

## GOLD

### **Market Outlook and Fundamental Analysis:**

Bullion Index register 3<sup>rd</sup> consecutive monthly gain in May by more than 5% in expectations that US FED likely to cut interest rates sooner than expected which force dollar index under check as well US treasury yield and support bullion to rally higher side. All this added by ongoing geopolitical tension and consistent central banks buying spree also support bullion at every dip. Bullion generally remains positive during geopolitical as well financial crisis. 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 May Gold in domestic future exchange rally more than Rs. 1400/10 gm to end almost 2% higher while Silver outperform gold and rally by almost 14% during month May.

US Nonfarm payrolls, a gauge to interest rates decision shows, The U.S. economy created far more jobs than expected in May and annual wage growth reaccelerated, underscoring the resilience of the labor market and reducing the likelihood the Federal Reserve will be able to start rate cuts in September. Nonfarm payrolls increased by 272,000 jobs last month and revisions showed 15,000 fewer jobs created in March and April combined than previously reported and against economists polled by Reuters had forecast payrolls advancing by 185,000. May's employment gains were higher than the 232,000 monthly averages for the past year. The Labor Department's closely watched employment report also showed the unemployment rate ticked up to 4.0% from 3.9% in April, reaching a symbolic threshold below which the jobless rate had previously held for 27 straight months. Average hourly earnings rose 0.4% after increasing 0.2% in April. Wages increased 4.1% in the 12 months through May following an upwardly revised 4.0% annual rise the prior month. Wage growth in a 3.0%-3.5% range is seen as consistent with the Fed's 2% inflation target. The average workweek was unchanged at 34.3 hours.

Hiring by U.S. private employers slid to a four-month low in May, with small firms reducing staff, and wage gains for job changers moderated for a second month, as Private payrolls increased by 152,000 jobs last month - the fewest since January and well below the average of 194,000 over the past year - after rising by a downwardly revised 188,000 in

April, the ADP Employment report showed. Economists polled by Reuters had forecast private employment increasing by 175,000 last month.

The Federal Reserve held interest rates steady and pushed out the start of rate cuts to perhaps as late as December as policymakers sketched out their view of an economy that remains virtually unchanged across its major dimensions for years to come. With growth and unemployment lodged at levels better than the U.S. central bank considers sustainable in the long run, Fed Chair Jerome Powell said policymakers were content to leave rates where they are until the economy sends a clear signal that something else is needed - through either a more convincing decline in price pressures or a jump in the unemployment rate. Those rate reductions are projected to gather pace next year, with Powell deferring on the timing. The new Fed projections show the economy is still expected to grow at a slightly above-trend 2.1% this year despite a sluggish first quarter, and the unemployment rate will remain at its current 4% through the year. The Fed raised rates aggressively in 2022 and 2023 to curb inflation that had surged to a 40-year high in the aftermath of the COVID-19 pandemic.

The European Central Bank went ahead with its first interest rate cut since 2019, citing progress in tackling inflation even as it acknowledged the fight was far from over. Cutting its deposit rate to 3.75% from a record-high 4.0%, the ECB gave no indication whether that would be followed by a further easing in July. In new forecasts released with the widely flagged rate cut, the ECB said it expected inflation to average 2.2% in 2025 - up from a previous estimate of 2.0% and meaning it was now seen holding above the central bank's 2% target well into next year.

The Bank of Canada trimmed its key policy rate by 25 basis points to 4.75%, in a widely expected move that marked its first cut in four years, and said more easing was likely if inflation continued to ease. After keeping interest rates at a more than two-decade high of 5% for almost a year, the BoC said the indicators for underlying inflation looked increasingly positive.

U.S. consumer prices were unexpectedly unchanged in May as cheaper gasoline offset higher costs for rental housing, but inflation likely remains too high for the Federal Reserve to start cutting interest rates before September against the backdrop of a persistently strong labor market. The unchanged reading in the consumer price index last month followed a 0.3% increase in April. It was the softest reading since July 2022. The CPI has been trending lower since posting solid readings in February and March. Economists polled by Reuters had forecast the CPI would edge up 0.1% in May. Excluding the volatile food and energy components, the CPI climbed 0.2% in May. That was the smallest advance since last October and followed a 0.3% rise in April. In the 12 months through May, the core CPI increased 3.4%. That was the smallest year-on-year gain since April 2021 and followed a 3.6% advance in April.

U.S. producer prices unexpectedly fell in May amid lower energy costs, as PPI for final demand dropped 0.2% last month after advancing by an unrevised 0.5% in April against economists polled by Reuters had forecast the PPI nudging up 0.1%. In the 12 months through May, the PPI increased 2.2% after rising 2.3% in April.

Wet weather helped bring Britain's economic growth to a halt in April after a strong start to 2024, as GDP was flat in April - as economists polled by Reuters had forecast and after a 0.4% mom rise in March.

Australia's economy slowed to a crawl in the March quarter as high borrowing costs and still-elevated inflation put the brakes on consumer spending, as real GDP rose 0.1% in the first quarter, just under market forecasts of 0.2%. Annual growth dropped to 1.1%, from 1.5% the previous quarter and the slowest pace in three decades outside of the pandemic.

The U.S. services sector snapped back into growth mode in May after a short-lived contraction the month before, with a measure of business activity improving by the most in three years, as nonmanufacturing purchasing manager's index rose to 53.8 last month from 49.4 in April. May's reading, the highest since August, topped the estimates of all 59 economists in a Reuters poll that had pegged the median expectation at 50.8, just above the 50 level that separates growth from contraction.

The number of Americans filing new claims for unemployment benefits increased last week and unit labor costs rose by less than previously thought in the first quarter, indicating the labor market is cooling but not enough to allay the Federal Reserve's hesitance to begin cutting interest rates. Initial claims for state unemployment benefits rose 8,000 to a seasonally adjusted 229,000 for the week ended June 1, the Labor Department said on Thursday. Economists polled by Reuters had forecast 220,000 claims in the latest week.

