MONTHLY BULLETIN (RESEARCH) Date 9th Nov 2023

GOLD

Market Outlook and Fundamental Analysis:

Bullion Index seen a first monthly gain by more than 5% after 2-months of fall with Gold Dec contract rally almost 6% and silver climb 3% for the month of Oct in expectations that US FED likely to pause in monetary tightening cycle and rate cut also on card for mid of next year added by geopolitical tension which attempt gold as safe haven buying while central bank buying also offer support at every dip. Earlier, bullion was in pressure due to dollar rally towards 10-month high and Treasury yields at 16-year peak makes sell off in bullion as non yield assets. 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. Spot gold gain almost 7% while spot silver rally more than 3% during last month.

Relentless selling of U.S. government bonds has brought Treasury yields to their highest level in more than a decade and a half, roiling everything from stocks to the real estate market. The yield on the benchmark 10 year Treasury - which moves inversely to prices - briefly hit 5% late Thursday, a level last seen in 2007. Expectations that the Federal Reserve will keep interest rates elevated and mounting U.S. fiscal concerns are among the factors driving the move. Other side Mortgage rates, meanwhile, stand at more than 20-year highs, weighing on real estate prices. The interest rate on the 30-year fixed-rate mortgage - the most popular U.S. home loan - has shot to the highest since 2000, hurting homebuilder confidence and pressuring mortgage applications. The U.S. dollar has advanced an average of about 6.4% against its G10 peers since the rise in Treasury yields accelerated in mid-July. The dollar index, which measures the buck’s strength against six major currencies, stands near an 11-month high.

US Nonfarm payrolls, a gaunge to interest rates decision, shows U.S. job growth slowed in October in part as strikes by the United Auto Workers (UAW) union against Detroit's "Big Three" car makers depressed manufacturing payrolls, and the increase in annual wages was the smallest in nearly 2-1/2 years, pointing to an easing in labor market conditions. Nonfarm payrolls increased by 150,000 jobs last month and data for September was revised lower to show 297,000 jobs created instead of 336,000 as previously reported. Economists polled by Reuters had forecast payrolls rising 180,000. The decline in the jobless rate was despite people dropping out of the labor force. Also suggesting slowing labor market momentum, the economy added 101,000 fewer jobs in August and

September than previously estimated. The unemployment rate rising to 3.9% last month, the highest since January 2022, from 3.8 in September. Payrolls gains remain way above the roughly 100,000 jobs per month needed to keep up with growth in the working-age population. US average hourly earnings rose 0.2% after climbing 0.3% in September. In the 12 months through October, wages increased 4.1%, the smallest increase since June 2021, after rising 4.3% in September.

Nonfarm productivity, which measures hourly output per worker, increased at a 4.7% annualized rate last quarter, the fastest since the third quarter of 2020. That followed a 3.6% pace of growth in the April-June quarter. Unit labor costs - the price of labor per single unit of output - fell at a 0.8% rate in the third quarter. They grew at a 3.2% pace in the prior quarter and rose at a 1.9% rate from a year ago.

U.S. private payrolls increased less than expected in October and wage growth moderated, as Private payrolls rose by 113,000 jobs last month after gaining 89,000 in September, the ADP National Employment report showed. Economists polled by Reuters had forecast private payrolls rising 150,000. Workers remaining at their jobs saw a 5.7% increase in annual wages, the smallest rise since October 2021. That was down from an increase of 5.9% in September.

In its latest policy meet, The Federal Reserve held interest rates steady as policymakers struggled to determine whether financial conditions may be tight enough already to control inflation, or whether an economy that continues to outperform expectations may need still more restraint. Fed Chair Jerome Powell said the situation remained something of a riddle, with U.S. central bank officials willing to raise rates again if progress on inflation stalls, wary that a rise in market-based interest rates may begin to weigh on the economy in a significant way, and trying not to disrupt, any more than necessary, an ongoing dynamic of steady job and wage growth. In a press conference after the end of a two-day policy meeting, Powell said the better course of action for now, given the uncertainties, was to maintain the Fed's benchmark overnight interest rate in the current 5.25%-5.50% range, and see how job and price data evolve between now and the next policy meeting in December.

After almost two years of aggressive monetary tightening, the world's biggest central banks are taking time out before weighing up their next move. In Latest meet, BOE and U.S. Federal Reserve left interest rates at 15-year high and kept rates unchanged. Focus in financial markets has shifted to when central banks will start easing policy as economic growth slows and inflation eases. In total, nine developed economies have raised rates by a combined 3,965 basis points (bps) in a cycle that started in September 2021. Japan is the holdout dove.

Other side, the Bank of England held interest rates at a 15-year peak and said it did not expect to cut them any time soon as it fights to "squeeze out of the system" the highest inflation of the world's big rich economies. Despite new forecasts that showed the economy skirting a recession and then flat-lining, the BoE reinforced its message that borrowing costs would stay high, even though only about half the impact of its long run of rate hikes has yet been felt. The Monetary Policy Committee (MPC) voted 6-3 to keep Bank Rate at 5.25% for the second meeting in a row after 14 back-to-back increases, as expected in a Reuters poll of economists.

The European Central Bank left interest rates unchanged as expected, snapping an unprecedented streak of 10 consecutive rate hikes while insisting that any talk of rate cuts was premature. The ECB has lifted rates by a combined 4.5 percentage points since July 2022 to combat runaway price growth. ECB President Christine Lagarde told a press conference the euro zone economy was weak but stressed that price pressures remained strong and could be aggravated further if the Middle East conflict pushed energy costs higher. With this move, the ECB's deposit rate stays at a record high 4% while the main rate stands at 4.5%.

