as safe haven buying. However, once this consolidation period ends, we can expect gold target the $1,600 level. We continue to be in the opinion that global growth signals are still weakening and the question is will that sap into the United States and prompt the Fed to cut rates more aggressive than the market currently anticipating. Also, Gold is traditionally seen as a safe place to invest during times of uncertainty, as it tends to retain its value while other assets slide and Political and economic considerations might support prices in the next couple of months. The outlook for the dollar is also more subdued going into deeper 2019, with growing expectations that a three-year rate-hiking cycle in the United States has come to a close. Also, If U.S. growth slows down next year, as expected, gold would benefit from higher demand for defensive assets. In nutshell, Performance of financial markets, monetary policy in key economies including here, and the dollar movement will determine gold demand in 2019. Gold is often used by investors as a hedge against political and financial uncertainty.

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Technical Outlook:

On the Daily Chart:

Continue in its 2nd month Gold traded in broad range throughout the month Nov with small bounce back twice a month resulted in sharp supply & price correction but not beyond range. Traded between 38550-37700 range and either side break out will resulted in sharp rally/drop in prices within short while. Price seen consolidating before trigger upper side break out as long term trend still seen promising with multiple trend line support seen at every deep. For now price seen consolidating around 20 & 50 days SMA while trades well above long term 200 days SMA indicates long term trend still promising. RSI flat around 50-mark and MACD slight above signal line indicate some more days of consolidation before we see either side sharp break out.

In COMEX GOLD is trading at $1462

Expected support and Resistance level for the month

Gold	S1	S2	R1	R2
COMEX/DG CX ($)	1445	1425	1485	1520
MCX (Rs.)	37500	37200	38200	38700

RECOMMENDATION:

MCX Gold Dec: Buy above 38500 Stop Loss 38250 Targets 38750-39000.
Sell Only below 37500 Stop Loss 37700 Target 37200-36800.

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SILVER

Technical Outlook:

On the Daily Chart:

Silver lost the ground in 1sr week of Nov and after that through out the month seen consolidating as prices attempt to higher side but supply pressure makes it in tight range between 43500-45200 belt. Also price has 50% retracement support from price rally between 36000 & above 51400 in last couple of months which stood around 43500, if prices sustain close below same then we can expect another round of down trend with price target towards precious support of 42000-41800 range in short term. On broader chart still it seems promising to get higher side break out sooner than expected and we price could breach recent high above 51000 in weeks to come. Now prices fall below all 3-SMA with falling RSI and below signal line MACD indicates more pressure in the counter.

Expected support and Resistance level for the month

Silver	S1	S2	R1	R2
COMEX/DG CX ($)	16.45	15.90	17.30	17.70
MCX (Rs.)	43400	43000	44700	45700

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RECOMMENDATION:

MCX Silver Dec: Buy Only above 45700 Stop Loss below 44700 Targets 46500-47400
Sell below 43400 S/L above 44300 Target 42000-41800.

CRUDE OIL

Market Outlook and Fundamental Analysis

After straight 4-months of decline, oil recover smartly in Nov with Brent oil gain 6% its best monthly gain since April this year and WTI rose 2.3% its best month since June. Both benchmarks rose in November partly on expectations of the US and China reaching an initial deal trade deal by the year-end, that could lift doubts over future demand for crude, along with it the health of the global economy and ahead of Dec 5-6 meeting of the OPEC and allies including Russia, as the group known as OPEC+ is expected to extend existing oil output cuts until mid-2020. However, gain was cap by fresh trade tensions after US president hint that phase one deal might be beyond us election next Nov and record high U.S. crude production.

