MONTHLY BULLETIN (RESEARCH) Date 5th Oct 2019

GOLD

CMP Rs. 38333 /10Gms MCX Dec 2019

Market Outlook and Fundamental Analysis:

After rally in last straight 4-month & after hit 6-year high, bullion rakes some breath and register minor fall in the month of Sep as Gold down nearly 3% while Silver lost 7.5%, Platinum 5.5% against this best outperformer precious metal palladium gain almost 9%. During 1st week of Sep gold rally towards fresh 6-year high & Silver 3-year high thanks to continue safe haven buying after trade war between the world's biggest economies added by heightened fears over a global downturn supported by Fed rate cut expectations, Investors interest seen in gold ETF, geopolitical tension resulted in technical buying at every dip. However towards end of the month price give up gains & fall sharply towards its 2-month low after dollar recover towards multi month high as fears of an escalation in the U.S.-China trade war eased & in fear of physical buying might hurt after sharp run up in prices. Some profit booking seen in bullion after Investors had been largely pricing in no further rate cuts going into a Fed meeting later in the month, on stronger economic data and reduced fears of a global recession. The Fed last cut interest rates in September for the second time this year. During the month, world largest Gold ETF, SPDR Gold Trust holdings at highest since November 2016 and US Benchmark 10-year yields hit lowest since July 2016.

However, Palladium hit a record peak on last trading day of Sep, 8TH straight weekly gains, passing $1,700 an ounce, as tight supply of the autocatalyst metal stoked fears the deficit could only widen amid rising industrial demand. Concerns that supply of the metal used in car exhaust systems could run out has helped to lift prices by more than 33% this year alone, despite a weakening auto sector.

World largest gold consumer, China's net monthly gold imports via Hong Kong in August surged nearly 61%, after falling to their lowest in more than 8-years in July, the Hong Kong Census and Statistics Department latest data showed. Net imports via Hong Kong to China, the world's top consumer of the metal, increased to 12.997 tonnes last month from 8.085 tonnes in July, the data showed. Other hand, India, world 2nd biggest consumer of Gold, its imports plunged 68% year on year in September to their lowest in more than three years as record domestic gold prices curbed retail buying, a government source said. India imported 26 tonnes of gold in September, down from 81.71 tonnes a year ago, the source said. During month September, MCX gold futures hit an all-time high of 39,885/ 10 grams, taking their gains to more than 26% in 2019. In September, sluggish demand forced dealers to offer a discount of up to $51 an ounce from official domestic prices, the biggest since August 2016. The domestic price includes a 12.5% import tax and 3% sales tax.

US nonfarm payroll number, a gauge for FED move, U.S. job growth increased moderately in September, with the unemployment rate dropping to near a 50-year low of 3.5%, which could assuage financial market concerns that the slowing economy was on the brink of a recession amid lingering trade tensions. Nonfarm payrolls increased by 136,000 jobs last month, the government said. August data was revised to show 168,000 jobs created instead of the previously reported 130,000 positions. Economists polled by Reuters had forecast payrolls would increase by 145,000 jobs in September. After this, economists expect the Federal Reserve to cut interest rates at least one more time this year, given the trade policy uncertainty. However, September's job gains were below the monthly average of 161,000 this year, but still above the roughly 100,000 needed each month to keep up with growth in the working-age population.

In its latest meeting, mid Sep, The U.S. Federal Reserve cut interest rates by a quarter of a percentage point for the second time this year on Wednesday in a widely expected move meant to sustain a decade-long economic expansion, but gave mixed signals about what may happen next. The central bank also widened the gap between the interest it pays banks on excess reserves and the top of its policy rate range, a step taken to smooth out problems in money markets that prompted a market intervention by the New York Fed this week. In lowering the benchmark overnight lending rate to a range of 1.75% to 2.00% on a 7-3 vote, the Fed's policy-setting committee nodded to ongoing global risks and "weakened" business investment and exports.

The European Central Bank approved a fresh stimulus package in its latest meet, cutting interest rates and approving a new round of bond purchases to prop up euro zone growth and halt a worrisome drop in inflation expectations. The ECB cut its deposit rate to a record low -0.5% from -0.4% and will restart bond purchases of 20 billion euros a month from November, it said in a statement. With inflation falling, Germany skirting a recession and a global trade war sapping domestic confidence, the ECB had all but promised more support to the economy.

