MONTHLY BULLETIN (RESEARCH) Date 5th Jan 2020

GOLD

Market Outlook and Fundamental Analysis:

Golden year seen for precious metals pack as prices rose to multiyear high for all four metals namely Gold rally for biggest yearly gain since 2010 as its up more than 18% & hit 6-year high in the month of Sep, as worries over global economic health triggered a surge of interest in precious metals as safe haven added by US-China 18-month old trade war, Geopolitical tension from middle east to France, Hong Kong and sustain Central Banks buying of Gold and investors interest in ETF keep gold firm at end of the year. While best performing precious metal Palladium soared more than 50% in 2019, its 4th straight yearly gain thanks to supply shortages, as palladium is mainly used in car exhaust systems to neutralise emissions, and stricter environmental regulations are adding to demand. All this added by funds buying at every dip. Silver and platinum, which like gold are often seen as safe investments in uncertain times, also saw their largest annual gains in several years. Silver rally almost 15% in 2019, its strongest performance since 2016 and Platinum was 21.6% higher, its biggest rise since 2009.

Central banks are also buying more gold and have flipped from tightening to loosening monetary policy, pushing interest rates and bond yields down and making non-yielding precious metals more attractive to investors. Bullion was also major supported by rate cuts by major central banks, including the U.S. Federal Reserve cutting three times before it signaled it would keep rates unchanged through 2020. Lower interest rates reduce the opportunity cost of holding non-yielding bullion.

Investor interest in gold has also surged this year due to a raft of geopolitical uncertainties, including the China-U.S. trade war, Middle East tensions and protests in Hong Kong. Holdings of gold in exchange traded funds (ETFs) also rose by around 14% this year.

On trade war latest Update, U.S. President Donald Trump said that Phase 1 of an American trade deal with China would be signed on Jan. 15 at the White House. The president wrote in a tweet that he would sign the deal with "high level representatives of China" and that he would later travel to Beijing to begin talks on the next phase. However, this is only phase one (of the trade deal) and there are still open questions as to what will happen next year with IT protection and all the other major issues still to be addressed.

The dollar was strong for much of 2019 thanks to the relative outperformance of the U.S. economy and investors' preference for a safe-haven currency amid the trade dispute. But the dollar's gains for the year shriveled in December. Investors bought up currencies linked to global trade, sending the Australian dollar, Chinese yuan and Scandinavian crowns to multi-month or multi-week highs against the greenback. The U.S. dollar's share of currency reserves reported to the International Monetary Fund rose in the third quarter to its highest level in a year, while the yen's share of reserves grew to the largest in two decades, data released on Monday showed. Reserves held in U.S. dollars totaled $6.75 trillion, or 61.78% of allocated reserves, in the third quarter, compared with $6.78 trillion, or 61.49%, in the second quarter. The yen’s share of global allocated FX reserves rose to 5.60% in the third quarter to largest share since 2000, data showed.

For year to come Gold likely to trade higher on environment of low rates, persistent macro uncertainty, and elevated equities makes a case for holding gold as a hedge, which may drive gold demand at every fall for year 2020. While the United States and China cooled their trade war earlier this month, which send bullion lower for few weeks, but several issues remain unresolved and gold should perform well if dollar weakness plays out in year 2020. Other side, palladium also likely to intact its uptrend as it is produced as a by-product of nickel and platinum mining, supply has been unable to keep up, with further shortfalls expected in the early 2020s. The market has been in a structural deficit for a few years now and that’s expected to persist for more quarters.

India, world 2nd largest consumer of gold & one of the largest importer, its gold imports in 2019 fell 12% from a year ago to the lowest level in 3-years as retail buying faltered in the second half after local prices rallied to a record high, according to a government source. India meets nearly all its gold demand through imports, which amounted to 831 tonnes imported in 2019, down from 944 tonnes a year ago and In value terms, 2019 imports fell nearly 2% to $31.22 billion, according to sources. Gold imports in December dropped 18% from a year ago to 60 tonnes. In the first half of 2019, India imported 564 tonnes of gold, while in the second half imports stood at 267 tonnes, government data showed. Usually imports jump during the second half due to the wedding season as well as festivals such as Diwali and Dussehra, when buying gold is considered auspicious. But this time due to prices started rising from June onwards, retail demand moderated & weigh on its prices.