In latest meet on Dec 5-6 OPEC and allied oil producers, the so-called OPEC+, have agreed to deepen their output cuts by 500,000 barrels per day expected to last until March. OPEC is likely to shoulder 340,000 bpd in fresh cuts and non-OPEC producers an extra 160,000 bpd, according to sources. Also, OPEC and the wider OPEC+ group plan to meet next on March 5 and March 6, respectively. The cuts next year are in addition to OPEC's current agreement and represent about 1.7% of global oil output. OPEC+ agreed to reduce supply by 1.2 million barrels per day in 2019 through to March as U.S. output continues to climb to record levels. OPEC's share of that cut is 800,000 bpd among the 11 members participating in the deal. A Reuters survey on OPEC output indicates that total OPEC output fell by 110,000 bpd in November.

Other side, any price gains from the OPEC+ output cut is likely to benefit American producers not party to any supply curbing agreement. American drillers have been breaking production records even as they cut the number of oil rigs in operation, filling gaps in global supplies.

Crude prices have faced pressure from growing U.S. output, U.S. world largest crude oil producer its production in September rose to a new record of 12.46 million bpd from 12.397 million bpd in August, the latest government number said in a monthly report. The U.S. Energy Information Administration (EIA), however, projected U.S. oil output hit a record of 13 million bpd this month and will grow more than expected in 2019 and 2020.

According to latest release, China world largest importer and 2nd biggest consumer, its factory activity showed surprising signs of improvement in November, with growth picking up to a near 3-year high, The Caixin/Markit manufacturing PMI index rose to 51.8 in November from 51.7 in the previous month, marking the fastest expansion since December 2016, when it was 51.9. Economists polled by Reuters had expected a dip to 51.4.China's industrial output grew significantly more slowly than expected in October. ALSO, data showed fixed asset investment, a key driver of economic growth, grew 5.2% from January-October, the lowest since Reuters' records began in 1996. The consensus was for growth of 5.4%. New bank loans in China fell more than expected to the lowest in 22 months in October. Underlining the impact of the trade war, data over the weekend showed that China's producer prices fell the most in more than three years in October. Auto sales in China fell for a 16th consecutive month in October.

Latest customs data showed that China's crude oil imports in October rose 11.5% from a year earlier to a record high, bearish signals elsewhere tempered the news.

In a latest monthly report, the OPEC said demand for its crude will average 29.58 million barrels per day (bpd) next year, 1.12 million bpd less than in 2019. That points to a surplus of about 70,000 bpd next year, less than in previous reports. While the demand for OPEC crude will drop next year, OPEC trimmed its forecast for growth in 2020 non-OPEC supply to 2.17 million bpd, down 40,000 bpd from previous forecast. The drop in demand could press the case for the Organization of the Petroleum Exporting Countries and its allies to maintain supply curbs at a meeting on Dec. 5-6. Still, the report kept its 2020 economic and oil demand growth forecasts steady and was more upbeat about the outlook.

The OPEC+ countries face a major challenge in 2020 as demand for their crude is expected to fall sharply, the IEA also estimated non-OPEC supply growth would surge to 2.3 million barrels per day (bpd) next year compared to 1.8 million bpd in 2019, citing production from the United States, Brazil, Norway and Guyana. While U.S. supply rose by 145,000 bpd in October, the IEA said, a slowdown in activity that started earlier this year looks set to continue as companies prioritize capital discipline. Demand for crude oil from OPEC in 2020 will be 28.9 million bpd, the IEA forecast, 1 million bpd below the exporter club's current production. The IEA said that if some or all tariffs were lifted in coming months, "world economic growth and oil demand growth would both rise significantly", though the rebound may not be immediate.

Against this OPEC Secretary General Mohammad Barkindo had painted a more upbeat picture, saying growth in rival U.S. production would slow in 2020, although a report by the group had also said demand for OPEC oil was expected to dip. He also said some U.S. companies were now saying oil production would grow by just 0.3-0.4 million barrels per day next year - or less than half of previous expectations - reducing the risk of an oil glut.

Latest weekly inventory from US shows, U.S. crude inventories swelled by 1.6 million barrels last week as production rose to a record 12.9 million barrels per day (bpd) and refinery runs slowed. U.S. gasoline inventories soared 5.1 million barrels, compared with expectations for a 1.2 million-barrel gain.

