

GOLD**Market Outlook and Fundamental Analysis:**

Bullion Index register a first monthly decline after 3-consecutive months of gain in June as priced remain under pressure on profit booking after gain in dollar index while FED rate cut hope delay also weigh on prices. however ongoing geopolitical tension and consistent central banks buying spree support bullion at every dip. Bullion generally remains positive during geopolitical as well financial crisis and gold is known as a safe investment during economic and geo-political crisis, but a high-interest rate environment makes the non-yielding asset less attractive to investors in last year and still this will play a vital role to decide prices in months to come. For the month of June Gold in domestic future exchange gain marginally Rs. 100/10 gm while Silver fall by almost 4.5% during month June.

US Nonfarm payrolls, a gauge to interest rates decision shows, job growth slowed marginally in June, but a rise in the unemployment rate to more than a 2-1/2-year high of 4.1% and moderation in wage gains pointed to an easing of labor market conditions that keeps the Federal Reserve on track to start cutting interest rates this year. the economy created 111,000 fewer jobs in April and June than previously estimated. About 277,000 people entered the labor force last month, accounting for the increase in the jobless rate from 4.0% in May to the highest level since November 2021. An expanding labor pool is helping to curb wage growth, with annual wages rising at the slowest pace in three years. Nonfarm payrolls increased by 206,000 jobs last month, lifted by government hiring, the Labor Department's Bureau of Labor Statistics said. Data for May was revised sharply down to show 218,000 jobs added instead of the previously reported 272,000. Payrolls for April were revised down by 57,000 to 108,000. Economists polled by Reuters had forecast payrolls would increase 190,000 last month, with the unemployment rate unchanged at 4.0%. Job growth has averaged about 220,000 per month over the last 12 months. Economists say the economy needs to create at least 150,000 jobs per month to keep up with growth in the working-age population, accounting for the recent surge in immigration. Average hourly earnings rose 0.3% last month after advancing 0.4% in May. In the 12 months through June, wages increased 3.9%. That was the smallest gain in wages since June 2021 and followed a 4.1% rise in May. Wage growth in a 3%-3.5% range is seen as consistent with the Fed's 2% inflation target.

US the ADP Employment report showed private payrolls increased by 150,000 jobs in June after rising 157,000 May against economists polled by Reuters had forecast private employment increasing by 160,000. However, a report from global outplacement firm Challenger, Gray & Christmas showed U.S.-based employers announced 48,786 jobs cuts in June, down 23.6% from May. Planned layoffs were, however, 19.8% higher compared to June last year.

Inflation "remains above" the U.S. Federal Reserve's 2% target, but has been improving in recent months and "more good data would strengthen" the case for central bank interest rate cuts, Fed Chair Jerome Powell said in congressional testimony. In comments that appeared to show increasing faith that inflation will return to the Fed's target, a requirement for easing monetary policy, Powell compared the lack of progress on that front in the first months of the year to recent improvement that has helped build the Fed's confidence that price pressures will continue to diminish. As well, the chair noted, the Fed is now also concerned about risks to the job market and economy should rates remain too high for too long. The inflation target is set in reference to the Personal Consumption Expenditures price index, which as of May was increasing at a 2.6% year-over-year rate.

Separately, Central banks reported about 10 metric tons of net gold buying in May, 56% lower month-on-month, according to the World Gold Council. Central banks of Poland, Turkey and India were the largest buyers, while Kazakhstan sold 11 tons.

Other side, "We just want to understand that the levels that we're seeing are a true reading on what is actually happening with underlying inflation," Powell said at a monetary policy conference in Portugal sponsored by the European Central Bank. "We want to be more confident, and frankly because the U.S. economy is strong ... we have the ability to take our time." The U.S. central bank still needs more data before cutting interest rates to ensure that recent weaker inflation readings give a true picture of what is happening to underlying price pressures, Federal Reserve Chair Jerome Powell said. Still, Powell acknowledged the central bank has entered a sensitive phase in its policy deliberations where the risks to both the Fed's inflation and employment goals "have come back much closer to balance."

US Producer price index increases 0.2% in June and PPI rises 2.6% year-on-year while PPI excluding food, energy and trade unchanged.

U.S. manufacturing contracted for a third straight month in June and a measure of prices paid by factories for inputs dropped to a six-month low amid weak demand for goods, indicating that inflation could continue to subside. The ISM manufacturing PMI slipped to 48.5 last month from 48.7 in May. A PMI reading above 50 indicates growth in the manufacturing sector, which accounts for 10.3% of the economy. Economists polled by Reuters had forecast the PMI climbing to 49.1. Manufacturing is being pressured by higher interest rates and softening demand for goods.

Manufacturing activity in Europe suffered a setback last month but Asian factories enjoyed solid momentum, offering policymakers some hope the region can weather the hit from soft Chinese demand, surveys showed. HCOB's final euro zone manufacturing PMI, compiled by S&P Global, fell to 45.8 in June from May's 47.3. It has been below the 50 mark separating growth from contraction for two years. A new orders index in the currency union dropped to 44.4 from 47.3, despite factories cutting prices charged for a fourteenth month. In a sign Asia is benefiting from solid global demand, South Korea's factory activity growth quickened in June to the fastest in 26 months on surging new orders, its PMI showed. Factory activity also expanded in June at a faster pace than in May in Vietnam and Taiwan, other surveys showed. Japan's factory activity expanded in June, but at a slower pace than in May, as companies struggled with rising costs due to the weak yen. Activity in India's manufacturing sector rebounded last month as output increased on robust demand, leading to the fastest rate of hiring in over 19 years.

Investor morale in the euro zone broke an eight-month streak of improvements with a bigger-than-expected decline in July, a survey showed, describing the results as a "bitter setback". Sentix's index for the euro zone fell to -7.3 points for July from 0.3 in June, putting the barometer firmly back in the red. Analysts polled by Reuters had expected it to drop more moderately to 0.0 this month. The survey said that investors were concerned about French elections, upcoming German state elections and uncertainty over the U.S. presidential election later this year.

US economic growth moderated sharply in the first quarter as GDP increased at a slightly upwardly revised 1.4% annualized rate last quarter in its third estimate of GDP for the January-March quarter. Growth was previously estimated at a 1.3% pace. The economy expanded at a 3.4% rate in the fourth quarter. While the growth pace likely picked up in the second quarter, it will probably not exceed a 2.0% pace.

