MONTHLY BULLETIN (RESEARCH) Date 5th Nov 2019

GOLD

CMP Rs. 37881 /10Gms MCX Dec 2019

Market Outlook and Fundamental Analysis:

Bullion recover smartly after small pause last month with gold gain almost 2% in month Oct & silver rally almost 6% in the month thanks to continue uncertainty over trade war solution added by other geopolitical tension and weakness in dollar spark bullion as safe buying in the month of Oct. however palladium inch down at end of the month of from its all time high register in last week of the month & still finish with monthly gain of more than 7%, its straight 3rd monthly gain as There is so much demand but not enough supply, the market is in its 8th consecutive deficit year and is likely to stay in the ninth consecutive deficit year next year as well as supplies are not really growing. Platinum gain almost 5% in Oct. on year to date basis, Palladium emerge as best precious metal gain 42.5% followed by Gold almost 18%, Platinum inch below 18% and Silver gain over 16.5%. Gold busted by strong investment demand also as holdings of gold in exchange traded funds tracked by Refinitiv have jumped to their highest since mid-2013 during the month Oct.

In its latest move at end of the month meet, US Federal Reserve cut interest rates for the 3rd time this year to help sustain U.S. growth despite a slowdown in other parts of the world, but signaled there would be no further reductions unless the economy takes a turn for the worse. It announced its decision to cut its key overnight lending rate by a quarter of a percentage point to a target range of between 1.50% and 1.75%. In his news conference, FED Chair Powell ticked off an extensive list of reasons why he feels the economy is doing well and likely to continue to do so under the current stance of monetary policy - from robust consumer spending, strengthening home sales, and asset prices he considered healthy but not to a level of excess. World stocks edged to their highest in over 20 months next day after the Federal Reserve cut rates. Hopes that the United States and China will sign a preliminary agreement and call a truce to their 16-month trade war was also a factor behind the Fed's decision to signal that further rate cuts are on hold. Gold gain next day after rate cut due to dollar came under pressure. Gold is highly sensitive to any reduction in interest rates, which decreases the opportunity cost of holding non-yielding bullion. In its latest meet on 24 Oct, The European Central Bank left policy unchanged as expected on Thursday but kept the door open to even more stimulus as the euro zone economy continues to suffer from the fallout of broader global turmoil. With this decision, the ECB's rate on bank overnight deposits, which is currently its primary interest rate tool, remains at a record low of -0.50%.

US nonfarm payroll number, a gauge for FED move, increased by 128,000 jobs last month, with manufacturing shedding 36,000 positions - the most since October 2009, the government's survey of establishments showed. The economy created 95,000 more jobs in August and September than previously estimated. Economists polled by Reuters had forecast payrolls rising by only 89,000 jobs in October. With this Job growth is slowing this year, averaging 167,000 per month compared with an average monthly gain of 223,000 in 2018, in part because of the nearly 16-month trade war between the United States and China, which has undermined business investment. A show of strength in the labor market is giving traders a bit more confidence that the Federal Reserve will keep borrowing costs where they are for now after it cut interest rates for a third time last meeting.

Uncertainties on the trade front also supported bullion, with the cancellation of an Asia-Pacific economic cooperation summit in Chile next month, at which the United States and China were expected to sign an interim deal to ease hostilities in their long-running trade war. The initial "phase one" trade pact with China appears to be in good shape and is likely to be signed around mid-November, although a finite date is still in question, U.S. Commerce Secretary Wilbur Ross said. U.S. President Donald Trump and other administration officials had looked toward the Nov. 11-17 Asia Pacific Economic Cooperation summit as a possible venue to sign the deal with Chinese President Xi Jinping before Chile canceled its plan to host the international summit. China's Foreign Ministry said. However, news that Beijing could remove extra tariffs imposed since last year on U.S. farm products fanned hopes that a trade deal remains possible. Investor also need to keep close watch on Brexit developments, as Europe Prime Minister Boris Johnson called for a general election on Dec. 12 to break Britain's Brexit impasse, conceding he will not meet his "do or die" deadline to leave the European Union next week.

In latest numbers, Factory activity across the euro zone contracted sharply last month as demand was again stifled by the U.S. trade war with China and the persistent lack of clarity over Britain's departure from the European Union, a survey showed. Germany's manufacturing sector remained stuck in recession in October as new orders fell for the 13th month running and factories slashed jobs at the fastest pace in almost 10 years, a latest survey showed.