China’s net gold imports via Hong Kong in November plunged 72% from the previous month to their lowest in nearly nine years, data from the Hong Kong Census and Statistics Department showed, mainly due to subdued demand. Net imports via Hong Kong to China, the world’s top consumer of gold, fell to 3.052 tonnes in November — the lowest since February 2011 — from 10.846 tonnes in October, the data showed. Total gold imports via Hong Kong slumped 58% to 5.563 tonnes last month, also the lowest since February 2011, from 13.353 tonnes in October.

Meanwhile, news that Russia could consider a part-investment of its National Wealth Fund in gold provided some further support to the yellow-metal. If Russia starts holding gold, being one of the biggest suppliers to the market that would significantly dampen supplies. This is a significant macro driver for Bullion prices in months to come.

US nonfarm payroll number, a gauge for FED move, will be closely watch for next week as data will be directly impact bullion prices

Other updates, Profits at industrial companies in China in November grew at the fastest pace in eight months, breaking a three-month declining streak, as production and sales quickened. India restricted imports of gold and silver in the powder and unwrought forms, the government said in a notification. Gold and silver in powder and unwrought forms are mainly used for industrial purposes and not for jewellery making.

On data side, Growth concerns over the U.S. economy lingered as data on Monday showed that new orders for key U.S.-made capital goods hardly rose in November and shipments fell, suggesting business investment will probably remain a drag on the economy in the fourth quarter. Monetary policies of the Federal Reserve and other central banks heavily depend on economic data from the United States. British factory output fell in December at the fastest rate since 2012 as a tepid global economy hurt demand and businesses further reduced stocks of goods they had built up in case of a no-deal Brexit, a survey showed. The output gauge in the IHS Markit/CIPS UK Manufacturing Purchasing Managers' Index (PMI) fell to 45.6 from 49.1 in November, its lowest since July 2012. Readings below 50 denote contraction. Manufacturing activity in China expanded for a second straight month in December as China's official PMI was unchanged at 50.2 in December from November, the National Bureau of Statistics said on Dec 31, slightly higher than the 50.1 expected in a Reuters poll of analysts. China's retail sales are expected to increase 8% in 2019 to 41.1 trillion yuan ($5.88 trillion), the official Xinhua News Agency reported on Monday, citing a commerce ministry official. That compared with a 9% rise in retail sales in 2018. Britain's economy grew a little faster in the third quarter than first estimated and the country's current account deficit shrank to its smallest since 2012. US GDP increased at a 2.1% annualized rate, according to latest data in its third estimate of Q3-GDP. That was unrevised from November's estimate. The economy grew at a 2.0% pace in the April-June period. Growth in consumer spending, which accounts for more than two-thirds of U.S. economic activity, was raised to a 3.2% rate in the third quarter from the previously reported 2.9% pace. U.S. homebuilding increased more than expected in November and permits for future home construction surged to a 12-1/2-year high as lower mortgage rates continue to boost the housing market and support the broader economy. The report from the Commerce Department also showed the stock of homes under construction last month was the highest since 2007. UK The employment rate hit an all-time high of 76.2% while the unemployment rate fell back to its lowest level since the three months to January 1975 at 3.8%. While factory output fell at the fastest pace in more than 10 years during the three months. IHS Markit's Euro Zone Composite Flash Purchasing Managers' Index (PMI), seen as a good guide to economic health, stayed at 50.6 in December, a touch below a median 50.7 predicted in a Reuters poll. Anything above 50 indicates growth. The euro zone's industrial sector has struggled throughout the year, with manufacturing activity contracting for the 11th month in a row in December. The factory PMI fell to 45.9 from 46.9, below the 47.3 predicted in a Reuters poll.

India will make hallmarking of gold jewellery and artifacts mandatory from mid-January, a senior government minister said last month, 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 centers and to clear jewellers' existing stocks, Consumer Affairs Minister Ram Vilas Paswan told reporters.