In its latest numbers, The U.S. manufacturing sector contracted in September to its weakest level in more than a decade as business conditions deteriorated further amid trade tensions with China.

During the month, Drone attacks on two plants at the heart of Saudi Arabia's oil industry triggered a surge in oil prices and a slide in wider financial markets resulted in some gain in bullion as Gold is considered a hedge against oil-led inflation and generally Gold is used as a safe store of value during times of political and financial uncertainty. While the Yemeni Houthi group claimed responsibility for the attack, a senior U.S. official indicated Iran was behind it.

On data side, The U.S. trade deficit increased in August as imports of consumer goods surged to a record high. The Commerce Department said the trade deficit rose 1.6% to $54.9 billion. Economists polled by Reuters had forecast the trade gap would widen slightly to $54.5 billion in August. The politically-sensitive goods trade deficit with China fell 3.1% to $31.8 billion on an unadjusted basis, with imports declining 0.8%. Exports to China increased 8.0% in August, boosted by soybean shipments. The United States and China have been embroiled in a 15-month trade war. German private sector activity shrank for the first time in 6-1/2 years in September as a manufacturing recession deepened unexpectedly and growth in the service sector lost momentum, a latest survey showed. It is the first time since April 2013 that the reading fell below the 50 mark that separates growth from contraction. UK the IHS Markit Household Finance Index sank to a 4-month low of 43.1 in September from August's 43.6, as households' relatively upbeat assessments of their current situation were undermined by darker future prospects. Euro zone business growth stalled in Sep, a survey showed, dragged down by shrinking activity in powerhouse Germany, where a manufacturing recession deepened unexpectedly. Poor manufacturing and services data elevated concerns about a recession and benefit for Gold. The ECB trimmed its deposit rate further into negative territory on Sept. 12 and promised bond purchases with no end-date to push borrowing costs even lower. The euro zone economy expanded 0.2% in the second quarter, official data showed in Aug month. U.S. homebuilding surged to more than a 12-year high in August as both single- and multi-family housing construction increased, Housing starts jumped 12.3% to a seasonally adjusted annual rate of 1.364 million units last month, the highest level since June 2007, the government said. Consumer prices in Britain rose last month at the slowest rate since December 2016, a pre-Brexit boost to the spending power of households who are also seeing the fastest wage growth in 11 years.

On Domestic numbers, India's annual wholesale price inflation in August was 1.08%, government data showed, remaining unchanged from the previous month. India's retail inflation rate rose to 3.21% in August, driven by higher food prices, but remaining below the central bank's 4% medium-term target for a 13th consecutive month. India's industrial output rose 4.3% in July from a year earlier, higher than analysts polled by Reuters had forecast July industrial output growth at 2.3%. The cumulative growth in April-July over the corresponding period of the previous year was 3.3%.

In its latest move, the Reserve Bank of India cut the key policy rate to its lowest levels in nearly a decade, stepping up its efforts to kickstart an economy growing at its slowest pace in six years. The MPC cut the repo rate by 25 basis points to 5.15%, for a 5th straight meeting this year and in line with expectations in a Reuters poll. The reverse repo rate was reduced to 4.9%.

On domestic update, India's dominant services sector slipped into contraction in September as new business orders fell for the first time since early 2018, according to a private survey which also found business optimism at its lowest in 2-1/2 years. The IHS Markit Services Purchasing Managers' Index fell to a 19-month low of 48.7 in September from 52.4 in August. Earlier release a manufacturing survey also showed a cooling in activity.

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 H2-2019. 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.