The Bank of England kept its main interest rate unchanged at a 16-year high of 5.25% ahead of a July 4 election, as BoE's Monetary Policy Committee voted 7-2 to keep rates on hold, in line with economists' expectations in a Reuters poll. BoE Governor Andrew Bailey said in a statement alongside the decision that it was "good news" that the latest inflation data had shown inflation was back at its 2% target, but that it was too soon to cut rates. "We need to be sure that inflation will stay low and that's why we've decided to hold rates at 5.25% for now," he said.

Britain's new prime minister Keir Starmer pledged to use his massive electoral majority to rebuild the country, saying he wanted to take the heat out of politics after years of upheaval and strife. Starmer acknowledged the scale of the challenge after his party's landslide victory in a parliamentary election ended 14 years of often tumultuous Conservative government. He warned that any improvements would take time, and he would need to first rebuild faith in politics. The election result has upended British politics. Labour won more than 410 seats, an increase of 211, while the Conservatives, the western

world's most successful party, lost 250 lawmakers, including a record number of senior ministers and former Prime Minister Liz Truss. Sunak's Conservatives suffered the worst performance in the party's long history as voters punished them for a cost of living crisis, failing public services and a series of scandals.

Growth in British construction activity slowed in June as house-building declined, according to a survey that showed a slowdown in new orders as some firms took a wait-and-see approach to Britain's election. The S&P Global UK Construction PMI fell to 52.2 in June from 54.7 in May, below the median forecast of 53.6 in a Reuters poll of economists but still above the 50 threshold for growth.

First-time applications for U.S. unemployment benefits increased last week, while the number of people on jobless rolls rose further to a 2-1/2 year high towards the end of June, consistent with a gradual cooling in the labor market. Initial claims for state unemployment benefits rose 4,000 to a seasonally adjusted 238,000 for the week ended June 29.

Euro zone inflation eased last month but a crucial services component remained stubbornly high, likely fuelling concern among some European Central Bank policymakers that domestic price pressures could stay at elevated levels. Consumer inflation in the 20 nations sharing the euro currency slowed to 2.5% in June from 2.6% a month earlier, in line with expectations in a Reuters poll of economists, as a rise in energy and unprocessed food costs moderated. This closely watched core inflation figure held steady at 2.9%, coming above expectations for 2.8%, mostly on a continued 4.1% rise in services prices. The ECB lowered interest rates in early June to acknowledge earlier leaps in disinflation but made no commitment about subsequent moves, arguing it still lacked confidence that inflation was on track to target.

Australian consumer inflation accelerated to a six-month high in May, while a key measure of core prices rose for a fourth month, as its monthly consumer price index (CPI) rose at an annual pace of 4.0% in May, up from 3.6% in April and well above market forecasts of 3.8%. A closely watched measure of core inflation, the trimmed mean, climbed to an annual 4.4%, also its highest level in six months and up from 4.1%.

British inflation returned to its 2% target for the first time in nearly three years in May. The drop in annual consumer price inflation from April's 2.3% reading - in line with economists' expectations - took it to its lowest since July 2021 and marks a sharp decline from the 41-year high of 11.1% in October 2022. The BoE has said a return of inflation to its target is not enough on its own for it to start cutting interest rates.

On data side, Taiwan's exports rose more than expected in June, with the island benefiting from its position as a key link in the supply chain of the booming artificial intelligence (AI) industry though also coming off from a low base period. Exports rose 23.5% from a year earlier to \$39.9 billion, the finance ministry said on Tuesday. Taiwan's export recovery

continued with its eighth consecutive monthly rise, and exceeded the 11.45% forecast in a Reuters poll, while beating a 3.5% gain in May. Australian business conditions worsened in June with the outlook for employment taking a notable hit, a survey showed, The survey from the National Australia Bank (NAB) showed its index of business conditions fell 2 points to +4, falling below its long-run average. In contrast, the index of business confidence bounced 6 points to +4 with gains reported in manufacturing and wholesale. A measure of U.S. services sector activity slumped to a four-year low in June amid a sharp drop in orders, as the Institute for Supply Management said its nonmanufacturing PMI index dropped to 48.8 last month, the lowest level since May 2020, from 53.8 in May. It was the second time this year that the PMI had dropped below 50, which indicates contraction in the services sector. The survey's new orders measure dropped to 47.3, the lowest since December 2022, from 54.1 in May. U.S. prices were unchanged in May while consumer spending rose moderately, a trend that could draw the Federal Reserve closer to start cutting interest rates this year. PCE price index last month followed an unrevised 0.3% gain in April, and In the 12 months through May, the PCE price index increased 2.6% after advancing 2.7% in April. Core inflation increased 2.6% year-on-year in May, the smallest advance since March 2021, after rising 2.8% in April. Consumer spending, which accounts for more than two-thirds of U.S. economic activity, increased 0.2% last month after rising 0.1% in April. Sales of new U.S. single-family homes dropped to a six-month low in May as a jump in mortgage rates weighed on demand, new home sales declined 11.3% to a seasonally adjusted annual rate of 619,000 units last month, the lowest level since November. The sales pace for April was revised higher to 698,000 units from a previously reported 634,000 units. U.S. consumer confidence eased slightly in June amid worries about the economic outlook, as consumer confidence index eased to 100.4 this month from a downwardly revised 101.3 in May and against economists polled by Reuters had forecast the index slipping to 100.0 from the previously reported 102.0. Consumers' 12-month inflation expectations fell to 5.3% from 5.4% in May. U.S. retail sales barely rose in May and data for the prior month was revised significantly lower, suggesting that economic activity remained lackluster in the second quarter. Retail sales rose 0.1% last month after a downwardly revised 0.2% drop in April. Retail sales were previously reported to have been unchanged in April and against economists polled by Reuters had forecast retail sales, gaining 0.3% in May.

South Korea's consumer inflation weakened to an 11-month low in June as supply-side pressures eased, coming in below market expectations and providing some relief for policymakers. The CPI rose 2.4% higher in June from a year earlier, slower than the 2.7% rise in May and the weakest since July 2023, according to Statistics Korea. It was also well below the median 2.7% rise tipped in a Reuters survey of economists. The index fell 0.2% on a monthly basis, after a 0.1% rise in the previous month, marking the first decline in seven months.

New Zealand's central bank held the cash rate steady at 5.5%, but opened the door to monetary policy becoming less restrictive over time should inflation slow as expected.

India is likely to receive above-average rainfall in July after receiving 11% below average in June, the weather department said, keeping alive the possibility of higher farm output and economic growth in Asia's third-biggest economy. The monsoon has covered nearly all parts of the country and will reach the remaining parts of the northern states of Rajasthan, Haryana and Punjab in the next two to three days, ahead of the usual schedule, Mohapatra said. La Nina weather pattern is likely to develop during the second half of the monsoon season, which usually boosts rainfall, he added.