U.S. job openings fell more than expected in April to the lowest in more than three years, a sign that labor market conditions are softening in a manner that could help the Federal Reserve's fight against inflation. Job openings, a measure of labor demand, were down 296,000 to 8.059 million on the last day of April, the lowest level since February 2021, as per the Labor Department's JOLTS report. Data for March was revised slightly lower to show 8.355 million unfilled positions instead of the previously reported 8.488 million. Economists polled by Reuters had forecast 8.355 million job openings in April. Vacancies peaked at a record 12.0 million in March 2022. The number of people quitting their jobs rose 98,000 to 3.507 million in April.

U.S. manufacturing activity slowed for a second straight month in May as new goods orders dropped by the most in nearly two years, as ISM said its purchasing managers index (PMI) for manufacturing fell to 48.7 in May, from 49.2 in April, sliding as well from an 18-month high of 50.3 seen in March.

U.S. inflation tracked sideways in April, as PCE price index increased 0.3% last month, matching the unrevised gain in March. In the 12 months through April, the PCE price index rose 2.7% after advancing at the same pace in March. Economists polled by Reuters had forecast it would climb 0.3% on the month and 2.7% on a year-on-year basis. The PCE price index is one of the inflation measures tracked by the U.S. central bank for its 2% target. Monthly inflation readings of 0.2% over time are needed to bring inflation back to target. Consumer spending, which accounts for more than two-thirds of U.S. economic activity, increased by 0.2%, down from a downwardly revised 0.7% rise in March.

Euro zone inflation rose in May, as Consumer prices in the 20 countries that share the euro rose by 2.6% year on year in May, inching away from the ECB's 2% target after increases of 2.4% in the previous two months, according to Eurostat's flash estimate. Markets are currently pricing around 57 basis points of ECB rate cuts in 2024, and are indicating a 25 basis point cut in June, and one more by year end. In recent weeks, however, they have been gradually paring back expectations of a third cut this year.

The U.S. economy grew more slowly in the first quarter than previously estimated after downward revisions to consumer and equipment spending and a key measure of inflation ticked down, as GDP grew at an 1.3% annualized rate from January through March, down from the advance estimate of 1.6% and notably slower than the 3.4% pace in the final three months of 2023. The downward revision to GDP brings the first-quarter's growth rate to the lowest since the second quarter of 2022, when the economy contracted, and leaves output below the 1.8% rate that officials at the Fed see as its longer-run, noninflationary potential.

Separately, The World Bank said in its latest Global Economic Prospects report the U.S. economy's stronger-than-expected performance has prompted it to lift its 2024 global growth outlook slightly but warned that overall output would remain well below pre-pandemic levels through 2026. Also said, the global economy would avoid a third consecutive drop in real GDP growth since a major post-pandemic jump in 2021, with 2024 growth stabilizing at 2.6%, unchanged from 2023. That's up 0.2 percentage point from the World Bank's January forecast, largely on the strength of U.S. demand. The World Bank forecast global growth of 2.7% in both 2025 and 2026, a level well below the 3.1% global average in the decade prior to COVID-19. It also is forecasting that interest rates in the next three years will remain double their 2000-2019 average, keeping a brake on growth and adding debt pressure to emerging market countries that have borrowed in dollars. The World Bank is now forecasting 2.5% U.S. growth for 2024 - matching the 2023 pace - and up sharply from the January forecast of 1.6%. The World Bank also upgraded China's 2024 growth forecast to 4.8% from 4.5% in January, but it forecast China's growth will fall to 4.1% in 2025 amid weak investment and consumer confidence and an ongoing property-sector downturn. India also saw a forecast upgrade for 2024 to 6.6% from 6.4% in January amid strong domestic demand.

Other side, French President Emmanuel Macron rolled the dice on his political future, calling snap legislative elections for later this month after he was trounced in the European Union vote by Marine Le Pen's far-right party. Macron said the EU result was grim for his government, and one he could not ignore. In an address to the nation, less than two months before Paris hosts the Olympics, he said lower house elections would be called for June 30, with a second-round vote on July 7.

Japan's service sector sentiment worsened in May to levels unseen in nearly two years, as rising fuel and food costs from a weak yen dragged on household spending. An index measuring sentiment among service-sector firms like taxi drivers and restaurants stood at 45.7 in May, down 1.7 point from the previous month and hitting the lowest level since August 2022, the survey showed. Japan's economy contracted less than initially reported in January-March on upward revisions to capital spending and inventory data, lending modest support to the central bank's plans to raise interest rates again this year. Japan's GDP shrank a revised 1.8% annualised in the first quarter from the previous three months, a smaller declines that economists' median forecast for a 1.9% contraction and a 2.0% decline in the preliminary estimate.

Ivory Coast's gold output hit a record high in 2023, helped by the opening of new mines, and will continue to grow further, mines minister Mamadou Sangafowa Coulibaly said. Gold output has been climbing steadily for several years and is expected to reach 56 metric tons this year, Coulibaly told reporters at a press conference. Last year, it rose to 51 tons, up over 6% from 48 tons in 2022.

On data side, U.S. construction spending fell unexpectedly for a second consecutive month in April on declines in non-residential activity, though outlays for single-family home building climbed to the highest since August 2022. U.S. construction spending also slid unexpectedly for a second consecutive month in April, decreasing by 0.1% after a 0.2% decline in March, amid falls in non-residential activity. US goods deficit in April, the gap between exports and imports, widened to the highest level since May 2022, as strong domestic demand for imports was not matched by export trade.