According to the WGC quarterly demand trends report, Global gold demand excluding over-the-counter (OTC) trading slipped 6% in the third quarter as central bank buying fell short of last year's record levels and consumption by jewellers declined, the World Gold Council (WGC) said. The quarter's demand of 1,147.5 metric tons however stood 8% ahead of its five-year average, and official sector purchases in the full year are expected to approach their 2022 level. Gold demand shot to an 11-year high in 2022 due to the biggest central bank purchases on record. Central bank demand totalled 337.1 tons, down from a record 458.8 tons a year before. For the first nine months of 2023 however, official sector gold purchases hit 800 tons, more than in any January-September period in WGC data going back to 2000.

The U.S. economy grew faster-than-expected in the third quarter, US GDP increased at a 4.9% annualized rate last quarter, the fastest since the fourth quarter of 2021. Economists polled by Reuters had forecast GDP rising at a 4.3% rate. The economy grew at a 2.1% pace in the April-June quarter and is expanding at a pace well above what Fed officials regard as the non-inflationary growth rate of around 1.8%.

The interest rate on the most popular U.S. home loan last week jumped to the highest since September 2000, marking its seventh straight weekly increase and driving mortgage applications to a 28-year low, a survey showed. The 7.9% average contract rate for a 30-year fixed-rate mortgage during the week ended Oct. 20 was up 20 basis points from the prior week, the Mortgage Bankers Association said. benchmark policy rate from near zero in March 2022 to 5.25-5.50% in July of this year, The 30-year fixed rate mortgage is up 81 basis points since then, tracking a similar rise in the yield on the 10-year Treasury note, the main benchmark for longer-term U.S. borrowing rates.

The U.S. economy's strength and continued tight labor markets could require still tougher borrowing conditions to control inflation, Fed Chair Jerome Powell said, though rising market interest rates could make action by the central bank itself less necessary. It is an important distinction, Powell noted. If bond investors were raising long-term bond yields only because they thought the Fed was about to raise its own short-term policy rate, the central bank would have to follow through - or long-term rates would fall. Since the Fed began raising interest rates in March of 2022 the unemployment rate has varied little from the current 3.8%, below the level most Fed officials feel is noninflationary, and overall economic growth has generally remained above the 1.8% annual growth rate Fed officials see as the economy's underlying potential.

U.S. consumer prices increased in September amid higher costs for rent and gasoline, but underlying inflation is slowing, as the consumer price index increased 0.4% last month against, CPI jumped 0.6% in August, which was the largest increase in 14 months. In the 12 months through September, the CPI advanced 3.7% after rising by the same margin in August. Year-on-year consumer prices have come down from a peak of 9.1% in June 2022. Economists polled by Reuters had forecast the CPI gaining 0.3% and climbing 3.6% year-on-year. The core CPI gained 4.1% year-on-year in September after advancing 4.3% in August. Inflation remains above the Fed's 2% target, 18 months after the U.S. central bank started hiking rates. Since March 2022, the Fed has raised its benchmark overnight interest rate by 525 basis points to the current 5.25%-5.50% range.

Minutes of the Fed's Sept 19-20 meeting published on Wednesday showed "many participants observed that an intensification of the strike posed both an upside risk to inflation and a downside risk to activity."

U.S. producer prices increased more than expected in September amid higher costs for energy products and food, as the producer price index for final demand rose 0.5% last month after accelerating by an unrevised 0.7% in August. Economists polled by Reuters had expected the PPI to gain 0.3%. In the 12 months through September, the PPI increased 2.2% after advancing 2.0% in August. In the 12 months through September, the so-called core PPI increased 2.8% after climbing 2.9% in August.

On data side, Britain's services businesses suffered a loss of momentum for a third month in a row in October, as S&P Global/CIPS services PMI edged up to 49.5 in October from September's 8-month low of 49.3, remaining below the 50 level that divides growth from contraction for a 3rd consecutive month. U.S. single-family homebuilding rebounded sharply in September, as Single-family housing starts, which account for the bulk of homebuilding, increased 3.2% to a seasonally adjusted annual rate of 963,000 units last month, the Commerce Department said on Wednesday. Data for August was revised to show starts dropping to a rate of 933,000 units instead of 941,000 units as previously reported. The rate on the popular 30-year fixed mortgage surged in September, averaging 7.31% in the last week of the month, the highest since late 2000, according to data from mortgage finance agency Freddie Mac. U.S. retail sales increased more than expected in September as Retail sales rose 0.7% last month. Data for August was revised higher to show sales advancing 0.8% instead of 0.6% as previously reported. Economists polled by Reuters had forecast retail sales rising 0.3% in September. Retail sales are mostly goods and are not adjusted for inflation. They rose 3.8% year-on-year in September. Production at U.S. factories increased more than expected in September despite strikes in the automobile industry curbing motor vehicle output, as Manufacturing output rose 0.4% last month, the Federal Reserve said on Tuesday. Data for August was revised lower to show production at factories dipping 0.1% instead of nudging up 0.1% as previously reported. Economists polled by Reuters had forecast factory output would tick up 0.1%.

India is the world's second-largest gold consumer, its Gold prices near record highs could dampen demand in India during the peak festival season and lead to the lowest purchase volumes in three years, the World Gold Council (WGC) said. Last year, prices in the December quarter were nearly 20% lower than this year and In the December quarter, demand is expected to be lower than last year's 276.3 metric tons. Indian gold consumption in the July-September quarter rose 10% to 210.2 metric tons, as both jewellery and investment demand improved due to a correction in local prices. From January to September, gold demand fell by 3.3% to 481.2 metric tons due to sluggish demand in the first half. In 2023, demand could fall to around 700 metric tons, the lowest in three years, down from 774.1 metric tons a year ago, he said.

India's monetary policy committee (MPC) will remain focused on aligning inflation to its target of 4%, and only after it achieves that on a sustained basis, will its attention shift to the objective of growth, the October meeting minutes showed. Our fundamental goal is to align inflation with the 4% target and anchor inflation expectations," Reserve Bank of India (RBI) Governor Shaktikanta Das said in the minutes released. There is also growing evidence that inflation is undermining growth – people are not increasing discretionary spending in view of high inflation and this is slowing sales growth of corporations," RBI Deputy Governor Michael Patra said. The MPC also retained its "withdrawal of accommodation" stance by a majority of five out of six votes.