Activity in India's manufacturing sector rebounded last month as output increased on robust demand, leading to the fastest rate of hiring in over 19 years, despite inflationary pressures remaining elevated, a survey showed. The HSBC final India Manufacturing PMI, compiled by S&P Global, rose to 58.3 in June, marginally below a preliminary 58.5 estimate, from a three-month low of 57.5 in May. This was despite business sentiment falling to a three-month low, however, it remained strong and above the long-run average.

India's fiscal deficit for the first two months of the current financial year that started April 1 stood at 506.15 billion rupees (\$6.07 billion), or 3% of the estimate for the whole year. Net tax revenues in April-May were 3.19 trillion rupees, or 12% of the annual target, compared with 2.78 trillion rupees in the same period last year, according to the data. Total expenditure by the government during the period was 6.23 trillion rupees, or about 13% of the annual goal, compared with 6.26 trillion rupees in the same period last year.

Foreign inflows into Indian bonds will hit a decade-high of \$2 billion around June 28, when they will be included in a widely-tracked JPMorgan index, although the central bank will lap up most of the dollars to avoid a knee-jerk rise in the rupee, bankers said. The \$2 billion, single-day inflow estimate by four bankers trails only the record-high \$2.7 billion poured into Indian bonds on Aug. 20, 2014, as prospects of a credit rating upgrade gained traction. More than \$200 billion in assets track the JPMorgan Emerging Market Index in which India will eventually have a weight of 10% by March 2025, suggesting total passive inflows of at least \$20 billion over the 10-month period.

India is the world's second biggest consumer of gold, Business activity in India expanded at a faster clip this month from May thanks to gains in manufacturing and services, according to a business survey that also showed the pace of job creation was at its strongest in over 18 years. HSBC's flash India Composite PMI, compiled by S&P Global, rose to 60.9 in June from last month's final reading of 60.5. That marked nearly three years above the 50-level separating growth from contraction on a monthly basis. The manufacturing index showed bigger gains to 58.5 from 57.5 in May while the dominant services industry's reading rose slightly to 60.4 this month from 60.2, adding to the continued expansion in India even as the global economy slows.

India is expected to grow by 7.2% in the current fiscal year, stronger than earlier expected, with its central bank opting for just a one-quarter-point rate cut in that period, Fitch Ratings said in its quarterly Global Economic Outlook (GEO) report. The ratings agency has also raised its world growth forecast for 2024 to 2.6% from 2.4% earlier as confidence in European recovery prospects improve, China's export sector revives and domestic demand in emerging markets excluding China shows stronger momentum.

India's four-week platinum imports from mid June eclipsed 2023's total as bullion dealers exploited a loophole by registering alloys containing around 90% gold as platinum to avoid higher duties, government and industry officials told Reuters. In that time frame dealers cleared 13 metric tons of these metal consignments valued at around \$1 billion from customs, compared to total platinum imports of 9.97 metric tons in 2023. This masking was possible because of a government rule on classifying platinum which states that "an alloy containing 2% or more, by weight, of platinum is to be treated as an alloy of platinum," the official said. Since April 1, dealers pay only 5% import duty on platinum against 15% on gold under the Comprehensive Economic Partnership Agreement signed between India and major bullion trading hub the UAE in 2022, said Nitin Kedia, national general secretary at the All India Jewellers and Goldsmith Federation.

India's retail inflation rate rose for the first time in five months in June due to a sharp rise in food prices, as Annual retail inflation was 5.08% in June, up from 4.75% in May. Economists polled by Reuters had forecast inflation at 4.80%.

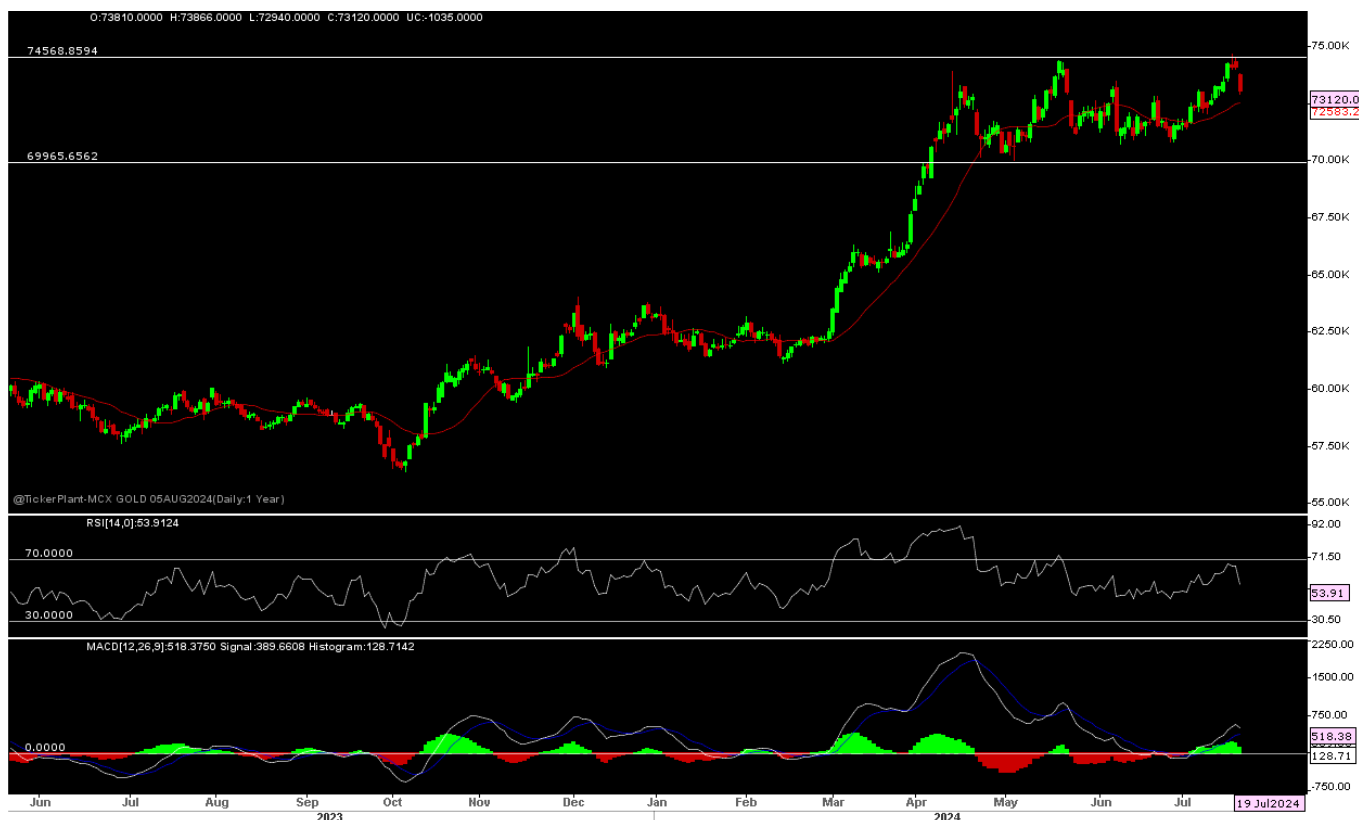
On domestic Data update, India's wholesale prices rose at their fastest annual pace in 16 months in June on the back of costlier food. The wholesale price index rose 3.36% in June from a year earlier, slightly lower than the 3.5% gain expected by economists polled by Reuters but higher than a 2.61% year-on-year rise in May. Wholesale inflation had stood at 3.85% in February 2023. India's industrial output grew at a stronger-than-expected 5.9% year-on-year in May amid a higher growth in the mining and electricity sectors. Economists polled by Reuters had expected growth of 4.9%. Industrial output grew 5% in April. Growth in India's dominant services industry accelerated last month, buoyed by strong demand and a record rise in export orders, as HSBC's India Services PMI, compiled by S&P Global, rose to 60.5 in June from 60.2 in May, close to a Reuters poll median forecast of 60.6 and a preliminary reading of 60.4. It has been above 50, which separates growth from contraction, for nearly three years. A rise in both manufacturing and services pushed up the overall HSBC India Composite PMI to 60.9 last month, matching the flash estimate, from 60.5 in May.