On domestic Data update, India's factory activity expanded at its fastest pace in seven months in December as a jump in new orders prompted companies to ramp up production, a private business survey numbers showed. The Nikkei Manufacturing Purchasing Managers' Index, compiled by IHS Markit, rose to 52.7 in the final month of 2019 from November's 51.2. India's infrastructure output contracted for the third consecutive month to 1.5% in November from a year earlier, data released on Tuesday showed. During April-November, output was flat from the year-ago period, according to the data. India's trade deficit narrowed to $12.12 billion in November from $17.58 billion a year ago, Oil imports fell 18.17% to $11.06 billion from $13.52 billion in the year-ago period while imports were down 12.71% at $38.11 billion, according to the trade ministry latest data. India's retail price inflation in November jumped to a 40-month high on higher food prices, Annual retail inflation increased to 5.54% last month, faster than the 4.62% rate in October and ahead of 5.26%

forecast in a Reuters poll of analysts. This is the second month in a row when the retail inflation has remained above the central bank's medium-term target of 4%. India's industrial output contracted 3.8% in October from a year earlier, government data showed on Thursday. Analysts polled by Reuters had forecast October industrial output to fall 5%. The cumulative growth in April-October over the corresponding period of the previous year was 0.5%.

Going ahead, Key factors to watch for gold next year will be the second phase of the U.S.-China trade negotiations, the U.S. election, global monetary policy, and the investor response to these Developments. 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 $1,600-1650 level. The outlook for the dollar is also more subdued going into deeper 2020, 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 2020. Gold is often used by investors as a hedge against political and financial uncertainty.

Technical Outlook:

MONTHLY BULLETIN (RESEARCH) Date 5th Jan 2020

On the Daily Chart:

Gold finally seen Break-out from last 3-month consolidation with increase volumes & RSI indicates strength in the counter. For now price trading well above all 3-SMA with RSI above 70 mark and at highest since Sep added by above signal line MACD indicate counter is in bull hand and some more room for upside in short to medium term.

In COMEX GOLD is trading at $1550

Expected support and Resistance level for the month

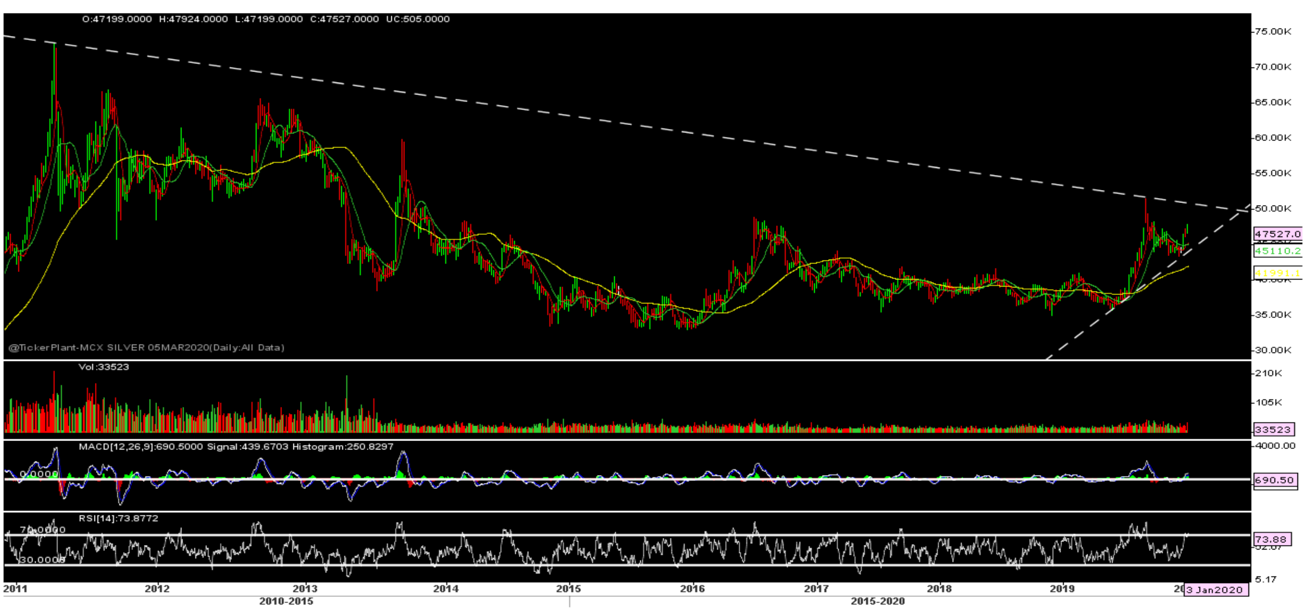
Gold	S1	S2	R1	R2
COMEX/DG CX ($)	1515	1475	1560	1600
MCX (Rs.)	39000	38700	40000	40400

RECOMMENDATION:

MCX Gold Dec: Buy above 40150 Stop Loss 38850 Targets 40800-41000.
Sell Only below 38900 Stop Loss 39150 Target 38400-38000.