The RBI kept its key interest rate unchanged in a widely expected move, saying robust economic growth will give it space to focus on bringing down inflation towards its medium-term target of 4%. The central bank raised its economic growth outlook for the current year but kept its outlook on inflation unchanged, though it warned of persistent price pressures on food. The MPC, kept the repo rate unchanged at 6.50% for an eighth straight policy meeting. Four out of six MPC members voted in favour of the repo rate decision. JR Varma and Ashima Goyal, both external members of the committee, voted for a 25 basis point cut in rates. The MPC raised its full-year GDP growth forecast to 7.2% from 7% earlier and sees inflation averaging 4.5% in the fiscal year to March 2025. The MPC last changed rates in February 2023, when the policy rate was raised to 6.5%.

India's economy grew at a faster-than-expected pace of 7.8% year-on-year in the first three months of 2024, helped by a strong performance in the manufacturing sector. The GDP growth in January-March quarter was lower than a revised 8.6% expansion in the previous quarter, but higher than 6.7% forecast by economists in a Reuters poll, government data showed. India's economic growth for the full 2023/24 fiscal year was revised up to 8.2%, also the highest among large economies globally, from an earlier government estimate of 7.6%.

India's fiscal deficit for fiscal 2023/24 was lower than its full-year target of 5.8% of the gross domestic product due to a small cut in expenditure. The country's fiscal deficit stood at 5.63% of gross domestic product for the financial year that ended on March 31. The budget gap, or fiscal deficit, was 16.54 trillion rupees (\$198.34 billion), or 95.3% of the estimate, even though the government continued its record infrastructure spending to boost the economy.

India is the world's second biggest consumer of gold, The Reserve Bank of India (RBI) has added around 100 tonnes or 1 lakh kilograms of gold from the United Kingdom to its vaults in India, said a TOI report. This is the most since early 1991 and the central bank intends to move more in the coming months. The Bank of England has traditionally served as a repository for a great deal of central banks, including India, with some of its gold reserves stored in London since before Independence.

India's silver imports in the first four months of 2024 have surpassed the total for all of 2023, driven by rising solar panel demand and investor interest. The country imported a record 4,172 metric tons, up from 455 tons a year ago. This surge supports global prices and outperforms gold.

On domestic Data update, India's merchandise exports rose 9.1% to \$38.13 billion in May from a year earlier, helped by an increase in shipments of engineering goods, commercial vehicles and smart phones. India's wholesale prices rose 2.61% in May, the most in more than a year, mainly driven by food items. May inflation was higher than the 2.5% expected by economists polled by Reuters and up from 1.26% in April. WPI inflation for March was revised to 0.26% from 0.53% earlier. India's retail inflation rate eased slightly in May, partly helped by fall in fuel prices although food prices remained elevated, as annual retail inflation in May was 4.75%, down from 4.83% in April and lower than 4.89% forecast by economists polled by Reuters. Core inflation, which strips out food and energy prices, was lower at 3.12% in May, according to two economists, as compared with 3.23% in April. The Indian government does not release core inflation figures. Growth in India's services activity growth slowed to a 5-month low in May as robust domestic demand weakened, according to a survey, which also showed exports growing at a record pace and job creation rising to a 21-month high. The final HSBC India Services PMI compiled by S&P Global, fell to 60.2 last month from April's 60.8, confounding a preliminary reading for a rise to 61.4. However, it remained above the 50 mark separating growth from contraction

for the 34th straight month. India's infrastructure output in April rose 6.2% year-on-year, compared with a revised 6% growth in March, government data showed, backed by strong electricity and steel output. Infrastructure output, which accounts for 40% of industrial production, measures activity in eight sectors, including refinery products and electricity. Business activity in India expanded robustly in May, helped by the dominant services industry, as HSBC's flash India Composite PMI, compiled by S&P Global, rose slightly to 61.7 this month from April's final reading of 61.5, marking the 34th month above the 50-level separating growth from contraction. The flash services PMI index rose to a four-month high of 61.4 this month from 60.8 in April and a preliminary manufacturing PMI showed strong growth, albeit slightly weaker than last month. It dipped to 58.4 from 58.8.

India gold imports in 2024 could fall by nearly a fifth from the previous year, as record high prices spur retail consumers to exchange old jewellery for new items, said Prithviraj Kothari, president of the India Bullion and Jewellers Association (IBJA) told Reuters. India imported 744 metric tons of gold in 2023. In the March quarter, scrap supplies jumped 10% from a year ago to 38.3 tons, data from the World Gold Council showed.

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 \$2319

**Expected support and Resistance level for the month**

Gold	S1	S2	R1	R2
COMEX/DG CX (\$)	2275	2240	2390	2450
MCX (Rs.)	70700	70000	72300	73500

Mcx Trend seen Bullish as long S1 hold, while Sustain close above R1 seen prices towards 73400-73500.

**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 (\$)	28.60	27.60	31.60	32.60
MCX (Rs.)	87300	86000	91200	94500

MCX trend seen Bullish as long hold S1, While Sustain below 87300-200 seen towards 86000 - 85500.

**CRUDE OIL**

**Market Outlook and Fundamental Analysis**

Energy complex register 2<sup>nd</sup> consecutive monthly fall in May due to demand concern after increase in inventory while other side few of the data release last month not so attractive to support economy as well demand for crude oil. Other side higher production then OPEC cut announce also pressure prices at higher level. Benchmark Brent crude and WTI fall almost 4% and erase all its gains in last 2-months.

Russia's energy ministry said that its oil production in May exceeded quotas set by the OPEC+ group of major oil producing countries, while pledging to meet its obligations. The ministry said in a statement that the issue of overproduction would be resolved in June and targeted levels would be achieved. Under the OPEC+ accord, Russia's production quota stood at around 9.1 million barrels per day in May, including extra voluntary cuts, pledged by eight group members.