However oil price get some support from latest report showing U.S. oil drillers reduced the number of drilling rigs for a record 12 months in a row. The rig count is an indication of future supply. Drillers cut three oil rigs in the week to Nov. 27, bringing the total count down to 668, the lowest since April 2017, energy services firm Baker Hughes Co said.

On the supply front, U.S. tight crude oil production is seen rising to 11 million bpd in 2035 from 6 million bpd in 2018. The largest increases in oil production are seen coming from the United States, the world's biggest producer, as well as Iraq and Brazil. "The oil price required to balance supply and demand in this scenario edges higher to nearly $90 a barrel in 2030 and $103 a barrel in 2040," the report said of the IEA's central scenario. Norway's production rose in October to beat the official forecast as output from the Johan Sverdrup field began ahead of schedule. This is the largest field to come on stream in the North Sea - home of the Brent contract - for years. Rising U.S. output and competition from production in Brazil, Norway and Guyana next year has been squeezing profits for U.S. shale producers, which plan another spending freeze in 2020 and a slowdown in production growth.

On other update, The IEA expects there will be 330 million electric cars on the road by 2040, up from an estimate of 300 million in last year's outlook. That would displace around 4 million bpd of oil use, it said, compared to the 3.3 million bpd forecast previously. The International Monetary Fund (IMF) said euro zone economic growth was set to slow more than expected as the bloc's manufacturing crisis could spill over to the larger services sector under global trade tensions.

On demand side, OPEC said demand for its crude would average 29.58 million barrels per day (bpd) next year, 1.12 million bpd less than in 2019, pointing to a 2020 surplus of about 70,000 bpd.

On Trade war update, the tariff war between the United States and China kept oil from moving higher. U.S. crude demand has slowed during the protracted trade war with China, and hopes for an end to the dispute in the signing of a so-called Phase One agreement have dimmed amid disagreements over the removal of tariffs.

On domestic Updates, India's fuel demand in October declined by 1.4% from a year earlier, and its diesel consumption fell by the steepest in about 3-years, latest government data showed. India consumed 83.5 million tonnes of diesel in the 2018/19 fiscal year, Ministry of Petroleum and Natural Gas data show, which was a record and 3% above the prior year's total. OPEC's share of India's oil imports fell to 73% in October, its lowest monthly share since at least 2011, tanker data from sources showed, as refiners shipped in fuel from the United States and other suppliers. India, which usually imports about 80% of its needs from members of the OPEC, has been diversifying its sources of oil as local refiners have upgraded plants to process cheaper crude grades. India, the world's third-biggest oil importer, shipped in 4.56 million barrels per day (bpd) of oil in October, about 3.3% less compared with a year ago, data showed. Of that, it bought 3.43 million bpd from OPEC. India shipped in a record 336,000 bpd of U.S. oil in October, about 7.5% of total imports, as private refiner Reliance Industries bought three tanker cargoes, data showed. The United States was Indian's fourth-biggest supplier in October.

Going ahead, as fears about the global economy outweigh output cuts by OPEC and its allies, fears about a future shortage have been replaced by concern about a potential slowdown in consumption, compounding the downward pressure on petroleum prices. But the loss of momentum in global trade growth since the middle of 2018, coupled with fears about a further slowdown or even recession in 2019, has transformed investor sentiment. A slowing global economy could erode oil demand growth in 2019, when supply from non-OPEC countries is forecast to expand at a record pace.

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Technical Outlook:-

On the Daily Chart:

Crude seen smart upward journey in Nov with price test multi week high and try to break initial previous peak, but fail to do so resulted in consolidation at higher level. Now price has good Resistance around 4275-4300 belt, if break we can expect sharp up move in short term towards 4550-4700 range. For now prices trading well above all 3-SMA with rising RSI and well above signal line MACD indicates more room for upside in days to come.