SILVER

Technical Outlook:



On the Daily Chart:

Silver seen smart recovery since 2nd week of Dec with priced hit multi week high at end of the month and also tested previous peak which also seen as break-out for short term trend line. 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 a price trading well above all 3-SMA with increasing RSI and above signal line MACD indicates more upside for the counter.

Expected support and Resistance level for the month

Silver	S1	S2	R1	R2
COMEX/DG CX ($)	17.70	16.85	18.35	18.75
MCX (Rs.)	46000	44250	48100	49500

RECOMMENDATION:

MCX Silver Dec: Buy Only above 48000 Stop Loss below 47300 Targets 49000-49500
Sell below 46000 S/L above 46400 Target 45000-44400.

CRUDE OIL

Market Outlook and Fundamental Analysis

Oil seen smart recovery towards end of the year with price hit multi month high and best yearly gains among last 3-years as benchmark Brent oil gained about 23% in 2019 and WTI rose 34%, their biggest yearly gains in 3-years, backed by the recent breakthrough in U.S.-China trade talks and output cuts pledged by the Organization of Petroleum Exporting Countries (OPEC) and its allies. Also Brent oil register 4th consecutive monthly gain with rally above 8.5% in Dec and WTI rose 10%. Over the past year, increased U.S. oil output offset the supply reductions undertaken by OPEC, led by Saudi Arabia and stemming from U.S. sanctions on Venezuela and Iran. Lackluster demand, including in developed economies, remains a primary concern headed into 2020.

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.

By contrast, the International Energy Agency (IEA) predicted a sharp rise in global inventories despite the OPEC agreement, noting expectations for lower output by the United States and other non-OPEC countries.

Crude prices have faced pressure from growing U.S. output, as U.S. crude oil production in October rose to a record of 12.66 million barrels per day (bpd) from a revised 12.48 million bpd in September, the U.S. government said in a monthly report. The pace of growth is expected to slow in 2020.

On Trade war update, U.S. President Donald Trump said the Phase 1 trade deal with China would be signed on Jan. 15 at the White House.

According to latest release, China world largest importer and 2nd biggest consumer, China's Purchasing Managers' Index (PMI), which tracks economic trends in the manufacturing and service sectors, was unchanged at 50.2 in December from November, just above the 50-point mark separating growth from contraction. Data showed profits at China's industrial firms rose at the fastest pace in eight months in November. But growth in China is expected to slow further next year, with a likely government growth target of about 6% in 2020, down from 6%-6.5% this year, may hurt oil demand.

Latest weekly inventory update, U.S. crude stocks fell by 5.5 million barrels in the week to Dec. 20 to 441.4 million barrels, according to the EIA, far exceeding analysts' expectations of a 1.7 million-barrel drop.

In a latest monthly report, the OPEC released a more bullish outlook for 2020, forecasting demand for its crude to average 29.58 million bpd next year, less than the group's November output. OPEC's expectation of a small deficit suggests a tighter market than previously thought. It had initially projected a 2020 supply glut, but U.S. shale output has grown more slowly than expected.

On the supply front, Non-OPEC global supply is expected to rise next year due to higher output from countries including the United States, Brazil, Norway and Guyana, which became an oil producer last week. Another source of more oil could emerge in the coming months after Kuwait indicated that a longstanding dispute over the "Neutral Zone" on its border with Saudi Arabia will be resolved by the end of 2019. Production at two large oil fields in the Neutral Zone was halted more than three years ago, cutting output by some 500,000 barrels per day.

On other update, Global coal demand is expected to remain stable until 2024 as growth in Asia offsets weaker demand from Europe and the United States, the International Energy Agency (IEA) said on Tuesday. World coal demand is expected to expand at a compound annual growth rate of 0.5%, reaching 5,624 million tonnes of coal equivalent (Mtce) in 2024, the IEA said.

On demand side, the outlook for oil demand has been clouded by U.S.-China trade tensions and uncertainty over whether a fresh round of U.S. tariffs on Chinese goods would come into effect.