Going ahead, Gold likely to continue its northward journey with record high prices on sight in 2024, when the fundamentals of a dovish pivot in U.S. interest rates, continued geopolitical risk, and central bank buying are expected to support the market. To makes bullion attractive assets class, we need to see stronger demand from investors, such as a

pickup in ETF inflows, continue central banks buying and for all that weaker U.S. economic data and lower inflation is needed, so that the Fed sounds more dovish.

Technical Outlook:

On the Daily Chart MCX:



Sources – Ticker Plant and Bonanza Research

In COMEX GOLD is trading at \$2407

Expected support and Resistance level for the month

Gold	S1	S2	R1	R2
COMEX/DG CX (\$)	2390	2350	2485	2550
MCX (Rs.)	72900	72100	74100	74800

Mcx Trend seen Bullish as long S2 hold, while Sustain close above R2 seen prices towards 75600-76000.

SILVER

Technical Outlook:

On the Daily Chart MCX:



Sources – Ticker Plant and Bonanza Research

Expected support and Resistance level for the month

Silver	S1	S2	R1	R2
COMEX/DG CX (\$)	28.50	27.0	31.75	32.60
MCX (Rs.)	88200	86600	92700	94600

MCX trend seen Bullish as long hold S1, While Sustain below 88200-88000 seen towards 86000 - 85500.

CRUDE OIL

Market Outlook and Fundamental Analysis

Energy complex register sharp recovery from lower level due to demand expectations in 2nd half while supply disturbance also support prices at the tie when OPEC+ already maintain supply cut for 2nd half of this year. Benchmark Brent crude and WTI rally almost 6% to lose higher than previous months high.

OPEC in its latest monthly report, stuck to its forecast for relatively strong growth in global oil demand in 2024 and next year, saying on Wednesday that resilient economic growth and strong air travel would support fuel use in the summer months. The OPEC, in a monthly report, said world oil demand would rise by 2.25 million barrels per day (bpd) in 2024 and by 1.85 million bpd in 2025. Both forecasts were unchanged from last month. OPEC also raised its forecast for world economic growth this year to 2.9% from 2.8%, and said there was potential upside to that number, citing momentum seen this year outside developed countries in the Organization for Economic Cooperation and Development.

OPEC oil output rose in June for a second consecutive month, a Reuters survey found, as higher supply from Nigeria and Iran offset the impact of voluntary supply cuts by other members and the wider OPEC+ alliance. The OPEC pumped 26.70 million barrels per day (bpd) last month, up 70,000 bpd from May, according to the survey based on shipping data and information from industry sources. Nigeria raised output by 50,000 bpd and there were smaller increases from Iran and Algeria as oilfield maintenance was completed. The largest drop, of 50,000 bpd, was in Iraq, though the country is still exceeding its OPEC+ target. OPEC pumped about 280,000 bpd more than the implied target for the nine members covered by supply cut agreements, with Iraq still accounting for the bulk of the excess, the survey found. Among those not required to cut output, Iranian output reached 3.2 million bpd. That matched a rate posted in November 2023, which was the highest since 2018, according to Reuters surveys.

U.S. crude stocks plunged by much more than expected last week of June as refining and export activity increased, while gasoline and distillate inventories also fell, the EIA data shows. Crude inventories fell by 12.2 million barrels to 448.5 million barrels in the week ending June 28, the EIA said, compared with analysts' expectations in a Reuters poll for a 680,000-barrel draw. Strong exports, a slight drop in imports, and a rebound in refinery runs colluded to draw crude inventories. Refinery crude runs were up by 260,000 barrels per day, the EIA said, while refiners' utilization rates rose by 1.3 percentage points. U.S. gasoline stocks fell by 2.2 million barrels in the week to 231.7 million barrels, the EIA said, compared with analysts' expectations in a Reuters poll for a 1.3 million-barrel draw.

Distillate stockpiles, which include diesel and heating oil, fell by 1.5 million barrels in the week to 119.7 million barrels, versus expectations for a 1.2 million-barrel drop, the EIA data showed.

U.S. oil production continues to grow even as gas starts to turn down, with the diverging fortunes of the two sectors reflecting the much steeper slump in gas prices and drilling activity since the middle of 2022. Crude and condensates output from the Lower 48 states excluding federal waters in the Gulf of Mexico increased to 10.99 million barrels per day (b/d) in April, according to the U.S. EIA. Production was running at the third fastest rate on record, and only insignificantly slower than peaks set in November and December 2023.