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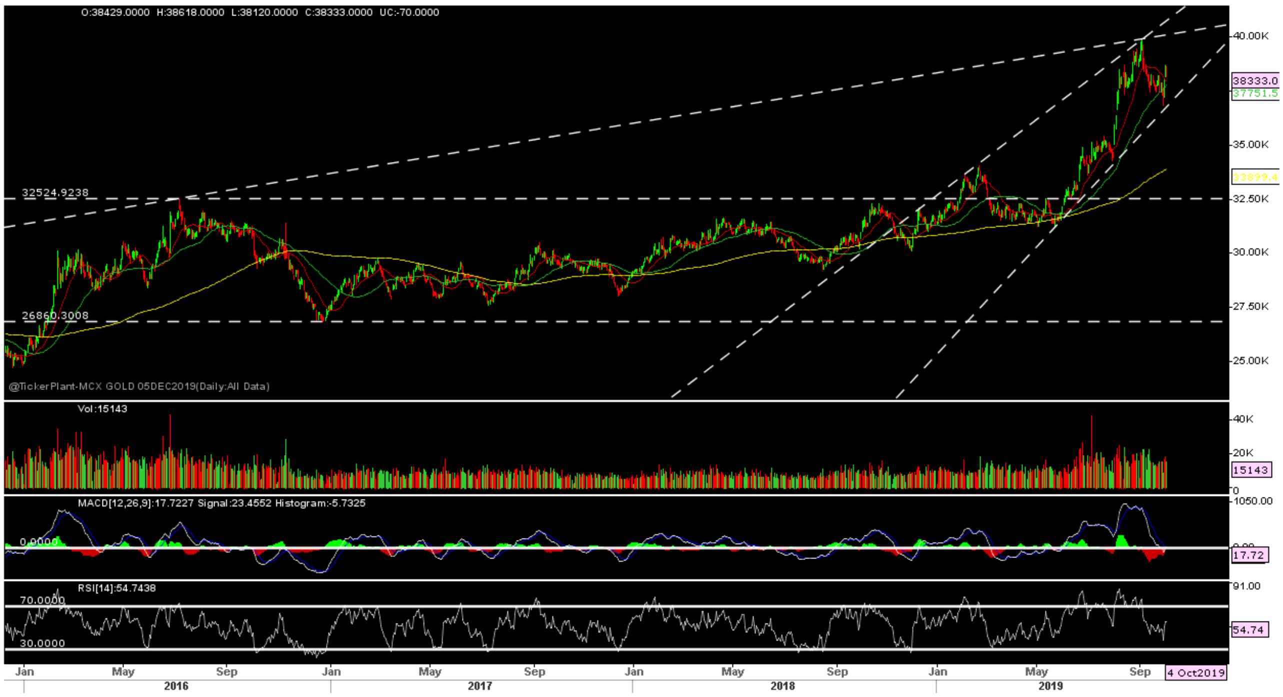
Technical Outlook:



On the Daily Chart:

Gold wipe out its initial rally to fresh MCX all time high above 40000 marks at end of the month due to strong dollar, poor physical demand at higher level resulted in profit booking. However it seems like pause and some consolidation before fresh rally either side. For now most of the indicators bullish with price trading above all 3-SMA with reversal in RSI from 4-month bottom and MACD above signal line indicates more room for upside.

In COMEX GOLD is trading at $1504

Expected support and Resistance level for the month

Gold	S1	S2	R1	R2
COMEX/DG CX ($)	1460	1440	1535	1560
MCX (Rs.)	37200	36700	39000	39500

RECOMMENDATION:

MCX Gold Dec: Buy above 39000 Stop Loss 38650 Targets 39500-40000.
Sell Only below 37200 Stop Loss 37500 Target 36700-36500.