On supply side, The IEA estimates total U.S. oil production growth will slow to 1.1 million bpd in 2020 from 1.6 million bpd this year.

On domestic Updates, India's electricity supply fell for the fifth straight month in December, provisional government data showed, as Power supply fell to 101.92 billion units in December, down 1.1% from 103.04 billion units last year, an analysis of daily load dispatch data from state-run Power System Operation Corp Ltd (POSOCO) showed. To be noted that Electricity supply fell 4.2% in November and 12.8% in October, according to the CEA. India expects its oil consumption to expand at the slowest pace in six years as the economy sputters. The nation's consumption of petroleum products in the financial year to March 2020 is expected to rise by 1.3% to 216 million tons, the oil ministry's Petroleum Planning and Analysis Cell said in its estimates. That's the slowest since the 0.9% demand growth in 2013-14, when crude oil averaged over $100 a barrel. Consumption of diesel, the most-consumed petroleum fuel and the lifeblood of Indian manufacturing, transport and agriculture, is estimated to grow at the slowest pace in six years at 0.9%, according to the PPAC. The International Energy Agency in a report released earlier forecast India's oil demand growth in 2019 and 2020 to stay below levels seen between 2015 and 2018. The Paris-based think tank estimates that India's oil demand will rise by 2.8% to 5 million barrels per day in 2019 and by 3.6% to 5.18 million bpd in 2020.

On US shale output update, U.S. energy firms idled 8- working oil rigs, the first reduction in three weeks, as producers followed through on plans to slash spending, according to energy services firm Baker Hughes Co said in its closely followed report.

Going ahead, looking ahead to 2020, some analysts cited abundant global crude stocks as a major obstacle to efforts to rein in output by the Organization of the Petroleum Exporting Countries and its allies such as Russia. Even as OPEC and its non-OPEC partners endeavour to make additional supply cuts in Q1 2020, we are not convinced this will be sufficient to avert large global inventory. But OPEC+ may consider wrapping up their oil output reduction in 2020, Russian Energy Minister Alexander Novak said last week of Dec. 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 2020, 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.

Technical Outlook:-

MONTHLY BULLETIN (RESEARCH) Date 5th Jan 2020

On the Daily Chart:

Crude seen smart upward journey through out Dec with price test multi week high and try to break initial previous peak. As prices has already break strong Resistance belt of 4275-4300, if sustain 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

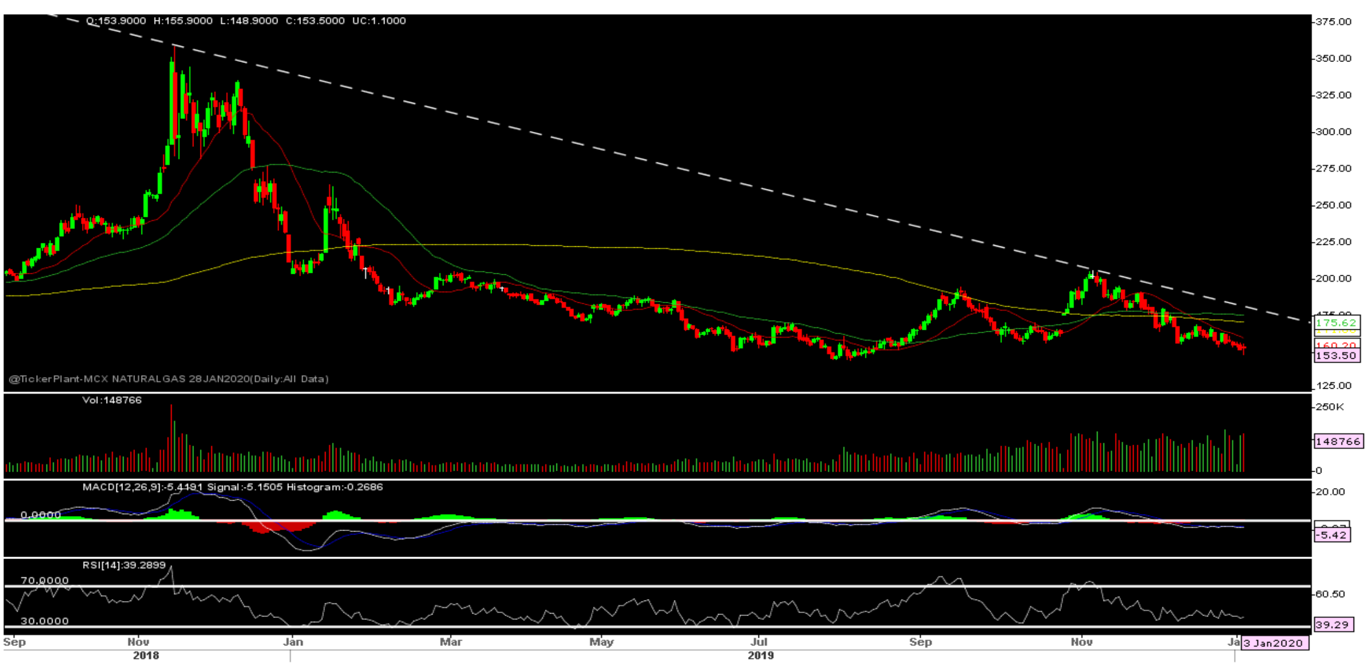
Crude	S1	S2	R1	R2
NYMEX/DG CX ($)	60.5	58.50	64	67
MCX (Rs.)	4330	4200	4600	4750