On domestic Data update, India's dominant services industry expanded at its slowest pace in seven months in October while a slight tapering in demand led to sluggish job creation, as the S&P Global India Services PMI fell to 58.4 last month from September's 61.0 and lower than the Reuters poll expectation of 60.5. Still, the reading was above the 50-mark separating growth from contraction for a 27th consecutive month. India's manufacturing growth slowed for a second straight month in October as demand eased, as the Manufacturing PMI, compiled by S&P Global, dropped to an eight-month low of 55.5 in October from 57.5 in September, confounding expectations in a Reuters poll for an uptick to 57.7. That did, however, mark the 28th consecutive month the index has been above the 50-mark separating expansion from contraction. India's infrastructure output rose 8.1% year-on-year in September but was at a four-month low with growth across most sectors slowing, government data showed. On April 1, infrastructure output rose 7.8% year on year. India's wholesale price index in September fell 0.26% from a year earlier against Economists polled by Reuters had estimated the wholesale price index for September would rise 0.5%. It fell 0.52% in August. India's retail inflation eased to a three-month low in September on the back of softer vegetable prices, as annual retail inflation rose 5.02% in September, down from 6.83% the previous month and against Reuters poll had forecast a rate of 5.50%. Retail inflation in June was 4.81%. September inflation was below the Reserve Bank of India's (RBI) upper tolerance band of 2%-6%. India's industrial output grew in August at its fastest pace in more than a year on strong manufacturing, electricity and mining activity, Ministry of Statistics data showed. Industrial production rose 10.3%, while for July it was revised up to 6% from 5.7%. Analysts in a Reuters poll had forecast an August reading of 9%.

India's fiscal deficit for the first six months of the financial year that started April 1 was 7.02 trillion Indian rupees ($84.35 billion), 39.3% of the estimate for the whole year, government data showed. April-September net tax revenues were 11.6 trillion rupees, or 49.8% of the annual estimate, higher than 10.12 trillion rupees in the same period last year, according to the data. Corporate tax collections rose 20% year on year to 4.51 trillion rupees. Total expenditure during the period was 21.19 trillion rupees, or 47.1% of the annual goal, higher than 18.24 trillion rupees in the same period last year.

India's merchandise trade deficit in September stood at $19.37 billion, according to Reuters calculations based on export and import data released by the government. India's merchandise exports stood at $34.47 billion, while imports were $53.84 billion in September, government data showed. Economists had expected the country's September trade deficit to be $23.25 billion, according to a Reuters poll. The government revised its August exports to $38.45 billion from $34.48 billion, while imports figures were revised to $60.1 billion from $58.64 billion.

Separately, in its latest World Economic Outlook, The International Monetary Fund cut its growth forecasts for China and the euro zone and said overall global growth remained low and uneven despite what it called the "remarkable strength" of the U.S. economy. The IMF left its forecast for global real GDP growth in 2023 unchanged at 3.0% but cut its 2024 forecast to 2.9% from its July forecast of 3.0%. World output grew 3.5% in 2022. Research by the IMF showed a 10% increase in oil prices would dampen global output by about 0.2% in the following year and boost global inflation by about 0.4%. Even in 2028, the IMF is projecting global growth of just 3.1%. Inflation continued to decline around the globe due to a fall in energy prices and to a lesser extent food prices, but remained too high. It is expected to drop to an annual average of 6.9% in 2023 from 8.7% in 2022, and to 5.8% in 2024. The IMF noted that investment was uniformly lower than before the pandemic, with businesses showing less appetite for expansion and risk-taking given higher interest rates, stricter lending conditions and less fiscal support.

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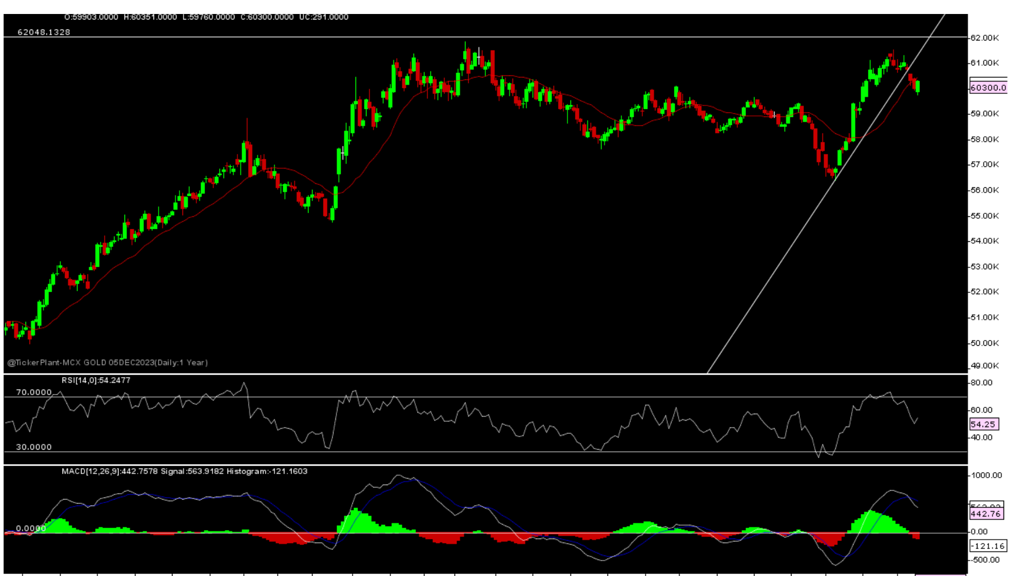
The IMF raised its forecast for U.S. growth by 0.3 percentage points to 2.1% for 2023, and by 0.5 percentage point to 1.5% for next year, citing stronger business investment and growing consumption. That makes the United States the only major economy to beat pre-pandemic forecasts. China was forecast to grow 5.0% in 2023 but slow to 4.2% in 2024, 0.2 and 0.3 percentage points less than previously expected, due to a property crisis and weak external demand. The IMF cut its estimates for euro zone growth to 0.7% in 2023 and 1.2% in 2024, from July forecasts of 0.9% and 1.5%. The UK, also hit hard by high energy prices, saw its growth forecast raised by 0.1 percentage point to 0.5% for 2023, but cut by 0.4 percentage point to 0.6% for 2024.