China, world 2nd largest economy and largest consumer of industrial metals, its Q3-economic growth slowed more than expected and to its weakest pace in almost three decades as the bruising U.S. trade war hit factory production, boosting the case for Beijing to roll out fresh support. GDP rose just 6.0% year-on-year, marking a further loss of momentum for the economy from the second quarter's 6.2% growth. It was also at the bottom end of the government's full-year target range of 6.0%-6.5%.

A geopolitical issue which support gold price, as Hong Kong slid into recession for the first time in a decade in the third quarter, weighed down by increasingly violent anti-government protests and the protracted U.S.-China trade war. Hong Kong economy shrank 3.2% in July-September from the preceding period, contracting for a second straight quarter and meeting the technical definition of a recession, according to preliminary government data. Retail sales fell the most on record year-on-year in August, while tourist arrivals dropped the most since Severe Acute Respiratory Syndrome (SARS) struck Hong Kong in 2003.

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

2018, the IMF now projects global trade volume will increase just 1.1% in 2019, 1.4 percentage points less than it forecast in July and 2.3 percentage points less than forecast in April.

But weak data across the world has firmed concerns about a slowdown in the global economy and that is providing some support to the safe-haven metal. Economic data out of U.S. and China are in favor of further (monetary policy) easing that will be supportive for gold.

On data side, Euro Zone IHS Markit's final manufacturing PMI was 45.9, barely above September's seven-year low reading of 45.7 and its ninth month below the 50 mark separating growth from contraction. The Euro Zone estimated gross domestic product in the 19 countries sharing the euro grew 0.2% in the third quarter against the previous three months, the same as in the second quarter. Economists polled by Reuters had expected growth of only 0.1%. In contrast to the disappointing headline GDP number, China's industrial output grew a better-than-expected 5.8% in September, faster than the 17-year-low posted in August. Retail sales rose 7.8% year-on-year last month, in line with expectations, and faster than 7.5% in August. In another positive sign, China's property investment stayed buoyant in September, boosted by a rise in new construction activity. Japan's core consumer inflation slowed to near 2-1/2-year lows in September.

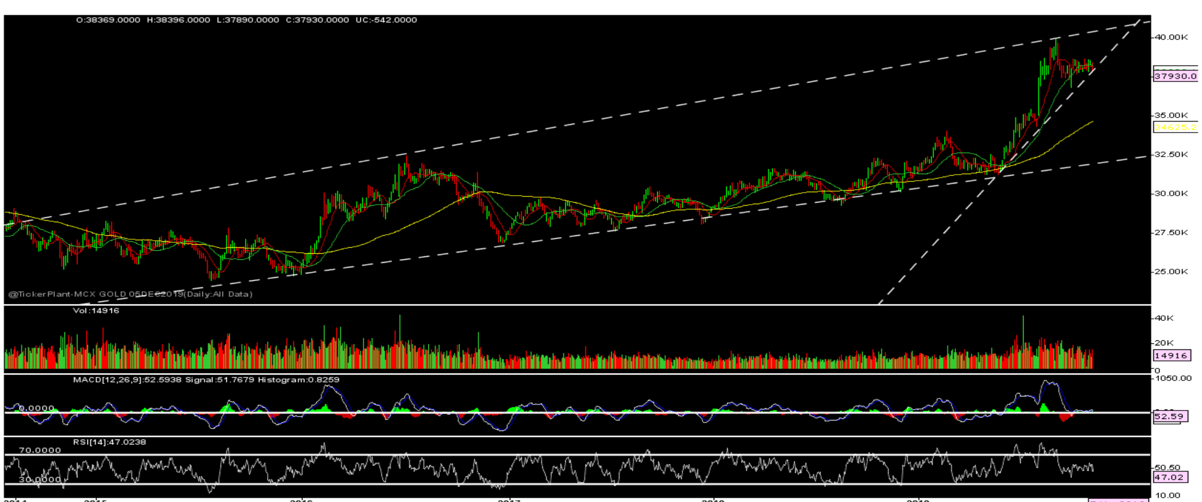
India, world 2nd largest consumer of Gold, imports fell for a 4th straight month in October from a year ago as near record-high prices dampened buying during key festivals in the world's second-biggest consumer of the metal, a government source said. India imported 38 tonnes of gold in October, down 33% from 57 tonnes a year ago, according to the source, but in value terms, due to higher prices, the October imports were at $1.84 billion, slightly higher than last year's $1.76 billion. However positive thing is that investment demand is picking up as Gold ETFs recorded net inflows in August and continued the trend in September as well. However, according to Amfi, inflows into gold ETF fund in India have risen in August 2019 after a gap of nine months. The ETFs saw net inflows of Rs 145 crore in August and Rs 44 crore in September. By September-end, the total assets managed by gold ETFs moved up to Rs 5,613 crore.