RECOMMENDATION:

MCX Crude: Sell Only below 4300 Stop Loss above 4430 Target 4175-4100.
Buy above 4575 & 4600 Stop Loss above 4450 Target 4750-4800

Natural Gas

Technical Outlook:



MONTHLY BULLETIN (RESEARCH) Date 5th Jan 2020

On the Daily Chart:

RECOMMENDATION:

MCX NG : Buy Only above 181 Stop Loss below 174 for Targets of 187-195.
Sell below 168 S/L above 164 Target 176-180 Range

Base Metals

Market Outlook and Fundamental Analysis

COPPER:

Base metals seen a good recovery at end of the month with Copper, widely used in power and construction, is gain 5.8% in December, which would be its best month in 2-years, and a 4% gain in 2019 on easing Sino-U.S. trade tensions, as top metals consumer China unveiled a measure to support flagging economic growth added by weakness in dollar and recovery expectations in global trade growth. However, the metal is set to end the decade around 16% lower than where it began. Nickel emerge as best performer among base metals pack with more than 31% gain in 2019 but due to poor demand from stainless still industry at higher prices of nickel ore, it register 3-streight monthly fall till Nov ad in Dec register marginal gain of 2.75%. Tin gain more than 4% against this Zinc ended flat, Aluminum down marginally by 0.5% and Lead down 1.25% in Dec. except nickel & Copper all base metals seen lower on year to date basis with Aluminum down 4% in 2019, Lead down 4.7%, Zinc fall 9.5% and worst performer Tin fall more than 12% in year 2019. It is to be noted that despite global slowdown & trade war, poor china GDP & factory numbers, S&P GSCI spot Industrial metals index gain 1.5% in 2019 and with any solution for trade war will definitely boost metals in coming quarters.

In its latest move by US-China trade war, U.S. President Donald Trump said on last day of the year that Phase 1 of an American trade deal with China would be signed on Jan. 15 at the White House. The president wrote in a tweet that he would sign the deal with “high level representatives of China” and that he would later travel to Beijing to begin talks on the next phase. This definitely support base metals at lower levels which was under pressure since last 18-month old trade war between US-China which makes global trade growth slower and most of leading agencies cut their global growth forecast for year to come. Ahead of the official signing, China approved two new genetically modified crops for import that could boost agricultural purchases from the United States, while renewing permits for 10 others, according to the agriculture ministry update.

MONTHLY BULLETIN (RESEARCH) Date 5th Jan 2020

To revive its economy & growth, Top metals consumer china announce lots of measure at end of the year as China's central bank said 1st business day of this year, to cutting the amount of cash that all banks must hold as reserves, releasing around 800 billion yuan ($114.91 billion) in funds to shore up the slowing economy. The People's Bank of China (PBOC) said on its website it will cut banks' reserve requirement ratio (RRR) by 50 basis points, effective Jan. 6. The move would bring the level for big banks down to 12.5%.The PBOC has now cut RRR 8-times since early 2018 to free up more funds for banks to lend as economic growth slows to the weakest pace in nearly 30 years. Earlier China's central bank said will use the loan prime rate (LPR) as a new benchmark for pricing existing floating-rate loans, in a step that analysts say could help lower borrowing costs and underpin economic growth. 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 in 2019.