India's economic growth forecast for the current fiscal year has been raised to 6.3% from 6.1% earlier, the International Monetary Fund said in its October 2023 World Economic Outlook (WEO) report. The global lender expects retail inflation in the South Asian nation to rise to 5.5% in 2023/24 before easing to 4.6% in 2024/25. The country's current account deficit is expected to remain at 1.8% of GDP in FY24 and FY25, the IMF added.

Going ahead, Gold price moves will continue to be dictated by the Fed’s response to bubbling inflation in 2023. Due to the IMF's revised global GDP prediction, reducing inflation, the halt in interest rate hikes, the weakening dollar, and China's reopening, the global commodities market is anticipated to exhibit a mixed trend in 2023, and the global economy is currently experiencing a slowdown. This is likely to have a mixed effect on the commodities market as well Bullion.

Technical Outlook:

On the Daily Chart MCX:



Sources – Ticker Plant and Bonanza Research

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In COMEX GOLD is trading at $1961

Expected support and Resistance level for the month

Gold	S1	S2	R1	R2
COMEX/DG CX ($)	1880	1810	2010	2080
MCX (Rs.)	59700	58800	60700	61600

Mcx Trend seen Bullish as long S1 hold, while Sustain close below 59700 seen prices towards S2.

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 ($)	22.20	20.65	23.80	25.30
MCX (Rs.)	70100	68400	72600	73800

MCX trend seen Bullish as long hold 70000, While Sustain below 70000 seen towards S2.

CRUDE OIL

Market Outlook and Fundamental Analysis

Energy complex register first monthly fall after last 4-months of gain due to demand concern from top consumer China as well recession fear and weak economy expectations from US makes pressure in oil despite production cut by OPEC as well Saudi & Russia. Brent oil down almost 6% while lost near 11% during Oct month.

U.S. crude oil production this year will rise by slightly less than previously expected while demand will fall, the U.S. Energy Information Administration (EIA) said. U.S. crude oil production will rise to 12.9 million bpd in 2023, the agency said, compared with its previous estimate of 12.92 million bpd. The EIA expects production cuts from the Organization of the Petroleum Exporting Countries and its allies led by Russia - known as OPEC+ - will remain in place through the end of 2024 and offset non-OPEC production growth. U.S. total petroleum consumption is now expected to fall by 300,000 bpd to 20.1 million bpd this year, compared with an estimated gain of 100,000 bpd in the October forecast, after the agency revised down its 2022 estimate.

Top oil exporters Saudi Arabia and Russia confirmed earlier they would continue with their additional voluntary oil output cuts until the end of the year as concerns over demand and economic growth continue to weigh on crude markets. Both countries said their cuts would be reviewed next month to consider extending, deepening or increasing it. OPEC+, which comprises the countries of the Organization of the Petroleum Exporting Countries (OPEC) and leading allies including Russia, has been cutting output since last year in what it says is preemptive action to maintain market stability.

U.S. field production of crude oil rose to a new monthly record in August at 13.05 million barrels per day, the EIA said. Output rose 0.7% in August from the month prior, the data showed. The previous monthly high was in November 2019, when production reached 13.0 million bpd. The monthly high is still shy of a weekly record for U.S. oil production at 13.2 million bpd, hit in the week to Oct. 6. Gross natural gas production in the U.S. Lower 48 states rose 1.2 billion cubic feet per day (bcfd) to a record 116.3 bcfd in August from 115.0 bcfd in July, according to EIA's monthly 914 production report.

U.S. waterborne imports of crude from OPEC+ members including Saudi Arabia have dropped steadily over the last year, further tightening supplies in the U.S. while supporting other markets including Europe, according to flows data and analysts. Total U.S. crude waterborne imports are set to average 2.47 million barrels per day in October, down from 2.92 million bpd in September according to figures from data intelligence firm Kpler, with shipments falling from OPEC+ producers including Nigeria, Algeria and Saudi Arabia. Within that, Saudi crude exports to the U.S. are set to drop to 241,000 bpd in October, Kpler figures showed, down from 286,000 bpd in September and from 410,000 bpd in October 2022.

US hopes to buy 6 million barrels of crude oil for delivery to the Strategic Petroleum Reserve in December and January, as it continues its plan to replenish the emergency stockpile, the U.S. Department of Energy said. The department hopes to sign purchase contracts for the oil at $79 a barrel or less. That is an increase from its earlier preferred range of around $70 a barrel. Last year the administration conducted the largest ever sale from the SPR of 180 million barrels, part of a strategy to stabilize soaring oil markets and combat high pump prices in the aftermath of Russia's invasion of Ukraine. Since then, the U.S. has bought back 4.8 million barrels for an average of less than $73 a barrel. In January, DOE rejected some bids from oil companies to replenish up to 3 million barrels.

U.S. oil output from top shale-producing regions is set to fall for a third month in a row in November to its lowest since May, the U.S. Energy Information Administration (EIA) said in its monthly Drilling Productivity Report. U.S. oil output is expected to fall to 9.553 million barrels per day (bpd) in November from 9.604 million bpd in October, EIA data showed. Total natural gas output in the big shale basins will fall by 0.5 billion cubic feet per day (bcfd) to 98.8 bcfd in November from 99.3 bcfd in October, EIA projected. EIA said producers drilled 865 wells in September, the lowest since February 2022, and completed 919, the lowest since April 2022.