OPEC in its latest monthly report, OPEC stuck to its forecast for strong growth in global oil demand in 2024 and said it would switch to focus on projected demand for OPEC+ crude, reflecting that the wider group is now the main forum for cooperation in the market. The OPEC, in a monthly report, said it expected world oil demand to 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+ has implemented a series of output cuts since late 2022 to support the market. The latest cut of 2.2 million bpd is in place until the end of June unless it is extended, as some OPEC+ sources have said it could be. OPEC believes oil use will keep rising for the next two decades and has not forecast a peak. In the report, OPEC projected 2024 demand for DoC crude at 43.2 million bpd, compared with world oil demand of 104.5 million bpd, and said the group produced 41.02 million bpd in April, below the expected demand.

In its latest meet, OPEC+ agreed to extend most of its deep oil output cuts well into 2025 as the group seeks to shore up the market amid tepid demand growth, high interest rates and rising rival U.S. production. OPEC+ agreed to extend the cuts of 3.66 million bpd by a year until the end of 2025 and prolong the cuts of 2.2 million bpd by three months until the end of September 2024. OPEC+ will gradually phase out the cuts of 2.2 million bpd over the course of a year from October 2024 to September 2025. The OPEC and allies led by Russia, together known as OPEC+, have made a series of deep output cuts since late 2022. OPEC+ members are currently cutting output by a total of 5.86 million barrels per day (bpd), or about 5.7% of global demand. Those include 3.66 million bpd of cuts, which were due to expire at the end of 2024, and voluntary cuts by eight members of 2.2 million bpd, expiring at the end of June 2024. OPEC expects demand for OPEC+ crude to average 43.65 million bpd in the second half of 2024, implying a stocks drawdown of 2.63 million bpd if the group maintains output at April's rate of 41.02 million bpd. OPEC+ agreed that it would use independently assessed capacity figures as guidance for 2026 production instead of 2025 - postponing a potentially difficult discussion by one year.

OPEC oil output rose in May, a Reuters survey found, as higher exports from Nigeria and Iraq offset the impact of ongoing voluntary supply cuts by some members agreed with the wider OPEC+ alliance. The OPEC pumped 26.63 million barrels per day (bpd) last month, up 145,000 bpd from April, the survey, based on shipping data and information from industry sources, found. The increase from Iraq comes despite the country, OPEC's second-largest producer, along with OPEC+ member Kazakhstan pledging to compensate for earlier over-production by making further cutbacks in the rest of 2024. OPEC pumped about 250,000 bpd more than the implied target for the nine members covered by supply cut agreements, with Iraq accounting for the bulk of the excess, the survey found.

China, the world's largest crude importer, arrivals of crude dipped into negative territory for the first five months of the year, with calculations based on official customs data released on June 7 showing imports of 11.0 million barrels per day (bpd) in the January to May period, down 1.2% from 11.13 million bpd in the same period last year. It landed 11.06 million bpd in May, which was slightly up from April's 10.88 million bpd, but massively down from the 12.11 million bpd in May 2023. China's imports of crude are down 130,000 bpd in the first five months of the year, an outcome that is starkly at odds with the expectations of the Organization of the Petroleum Exporting Countries (OPEC).

Portfolio investors sold record volumes of petroleum last week after OPEC+ surprised the market by announcing plans to increase production starting from the fourth quarter of 2024. Hedge funds and other money managers sold the equivalent of 194 million barrels in the six most important futures and options contracts over the seven days ending on June 4. Fund sales were the fastest for any week since at least 2013 when the U.S. Commodity Futures Trading Commission and ICE Futures Europe began publishing data in the current format. Investors sold Brent (-102 million barrels), NYMEX and ICE WTI (-53 million), European gas oil (-17 million), U.S. diesel (-15 million) and U.S. gasoline (-6 million).

Sales of crude in general and Brent in particular were also the fastest on record as traders concluded the crude market would be comfortably through the rest of the year and into 2025.

The IEA, which represents industrialised countries, said in its latest monthly report, forecast for 2024 oil demand growth, widening the gap with oil producer group OPEC in terms of expectations for this year's global oil demand outlook. Global oil demand this year will grow by 1.1 million barrels per day (bpd), the Paris-based IEA said in a monthly report, down 140,000 bpd from the previous forecast, largely citing weak demand in developed OECD nations. The IEA said the lower 2024 forecast was linked to poor industrial activity and a mild winter sapping gasoil consumption, particularly in Europe, where a declining share of diesel cars was already undercutting consumption. The IEA expects oil demand to peak by 2030.

The U.S. is buying another 3 million barrels of oil for the country's Strategic Petroleum Reserve, the Department of Energy said, as it slowly replenishes the stockpile after the largest sale ever in 2022. The replenishment of the SPR is needed after President Joe Biden ordered the sale of 180 million barrels over six months in 2022 in an effort to control fuel prices after Russia's invasion of Ukraine. The DOE said it has purchased back 38.6 million barrels, and that it would continue to look for opportunities to buy back oil for the stockpile.

U.S. crude stocks fell while gasoline and distillate inventories rose last week of month May, the Energy Information Administration said. Crude inventories fell by 4.2 million barrels to 454.7 million barrels in the week ending May 24, the EIA said, compared with analysts' expectations in a Reuters poll for a 1.9 million-barrel draw. Refinery utilization rates rose by 2.6 percentage points in the week. U.S. gasoline stocks rose by 2 million barrels in the week to 228.8 million barrels, the EIA said, compared with analysts' expectations in a Reuters poll for a 0.4 million-barrel draw. Distillate stockpiles, which include diesel and heating oil, rose by 2.5 million barrels in the week to 119.3 million barrels, versus expectations for a 0.1 million-barrel drop, the EIA data showed. Net U.S. crude imports rose last week by 611,000 barrels per day, EIA said.