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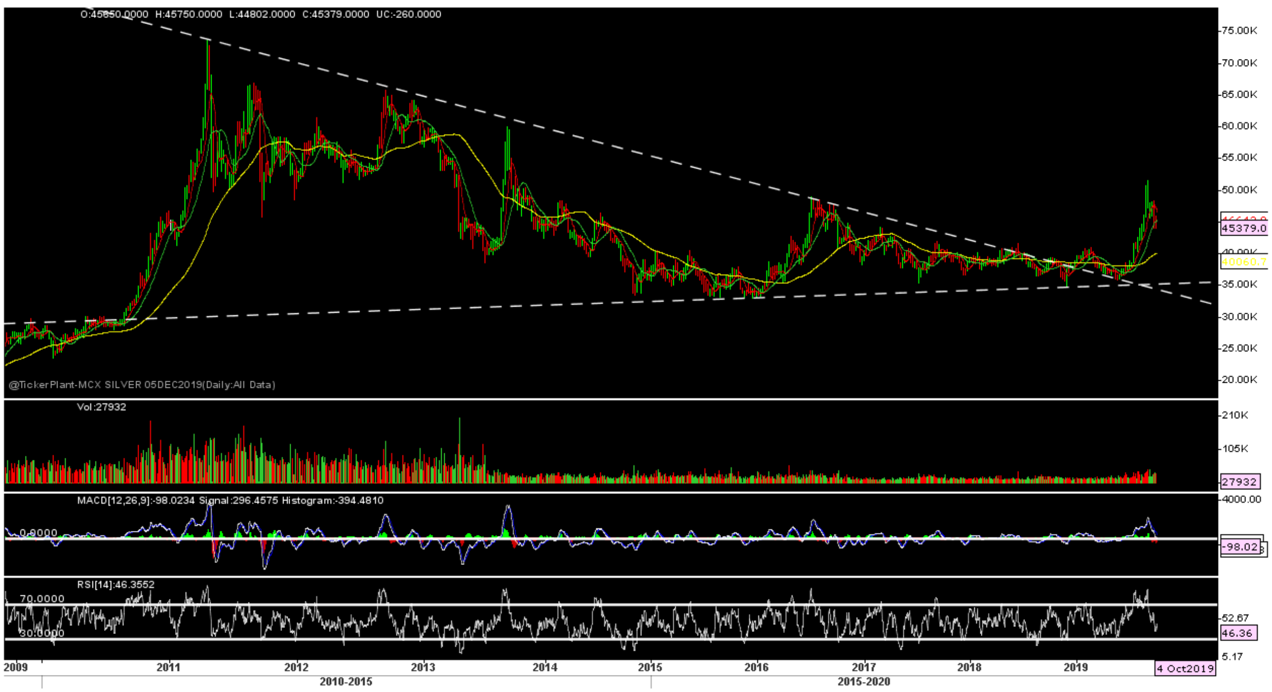
SILVER

Technical Outlook:



On the Daily Chart:
Silver continue its strong up move till 1st week of Sep but pair gain at end of the month. Still it shows higher top higher bottom pattern for medium term with steep up move in prices. indicators seen mix with price trading below 20 & 50 SMA but well above long term 200 SMA with some recovery seen in RSI from near oversold zone and 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	18.75	19.65
MCX (Rs.)	47300	46000	49800	51500

RECOMMENDATION:

MCX Silver Dec: Buy above 46000 Stop Loss below 45100 Targets 48000-48200
Sell Only below 43900 S/L above 45100 Target 43000-42600.

CRUDE OIL

Market Outlook and Fundamental Analysis

Oil continue its southward journey straight in 3rd month Sep after volatile month where prices spike nearly 20% in a single day a biggest percentage gain since '91 Gulf crisis and a record trading volumes after the attacks halved Saudi Arabia's output, but have pared nearly all those gains as output has been quickly restored. For the month Sep Brent gained 0.6% while WTI fell 1.9% and for Q3-2019 global benchmark Brent fell 8.7%, the worst quarterly drop since the fourth quarter of 2018, when prices dropped 35% and WTI also dropped 7.5% in the third quarter, as concerns that the trade war between the United States and China has plunged global economic growth to its lowest levels in a decade weighed on oil demand growth. During the month a rally in the dollar index, which moves inversely with oil, also weighed on crude futures as a Democratic-led chamber was launching an official presidential impeachment inquiry. Sluggish economic data in leading European economies and Japan also weighed on crude prices.

On 16-Sep Brent crude futures settled at $69.02 a barrel, rising $8.80, or 14.6%, its largest one-day percentage gain since at least 1988. U.S. West Texas Intermediate (WTI) futures ended at $62.90 a barrel, soaring $8.05, or 14.7% - the biggest one-day percentage gain since December 2008. In reaction to the Sept. 14 attack, which halved Saudi production and cut global supplies by about 5%. But prices have since pared most of those gains on assurances from the kingdom that it would restore lost production by the end of this month. While In 3rd week of Sep, Brent rises 6.7% in biggest weekly advance since January while U.S. crude up 5.9% in biggest weekly gain since June. The Chicago Board Options Exchange's Crude Oil Volatility Index, a gauge of options premiums based on moves in the U.S. oil exchange traded fund, rose to 77.17, its highest level since December last year.