On Domestic news, India Jump 14 places on World Banks ease of doing Business list at 63rd place, but it was still way behind the likes of China and Malaysia as India still lagged in areas such as enforcing contracts where it was ranked 163rd, and registering property where it was 154th.

On domestic Data update, India's factory activity growth hit a 2-year low in October as new orders and output rose at a slower pace, dragging business confidence to its weakest since early 2017, a latest survey showed, That mirrors a recent sharp deceleration in global manufacturing activity as a protracted U.S.-China trade war took a toll on business sentiment, investment and overall growth. The Nikkei Manufacturing PMI, compiled by IHS Markit, dropped to 50.6 last month from September's 51.4, confounding expectations in a Reuters poll for a rise to 51.8. Just the same, it has held above the 50-point threshold mark that separates growth from contraction for the 27th straight month, an uninterrupted run not seen for around five years. As against India's real growth rate of 6.8% in 2018, the IMF in its latest World Economic Outlook projected India's growth rate at 6.1% in 2019 and noted that the Indian economy is expected to pick up the next year at 7% in 2020. Few days ago, the World Bank in its latest edition of the South Asia Economic Focus said India's growth rate is projected to fall to 6% in 2019 from 6.9 per cent of 2018. India's trade deficit in September narrowed to $10.86 billion from $14.95 billion a year ago, the trade ministry said, helped by lower oil imports. India's industrial output shrank at its fastest rate in more than six years in August, reflecting the impact of an economic slowdown, Annual industrial output contracted 1.1% in August against expected +1.8% and compared with 4.6% growth in the previous month, government data showed. It was the worst performance since a 4.4% contraction in February 2013. India's retail inflation rose close to the central bank's medium-term target of 4% in September for the first time in 14 months. Annual retail inflation rose to 3.99% last month, driven by higher food prices, up sharply compared with 3.21% in the previous month and higher than the 3.70% forecast in a Reuters poll of analysts. Annual wholesale price-based inflation eased to 0.33% in September, from 1.08% in the previous month. India's unemployment rate was 7.16% in September, compared with 6.47% a year ago and 8.2% in the previous month, estimates from the Centre for Monitoring Indian Economy, a Mumbai-based think-tank, showed. India's passenger vehicle sales slumped 23.7% in September, the 11th straight month of declines. Activity in India's dominant services industry contracted for a second consecutive month in October due to muted demand, the Nikkei/IHS Markit Services Purchasing Managers' Index rose to 49.2 last month from 48.7 in September.

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

Technical Outlook:



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On the Daily Chart:

Gold traded in broad range throughout the month Oct with initial run up in prices lost over the last few session of the month and fail to break 38650-37700 range either side. Price seen consolidating before trigger upper side break out as long term trend still seen promising with multiple trend line support seen at every deep. For now price seen consolidating around 20 & 50 days SMA while trades well above long term 200 days SMA. RSI flat around 50-mark and MACD slight above signal line indicate some more days of consolidation before we see either side sharp break out.

In COMEX GOLD is trading at $1484.45

Expected support and Resistance level for the month

Gold	S1	S2	R1	R2
COMEX/DG CX ($)	1460	1440	1535	1560
MCX (Rs.)	37650	37200	38600	39000

RECOMMENDATION:

MCX Gold Dec: Buy above 38400 Stop Loss 38400 Targets 38650-39000.
Sell Only below 37800 & 37650 Stop Loss 38000 Target 37200-36800.

SILVER

Technical Outlook:

On the Daily Chart:

Silver also seen consolidating after sharp up move last few months as prices attempt to break higher side range but fail to do so and ended month in small trading range between 47000-45000 belt. On broader chart still it seems promising to get higher side break out sooner than expected and we price could breach recent high above 51000 in weeks to come. Indicators seen mix with price hover around short term 20 & 50 days SMA but well above long term 200 SMA with almost flat RSI and slight above signal line in MACD indicates some bounce back at bottom but for sharp up move we need to wait for more confirmations.

Expected support and Resistance level for the month

Silver	S1	S2	R1	R2
COMEX/DG CX ($)	16.90	15.90	18.35	18.75
MCX (Rs.)	44700	43900	46600	47300

RECOMMENDATION:

MCX Silver Dec: Buy above 46600 Stop Loss below 45600 Targets 47300-48000
Sell Only below 44700 S/L above 45700 Target 43900-43000.