U.S. energy production overshadowed consumption by 9 quadrillion British thermal units (quads) in 2023, according to an analysis released by the U.S. EIA that showed the widest margin in records dating back to 1949. Energy production rose 4% to hit a record of nearly 103 quads in 2023, the analysis found, while energy consumption eased 1%. Dry natural gas production increased 4% in 2023 - logging a 58% rise since 2013 - and crude-oil production has grown 69% since 2013. Crude production is up 9% from 2022. On the flip side, U.S. energy consumption declined slightly in 2023, the analysis found, with petroleum and natural gas consumption largely unchanged from 2022. Coal consumption dropped 17% to its lowest level in more than a century due to its shrinking role in electricity generation.

Russia's oil and gas revenue in June is set to rise by more than 50% year on year to \$9.4 billion, Reuters calculations showed, after a decrease in subsidies to refineries and reflecting the Russian economy's ability to limit the impact of sanctions. Russia was able to divert oil exports away from Europe to India and China, securing the much-needed financial flows for its budget, which is in deficit as Moscow spends heavily on defence and security.

The IEA, which represents industrialised countries, Global oil demand will outpace supply next year, the U.S. Energy Information Administration said on Tuesday, reversing a prior forecast for a surplus. If the market goes into a deficit, refiners will need to drain oil from inventories to meet demand. The deficit will be smaller next year than this year, the EIA said. Global oil demand will average about 104.7 million barrels per day (bpd) next year, while supply will be around 104.6 million bpd, the EIA said in its monthly short-term energy outlook. The EIA pegged global demand at around 104.5 million bpd and supply at 104.7 million bpd and in its previous forecast. EIA projections showed. World oil demand will exceed output by around 750,000 barrels per day in the second half of 2024, based on EIA's outlook. Its earlier forecasts showed a smaller deficit of about 550,000 bpd in the second half this year. U.S. oil output will grow by 320,000 barrels per day this year to a record of 13.25 million bpd, slightly more than its previous forecast of 13.24 million bpd, EIA said.

U.S. crude shipments bound for Europe fell to a two-year low in June as European buyers bought cheaper regional and West African oil, according to traders and analysts told Reuters. Exports of U.S. crude to Europe slowed to 1.45 million barrels per day (bpd) last month, the lowest for any month since July 2022, according to data from ship tracking firm Kpler. That marks a 14% decline from May and down 27% from June 2023. A narrow difference between the Brent & WTI makes it difficult to make a profit shipping U.S. crude to Europe. Total U.S. crude exports to all destinations were 3.94 million bpd last month, down from 4.21 million bpd in May.

Proceeds from oil and gas sales for Russia's federal budget rose by around 41% year on year in the first half of the year 5.698 trillion roubles (\$65.12 billion), due to rising oil prices and the weaker rouble. Oil and gas revenues have been the most important single source of cash for the Kremlin, accounting for around a third to a half of total federal budget proceedings for the last decade. During the first half of the year, the price of Russian flagship oil Urals blend averaged at \$69.1 per barrel, above the Western-imposed price cap of \$60, up from 52.5\$ in the same period 2023. At the same time, the rouble rate weakened to 90.8 per \$1 for the period from 76.9 in January - June 2023. For 2024 as a whole, the government budgeted for federal revenue of 10.7 trillion roubles from oil and gas sales, up 21% from 2023, when weaker oil prices and a fall in gas exports reduced the revenue by 24%.

China added more than 1 million barrels per day (bpd) of crude oil to stockpiles in May as soft imports were outweighed by even weaker refinery processing volumes. A total of 1.08 million bpd was added to China's commercial or strategic inventories in May, up from 830,000 bpd in April, according to calculations based on official data. Over the first five months of 2024, China boosted stockpiles by 790,000 bpd from the same period in 2023, and the pace of inventory builds is accelerating, rising from 700,000 bpd in the first four months of the year. China doesn't disclose the volumes of crude flowing into or out of strategic and commercial stockpiles, but an estimate can be made by deducting the amount of crude processed from the total of crude available from imports and domestic output.

Asia's imports of crude oil ticked lower in the first half of 2024 from the same period last year, defying expectations that the top-consuming continent would lead global demand growth. Asia imported 27.16 million barrels per day (bpd) of crude in the January to June period, down a modest 130,000 bpd from the 27.29 million bpd in the same period in 2023, according to data compiled by LSEG Oil Research. The slightly weaker outcome was largely a result of lower arrivals in China, the world's biggest oil importer, with gains by Asia's number two buyer India not enough to offset China's softness. For the demand forecasts made by the IEA and OPEC, it's certain that Asia's imports are going to have to be strong in the second half, especially those for China. If there is a somewhat brighter light in Asia, it's India, where crude imports were about 4.94 million bpd in the first half of 2024, according to calculations based on official and LSEG data. This is up about 90,000

bpd from the official figure of 4.85 million bpd for the first half of 2023. Overall, OPEC is expecting Asia's crude demand to rise by 1.3 million bpd in 2024 from the previous year, consisting of 720,000 bpd for China, 230,000 bpd for India and 350,000 bpd for the rest of the continent. The IEA expects Asia's demand to lift by 900,000 bpd in 2024, made up of 500,000 bpd in China and 400,000 bpd for the rest of the continent. But with imports actually dropping in the first half by 130,000, it leaves a mountain to climb in the second half.

India's oil imports from Russia rose to a record of about 2.1 million barrels per day (bpd) in May as discounts for Russian oil widened on lower demand from China, according to trade sources and shipping data. Meanwhile, supply from Saudi Arabia dropped to a 10-month low, the data showed. India shipped in about 5.1 million bpd oil in May, a growth of about 5.6% from April, the data shows. India's Russian oil imports in May rose 14.7% from April and 5.9% from a year ago, the data shows.

The Indian government has raised the windfall tax on petroleum crude to 6,000 rupees (\$72) per metric ton from 3,250 rupees, effective from July 2, a notification showed. The windfall tax, which is revised every two weeks, remained unchanged at zero for diesel and aviation turbine fuel. From July 2022, India started taxing crude oil production and exports of gasoline, diesel and aviation fuel to regulate private refiners that wanted to sell fuel overseas instead of locally to gain from robust refining margins.

India is the world's third-biggest oil importer and consumer, fuel consumption rose by 2.6% year-on-year to 19.99 million metric tons in June from a year earlier, data from the Petroleum Planning and Analysis Cell of the oil ministry showed. Total consumption totalled 19.99 million metric tons in June, up from 19.48 million tons last year, data showed. Demand was down 3.5% on a monthly basis from the 20.72 million metric tons consumed in May. Sales of diesel, mainly used by trucks and commercially run passenger vehicles, fell 5% month-on-month to 7.98 million tons in June. It was up 1% from a year earlier. Sales of gasoline rose 4.6% from the previous year to 3.30 million tons, although sales dropped 4.8% from May levels.