The dollar was strong for much of 2019 thanks to the relative outperformance of the U.S. economy and investors' preference for a safe-haven currency amid the trade dispute. But the dollar's gains for the year shriveled in December. Investors bought up currencies linked to global trade, sending the Australian dollar, Chinese yuan and Scandinavian crowns to multi-month or multi-week highs against the greenback. A weaker greenback makes dollar-denominated commodities cheaper for non-U.S. firms, a relationship used by funds to generate buy and sell signals.

Latest numbers from top metal consumer China shows, Factory activity expanded for a second straight month in December, as Beijing's stimulus measures buoyed domestic demand and exporters cheered a trade war truce with the United States. China plans to set a lower economic growth target of around 6% in 2020, relying on increased state infrastructure spending to ward off a sharper slowdown, policy sources said. Growth has cooled from 6.8% in 2017 to 6% in the third quarter of 2019, the slowest since the early 1990s. China plans major infra investment in 2020 as it plans 800 billion yuan ($114.38 billion) in railway investment, 1.8 trillion yuan in highway and waterway investment and 90 billion yuan in civil aviation investment in 2020, state radio said citing Minister of Transport Li Xiaopeng as saying.

At end of the month, Copper stocks in warehouses approved by the LME eased to 147,125 tonnes, the lowest since March 13. In warehouses monitored by the Shanghai Stock Exchange, stocks fell 4.2% from the previous week to 123,647 tonnes.

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

Overall, the copper market should see a deficit of 320,000 tonnes this year but this will flip into a surplus of 281,000 tonnes in 2020, the International Copper Study Group said.

On data side, China's industrial production rose 6.2% year-on-year in November, the fastest in five months, beating the consensus of 5.0% and rising from 4.7% in October. Manufacturing in top consumer China and globally is highly correlated with demand for industrial metals.

On Supply side, China's refined copper output rose by 19.6% year-on-year to a record monthly high of 909,000 tonnes in November, official data showed. China's copper imports rose to 483,000 tonnes in November, up 12.1% from the previous month to their highest in more than a year. Nevada Copper Corp said it has started production at its Pumpkin Hollow mine in the western United States, one of the first new mining projects to open in the country in decades.
Other Updates, China's environment ministry has issued import quotas for 270,885 tonnes of high-grade copper scrap and 275,465 tonnes of aluminium scrap, the first batch for use in 2020. China's scrap metal imports in November rose by 6.3% from the previous month to 170,000 tonnes. Profits at China's industrial firms grew at the fastest pace in 8-months in November, as industrial profits in

November rose 5.4% from a year earlier to 593.9 billion yuan ($84.93 billion), snapping 3-months of decline, as production and sales quickened, latest data from the National Bureau of Statistics (NBS) showed. That compared with a 9.9% drop in October. For January-November, industrial firms notched profits of 5.61 trillion yuan, down 2.1% from a year earlier, but slightly better than a 2.9% fall in the first 10 months.

In domestic update, Passenger vehicle production in India rose 4.06% during November, a report by an Society of Indian Automobile Manufacturers showed (SIAM). However, domestic passenger vehicle sales fell in November for a 13th consecutive month with no sign of an immediate recovery, the report showed. Also to be noted that, sales of two wheelers - widely seen as an indicator of rural economic health - and commercial vehicles fell nearly 15% each.

Commodities tracking funds The Bloomberg Commodity Index (BCOM) and the S&P GSCI Index (GSCI) are likely to buy zinc and aluminium and sell nickel during their annual rebalancing in early January, according to analysts expectations.

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

One of the reasons in nickel fall towards the end of the month is, Stocks of nickel in warehouses approved by the LME have more than doubled over the last three weeks of Dec to 143,190 tonnes. This helped push the discount of the cash contract to the 3-month to $73.52 a tonne, its deepest since July 3.

Indonesia expects to have total annual input nickel capacity of nearly 70 million tonnes by 2022, compared with a November projection of 91 million tonnes in 2021.