CRUDE OIL

Market Outlook and Fundamental Analysis

Oil continue its southward journey straight in 4th month Oct with Brent fall less than 1% while WTI crude oil gain around 1%, fall in prices mainly due to ongoing trade war between 2-largest economy will likely to slow down global growth & oil demand added by increasing production from US shale resulted in sell-off at every rally in oil prices since last 3-4 months. Sluggish economic data in leading European economies, China and Japan also weighed on crude prices. On year to date basis Brent still up 11% while WTI rally almost 18% mainly supported by supply pact among OPEC+. However during the month crude register strongest weekly gains in more than a month as support from falling U.S. crude inventories, optimism over a U.S.-China trade deal and possible action from OPEC and its allies to extend output cuts outweighed broader economic concerns.

According to latest release, China world largest importer and 2nd biggest consumer, factory activity shrank for a 6th straight month in October while growth in the country’s service sector activity was its slowest since February 2016, latest official data showed which weigh on prices last few session. However, prices get some supported from other number shows expansion in China’s factory activity at the fastest pace since 2017, raising optimism over the health of its economy. U.S. jobs growth also slowed less than expected in October. Profits at Chinese industrial companies, meanwhile, fell for the second straight month in September as producer prices continued to slide, highlighting the impact of a slowing economy and protracted U.S. trade war on corporate balance sheets.

China's economic growth slowed to 6% year-on-year in the third quarter, its weakest in 27-1/2 years and short of expectations due to soft factory production and continuing trade tensions with the United States. China's September refinery throughput, however, rose 9.4% year on year, a signal that petroleum demand from the world's biggest oil importer remained robust despite economic headwinds.

The Federal Reserve in month end meet cut interest rates for the third time this year to help sustain U.S. growth despite a slowdown in other parts of the world, but signaled no further reductions ahead unless the economy takes a turn for the worse. A rate cut would help to support oil prices because a stronger economy typically implies higher demand for crude, while falling inventories suggest the market is coming into balance.

U.S. crude inventories rose by 5.7 million barrels in the week to Oct. 25, the U.S. Energy Information Administration said last Wednesday of the month, compared with analyst expectations for a much smaller increase of just 494,000 barrels. Cushioning the bearish crude data, the EIA showed gasoline and distillate inventories continued to draw.

U.S. world largest crude oil producer, its production soared nearly 600,000 barrels per day in August to a record 12.4 million, buoyed by a 30% increase in Gulf of Mexico output, latest government data released showed. Additionally, oil production in the Gulf of Mexico rose 469,000 bpd in the month to a record for the region at above 2 million bpd, according to the U.S. EIA's monthly drilling report. Demand for gasoline rose to a record 9.82 million bpd in the month. Demand for diesel also rose, climbing to 4.0 million bpd, according to a separate monthly report issued by the agency. The rate of growth has, however, been tempered as U.S. energy companies reduced the number of oil rigs in October for a record 11 months, under pressure from investors to cut spending on new drilling. Net U.S. crude imports fell by 873,000 bpd to the lowest on record, while exports rose 435,000 bpd to a near record 3.7 million bpd, according to the latest data.

Meanwhile, monthly gross natural gas production in the lower 48 U.S. states rose to an all-time high of 104.2 billion cubic feet per day (bcfd) in August from the prior record of 101.6 bcfd in July, according to the EIA's 914 report.

Prices get some support at lower level after U.S. energy firms this week reduced the number of oil rigs operating for a second week in a row as independent producers cut spending as record crude production weighs on the outlook for energy prices.

OPEC+ has since January implemented a deal to cut output by 1.2 million bpd to support the market. The pact runs to March 2020 and the producers meet to review policy on Dec. 5-6 meet. Market participants believe the group known as OPEC+ could decide to extend production cuts and wait until world demand catches up with the supply situation.

OPEC will supply a diminishing amount of oil in the next five years as output of U.S. shale and other rival sources expands, the exporter group said, despite a growing appetite for energy fed by global economic expansion. OPEC's production of crude oil and other liquids is expected to decline to 32.8 million barrels per day (bpd) by 2024, the group said in its latest 2019 World Oil Outlook. That compares with 35 million bpd in 2019. OPEC expects supply of U.S. tight oil to reach 16.9 million bpd in 2024 from 12.0 million bpd in 2019, although the expansion will slow and peak at 17.4 million bpd in 2029. The organisation, which pumps almost a third of global oil supply, now sees oil consumption in 2023 reaching 103.9 million bpd, down from 104.5 million bpd in last year's report. Longer-term, oil demand is expected to increase by 12 million bpd to reach 110.6 million bpd by 2040, also lower than last year's forecast.