As per latest update, Saudi Aramco last week restored full capacity to the level before the attacks on its oil facilities, Ibrahim Al-Buainain, chief executive officer of its trading arm, said on Monday at a conference in the United Arab Emirates. Aramco's oil output capacity was restored to 11.3 million barrels per day (bpd) after the attack knocked out 5.7 million bpd of the kingdom's output, sources told Reuters last week. Saudi officials said Aramco will reach 12 million bpd of capacity by November. These pressure prices in 2nd half of Sep month.

U.S. shale producers pounced on the chance to lock in future revenue for this year and next after oil prices surged by the most in 30 years early this week following the attack

Saudi Arabia's Crown Prince Mohammed bin Salman, often referred to as MBS, said in an interview broadcast on Sunday he would prefer a political solution to a military one in response to attacks. But he warned oil prices could spike to "unimaginably high numbers" if the world does not come together to deter Iran.

According to latest release, China world largest importer and 2nd biggest consumer, its official Purchasing Managers' Index (PMI) was slightly improved this month, increasing from 49.5 in August to 49.8 in September, but remained below the 50-point mark that separates expansion from contraction on a monthly basis, data from the National Bureau of Statistics showed. Separately, U.S. manufacturing activity tumbled to a more than 10-year low in September as the U.S.-China trade war weighed on exports, according to a survey from the Institute for Supply Management (ISM). Shows there is no sign of immediate revival in sharp crude oil demand.

After the attacks, OPEC's oil output fell to an 8-year low in September, a Reuters survey found. Output was 29.8 million bpd in September, down 750,000 bpd from August. OPEC, Russia and other non-members, known as OPEC+, agreed in December to reduce supply by 1.2 million bpd from Jan. 1 this year.

Output at the world's two largest producers, the United States and Russia, also fell in July and September respectively. U.S. oil production fell 276,000 bpd in July to 11.81 million bpd, a third monthly decline since its record at 12.1 million bpd in April, latest government data showed while Russia's output declined to 11.24 million bpd in Sept. 1-29, down from 11.29 million bpd in the previous month, sources said, although it is still above the quotas set in an output deal between Russia and OPEC. Despite fall in production price didn't get much support due to weak demand expectations going ahead.

In its latest Monthly Report - OPEC on Wednesday cut its forecast for growth in world oil demand in 2020 due to an economic slowdown, an outlook the producer group said highlighted the need for ongoing efforts to prevent a new glut of crude. In a monthly report, the Organization of the Petroleum Exporting Countries said oil demand worldwide would expand by 1.08 million barrels per day, 60,000 bpd less than previously estimated, and indicated the market would be in surplus. The weaker outlook amid a U.S.-China trade war and Brexit could press the case for OPEC and its allies to maintain or adjust their policy of cutting output. OPEC, in the report, lowered its forecast for world economic growth in 2020 to 3.1% from 3.2% and said next year's increase in oil demand would be outpaced by "strong growth" in supply from rival producers such as the United States. Demand for OPEC crude will average 29.40 million bpd in 2020, OPEC said, down 1.2 million bpd from this year. OPEC said its oil output in August rose, however, by 136,000 bpd to 29.74 million bpd according to figures the group collects from secondary sources. It was the first increase this year. Saudi Arabia, Iraq and Nigeria boosted supply. The report suggests there will be a 2020 supply surplus of 340,000 bpd if OPEC keeps pumping at August's rate and other things remain equal, more than the surplus forecast in last month's report.

In last week of the month U.S. crude inventories unexpectedly rose 2.4 million barrels, the EIA shows, instead of declining 249,000 barrels as analysts forecast.

As per latest data on 3rd week of Sep, U.S. energy firms reduced the number of oil rigs operating for a 5th week in a row to the lowest since May 2017. Drillers cut 14 oil rigs in the week to Sept. 20, bringing the total count down to 719, General Electric Co's Baker Hughes energy services firm said.