Asia's imports of crude oil rose to the highest in 12 months in May, with the strength being driven by India as the region's second-biggest buyer is on track to see record arrivals. The world's top crude importing region is expected to have arrivals of 27.81 million barrels per day (bpd), up from 26.89 million bpd in April, according to data compiled by LSEG Oil Research. That's an increase of 920,000 bpd month-on-month, with the bulk of the gain being accounted for by India, where imports are expected to rise to an all-time high of 5.26 million bpd, up 710,000 bpd from April's 4.55 million bpd. In contrast to the strength in India, imports by China, the world's biggest crude importer, continued to trend weaker, with May arrivals slated at 10.72 million bpd, down from 10.93 million bpd in April, and the lowest on a per day basis since January. Asia's imports for May were also softer than the

28.47 million bpd recorded by LSEG in the same month last year. In the first five months of the year, Asia's crude arrivals averaged 27.19 million bpd, according to LSEG data, which is only marginally higher than the 27.09 million bpd from the same period in 2023.

Russia was China's top oil supplier in April for a 12th month, with volumes rising 30% from a year earlier, official data showed, as refiners continued to cash in discounted shipments, while supplies from Saudi Arabia fell a quarter on higher prices. China's crude oil imports from Russia, which include supplies sent via pipelines and the sea, were 9.26 million metric tons last month, or 2.25 million barrels per day (bpd), according to data from the General Administration of Customs. That is down from March's 2.55 million bpd and the record in June 2023 of 2.56 million bpd.

China's imports of fuel oil rose 10% in April from a year earlier to 2.93 million metric tons, data from the General Administration of Customs showed, the highest level since at least 2020 according to Reuters' records. The April imports, which equate to about 620,180 barrels per day, were 48% higher than in March, as traders brought in more shipments from Venezuela and Iran, according to trading sources familiar with the transactions. Imports into the bonded tanks reached 2.21 million tons, or roughly 467,800 bpd, also the highest since at least 2020.

China's gasoline exports in April fell to the lowest level since July 2015, customs data and Reuters records showed, as domestic travel and fuel use increased in the recovering economy. April exports of gasoline stood at 400,000 million metric tons (3.38 million barrels per day), down 50.8% from a year earlier, General Administration of Customs data showed on Saturday, and 65% below March's 1.15 million tons. China's gasoline exports will likely remain at a low level in May. Analysts forecast domestic demand will increase 3% to 6% year-on-year in May based on the increase in travel during China's Labour Day holiday. Diesel exports were at 760,000 tons in April, down 46% from 1.42 million tons in March on weak export arbitrage and limited quotas. However, that was up 21.8% from the previous year, customs data showed.

Saudi Arabia's crude oil exports rose for the second straight month in March, reaching their highest in nine months, data from the Joint Organizations Data Initiative (JODI) showed. Saudi Arabia is the world's largest exporter of crude oil. Crude exports from the world's largest oil exporter increased 1.5% to 6.413 million barrels per day (bpd) in March, up from 6.317 million bpd in February. The country's crude production fell to 8.973 million bpd in March from 9.011 million bpd in the prior month. Data also showed that Saudi refineries' crude throughput fell by 0.115 million bpd to 2.560 million bpd and direct crude burning declined by 53,000 bpd to 307,000 bpd in March.

U.S. weekly imports of crude oil from Mexico fell to 184,000 barrels per day (bpd) last week, its lowest on record, data from the U.S. Energy Information Administration showed.

The previous low was 208,000 bpd in the week to April 12, after state energy company Petroleos Mexicanos cut exports to supply more to its domestic refineries.

U.S. government forecasters said the 2024 Atlantic hurricane season is shaping up to be "extraordinary" where past experience with tropical storms cannot serve as a prologue. Warm sea temperatures and falling wind shear conditions at the height of the hurricane season, which begins on June 1, are expected to contribute to more and stronger storms this year, the forecasters said. NOAA predicts there is an 85% chance for an above-average hurricane season, said Rick Spinrad, director of the U.S. National Oceanic and Atmospheric Administration (NOAA).

U.S. energy firms this week cut the number of oil and natural gas rigs operating for the fourth time in five weeks, energy services firm Baker Hughes said in its closely followed report on Friday. The oil and gas rig count, an early indicator of future output, fell by four to 600 in the week to May 24, the lowest since January 2022. Baker Hughes said that puts the total rig count down 111, or 16%, below this time last year. Baker Hughes said oil rigs were unchanged at 497 this week, while gas rigs fell by four to 99, their lowest since October 2021.

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U.S. diesel demand fell to its lowest seasonal level in March since 1998, while crude oil output rose to a multi-month high, data from the U.S. EIA showed. Demand for distillate fuels, which includes diesel and heating oil, has been hit sharply this year under pressure from sluggish manufacturing activity, milder-than-expected winter weather and booming renewable fuel supply. Products supplied of distillate, EIA's measure of demand, fell over 6% from February to 3.67 million barrels per day (bpd) in March, lowest for the month since 1998. Meanwhile, total product supplied of oil and petroleum products fell 0.4% to 19.9 million bpd. Finished motor gasoline supplied rose 3.3% to 8.9 million bpd.

Gross natural gas production in the U.S. Lower 48 states fell by about 3.0 billion cubic feet per day (bcfd) to 114.7 bcfd in March, down from 117.6 bcfd in February, according to EIA's monthly 914 production report. That compares with a monthly record 118.2 bcfd in December.