Retail sales of cars in India fell 6.8% in June, marking their worst decline in almost two and half years, a dealers' body said, as heatwaves across the country kept customers from visiting showrooms. Passenger vehicle sales in June dropped to 281,566 units, their lowest since September 2022, according to data from the Federation of Automobile Dealers Association (FADA), which tracks monthly retail sales from dealers to buyers.

India's cut and polished diamond exports fell nearly 15% in the June quarter, compared with a year earlier, following a 27.5% decline in the 2023/24 marketing year that ended on March 31 according to GJEPC. India is the world's largest centre for cutting and polishing diamonds, accounting for nine out of 10 diamonds polished globally. China accounts for around a third of India's cut and polished diamond exports and primarily buys through

Hong Kong. The economic slowdown, shifting consumer preferences from diamonds to gold jewellery and fewer weddings have been squeezing the demand for diamonds in China. India's gems and jewellery industry - which employs over 4.3 million and accounts for more than 10% of India's goods exports.

Going ahead, Prices likely to be trade between weak global growth to cap demand against ongoing geopolitical tensions could provide support to prices. Other side, OPEC+, will be able to commit to the supply cuts they have pledged to prop up prices.

Technical Outlook:-

On the Daily Chart MCX:



Sources – Ticker Plant and Bonanza Research

Expected Support and Resistance level for the month

Crude	S1	S2	R1	R2
NYMEX/DG CX (\$)	79.20	77.20	83.0	84.60
MCX (Rs.)	6640	6475	6900	7000

MCX trend seen Bullish as long hold 6675 - S1, While Sustain Close below 6640 seen towards 6475 - 6400.

Natural Gas

Technical Outlook:

On the Daily Chart MCX:



Sources – Ticker Plant and Bonanza Research

Natural Gas	S1	S2	R1	R2
MCX (Rs.)	169	160	186	205

MCX trend seen Bearish as long hold R1, While Sustain Close below 169 seen towards 160-155 belt.

Base Metals

Market Outlook and Fundamental Analysis

COPPER:

Base metal complex seen first monthly fall after 3-onths of gain as pries weigh on demand concern after record high pries added by fir dollar index and poor data from top consumer China weigh on prices. Benchmark Copper register 1st monthly fall after straight 7-months of gain by 3% while Zinc gain 1.5% and Aluminum down 3% and lead by 1.5% in domestic future exchanges for the month of June.

China world's second-biggest economy, China's manufacturing activity fell for a second month in June while services activity slipped to a five-month low, an official survey showed, keeping alive calls for further stimulus as the economy struggles to get back on its feet. The National Bureau of Statistics (NBS) purchasing managers' index (PMI), at 49.5 in June, was unchanged from May, below the 50-mark separating growth from contraction and in line with a median forecast of 49.5 in a Reuters poll. The services PMI sank to 50.2, a five-month low, and construction PMI slipped to 52.3, the weakest reading since July last year.

Factory activity among smaller Chinese manufacturers grew at the fastest pace since 2021 thanks to overseas orders, a private index showed, even as a broader survey indicated weak domestic demand and trade frictions had led to another industrial sector contraction. The Caixin/S&P Global manufacturing PMI rose to 51.8 in June from 51.7 in the previous month, marking the fastest clip since May 2021 and surpassing analysts' forecasts of 51.2. The index, which mostly covers smaller, export-oriented firms, has remained above the 50-point mark that separates growth from contraction for eight straight months. The

Caixin PMI survey showed manufacturing output growth hit a two-year high in June. The orders index, including the overseas orders index, remained in expansionary territory last month, albeit at a slower rate

China's May industrial output lagged expectations and a slowdown in the property sector showed no signs of easing despite policy support, as May industrial output grew 5.6% from a year earlier, slowing from the 6.7% pace in April and below expectations for a 6.0% increase in a Reuters poll of analysts. Manufacturing investment in the first five months showed robust growth of 9.6%, underpinned by China's emphasis for "quality growth" through technological breakthroughs and innovation this year.

China retail sales, a gauge of consumption, in May rose 3.7% on year, accelerating from a 2.3% rise in April and marking the quickest growth since February. Analysts had expected a 3.0% expansion due to a five-day public holiday earlier in the month. Fixed asset investment rose 4.0% in the first five months of 2024 from the same period a year earlier, versus expectations for a 4.2% rise. It grew 4.2% in the January to April period.

China's new home prices fell at the fastest pace in more than 9-1/2 years in May, with the property sector struggling to find a bottom despite government efforts to rein in oversupply and support debt-laden developers. Prices were down 0.7% in May from the previous month, marking the 11th straight month-on-month decline and steepest drop since October 2014, according to Reuters calculations based on National Bureau of Statistics (NBS) data. In annual terms, new home prices were down 3.9% from a year earlier, compared with a 3.1% slide in April.

Property investment in China fell 10.1% in the first five months of 2024 from a year earlier, after dropping 9.8% in January-April, even as policymakers doubled down on efforts to support the ailing sector and shore up consumer confidence. Property sales by floor area in January-May fell 20.3% from a year earlier, compared with a 20.2% slump in January-April, NBS data showed. New construction starts measured by floor area fell 24.2% on year, after a 24.6% drop in the first four months. Funds raised by China's property developers were down 24.3% from a year earlier after a 24.9% fall in January-April.

China's central bank left a key policy rate unchanged as expected when rolling over maturing medium-term loans, and drained some funds from the banking system..

South Korea's factory activity growth quickened in June to the fastest in 26 months, as new orders jumped on improving global demand, a private-sector survey showed. The PMI for manufacturers in Asia's fourth-largest economy, compiled by S&P Global, rose to 52.0 in June, from 51.6 in May, on a seasonally adjusted basis.

Britain's car output fell by 11.9% year-on-year in May, falling for a third straight month, as manufacturers wound down existing models and more plants transitioned to electric

vehicle (EV) production, industry data showed. A total of 69,652 cars rolled off production lines in May, compared with 79,046 in the same period last year and April production volumes were down by 7%. Electrified vehicles, including fully electric models, plug-in hybrids and full hybrids, represented almost two-fifths, or 38%, of all output, up by 3 percentage points compared with May 2023.