Expected Support and Resistance level for the month

Crude	S1	S2	R1	R2
NYMEX/DG CX ($)	60	63.50	57.50	54.50
MCX (Rs.)	4040	3950	4275	4500

RECOMMENDATION:

MCX Crude: Sell Only below 3950 Stop Loss above 4075 Target 3820-3750.
Buy above 4275 Stop Loss above 4125 Target 4500-4600

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Natural Gas

Technical Outlook:

On the Daily Chart:

Natural Gas seen sharp fall in Nov after warm weather predicted in US which may resulted in last consumption of Nat gas as heater and lower demand will hurt its prices. With price fall towards 8-week low, it seems strong support around 156-155 belt, if prices sustain close below same then we can expect fall upto 145 in days to come. Now price trading well below all 3-SMA with RSI falling towards 30-mark and well below signal line MACD indicates more room for downside in this counter.

RECOMMENDATION:

MCX NG : Buy Only above 181 Stop Loss below 174 for Targets of 187-195.
Sell below 156 & 155 S/L above 161 Target 147-145 Range

Base Metals

Market Outlook and Fundamental Analysis

COPPER:

Base metals seen mix of the trend continue in its straight 4th month with some base metals seen gain on hope of phase one trade war deal will be through between world two largest economy while other fall in continue weak economic numbers from world largest consuming nations like China, Europe, India and so on weight on prices at higher level. However Copper ended with straight 3rd monthly gain of inch above 1% & price once rally towards fresh 4-month peak but erase gain and close with marginal upside. nickel one of the worst performer in LME, which register 3rd straight monthly fall, down by almost 18% in Nov followed by Lead down 10%, Zinc down almost 8.5% and Aluminum ended flat. On year to date basis, still Nickel outperform with gain of 28.7% against copper down 1.5%, Aluminum down 2.7%, Lead down 5.8, Zinc fall 10.2% and worst performer Tin down 15.4% till end of Nov. for base metals, supply issues supported prices as the market is in deficit this year and probably also in 2020, while demand prospects remained clouded amid global economic slowdown amid trade war between US-China.

In its latest move by US-China trade war, U.S. President Donald Trump said a trade agreement with China might have to wait until after the U.S. presidential election in November 2020, denting hopes of a quick resolution to a dispute that has weighed on the world economy. He says, "In some ways, I like the idea of waiting until after the election for the China deal. But they want to make a deal now, and we'll see whether or not the deal's going to be right; it's got to be right." Washington and Beijing have yet to ink a so-called "phase one" agreement announced in October, which had raised hopes of a de-escalation. U.S. Commerce Secretary Wilbur Ross has said that Dec. 15, when a further 15% U.S. tariff on about $156 billion worth of Chinese imports is set to take effect, is a natural deadline for an agreement. Also added, "I don't think it's up to if they want to make it, it's if I want to make it. We'll see what happens."

The global world refined copper market was in a 330,000 tonnes deficit for the first eight months of the year, compared with a 268,000 tonnes deficit in the same period a year earlier, according to the International Copper Study Group.

Copper used in power and construction has fallen around 20% since the United States and China began their trade dispute in summer 2018 and global economic growth began to weaken. However, it has been stuck in a range between around $5,600 and $6,100 since May.

On-warrant copper inventories in LME-registered warehouses at 127,850 tonnes, the lowest since March 14.Combined copper inventories in LME and Shanghai Futures Exchange (ShFE) warehouses, at around 350,000 tonnes, are at typical levels for this time of year. But stockpiles in Chinese bonded warehouses, at 243,800 tonnes, are down from near 400,000 tonnes a year ago and the lowest since at least 2013.

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In a latest number from China, China's factory activity showed surprising signs of improvement in November, with growth picking up to a near 3-year high, The Caixin/Markit manufacturing PMI index rose to 51.8 in November from 51.7 in the previous month, marking the fastest expansion since December 2016, when it was 51.9. Economists polled by Reuters had expected a dip to 51.4.China's industrial output grew significantly more slowly than expected in October. ALSO, data showed fixed asset investment, a key driver of economic growth, grew 5.2% from January-October, the lowest since Reuters' records began in 1996. The consensus was for growth of 5.4%. New bank loans in China fell more than expected to the lowest in 22 months in October.