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The IMF forecast that fallout from the U.S.-China trade war and trade disputes across the world would slow global growth in 2019 to 3.0%, the weakest in a decade. Lower economic growth typically squeezes demand for commodities such as oil.

In its latest Monthly Report – OPEC lowered its 2019 global oil demand growth forecast to 0.98 million bpd while leaving its 2020 demand growth estimate unchanged at 1.08 million bpd.

On the supply front, Russia, the world's second-largest oil producer, said it did not meet its supply reduction commitment in September because of an increase in natural gas condensate output ahead of winter. Russia intends to fully comply with the agreed production cut in October, though it is reasonable to doubt whether this will actually be achieved. European refinery production in September fell 4% from the previous month and 4.2% year-on-year, data from Euroilstock showed. Production hit 10.451 million barrels per day (bpd), with output declining across all refined products.

On data side, China's factory gate prices in September declined at the fastest pace in more than three years. Also, customs data on Monday showed Chinese imports contracted for a fifth straight month.

On demand side, troubled economic prospects for 2020 prompted the IEA to reduce its forecast for oil demand growth by 100,000 barrels per day (bpd) to 1.2 million bpd. China imported 369 million tonnes of crude oil in the first nine months of 2019, up nearly 10% from the same period last year, customs data showed, boosted by the startup of new refineries as well as strong fuel demand in the country.

On Trade war update, U.S.-China trade talks are progressing well and the United States aims to sign an initial deal this month, top Trump administration officials said, offering reassurance to global markets after nearly 16 months of tit-for-tat tariffs. Leaders from the United States and China encountered a new obstacle in their struggle to end the trade conflict when the summit at which they were supposed to meet was cancelled because of violent protests in Chile, the host nation. U.S. President Donald Trump tweeted a new location would be announced soon.

On domestic Updates, India's fuel demand fell to its lowest in more than two years in September, data from the Petroleum Planning and Analysis Cell (PPAC) showed. Consumption of fuel totaled 16.01 million tonnes - its lowest since July 2017 - down about 0.3% compared with the same month last year. Meanwhile, consumption of diesel, which is widely used for transportation as well as for irrigation needs in India, slipped more than 3% year-over-year to 5.83 million tonnes, its lowest since January 2017. The United States is willing to forge a comprehensive partnership with India in the energy sector, as US is willing to provide technical assistance to help India set up strategic petroleum reserves. India's oil imports from the United States jumped sharply in 2018.

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

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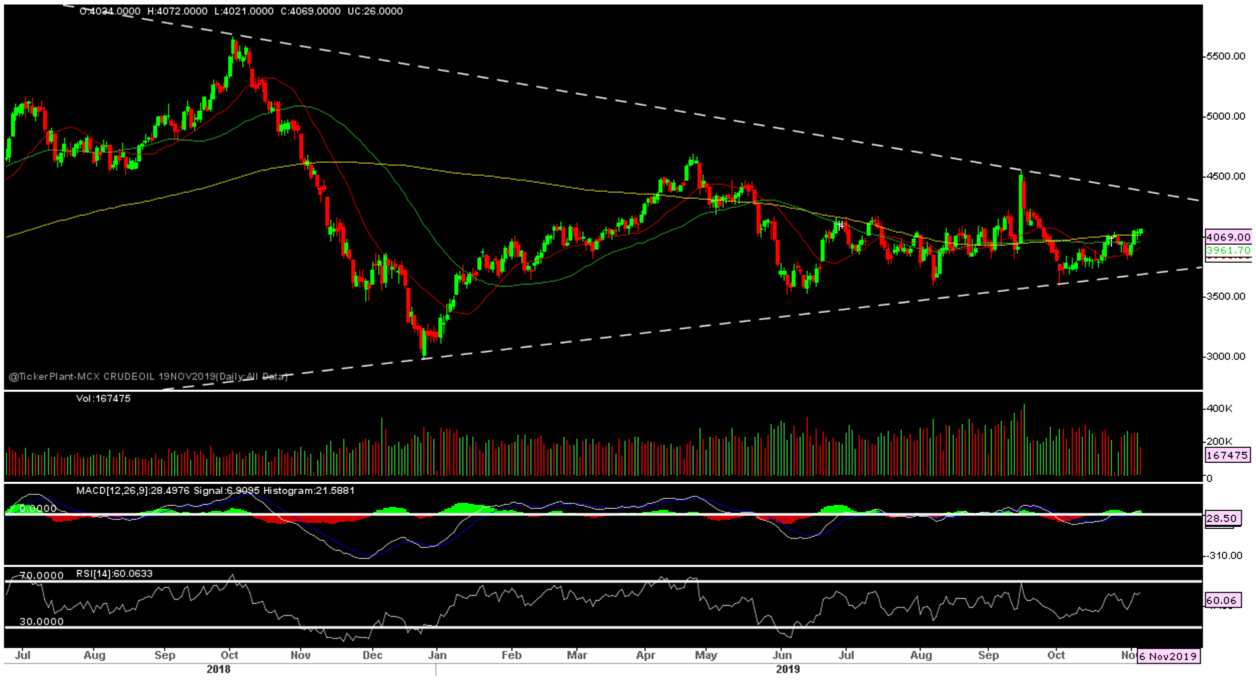
Technical Outlook:-