U.S. manufacturing production has barely increased since before the pandemic, which explains why diesel consumption remains anaemic and has not rebounded in line with expectations at the start of the year. Production increased by a faster-than-expected 0.9% in May after seasonal adjustments, but that followed back-to-back declines of 0.4% in April and 0.1% in March, according to estimates compiled by the Federal Reserve. Output was essentially unchanged compared with a year ago and there had been no significant net growth since 2018.

U.S. business activity crept up to a 26-month high in June amid a rebound in employment, but price pressures subsided considerably, offering hope that a recent slowdown in inflation was likely to be sustained. S&P Global flash U.S. Composite PMI Output Index, which tracks the manufacturing and services sectors, nudged up to 54.6 this month. That was the highest level since April 2022 and followed a final reading of 54.5 in May. The survey's flash manufacturing PMI edged up to 51.7 this month from 51.3 in May against economists polled by Reuters had forecast the dipping to 51. Its flash services PMI increased to 55.1, a 26-month high, from 54.8 in May against economists' expectations for a reading of 53.7.

Euro zone business growth slowed sharply this month as demand fell for the first time since February, a survey found, with the bloc's services industry showing some signs of weakening while the downturn in manufacturing took a turn for the worse. HCOB's preliminary composite PMI, compiled by S&P Global, sank to 50.8 this month from May's 52.2, confounding expectations in a Reuters poll for a rise to 52.5. However, June marked a fourth month above the 50 level separating growth from contraction. The overall new business index dropped to a four-month low of 49.2 from 51.6. Manufacturing activity, in decline for almost two years, reversed recent signs of heading for a recovery. The factory PMI dropped to a six-month low of 45.6 from 47.3. Expectations in the Reuters poll were for a lift to 47.9. An index measuring output plummeted to 46.0 from 49.3.

Production at U.S. factories increased more than expected in May, recouping all the declines in the prior two months, as Manufacturing output jumped 0.9% last month following a downwardly revised 0.4% drop in April and against economists polled by Reuters had forecast factory output rebounding 0.3% after a previously reported 0.3% fall in April. Production at factories had declined in March and April. It gained 0.1% year-on-year in May.

China's copper scrap imports have soared due to shortages of concentrate that is processed into refined metal used in the power and construction industries, but record high prices mean U.S. shipments are likely to pause.

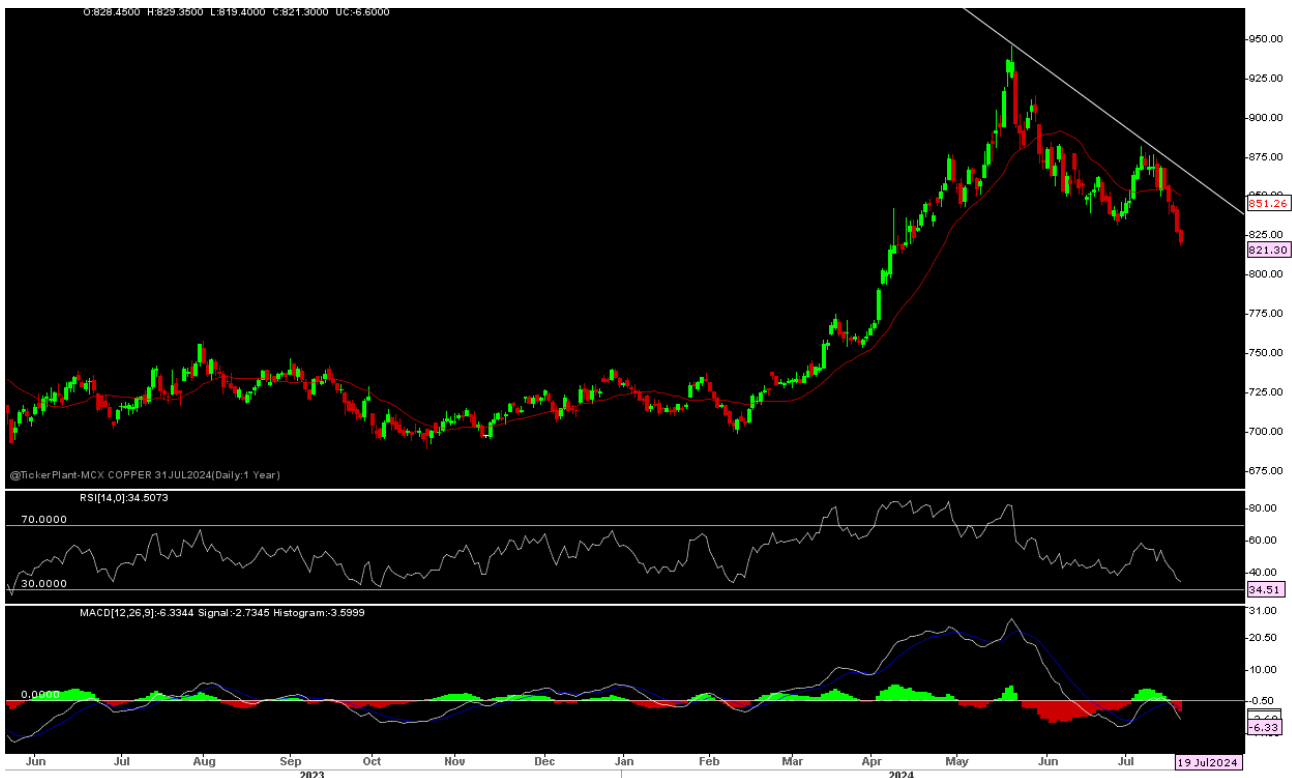
Chilean copper mining giant Codelco's (COBRE.UL) output continued to decline year-on-year in the first half of 2024 but should tick up in the second half of this year, the chairman of the state-run miner Maximo Pacheco said.

Going ahead, weak economic numbers, demand concern from top consuming countries weigh on process for short term while FED rate cut expectation which might revive demand for base metals and any fall in dollar index will support base metals at every dip.