The Chinese government has been trying to spur domestic demand for well over a year, largely through higher infrastructure spending and tax cuts, but the measures have been slow to gain traction. China's central bank also unexpectedly trimmed a closely watched lending rate for the first time in more than 4-years on mid Nov, a signal that policymakers are ready to act to prop up slowing growth.

China's October refined copper output rose 17.9% year-on-year to a record high of 868,000 tonnes. Production of lead, zinc and alumina also increased. Separately, China's imports of refined copper and zinc rose in October, while imports of scrap metal fell 43% from the previous month to 160,000 tonnes, data showed.

China accounts for nearly half of global copper demand, estimated at 24 million tonnes this year.

The global economy is growing at the slowest pace since the financial crisis as governments leave it to central banks to revive investment, the OECD said in latest update of its forecasts. The World Trade Organization said growth in global goods trade is expected to remain "below trend" in the fourth quarter amid tensions and rising tariffs in key sectors.

On data side, profits at China's industrial firms shrank at their fastest pace in eight months in October, reflecting weakening factory activity which has weighed on the outlook for metals demand. Economic growth in the United States picked up slightly in the third quarter, rather than slowing as initially reported. U.S. manufacturing output, however, accelerated in November to its fastest pace in seven months, latest data showed. Foreign direct investment in China rose 6.6% from a year earlier to 752.41 billion yuan ($107.58 billion) in the first 10 months of the year and is expected to remain stable over the full year, the commerce ministry said. U.S. producer prices increased by the most in six months in October, lifted by gains in the costs of goods and services, bolstering the Fed's stance that it will probably not cut rates again in the near term.

On Supply side, Chile's world's top copper producer, its economic activity dropped 3.4% from the same month a year ago, the central bank said, a sign of the economic toll of violent protests which sowed chaos across much of Chile for weeks. Protests in Chile began on Oct. 18 over a hike in metro fares but quickly spiraled into riots, arson and looting that have left 26 dead and upwards of $1.5 billion in losses for businesses. Mining activity nonetheless grew 2% compared with the same month in 2018, as new production from Codelco's Chuquicamata mine ramped up, boosting total output despite the mounting protests. Chile's copper mines have mostly maintained production and kept operations running normally in the face of the unrest, with only scattered incidents reported.

Other Updates, China's Shanghai International Energy Exchange (INE) is preparing to launch a copper futures contract within the next year that will be open to domestic and foreign investors, according to sources. China, the world's largest consumer of metals, has brought forward 1 trillion yuan ($142 billion) of the 2020 local government special bonds quota to this year as it seeks to avert a sharper economic slowdown. A senior Japanese ruling party official said he believed the government was striving to compile a spending package worth about 10 trillion yen ($92 billion) to support the economy.

Going ahead, China stimulus and Tax cut plan may support base metals but trade war will keep prices under pressure for months to come and more focus on Equity market also as any turmoil will reflect in industrial metals also. Already, there are signs the trade frictions between the economic giants are rippling through global supply chains. Chinese authorities are expected to roll out more supportive measures on top of a range of policy initiatives this year. Such measures - mostly medium to long-term policies - are likely to put a floor under the slowing economy in the second half of the year at the earliest.

NICKEL

China's October nickel ore imports from Indonesia jumped by more than 23% from the previous month, lifted by Chinese buyers stocking up ahead of a ban on exports from Indonesia from January.

The European Union launched a complaint at the World Trade Organization on Friday against Indonesia's curbs on exporting nickel and other raw materials.

The global nickel market deficit widened to 3,200 tonnes in September from a revised shortfall of 300 tonnes the previous month, the International Nickel Study Group said. And a deficit of 50,800 tonnes in the first nine months of the year after a 122,800-tonne shortfall in the same period of 2018, the International Nickel Study Group (INSG) said.