OPEC oil output has risen for a third straight month in October, a Reuters survey found, led by increases in Nigeria and Angola and despite ongoing cuts by Saudi Arabia and other members of the wider OPEC+ alliance to support the market. The OPEC has pumped 27.90 million barrels per day (bpd), the survey found, up by 180,000 bpd from September. Production in August had risen for the first time since February.

OPEC expects the global economy to grow and drive fuel demand, despite macro challenges, including high inflation and interest rates, the producer group's secretary general said. The United States is doing well, while Europe is struggling, Haitham Al Ghais told the Argus European Crude Conference in London. Even China, which has emerged from lockdown more slowly than expected, forecasts growth at 4.5% to 5%, he said, outstripping Europe.

China imported 13.52% more crude oil in October from a year earlier, data showed on Tuesday, as refiners stepped up purchases using fresh import quotas and as domestic fuel demand expanded during the Golden Week holiday. Crude oil arrivals last month into China totalled 48.97 million metric tons, or 11.53 million barrels per day (bpd), according to the General Administration of Customs, up marginally compared with 11.13 million bpd in September. Year-to-date imports by the world's largest oil buyer amounted to 473.22 million tons, or 11.36 million bpd, an increase of 14.4% from a year earlier.

China's oil refinery utilisation rates are easing from record third-quarter levels as thinning margins and a shortage of export quotas discourage plants from raising output for the rest of 2023, according to traders and industry consultancies. China is expected to process 15.1 million barrels per day (bpd) in November, down from 15.37 million bpd in October, consultancy FGE said, primarily because of run cuts at small independents, known as teapots, and state refiners.

The World Bank said it expected global oil prices to average $90 a barrel in the fourth quarter and fall to an average of $81 in 2024 as slowing growth eases demand, but warned that an escalation of the latest Middle East conflict could spike prices significantly higher.

The U.S. monthly oil rig count rose for first time since November after drillers added rigs for a third week in a row, energy services firm Baker Hughes said in its closely followed report on last Friday of Oct month. The oil and gas rig count, an early indicator of future output, rose one to 625 in the week to Oct. 27. U.S. oil rigs rose by two to 504 this week, while gas rigs by fell by one to 117. For the month, drillers added two rigs, putting the total oil and gas count up for the first time since March. In October, the oil rig count rose by two in its first monthly increase since November, while the number of gas rigs increased by one for a second month in a row.

Saudi Arabia's crude oil exports in August hit their lowest level in 28 months as they fell for a fifth straight month, data from the Joint Organizations Data Initiative (JODI) showed. Crude exports from the world's largest oil exporter fell to 5.58 million barrels per day (bpd), down 7.1% from 6.01 million bpd in July and the lowest since April 2021. Saudi Arabia and Russia have agreed to combined voluntary oil supply cuts of 1.3 million bpd, or more than 1% of global demand, until the end of the year. Saudi crude output fell to 8.92 million bpd in August, down 95,000 bpd from July, while inventories rose by 4.16 million barrels to 150.89 million.

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The U.S imposed the first sanctions on owners of tankers carrying Russian oil priced above the G7's price cap of $60 a barrel, one in Turkey and one in the United Arab Emirates, in an effort to close loopholes in the mechanism designed to punish Moscow for its war in Ukraine. The Group of Seven (G7) countries imposed sanctions in December 2022 that prohibit shippers or insurers domiciled in member countries from offering services to facilitate Russian oil exports when the price is above $60 a barrel. The sanctions do not apply to shipping companies or insurers from other countries, regardless of the price.

India's fuel consumption rose to a four-month high in October, as increased industrial activity boosted sales during the festive season and the onset of winter in the world's third biggest oil consumer. Total consumption in October, a proxy for oil demand, rose by 5.5% to 19.26 million tonnes from 18.26 million tonnes in September, the data from Indian oil ministry's Petroleum Planning and Analysis Cell (PPAC) show. Sales of gasoline in October were 2.6% higher than the previous month at 3.14 million tonnes.

The Indian government has increased the windfall tax on petroleum crude to 9,800 Indian rupees ($117.70) per ton from 9,050 rupees per ton starting Wednesday, according to a government notification. The windfall tax on aviation turbine fuel that had been 1 rupee/liter has been removed, the notification said. The government has also reduced the windfall tax on diesel to 2 rupees/litre from 4 rupees/litre.

OPEC in its latest monthly report, OPEC stuck to its forecast for relatively strong growth in global oil demand in 2023 in 2024, citing signs of a resilient world economy so far this year and expected further demand gains in China. World oil demand will rise by 2.25 million barrels per day (bpd) in 2024, compared with growth of 2.44 million bpd in 2023. OPEC and its allies, known as OPEC+, began limiting supplies in 2022 to support prices. The OPEC report also said OPEC oil production rose in September despite pledged OPEC+ supply cuts, driven by increases in Nigeria, Saudi Arabia and Kuwait.

In its monthly report, the International Energy Agency (IEA) lowered its forecast for growth in oil demand in 2024, suggesting harsher global economic conditions and progress on energy efficiency will weigh on consumption. The IEA forecast demand for oil will rise by 880,000 barrels per day (bpd) in 2024, down from its previous forecast of 1 million bpd, based on broader economic concerns and a faster adoption of electric vehicles among other energy efficiency measures. Although Russia pledged to cut crude exports until the end of 2023, according to the IEA's estimates Moscow's total exports of crude oil and products in September rose by 460,000 bpd to 7.6 million bpd, with crude accounting for 250,000 bpd of the increase. Still, so far, major oil consumers, particularly China, India and Brazil, continue to see solid growth in demand, it said.