ZINC & LEAD

Zinc fall towards multi week low at end of the month as a rise in Chinese inventories stoked demand concerns and led investors to take up short positions on the metal used to galvanise steel. Social, or non-exchange, zinc stocks in China rose by more than 5,000 tonnes as of Dec. 23, relieving some of the pressure on supply from low exchange inventories.

Treatment charges for zinc concentrate in China have hit as high as $310 a tonne in Dec month, the highest since June 2008 amid plentiful ore supply, incentivizing smelters to keep producing metal and any increase in production will pressure its prices at higher level.

Global zinc demand is estimated at around 14 million tonnes last 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.

China's lead production hit a record high of 572,000 tonnes in November, up 15.1% year-on-year, sparking oversupply concern and pushing ShFE lead to as low as 14,750 yuan a tonne, its lowest since April 2018.

But the global lead market recorded a deficit of 81,000 tonnes in the first 10 months of this year, compared with a shortage of 53,000 tonnes in the same period of 2018, the International Lead and Zinc Study Group said.

Around 12 million tones of lead are consumed each year.

ALUMINIUM

During the month Shanghai aluminium hit its highest level in 3-months, as easing U.S.-China trade conflict fuelled demand optimism. Aluminium, used in construction, packaging and transportation, is one of the metals most heavily targeted with U.S. tariffs in the 18-month-long trade war.

China's average price of alumina, the substance used to make aluminium, fell to 2,429 yuan a tonne, its lowest since May 2017, lowering production costs for aluminium smelters.

Norsk Hydro, one of the world's biggest aluminium producers, said it had resumed bauxite production in Brazil after a power outage earlier this month hit its Paragominas and Alunorte facilities, and was ramping up alumina output. Bauxite is a rock refined to make alumina, which is then used to produce aluminium metal. A power outage earlier this month had affected production at Hydro's Paragominas mine and Alunorte alumina refinery, supporting aluminium prices.

On-warrant aluminium inventories in LME-registered warehouses fell to 1.2 million tonnes after 107,125 tonnes of cancellations. LME stockpiles remain higher than recent levels, but stocks in Shanghai Futures Exchange warehouses have slumped to 193,820 tonnes, the lowest in nearly 3-years.

Total aluminum consumption in the United States this year is estimated at more than 10 million tonnes, nearly 15% of the global total at 67 million tonnes.

Base Metals

TECHNICAL OUTLOOK:

COPPER:

On the Daily Chart:

Copper seen ups and down in the month Dec with price rally towards multi week high till mid of the month but at end of the month most of the gain was wipe out. 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 hovering around all 3-SMA and neutral n RSI at 50-mark with MACD inch above 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	438	432	447	452

RECOMMENDATION:

MONTHLY BULLETIN (RESEARCH) Date 5th Jan 2020

COPPER MCX:- Sell below 438 Stop Loss above 442 Target 432-428 Range.
Buy above 447 Stop loss below 443 Target 452-457.

LEAD:

Technical Outlook:

Expected support and Resistance level for the month

Lead	S1	S2	R1	R2
MCX	151	149	155	158

RECOMMENDATION:

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

MONTHLY BULLETIN (RESEARCH) Date 5th Jan 2020

ZINC

TECHNICAL OUTLOOK:

Expected Support & Resistance level

Zinc	S1	S1	R1	R2
MCX	177.5	173	183	190

RECOMMENDATION:

ZINC MCX :- Sell Only below 178 Stop Loss above 181 Target 174-172 Range
Buy above 183 Stop Loss below 180 Target 189-190

MONTHLY BULLETIN (RESEARCH) Date 5th Jan 2020

NICKEL

TECHNICAL OUTLOOK:

Expected Support & Resistance level

Nickel	S1	S1	R1	R2
MCX	1005	960	1055	1075

RECOMMENDATION:

Nickel MCX :- Sell below 1010 & 1000 Stop Loss above 1025 Targets 975-960
Buy Only above 1060 Stop Loss below 1040 Targets 1085-1100

MONTHLY BULLETIN (RESEARCH) Date 5th Jan 2020

BONANZA RESEARCH TEAM

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

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

BONANZA COMMODITY BROKERS PVT. LTD.

DATE- Jan 5th, 2020

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Bonanza Portfolio Ltd. Bonanza House, Plot No. M-2, Cama Industrial Estate. Walbhat Road, Goregaon (E), Mumbai – 400063 Web site: https://www.bonanzaonline.com

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