On the Daily Chart:

Crude seen recover smartly from month low with price hit 1-month top and seen more recovery from its recent bottom. Now price has good Resistance around 4075-4100 belt, if break we can expect sharp up move in short term. For now prices trading well below all 3-SMA with rising RSI and above signal line MACD indicates more room for upside in days to come.

Expected Support and Resistance level for the month

Crude	S1	S2	R1	R2
NYMEX/DG CX ($)	57.60	59.60	53.50	50
MCX (Rs.)	3940	3820	4075	4250

RECOMMENDATION:

MCX Crude: Sell Only below 3925 Stop Loss above 4075 Target 3820-3750.
Buy above 4100 Stop Loss above 3975 Target 4225-4300

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Natural Gas

Technical Outlook:

On the Daily Chart:

Natural Gas seen smart recovery from its bottom and register first time higher top higher bottom in long term chart which suggest counter is ready to fly higher in weeks to come. However there are few of the resistance at higher level which needs to break decisively before we can see new up rally. Now price trading well above all 3-SMA with RSI break above 72 mark first time after Sep and much strong MACD indicates some more room for upside in this counter.

RECOMMENDATION:

MCX NG : Buy above 206 & more above 210 Stop Loss below 200 for Targets of 225-230.
Sell Only below 190 S/L above 194 Target 184-180 Range

Base Metals

Market Outlook and Fundamental Analysis

COPPER:

Base metals seen mix of the trend continue in its straight 3rd month with some base metals seen rally in early of the month in expectations that some positive outcome from recent negotiations from 16-month old trade war between US-China while other side continue weak economic numbers from top consumer China weight on prices at end of the month. Copper rally towards 1-month peak in last week with 2nd consecutive monthly gain of 1.75% in Oct (with price hit 5-week high during the month on hopes of progress in trade talks between the United States and China)followed by more than 5% gain in Zinc (with price hit 4-month peak during the month as slumping stocks fuelled fears of shortages), Aluminum gain 2% and only underperformer nickel lost 2.30% in Oct. against all this Lead show continue 5th monthly gain of 1% in Oct and almost 27% rally in last 6-month. Copper, considered a bellwether for economic health, has in recent months taken its directional cues from developments in the U.S.-China trade row, which has dampened the demand outlook for industrial metals. On year to date basis Nickel still best performer with gain of 58.6% followed by Lead almost 11%, Zinc gain 2% and against this Copper down 1%, Aluminum down 5.7% and Tin fall 14%. LME tin, the worst performer among all base metals, due to weak demand as china's tin smelters recently cut production due to sluggish sales, low processing fees and reduced availability of ore.

In its latest move by US-China trade war, Leaders from the United States and China encountered a new obstacle in their struggle to end a damaging trade war when the summit at which they were supposed to meet was cancelled on Wednesday because of violent protests in host nation Chile. Washington and Beijing both said they still expect to sign an initial trade agreement next month. Positive outcome is must to support base metals demand & prices as trade war situation lead towards recession fear and hamper growth & demand for base metals at end. Since June last year when trade war started, Copper lost almost 20% of its value in fear of global slowdown. The tit-for-tat trade war has rocked global markets, disrupted supply chains and sapped demand for metals & its prices.

Chile, one of the largest producer of Copper, its Mining operations are facing delays in supplies, travel disruptions and workers walking off to join nationwide protests in what is the South American nation's biggest political crisis since 1990.Chile September's manufacturing output dropped 1.5% from the same month last year, with mine production down 5.4%.if situation will continue longer than expected than this will definitely effect copper supply and support its prices at lower level.