The International Energy Agency (IEA) sees the current level of oil storage in member states sufficient to take action if required to stabilise oil markets, and sees no need to increase strategic reserve requirements, an official said. The agent's 31 member countries made two batches of oil releases from their emergency reserves last year, totalling 182.7 million barrels, in response to the market turmoil caused by Russia's invasion of Ukraine. The IEA lowered its oil demand growth forecast for 2024 in its October report to 880,000 barrels per day (bpd) from the previous forecast of 1 million bpd growth, citing harsher global economic conditions and progress on energy efficiency that will weigh on consumption.

OPEC in its 2023 World Oil Outlook released, raised its world oil demand forecasts for the medium and long term in an annual outlook, and said $14 trillion of investment is needed to meet this demand even as renewable fuel use grows and more electric cars take to the road. OPEC expects world oil demand to reach 116 million barrels a day (bpd) by 2045, around 6 million bpd higher than expected in last year's report, with growth led by China, India, other Asian nations, and Africa and the Middle East. In the report, OPEC also raised its demand forecasts for the medium term to 2028, citing robust demand this year despite economic headwinds such as interest rate hikes. World demand in 2028 will reach 110.2 million bpd, OPEC said, up from 102 million bpd in 2023. It predicted oil use in 2027 would reach 109 million bpd, up from 106.9 million bpd estimated in 2022. By 2045, there will be 2.6 billion vehicles on the world's roads, a billion more than in 2022, OPEC forecast. Over 72% of them will be powered by a combustion engine despite electric vehicles being the fastest-growing segment, the report said.

Venezuela's crude oil production will increase by less than 200,000 barrels per day (bpd) to an average of 900,000 bpd by the end of 2024 under easing of U.S. sanctions, the U.S. EIA estimated.

In its latest weekly inventory data from the U.S. EIA shows, U.S. crude oil stockpiles jumped last week as refinery utilization dropped, while gasoline inventories posted a surprise build, according to the EIA latest weekly data. Crude inventories rose by 1.4 million barrels in the week to Oct. 20 to 421.1 million barrels, much more than analysts' expectations in a Reuters poll for a 240,000-barrel build. Gasoline stocks rose by about 160,000 barrels in the week to 223.5 million barrels, the EIA said, compared with expectations for a 900,000-barrel drop. Distillate stockpiles, which include diesel and heating oil, fell by 1.7 million barrels in the week to 112.1 million barrels, versus expectations for a 1.2 million-barrel drop, the EIA data showed. Net U.S. crude imports rose last week by 539,000 bpd, EIA said.

India, the world's third-biggest oil consumer and importer, share of Russian oil in India's overall imports rose to about two-fifths in the first half of fiscal 2023/24, consolidating

Moscow's position as the top supplier as refiners curbed purchase from the Middle East, industry data showed. India, the world's third largest oil importer and consumer, has emerged as the top buyer of the discounted Russian seaborne oil after Western nations stopped buying from Moscow following its invasion of Ukraine. India imported on average 1.76 million barrels per day (bpd) of Russian oil from April to September, or the first half of fiscal 2023/2024, more than double the about 780,000 bpd in the same year-ago period, tanker data from industry sources showed. Last month, India's imports from Russia, which had slipped in July and August, recovered to 1.54 million bpd, up 11.8% from August and 71.7% from a year ago, the data showed. Russia was the top oil supplier to India in April to September, followed by Iraq and Saudi Arabia. India's imports from Iraq and Saudi Arabia fell by 12% and about 23% to 928,000 bpd and 607,500 bpd, respectively, during the April-September period, the data showed.

India's retail vehicle sales rose 20% in September, a dealers' body said as it forecast a strong festive season, with easing monsoon worries and higher rural demand helping sentiment. With a 42-day festive season just around the corner, the Federation of Automobile Dealers Association (FADA) also said it shifted its stance from 'cautiously optimistic' to 'optimistic'.

Natural gas production in North Dakota rose to a record 3.303 billion cubic feet per day (bcfd) in August from the prior all-time high of 3.292 bcfd in July, while the amount of gas flared increased, according to the North Dakota Industrial Commission report. Producers burned off, or flared, 0.154 bcfd of gas in August, up from 0.141 bcfd in July, the commission said in a report, boosting the percentage of gas flared to 5%. The highest monthly percentage of gas flared was 36% in September 2011.

U.S. natural gas production and demand will rise to record highs in 2023, the U.S. Energy Information Administration (EIA) said in its Short Term Energy Outlook (STEO). EIA projected dry gas production will rise to 103.72 billion cubic feet per day (bcfd) in 2023 and 105.13 bcfd in 2024 from a record 99.60 bcfd in 2022. The agency also projected domestic gas consumption would rise from a record 88.46 bcfd in 2022 to 89.17 bcfd in 2023 before sliding to 88.38 bcfd in 2024. If correct, 2024 would be the first time output rises for four years in a row since 2015, and 2023 would be the first time demand rises for three consecutive years since 2016.

Global energy consumption will likely increase through 2050 and outpace advances in energy efficiency, the U.S. Energy Information Administration (EIA) said. Global carbon dioxide emissions from energy will increase by 2050 in most scenarios outlined by the EIA. Global electric-power generating capacity by 2050 is expected to increase by a range of 50% to 100%, and electricity generation by 30% to 76%, the EIA said. Meanwhile, coal and natural gas is expected to make up between 27% and 38% of power generation capacity by 2050, down from about half in 2022. Battery storage capacity is due to grow significantly, increasing from less than 1% of global power capacity in 2022 to a range of 4% to 9% of global power capacity by 2050.

Global natural gas demand is expected to experience slower growth to 2026 after peaking in mature markets such as Europe and North America in 2021, a report by the International Energy Agency (IEA) said. The IEA's annual medium-term gas market outlook said global gas demand was on course to increase by an average of 1.6% a year from 2022 to 2026, more slowly than the average annual rise of 2.5% between 2017 and 2021. Overall gas demand from mature markets in the Asia Pacific region, Europe and North America peaked in 2021, and is forecast to decline by 1% annually to 2026, according to the report.