India's Russian oil imports rose a nine-month high in April after shipments on non-sanctioned tankers operated by Russia's largest shipping company Sovcomflot resumed, tanker data obtained from shipping and trade sources showed. In April, the first month of

the fiscal year 2024/25, Indian refiners shipped in nearly 1.8 million barrels per day (bpd) of Russian oil, up about 8.2% over the previous month, expanding Russia's share in India to about 38% from 32% in the previous month, the data showed. Overall, India imported 4.8 million bpd of oil in April, a decline of 6.5% from the previous month and marginally higher than April 2023. Russia continued to be the top oil supplier to India followed by Iraq and Saudi Arabia.

The Indian government has cut the windfall tax on petroleum crude to 5,200 Indian rupees (\$62.33) per metric ton from 5,700 rupees, effective on June 1, according to a notification. The tax, which is revised every fortnight, remains unchanged at zero for diesel and aviation turbine fuel.

Going ahead, Prices likely to be trade between weak global growths 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
<b>NYMEX/DG CX (\$)</b>	77.0	74.50	81.0	84.50
<b>MCX (Rs.)</b>	6450	6275	6750	6900

MCX trend seen Bullish as long hold 8525 - S1, While Sustain Close above 6750 seen towards 6900 - 950.

**Natural Gas**

**Technical Outlook:**

**On the Daily Chart MCX:**



Sources – Ticker Plant and Bonanza Research

Natural Gas	S1	S2	R1	R2
MCX (Rs.)	230	210	251	265

MCX trend seen Bullish as long hold S1, While Sustain Close below 230 seen towards 215-210 belt.

## Base Metals

### Market Outlook and Fundamental Analysis

#### COPPER:

Base metal complex seen ups and down during last month to registered 3<sup>rd</sup> consecutive monthly gain in domestic future exchange by almost 5% in May thanks to rate cut expectations from US FED sooner than expected and supply concern for few of the metals added by demand optimism from top metal consumer China buyout base metals pack in 1<sup>st</sup> half of last month. But later on pure gain after gain in dollar index and demand concern at higher level makes profit booking for most of the metals. Benchmark Copper register straight 7<sup>th</sup> monthly gain by 2% while Zinc and Aluminum gain 4% and 1% against Lead end almost flat in domestic future exchanges for the month of May.

China world's second-biggest economy, consumer inflation held steady in May while producer price declines eased, but the underlying trend suggests Beijing would need to do more to prop up feeble domestic demand and an uneven economic recovery. The CPI rose 0.3% in May from a year earlier, matching a gain in April, below a 0.4% increase forecast in a Reuters poll. Producer prices, which were stuck in deflation since September 2022, fell at a slower 1.4% pace in May after contracting 2.5% in April, and compared with a forecast 1.5% decline. Beijing has rolled out several measures to spur demand in the housing sector and launched other schemes to boost consumer sentiment, including offering government-subsidised incentives to spur trade-ins of autos and other consumer goods.



China's exports grew more quickly and for a second month in May, suggesting factory owners are managing to find buyers overseas and providing some relief to the economy as it battles to mount a durable recovery. Outbound shipments from the world's second-largest economy grew 7.6% year-on-year in value in May, customs data showed. But imports increased at a slower 1.8% pace, from a 8.4% jump in the previous month, highlighting the fragility of domestic consumption. China's trade surplus grew to \$82.62 billion last month, compared with a forecast of \$73 billion and \$72.35 in April, which the U.S. has repeatedly highlighted in the past as evidence of one-side trade favouring the Chinese economy.

China's services activity in May accelerated at the quickest pace in 10 months while staffing levels expanded for the first time since January, as Caixin/S&P Global services PMI rose to 54.0 from 52.5 in April, expanding for the 17th straight month and growing at the fastest pace since July 2023. The 50-mark separates expansion from contraction. The Caixin/S&P's composite PMI, which tracks both the services and manufacturing sectors, rose to 54.1 last month from 52.8 in April, the highest in a year.

China Copper imports also looked somewhat strong in May with imports of unwrought metal rising to 514,000 tons, up from 438,000 in April. For the first five months of the year copper imports have gained 8.8% to 2.327 million tons.

Copper production from Chile's state-run miner Codelco, the world's largest producer of the metal, dropped 6.1% in April compared to the same month last year to total 95,100 metric tons, data from copper commission Cochilco showed. Copper output fell more sharply at the BHP-controlled Escondida mine, with production during the month shrinking 6.8% to settle at 98,000 tons. At the Collahuasi mine, which is jointly run by miners Glencore and Anglo American, the data showed copper production inched up 1.9% to a reach 42,300 tons. Overall, the country's copper output slipped 1.7% from a year earlier to total 405,600 tons, according to Cochilco.

Global factory activity offered signs of recovery last month as contraction slowed in the euro zone and manufacturing activity in most of Asia's largest economies picked up, although the U.S. stood apart with output weakening for a second straight month, private business surveys showed. The softness in the U.S. notwithstanding, improved overall business sentiment suggests more solid momentum in the global economy, defying slowdown expectations prevalent earlier this year, and offering a reason for central banks to hold off cutting interest rates or to proceed cautiously when they do. In Asia, manufacturing activity expanded in Japan for the first time in a year and South Korea's manufacturing grew at the fastest pace in two years, due in part to signs of a pick-up in the automobile and semiconductor sectors, the surveys showed. Manufacturing recovery should underpin Asian economic growth and help soften the impact of any market volatility caused by uncertainty over the U.S. monetary policy outlook. Manufacturing activity also expanded in Taiwan, Indonesia, Vietnam and the Philippines.

New home prices in China rose slightly for a ninth month in May, a private survey showed, driven higher by a slew of supportive steps to prop up the nation's crisis-hit property sector. The average new home price across 100 cities rose 0.25% in month in May, following a 0.27% gain in April, the data from real estate researcher China Index Academy showed. China announced "historic" steps in mid-May to stabilise the sector, with the central bank easing mortgage rules and facilitating 1 trillion yuan (\$140 billion) in extra funding, and local governments committing to buying apartments.