In a latest number from China, Factory activity in China shrank for the 6th straight month in October and by more than expected, while service sector growth eased as firms grapple with the weakest economic growth in nearly 30 years. The world's second-largest economy is facing heightened risks from slowing global demand and the Sino-U.S. trade war. Manufacturing PMI fell to 49.3 in October, China's National Bureau of Statistics said, versus 49.8 in September. The 50-point mark separates growth from contraction on a monthly basis. The official services PMI fell to 52.8 from 53.7 in September, the lowest it has been since February 2016 but still above the 50-mark that separates contraction from expansion, according to a separate NBS survey

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

Weighed down by cooling domestic demand, sluggish investment and a protracted trade war with the United States, China's economic growth slowed to a near 30-year low of 6.0% in the third quarter. New export orders fell for the 17th month in a row in October, with the sub-index down to 47.0 from 48.2 in the previous month. Total new orders, which include those for export and domestic use, fell back to contractionary territory and erased September's fleeting growth, suggesting continued weakness in demand at home. Auto sales in China may skid to 26 million this year, a drop of around 8%, a senior industry executive warned, as the world's largest auto market braces for a second year of contraction amid slowing economic growth and tighter vehicle emissions standards. The latest prediction, by Fu Bingfeng, executive vice chairman of the China Association of Automobile Manufacturers (CAAM), is lower than the group's previous forecast for a 5% drop, issued in July. Around 28 million cars were sold in China in 2018, down 3% from a year earlier, the first sales drop since 1990s. Monthly sales dropped in September to mark the 15th consecutive month of decline.

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

A copper Headline stock in LME-registered warehouses was 270,325 tonnes. Inventories have nearly doubled since the start of the year, suggesting that supply is adequate.

Other side, the roughly 25 million tonne a year copper market should see a deficit of 320,000 tonnes this year and a surplus of 281,000 tonnes in 2020, the International Copper Study Group (ICSG) said. There was a global copper market deficit of 324,000 tonnes during January-June up from a deficit of 237,000 tonnes in the same period a year earlier, the International Copper Study Group said.

China's copper imports rose 10.15% in September from a month earlier, to their highest in 8-months, latest data from the customs showed, as higher prices in Shanghai drew shipments to the world's top consumer of the metal. Copper stocks in bonded warehouses in China slumped to 295,500 tonnes by Sept. 30, the lowest since at least 2013, according to Refinitiv Eikon data, implying a tighter market as a crackdown on scrap imports boosted demand for other forms of copper.

On data side, New home prices in China grew at a steady pace in September, with fewer cities reporting price gains, Average new home prices in China's 70 major cities rose 0.5% in September from August and the slowest since September last year. Property prices increased for the 53rd straight month. Slide in China's exports gathered pace in September while imports contracted for a fifth straight month, pointing to further weakness.

In supply side, BHP said its Escondida copper mine, the world's largest, was operating at a "reduced rate" after union workers walked off the job for part of some days. The strike was in solidarity with an anti-government protest movement across Chile, the world's biggest copper producer that has so far had limited impact on output. Chile's mining production in September fell because of a drop in copper ore levels and iron production, government data showed. Miner and trading giant Glencore reported a 4% drop in copper output so far this year and trimmed full-year guidance as it prepared to suspend some operations in the Democratic Republic of Congo. Miner Freeport McMoRan said its copper output fell 14% in the third quarter.

Other Updates, The London Metal Exchange (LME) will raise its trading and clearing fees 8% from January 2020, its first increase in five years to fund new projects and keep up with inflation, the exchange said on Wednesday in a statement. The exchange, owned by Hong Kong Exchanges and Clearing Ltd, also said it would increase the over-the-counter booking fee to $1.14 per lot from $1.

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

NICKEL

Indonesia could resume nickel ore exports in one to two weeks once an investigation into violations of export rules is completed, a minister said. Earlier Nickel prices rose as top producer Indonesia said it would temporarily stop ore exports ahead of a ban due to come into force next year. Nickel The metal used in stainless steel is already up more than 50% this year and traders have factored in the end of Indonesian exports, so news of more stoppages was not enough to move prices significantly

Indonesia is stopping nickel ore exports temporarily as authorities investigate “massive violations” of export rules, Luhut Pandjaitan, the coordinating minister overseeing maritime and mining, said. Pandjaitan said shipments had jumped since the government announced in September that a ban on ore exports would be moved forward to January 2020 from 2022.

Inventories of nickel in LME-registered warehouses fell 3,894 tonnes, or about 5%, to 79,800 tonnes, the lowest since January 2009. Total stocks have halved in the past month. On-warrant nickel stocks in LME-registered warehouses have plunged to 30,300 tonnes from more than 110,000 tonnes in August, the lowest since 2007.

The nickel market, accounting for 2.5 million tonnes of metal a year, will be in slight deficit next year, the International Nickel Study Group (INSG) said. The global nickel market deficit narrowed to 100 tonnes in August from a shortfall of 7,000 tonnes in the previous month. Global demand for nickel is expected to increase to 2.52 million tonnes in 2020, with output rising to 2.48 million tonnes, the International Nickel Study Group said.