Environmental impact studies for factories in Indonesia to produce battery-grade nickel chemicals could be completed by the end of the year, said Indonesia's coordinating minister who oversees mining. The studies need to be completed and approved before investors can proceed with construction.

China's top nickel producer Jinchuan Group will feel some impact from Indonesia's ban on ore exports from 2020 but will be able to plug the supply gap, partly by using its own mines, a company executive said earlier.

ZINC & LEAD

The net speculative short position of LME zinc has risen to 14.7% of open interest, a level not seen since late September Global zinc demand is estimated at around 14 million tonnes this year. With some analysts expect an annual deficit of around 200,000 tonnes. Global production of zinc is around 13.5 million tones a year.

During the first nine months of the year, the global zinc deficit narrowed to 156,000 tonnes compared to 272,000 tonnes in the same period of last year.

Vedanta Resources said that it would shut its Skorpion zinc operations in Namibia from early November until the end of February 2020 because of technical problems.

The lead shortage widened to 83,000 tonnes in the year to end September from 34,000 tonnes last year.

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Around 12 million tones of lead are consumed each year.

ALUMINIUM

Norsk Hydro, one of the world's biggest aluminium producers, plans to cut production by 20% at its majority-owned Slovalco plant in Slovakia, citing a weakening market.

The weak aluminium market has led to rising inventories. On-warrant LME stocks, material not earmarked for delivery, reached 1,114,650 tonnes, the highest since Feb. 22, latest data showed. They have shot up 42% over the past three weeks. On-warrant aluminium inventories in LME warehouses at 1,051,725 tonnes, the most since Jan. 16.

Global primary aluminium output rose to 5.392 million tonnes in October from a revised 5.222 million tonnes in September, data from the International Aluminium Institute (IAI) showed.

China's aluminium consumption is seen falling for the first time in 30 years this year as domestic demand and exports decline, according to one estimates.

China's September aluminum slipped 1.6% year on year, hit by continuing outages at two smelters. The world's biggest producer now faces a struggle to register annual output growth.

Base Metals

TECHNICAL OUTLOOK:

COPPER:

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On the Daily Chart:

Copper seen southward journey through out the month Nov as trade war may resulted in global economic slowdown & poor demand for industrial metals resulted in benchmark copper prices fall. Still price trades between medium term trend line support as well resistance belt so it is too early to technically define this as bearish counter & we can conclude that break out required for either side sharp run up/down in prices, for now prices trading well below all 3-SMA against some relief rally seen in RSI which still around 50-mark and MACD below signal line indicates mix of the indication and range bound movement for days to come.