China announced "historic" steps to stabilise its crisis-hit property sector in mid May month, with the central bank facilitating 1 trillion yuan (\$138 billion) in extra funding and easing mortgage rules, and local governments set to buy "some" apartments. China will cut interest rates of mortgage loans and down-payment ratios for homebuyers to boost lacklustre property demand, according to three statements released by its central bank on Friday. China will abolish the floor level of the interest rates for mortgages for the first and second homes at the national level, the central bank said. China will adjust the minimum downpayment ratio for first homebuyers to no less than 15% and for residents' second home purchase to no less than 25%, according to a separate statement from the bank. China's central bank made 350 billion yuan (\$49.1 billion) in loans to policy banks through its pledged supplementary lending (PSL) facility in December, data showed, fuelling expectations of increased support for the country's ailing housing sector

China's factory output topped forecasts in April, helped by improving external demand, as Industrial output grew 6.7% year-on-year in April, accelerating from the 4.5% pace seen in March and above the 5.5% increase tipped in a Reuters poll of analysts. However, retail sales rose just 2.3%, the slowest increase since December 2022, off the 3.1% increase in March and far short of the forecast 3.8% rise..

The European Commission told automakers it would impose extra duties of up to 38.1% on imported Chinese electric cars from July. Less than a month after Washington quadrupled duties quadrupled duties for Chinese EVs to 100%, Brussels said it would set additional tariffs of 17.4% for BYD, 20% for Geely and 38.1% for SAIC, on top of the existing 10%, over what it said were excessive subsidies.

The massive overhang of copper in China is starting to work its way through the global market dynamics for the industrial metal, with prices easing and trade flows likely to adjust. Stockpiles have surged this year in China, which imports about 60% of global traded copper, carrying inventories registered with the Shanghai Futures Exchange (ShFE) to a 51-month high of 339,964 metric tons in the week to June 7. Stockpiles in China usually follow a distinct seasonal pattern, with strong builds at the start of the year, followed by equally rapid drawdowns from about March onwards. However, this year is different, with ShFE warehouses continuing to see huge inflows at a time when they are normally shipping metal out. Despite the cloudy outlook for domestic demand in China,

imports of unwrought copper have remained robust, with 514,000 tons arriving in May, up 17.4% from April and 15.8% from the same month in 2023.

China's imports of zinc concentrates fell sharply over the first four months of this year in response to a tightening raw materials market. China imported 1.18 million metric tons of zinc concentrates in the first four months of this year, down 24% on last year's equivalent tally of 1.54 million tons. This is a pronounced change of trend after raw materials imports increased by 13% and 14% in 2022 and 2023 respectively.

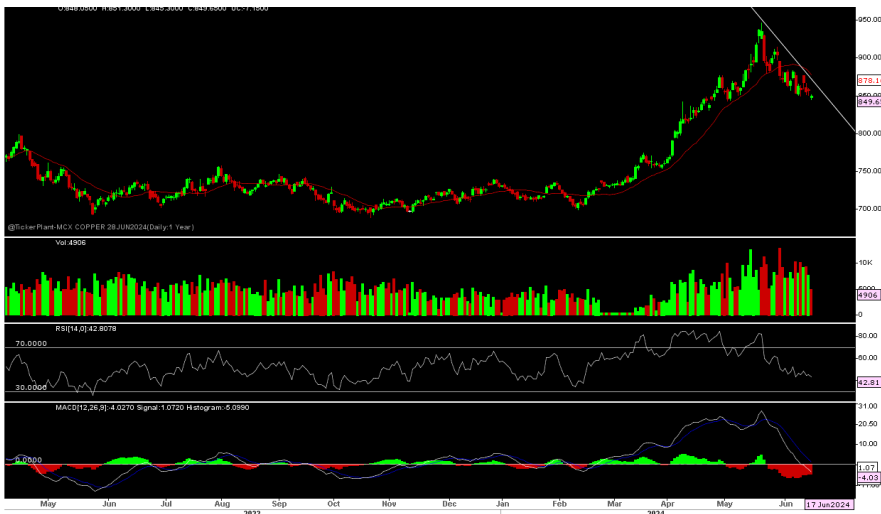
Retail sales of cars in India fell 1% in May, tracking slowing wholesale growth, as elections and extreme heat across the country dampened demand and delayed purchase decisions, a dealers' body said. Sales growth in two-wheelers slowed to 2.6% in May from 33% in April, said the Federation of Automobile Dealers Association (FADA), which tracks monthly retail sales from dealers to buyers. Overall retail sales across segments, which include two-wheelers and commercial vehicles, grew 2.6% in May, compared with a 27% rise in April.