Europe's record gas inventories continue to climb even higher as a warm start to autumn delays the onset of heating demand while high prices discourage industrial use and encourage continued imports. Inventories across the European Union and United Kingdom hit a record 1,146 terawatt-hours (TWh) on Nov. 5, according to Gas Infrastructure Europe.

Going ahead, Oil prices are set for small gains in 2023 as a darkening global economic backdrop and COVID-19 flare-ups in China threaten demand growth and offset the impact of supply shortfalls caused by sanctions on Russia. It is to be expected that oil demand will grow significantly in the second half of 2023, driven by the easing of COVID-19 restrictions in China and by central banks adopting a less aggressive approach on interest rates.

<u>Technical Outlook</u>:-

<u>On the Daily Chart MCX:</u>

Sources – Ticker Plant and Bonanza Research

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Expected Support and Resistance level for the month

Crude	S1	S2	R1	R2
NYMEX/DG CX ($)	74.50	67.0	83.50	91.0
MCX (Rs.)	6250	6000	6750	7000

MCX trend seen Bearish as long hold R1, While Sustain Close below 6250 seen towards 6100-6000.

Natural Gas

Technical Outlook:

On the Daily Chart MCX:

Sources – Ticker Plant and Bonanza Research

Natural Gas	S1	S2	R1	R2
MCX (Rs.)	222	245	276	298

MCX trend seen bearish as long hold R1, While Sustain Close below 252 seen towards 245-240 belt.

Base Metals

Market Outlook and Fundamental Analysis

COPPER:

Base metal complex seen a southward journey throughout the month Oct as prices get pressure from weak China economic numbers added by recession fear from western countries which hurt demand for metals and strong dollar index makes sell off in base metals complex. Resulted in base metal index in domestic market ended 3% lower for Oct month while Benchmark Copper register 3rd monthly fall by almost 1%, Zinc down more than 3% and Aluminum fall 2 against Lead fall almost 1%.

Latest number from top metal consumer China shows, China's manufacturing activity unexpectedly contracted in October, as official PMI fell to 49.5 in October from 50.2, dipping back below the 50-point level demarcating contraction from expansion and missed a forecast of 50.2 in a Reuters poll. The non-manufacturing PMI also fell to 50.6 last from 51.7 in September, indicating a slowdown in activity in the vast service sector and construction. Both new export and imports orders shrank for an eight consecutive month, suggesting that manufacturers were struggling for buyers overseas and ordering fewer components used in finished goods for re-export. China kept its benchmark lending rates unchanged at the monthly fixing, matching market expectations, as a set of economic data suggested the economy is stabilising and a weaker yuan constrained further monetary easing. The one-year loan prime rate (LPR) was kept at 3.45%, while the five-year LPR was unchanged at 4.20%.

China's economy grew at a faster-than-expected clip in the third quarter, while consumption and industrial activity in September also surprised on the upside, China's Q3

GDP grows 4.9% y/y, vs Q2's 6.3% versus analysts' expectations in a Reuters poll for a 4.4% increase but slower than the 6.3% expansion in the second quarter. On a quarter-by-quarter basis, GDP grew 1.3% in the third quarter, accelerating from a revised 0.5% in the second quarter and above the forecast for growth of 1.0%.

China's imports unexpectedly grew in October while exports contracted at a quicker pace, in a mixed set of indicators that showed the world's second-largest economy facing persistent risks despite a recent improvement in domestic demand. Exports shrank 6.4% from a year earlier in October, faster than a 6.2% decline in September and worse than a 3.3% fall expected in a reuters poll. Imports rose 3.0%, dashing forecasts for a 4.8% contraction and swinging from a 6.2% fall in September. Imports snapped 11 straight months of decline.

China showing a slump in exports and imports was gradually easing, but lingering deflationary pressures underlined the challenges policymakers face in trying to engineer a stronger economic recovery. Exports in September declined 6.2% from a year ago, moderating somewhat from a drop of 8.8% in August, and beating economists' forecast for a 7.6% fall in a Reuters poll. South Korean exports to China, a leading indicator of China's imports, fell at their slowest pace in 11 months in September. Global trade activity, represented by the Baltic Dry Index, also reported notable growth in September. China's exports to the ASEAN nations, which have become the Asian giant's largest trade partner amid rising tensions with the United States and Europe over trade, technology and geopolitics, contracted further in September from a month earlier. a broader trade surplus of $77.71 billion in September, compared with a $70 billion surplus expected in the poll and $68.36 billion in August.

The growth of China's exports and imports with Russia on a year-on-year basis quickened in September from August, China's customs data showed, as it urged deeper trade ties with its neighbour despite the disapproval of the West. Chinese shipments to Russia rose 21% to $9.6 billion in September from a year earlier, accelerating from 16% growth in August, Reuters calculations based on customs data showed. Imports from Russia rose 8% to $11.53 billion last month after rising 3% in August.

Commodity trader and miner Glencore cut its nickel production guidance for this year due to maintenance and strikes. Glencore maintained its overall 2023 guidance for copper, zinc, coal and cobalt output. Glencore's own sourced nickel output was down 16% at 68,400 tons in the first three quarters of the year, while its own sourced copper production of 735,800 metric tons fell 5%.

Production at Chile's largest copper mines was uneven in September, dragged down by weak performance from state-run miner Codelco, the Chilean Copper Commission (Cochilco) said. Codelco's production slipped 5.3% year-over-year in the month to 116,700 metric tons, Cochilco said. Meanwhile, the BHP-controlled Escondida mine saw production jump 25.5%, with the Collahuasi mine run by Glencore and Anglo American inching up 1.3%.

China's exports of refined lead hit a 15-month high in September with year-to-date shipments already exceeding last year's total. Some of the metal leaving China appears to be making its way directly to LME warehouses in the region. LME stocks of the heavy metal have been rising steadily since the start of September and on Friday hit their highest level since January 2021. China exported 35,400 metric tons of refined lead in September, which was the highest monthly tally since June of last year. Total shipments in the first nine months of 2023 rose by 49% year-on-year to 138,000 metric tons, already higher than the 116,000 shipped out over the course of calendar 2022 and on track to be the highest tally since 2007.