Expected Support & Resistance level for the month

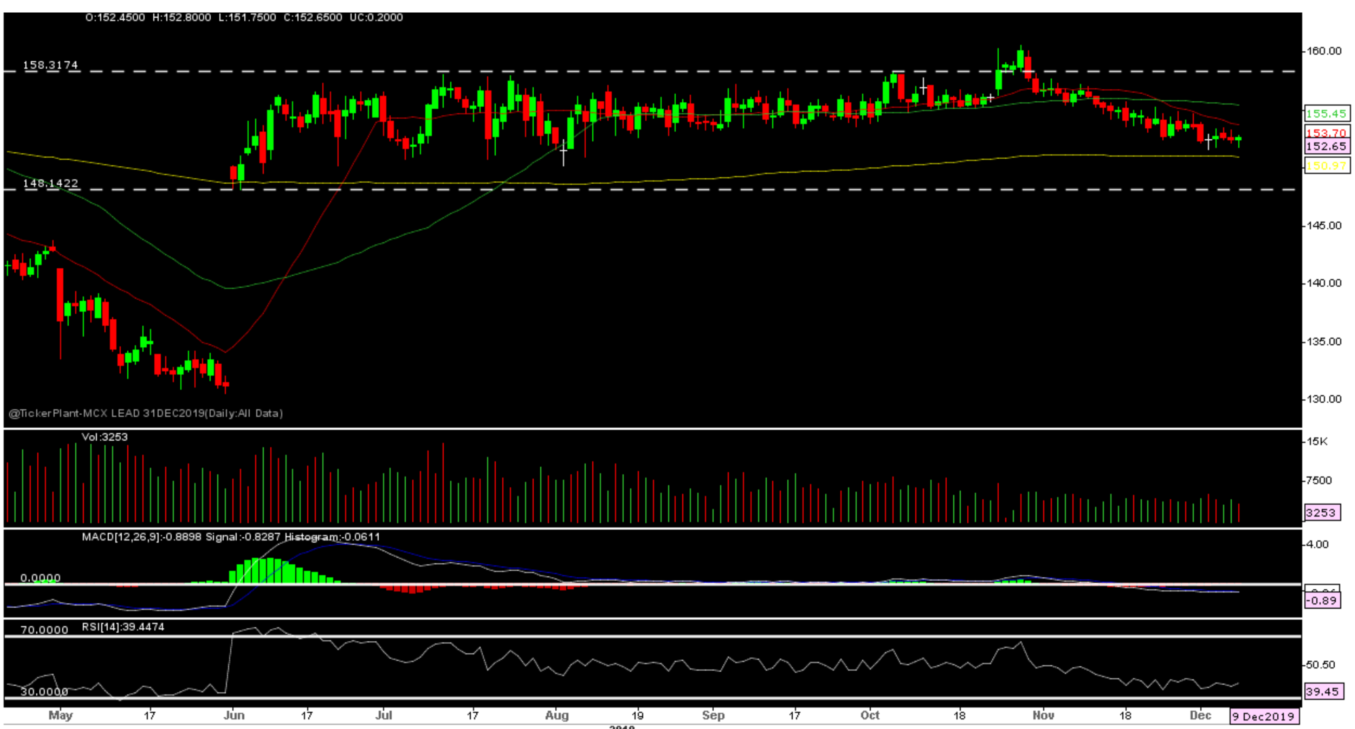
Copper	S1	S2	R1	R2
MCX	434	427.50	439	443

RECOMMENDATION:

COPPER MCX:- Sell below 436 Stop Loss above 440 Target 430-427 Range.
Buy above 440.50 Stop loss below 436 Target 447-451.

LEAD:

Technical Outlook:



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Expected support and Resistance level for the month

Lead	S1	S2	R1	R2
MCX	151	149	155	158

RECOMMENDATION:

LEAD MCX: - Sell below 151 Stop Loss above 153 Target 147-145.
Buy Only above 155 Stop Loss below 153 Target 159-162

ZINC

TECHNICAL OUTLOOK:

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Expected Support & Resistance level

Zinc	S1	S1	R1	R2
MCX	180	174	186.5	189

RECOMMENDATION:

ZINC MCX :- Sell Only below 181.5 & 180 Stop Loss above 184.50 Target 174-172 Range
Buy above 187 Stop Loss below 184 Target 192-197

NICKEL

TECHNICAL OUTLOOK:

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Expected Support & Resistance level

Nickel	S1	S1	R1	R2
MCX	965	940	1015	1065

RECOMMENDATION:

Nickel MCX :- Sell below 970 & 965 Stop Loss above 995 Targets 940-920
Buy Only above 1015 Stop Loss below 995 Targets 1040-1065

BONANZA RESEARCH TEAM

Fundamental Outlook by: **Mr.Vibhu Ratandhara**

Technical Outlook by: **Mr. Vibhu Ratandhara**

BONANZA COMMODITY BROKERS PVT. LTD.

DATE- Dec 9th, 2019

Disclosure:

Bonanza Portfolio Ltd here by declares that views expressed in this report accurately reflect view point with subject to companies/securities. Bonanza Portfolio Ltd is responsible for the preparation of this research report and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

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