On the supply front, Both the OPEC and the International Energy Agency (IEA) said oil markets could end up in surplus next year, despite a pact by OPEC and its allies to limit supplies. That is largely being offset by growth in U.S. production.

On data side, US the manufacturing activity index showed a reading of 47.8, according to the ISM report, shrinking for the second straight month and below economists' expectations of 50.1. A reading below 50 indicates contraction. U.S. data showed consumer spending barely rose in August and business investment remained weak, suggesting the American economy was losing momentum as trade tensions linger. Oil was pressured further after the European Central Bank cut its deposit rate to a record low -0.5% from -0.4% and said it will restart bond purchases of 20 billion euros a month from November to prop up euro zone growth.

On demand side, The Paris-based IEA kept its oil demand growth forecasts for this and next year at 1.1 million bpd and 1.3 million bpd, respectively.

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On Trade war update, media reports that the administration of President Donald Trump may limit U.S. portfolio investments into China, a move that would mark an escalation of U.S.-Sino trade tensions.

On sanction side, Iran's crude oil exports were slashed by more than 80% due to re-imposed sanctions by the United States after Trump exited last year Iran's 2015 nuclear deal with world powers. In May, Washington ended sanction waivers given to importers of Iranian oil, aiming to cut Tehran's exports to zero.

On domestic news, India government cut domestic natural gas price for the first time in two-and-a-half years. The price of most of the natural gas produced by state-owned ONGC and Oil IndiaNSE -1.09 % Ltd, which account for bulk of India's existing gas output, was cut to USD 3.23 per million British thermal unit for the six-month period beginning October 1, from USD 3.69 as of now, according to the oil ministry's Petroleum Planning and Analysis Cell (PPAC). India's oil imports from Iraq surged to a record high in August as refiners replaced costly African imports with cheaper Basra crude, tanker arrival data obtained from industry and shipping sources showed. India, world's third biggest crude oil importer shipped in about 1.32 million barrels per day (bpd) of Iraqi oil last month, about a third more than July and 29% higher than August 2018, the data showed. India's fuel demands rose 2.8% in August compared with the same month last year, but were at their lowest level in nine months. Consumption of fuel, a proxy for oil demand, totaled 17.04 million tonnes, its lowest since last November, data from the Petroleum Planning and Analysis Cell (PPAC) of the oil ministry showed on Wednesday. Sales of gasoline, or petrol, were 8.9% higher from a year earlier at 2.57 million tonnes. Diesel sales fell 1.1% to 6.12 million tonnes, its first year-on-year percentage decline in nine months. Cooking gas or liquefied petroleum gas (LPG) sales surged 13% to 2.40 million tonnes, while naphtha sales increased 3.7% to 1.15 million tonnes.

The World Trade Organization (WTO) sharply cut global trade growth forecasts for 2019 to 1.2% from the earlier 2.6%, mainly due to trade tensions and sluggish global economy. It has lowered its projection for global trade growth to 2.7% in 2020, down from the previous projection of 3%.

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.

<u>Technical Outlook</u>:-

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On the Daily Chart:

Crude seen most volatile after register biggest single day % gain on 16-Sep since 1991 and fall at end of the month. Now price has strong support at 3650-3600 belt, if hold then we can expect rebound else sharp fall cant ruled out. For now prices trading well below all 3-SMA with falling RSI and below signal line MACD indicates more room for down side.

Expected Support and Resistance level for the month

Crude	S1	S2	R1	R2
NYMEX/DG CX ($)	50.50	47.50	59.50	63.50
MCX (Rs.)	3600	3540	4050	4275

RECOMMENDATION:

MCX Crude: Sell Only below 3600 Stop Loss above 3740 Target 3350-3300.
Buy Only above 4025 Stop Loss above 3900 Target 4225-4300

Natural Gas

Technical Outlook:

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On the Daily Chart:

Natural Gas seen see-saw in Sep with price test multi week high but pare all gains to fall towards fresh month low. Now price trading below all 3-SMA with study RSI below 50-mark and MACD fall below signal line indicates some more correction in prices.