Russia's Nornickel, the world's largest palladium producer and a major producer of high-grade nickel, said its third-quarter nickel production was 21% higher than in the previous quarter at 53,945 metric tons. For January-September, nickel production was 9% lower year-on-year at 145,271 metric tons.

The global refined zinc market will see a surplus of 248,000 metric tons in 2023 compared with a previously forecast deficit of 45,000 tons due to slower than expected demand growth, the International Lead and Zinc Study Group (ILZSG) .

Global economic activity was mixed during the third quarter of 2023, with distinct signs of improvement in the United States and China but continued sluggishness elsewhere. Global industrial production was up by just 0.4% in August 2023 compared with the same month a year earlier, according to estimates compiled by the Netherlands Bureau for Economic Policy Analysis (CPB). But trade volumes were down by 3.8% in August compared with a year earlier and have not grown for a year, a sign of stagnation that is consistent with a recession.

Going ahead, Spiralling inflation, COVID lockdowns in top consumer China and aggressive interest rate rises are behind economic weakness and dwindling demand growth for industrial metals such as copper, used in the power and construction industries.

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Base Metals

TECHNICAL OUTLOOK:

COPPER:

Sources – Ticker Plant and Bonanza Research

Expected Support & Resistance level for the month

Copper	S1	S2	R1	R2
MCX	694	685	715	730

MCX trend seen Bearish as long hold R1, While Sustain below 698-694 seen towards 685-680 belt.

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LEAD:

Technical Outlook:

Sources – Ticker Plant and Bonanza Research

Expected support and Resistance level for the month

Lead	S1	S2	R1	R2
MCX	184	181	189	192

MCX trend seen Bullish as long hold S1 while Sustain Close above 190 seen 194-195 belt.

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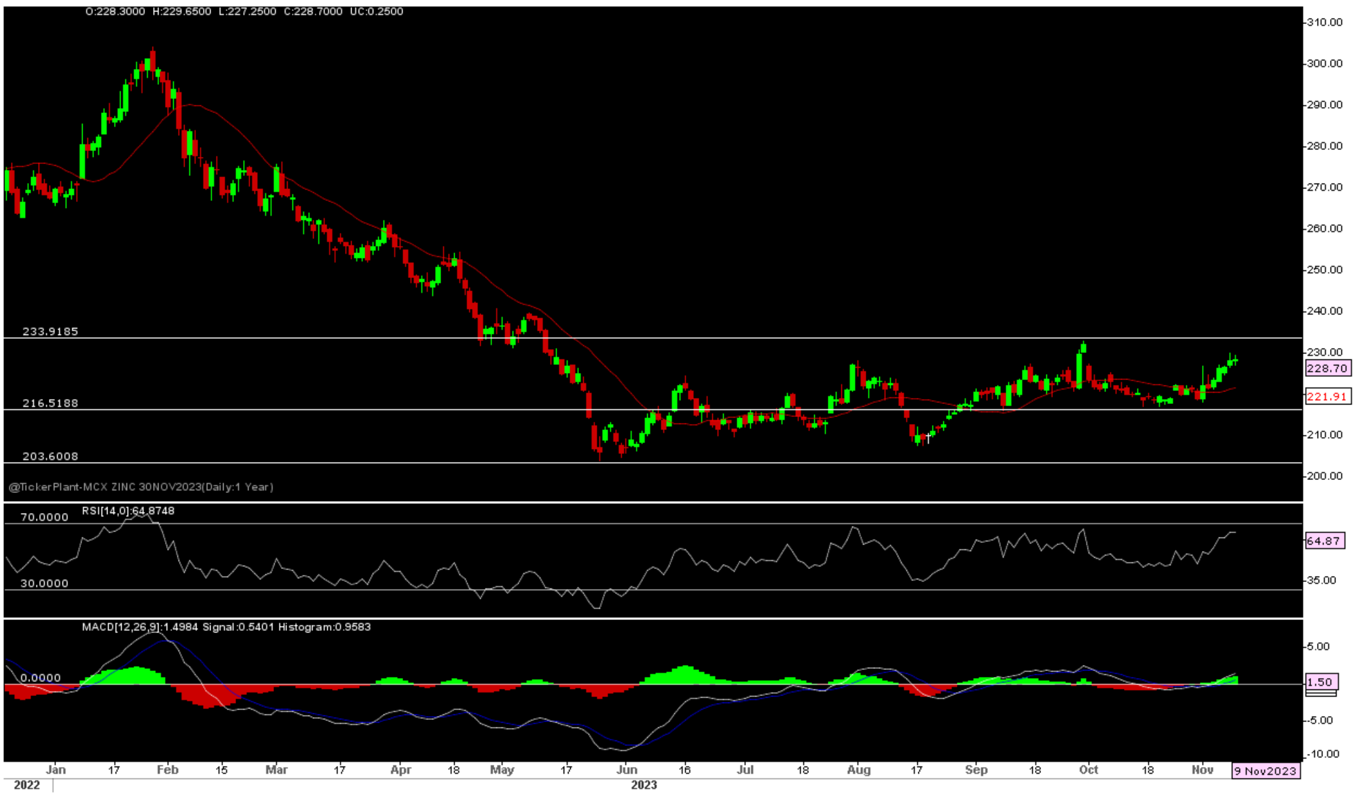
ZINC

TECHNICAL OUTLOOK:



Sources – Ticker Plant and Bonanza Research

Expected Support & Resistance level

Zinc	S1	S1	R1	R2
MCX	221	218	231	235

MCX trend seen Bearish as long hold R1, While Only Sustain above 231-235 seen again Rally 242-250.

NICKEL

TECHNICAL OUTLOOK:

No View due to Low Volumes

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DATE-Nov 9th, 2023

Disclosure:

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