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

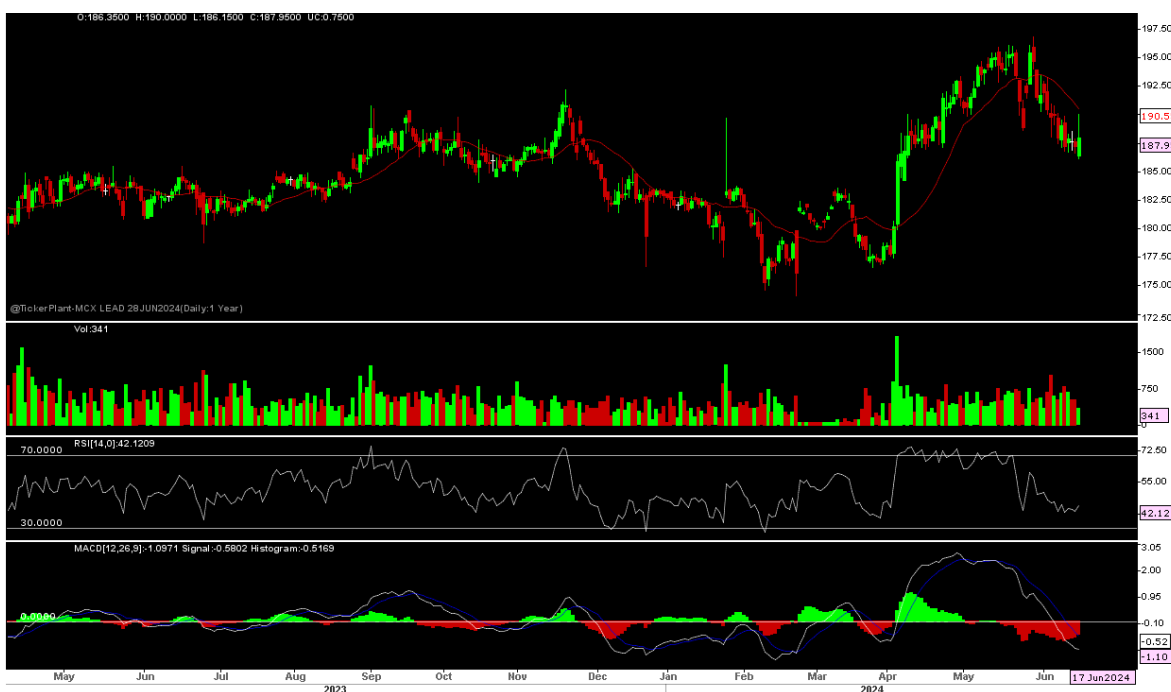
Expected Support & Resistance level for the month

Copper	S1	S2	R1	R2
MCX	840	830	885	915

MCX trend seen Bearish as long hold R1, While Sustain below 845 & 840 seen towards 830-825 belt.

**LEAD:**

**Technical Outlook:**



Sources – Ticker Plant and Bonanza Research

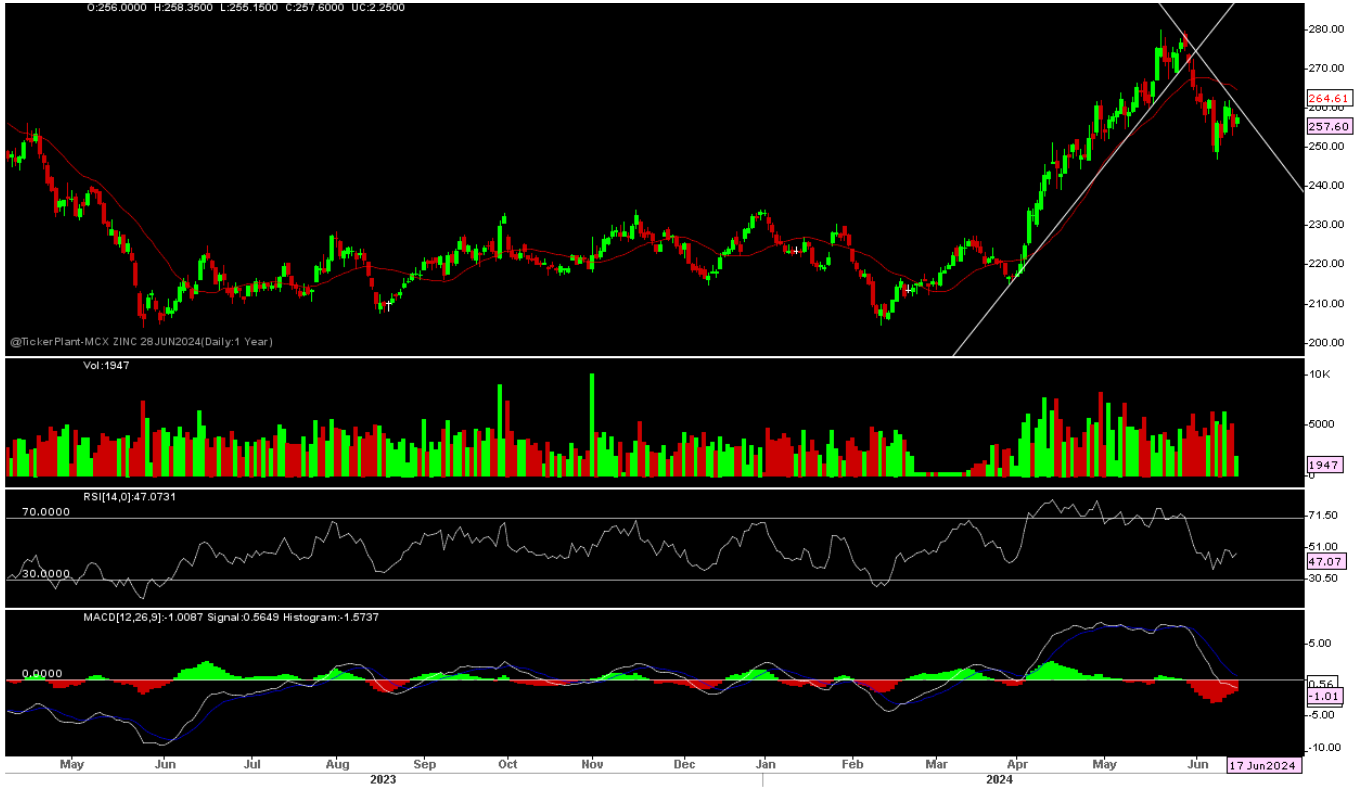
Expected support and Resistance level for the month

Lead	S1	S2	R1	R2
MCX	186	183	191	197

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	253.0	247	263	267

MCX trend seen Bullish as long hold 255-S1, While Sustain above 262-263 seen again towards 267-270.

**NICKEL**

**TECHNICAL OUTLOOK:**

No View due to Low Volumes

**BONANZA RESEARCH TEAM**

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**DATE-June 15<sup>th</sup>, 2024**

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