Base Metals

TECHNICAL OUTLOOK:

COPPER:



Sources – Ticker Plant and Bonanza Research

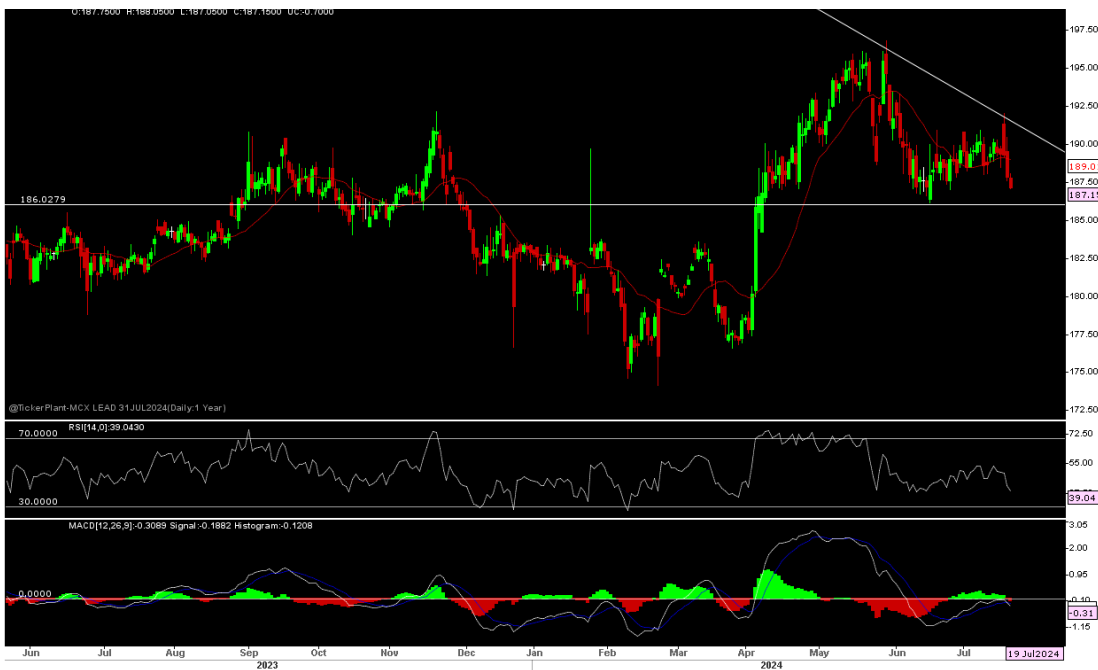
Expected Support & Resistance level for the month

Copper	S1	S2	R1	R2
MCX	818	800	848	883

MCX trend seen Bearish as long hold R1, While Sustain below 818 seen towards 810-800 belt.

LEAD:

Technical Outlook:



Sources – Ticker Plant and Bonanza Research

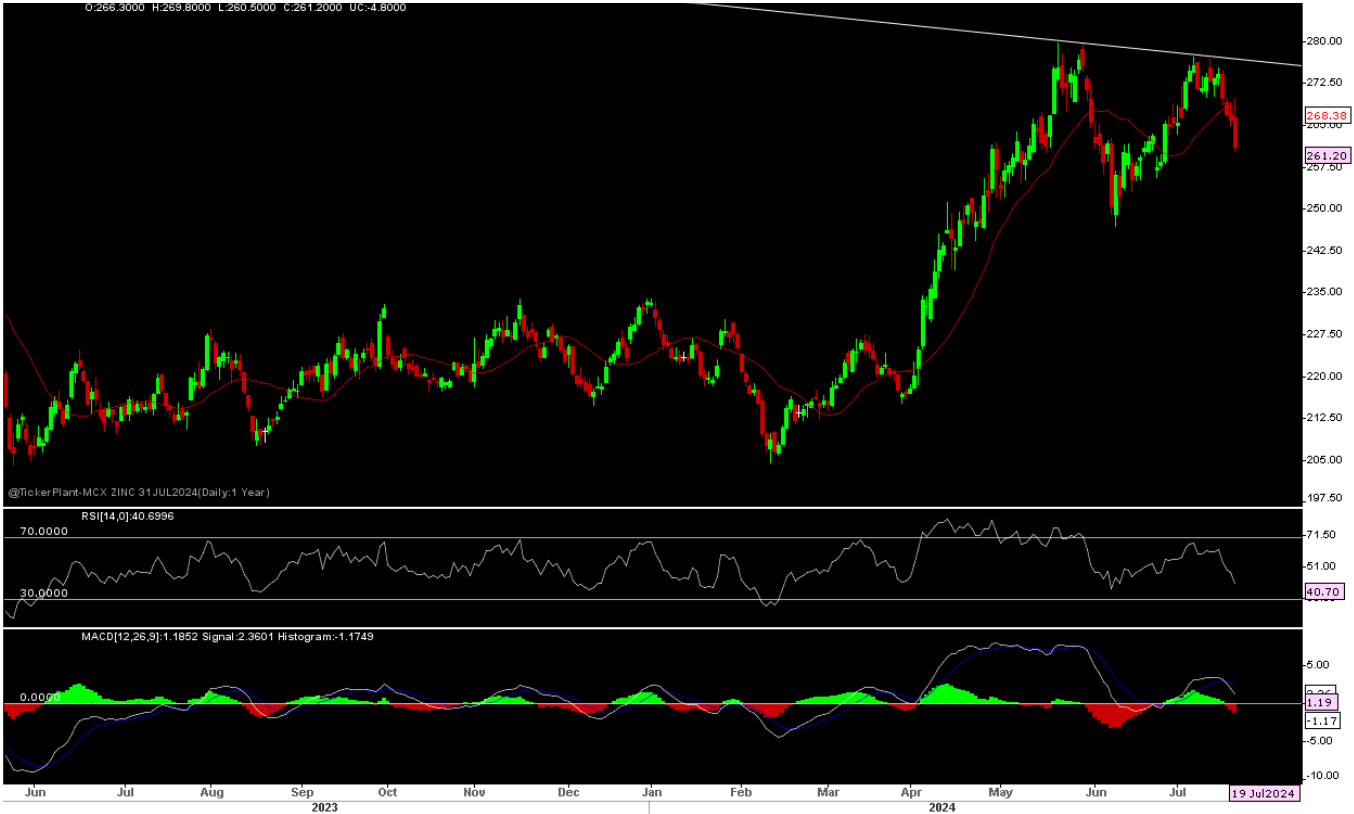
Expected support and Resistance level for the month

Lead	S1	S2	R1	R2
MCX	186	182	192	198

MCX trend seen Bearish as long hold R1 while Sustain Close below 186 seen 183-182 belt.

ZINC

TECHNICAL OUTLOOK:



Sources – Ticker Plant and Bonanza Research

Expected Support & Resistance level

Zinc	S1	S1	R1	R2
MCX	260.0	255	277	278

MCX trend seen Bearish as long hold R1, While Sustain below 260 seen again towards 255-250.

NICKEL

TECHNICAL OUTLOOK:

No View due to Low Volumes

BONANZA RESEARCH TEAM

Technical Research Analyst

Vibhu Ratandhara

BONANZA COMMODITY BROKERS PVT. LTD.

DATE-July 18th, 2024

Disclosure:

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