RECOMMENDATION:

MCX NG : Buy above 172 Stop Loss below 165 for the Targets of 182-187.
Sell Only below 157 S/L above 162 Target 150-148 Range

Base Metals

Market Outlook and Fundamental Analysis

COPPER:

Base metals seen mix of the trend continue in its straight 2nd month except nickel which was consistent outperform base metals pack while copper touch 2 ½ -year low during the month due to ongoing trade war which may resulted in a global recession added by weak industrial numbers from top consumer China and recovery in dollar resulted in sharp selloff in some of the base metals. During the month Sep, Copper gain marginally around 1%, Zinc gain almost 7% followed by lead gain 5% against this Aluminum down 2% and Tin almost flat. However but best performer nickel retreat after touch almost 5-year high during the month after top producer Indonesia announced it would restrict ore exports from 2020, falling inventory, increasing its uses in electric car battery which may resulted in shortage of raw material in months to come. 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 63.5% followed by Lead 2.5% and against this Copper down 3.6%, Zinc down 6.7%, Aluminum down 7.8% and Tin fall 17.5%. LME tin, the worst performer among all base metals, due to weak demand. China's tin smelters recently cut production due to sluggish sales, low processing fees and reduced availability of ore. Towards end, dollar was near its strongest since 2017, pressuring metals by making them more expensive for buyers with other currencies. China market will remain shut from Oct 1-7 for new year celebrations.

In its latest move by US-China trade war, China hopes Beijing and Washington will resolve their trade dispute "with a calm and rational attitude", Vice Commerce Minister Wang Shouwen said on last week end, ahead of talks expected in Washington on Oct. 10-11. The United States and China have been locked in an escalating trade war for over a year. They have levied punitive duties on hundreds of billions of dollars of each other's goods, roiling financial markets and threatening global growth.

In a latest number from China, a largest base metal consumer, shows The Caixin/Markit Manufacturing Purchasing Managers' Index (PMI) for September rose to 51.4 from 50.4 in August. The consensus was for a dip to 50.2 that shows some confidence for metals but against this Another official survey showed factory activity picked up in September on improving domestic demand, despite shrinking for the fifth straight month as new export orders continued to fall. The official PMI was at 49.8 in September, slightly higher than 49.5 in August. Profits at China's industrial companies contracted in August, reversing the previous month's brief gain, as weak domestic demand and trade tensions weighed on corporate balance sheets.

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

The global refined copper market showed a 21,000-tonne deficit in June, compared with a 70,000-tonne deficit in May, the International Copper Study Group said.

China's total auto sales fell 6.9% from the same month a year earlier to 1.96 million, the China Association of Automobile Manufacturers said, warning of weak sales ahead, may pressure base metals more in days to come.

Ealier of the month, China's central bank cut banks' reserve requirements for a seventh time since early 2018 to free up more funds for lending. Beijing is widely expected to announce more support measures in coming weeks to avert the risk of a sharper economic slowdown including the first cuts in some key lending rates in four years.

On data side, German private-sector activity shrank for the first time in 6-1/2 years in September as a manufacturing recession deepened unexpectedly. The U.S. Federal Reserve cut interest rates to help to sustain a record-long economic expansion but signaled a higher bar to further reductions to borrowing costs. China's industrial production grew at the weakest pace in 17-1/2 years last month and fixed-asset investment in January-August increased at a slightly lower rate than expected, data showed. in its latest move, European Central Bank promised an indefinite supply of fresh asset purchases and cut interest rates deeper into negative territory in an effort to prop up the ailing economy.

In supply side, Peru expects its copper production to grow 27% and gold output to expand 12% in the next three years by 2022, the country's energy and mines minister said. Indonesia's energy ministry has approved a new recommendation for a unit of Freeport McMoran Inc to raise copper concentrate exports to 700,000 tonnes until March 2020.

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

Nickel get some support from China's refined nickel imports which more than doubled year on year in August and were up 35.3% from the previous month. China's nickel ore imports from Indonesia rose 26.5% year on year, customs data showed, as stainless steel producers stocked up on raw materials ahead of a ban on exports from the Southeast Asian country.