China’s nickel ore imports in September rose 24.6% from the previous month to their highest since at least 2016, data showed, as stockpiling accelerated ahead of a January ban on shipments from top miner Indonesia.

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ZINC & LEAD

Zinc inventories in LME-registered warehouses are at 57,775 tonnes. They fell to 50,425 tonnes in April, the lowest since the 1990s. Also supporting prices are cancelled warrants - metal earmarked for delivery and so no longer available to the market - at nearly 43%.

The global zinc market saw a 106,000-tonne shortfall over January-July, the International Lead and Zinc Study Group said this month.

Global zinc demand is estimated at around 14 million tonnes this year. With some analysts expect an annual deficit of around 200,000 tonnes. Global production of zinc is around 13.5 million tones a year.

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

Lead Headline stocks in LME warehouses at 69,025 tonnes are close to decade lows and one entity holds between 80% and 89% of warrants

Around 12 million tones of lead are consumed each year.

ALUMINIUM

Aluminium which is widely used in the transport and packaging industries, Shanghai aluminium prices have been outperforming LME prices due to a shortage in China as domestic supplies fall, a divergence expected to dominate for some time. LME aluminum hit its lowest since January 2017 at $1,704.85 a tonne earlier this month, a drop of 12% since March when the trade dispute between the United States and China escalated. Against this Prices on the Shanghai Futures Exchange (ShFE) between March and the middle of September rose nearly 8% to 14,600 yuan ($2,048.55) and are currently around 14,000 yuan.

China accounts for about 55% of global aluminium supplies, estimated at around 65 million tonnes this year. Data from the International Aluminium Institute shows China's aluminium production fell to near 21 million tonnes between January and August this year, down 13% from the same period in 2018.

Global aluminium stocks are expected by Wood Mackenzie to end the year at 12 million tonnes, which would be about 66 days of consumption compared with an average around 60 days. Wood Mackenzie expects global demand to grow 1.1% this year, down from 3.6% last year and Chinese demand to rise 2.9% from 6.1% last year.

Miner Rio Tinto flagged a possible pullback or closure of New Zealand's Aluminium Smelter, citing weakness in the aluminium market and high energy costs. Tajikistan cut its aluminium output growth target for this year to 5% from 20%, a government source said. Producer Norsk Hydro said it expected global aluminium demand growth to hover around zero this year, down from 3.1% in 2018.

LME on-warrant aluminium inventories, those not earmarked for delivery, rose to 797,650 tonnes, the highest since May 15.

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Base Metals

TECHNICAL OUTLOOK:

COPPER:

On the Daily Chart:
Copper seen consolidating between long term trend line with double top double bottom pattern in short frame indicates market is in indecisive period and fresh break out required for next move. Now price just break above short term 20 & 50 days SMA while well below long term 200 SMA with RSI ready to break out higher side and MACD inch above signal line indicates some recovery in the counter for days to come.

Expected Support & Resistance level for the month

Copper	S1	S2	R1	R2
MCX	436	430	450	458

RECOMMENDATION:

COPPER MCX:- Sell below 440.5 Stop Loss above 446 Target 436-431 Range.
Buy above 448 & 450 Stop loss below 443 Target 458-462.

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LEAD:

Technical Outlook:

Expected support and Resistance level for the month

Lead	S1	S2	R1	R2
MCX	154	150	158.5	161

RECOMMENDATION:

LEAD MCX: - Sell below 154 Stop Loss above 157 Target 150-147.
Buy Only above 161 Stop Loss below 158 Target 167-170

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ZINC

TECHNICAL OUTLOOK:

Expected Support & Resistance level

Zinc	S1	S1	R1	R2
MCX	186.5	184	193	197

RECOMMENDATION:

ZINC MCX :- sell Only below 186.5 Stop Loss above 190 Target 181-178 Range
Buy above 193 Stop Loss below 189 Target 198-201

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NICKEL

TECHNICAL OUTLOOK:

Expected Support & Resistance level

Nickel	S1	S1	R1	R2
MCX	1150	1130	1190	1215

RECOMMENDATION:

Nickel MCX :- Sell below 1165 Stop Loss above 1185 Targets 1130-1115
Buy Only above 1200 Stop Loss below 1180 Targets 1230-1250

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BONANZA RESEARCH TEAM

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BONANZA COMMODITY BROKERS PVT. LTD.

DATE- Nov 5th, 2019

Disclosure:

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