During the month, premium for the cash over the 3-month contract soared to $208 a tonne, the highest since April 2009 on concern about nearby supplies on the LME market. It was last at $195 a tonne. These worries are due to two companies holding large amounts of nickel warrants, historically low stocks below 160,000 tonnes and cancelled warrants - metal earmarked for delivery - at 55% of the total.

Nickel ore output in the Philippines rose 3% in the first half of 2019 to 11.31 million tonnes, the Mines and Geosciences Bureau said, despite zero production at more than half the country's mines.

The global nickel market deficit widened to 6,700 tonnes in July from a revised shortfall of 2,700 tonnes in the previous month, the International Nickel Study Group (INSG) said on Thursday. In the first seven months of the year, there was a global deficit of 48,200 tonnes compared to a deficit of 100,900 tonnes in the same period of 2018, Lisbon-based INSG added.

ZINC & LEAD

During the month, Lead hit a 6-month peak of $2,121 a tonne and zinc a 1-1/2 month high of $2,404.50 after Newmont Goldcorp said on Sunday it had suspended operations at its Penasquito gold mine in Mexico due to an illegal blockade. Penasquito was expected to produce 245 million lbs or 111,130 tonnes of zinc this year, plus 180 million lbs or 81,647 tonnes of lead as a byproduct, the company said this month

Zinc The premium for the cash over the three-month contract soared to a three-month high of $50 a tonne MZN0-3 due to worries about supplies on the LME market. These worries have been fuelled by one company holding large amounts of cash contracts, and stocks in LME warehouses near historical lows at 67,300 tonnes

Zinc supply tightness should ease with an expected increased in refinery output, pressuring prices that fell this month to their lowest since 2016.

On-warrant zinc inventories in LME-registered warehouses touched a record low of 35,450 tonnes this month before rising to 47,525 tonnes.

China’s zinc output rose by 18.9% year-on-year to 528,000 tonnes in August, data released by the National Bureau of Statistics showed.

The global zinc market swung into a 4,200 tonne deficit in July from an revised surplus of 13,800 tonnes in June, data from the International Lead and Zinc Study Group (ILZSG) showed. During the first seven months of the year, the global deficit fell to 106,000 tonnes from 170,000 tonnes in the same period last year. All numbers in thousands of tonnes.

Global production of zinc is around 13.5 million tones a year.

China's primary lead output rose 3.6% year-on-year to 242,000 tonnes in August, while recycled lead production was up 9.1% year-on-year at 196,000 tonnes.

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Around 12 million tones of lead are consumed each year.

ALUMINIUM

During the last week of the month, aluminium prices were set for their biggest weekly decline since last October as falling alumina prices and a weak demand outlook dragged the metal used in transport and packaging to its lowest level since January 2017. Weaker demand because of slowing industrial activity could push prices slightly lower, winter production curbs in China, the largest producer, are likely to be more moderate than last year and provide less support for prices.

Alumina Prices of the main raw material for aluminium have more than halved from last year's peaks and - at $294 a tonne - are at their lowest since June 2017, dragging down aluminium prices.

LME Aluminum inventories fell to 908,425 tonnes, the lowest since November 2007.

Base Metals

TECHNICAL OUTLOOK:

COPPER:

Bonanza
make money. not mistakes.

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On the Daily Chart:

Copper seen good recovery initially but pared gains at end of the month. Chart seen double top twice in last 3-month and now either side move seen sharp movement on price. Now price trading well below all 3-SMA with falling RSI MACD below signal line indicates more pain in the counter.

Expected Support & Resistance level for the month

Copper	S1	S2	R1	R2
MCX	430	421	445	453

RECOMMENDATION:

COPPER MCX:- Sell Only below 430 Stop Loss above 437 Target 421-418 Range.
Buy above 450 Stop loss below 444 Target 458-462.

LEAD:

Technical Outlook:

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Expected support and Resistance level for the month

Lead	S1	S2	R1	R2
MCX	155	153	158	162

RECOMMENDATION:

LEAD MCX: - Sell below 153 Stop Loss above 157 Target 147-143.
Buy Only above 158 Stop Loss below 155 Target 163-164

ZINC

TECHNICAL OUTLOOK:

MONTHLY BULLETIN (RESEARCH) Date 5th Oct 2019

Expected Support & Resistance level

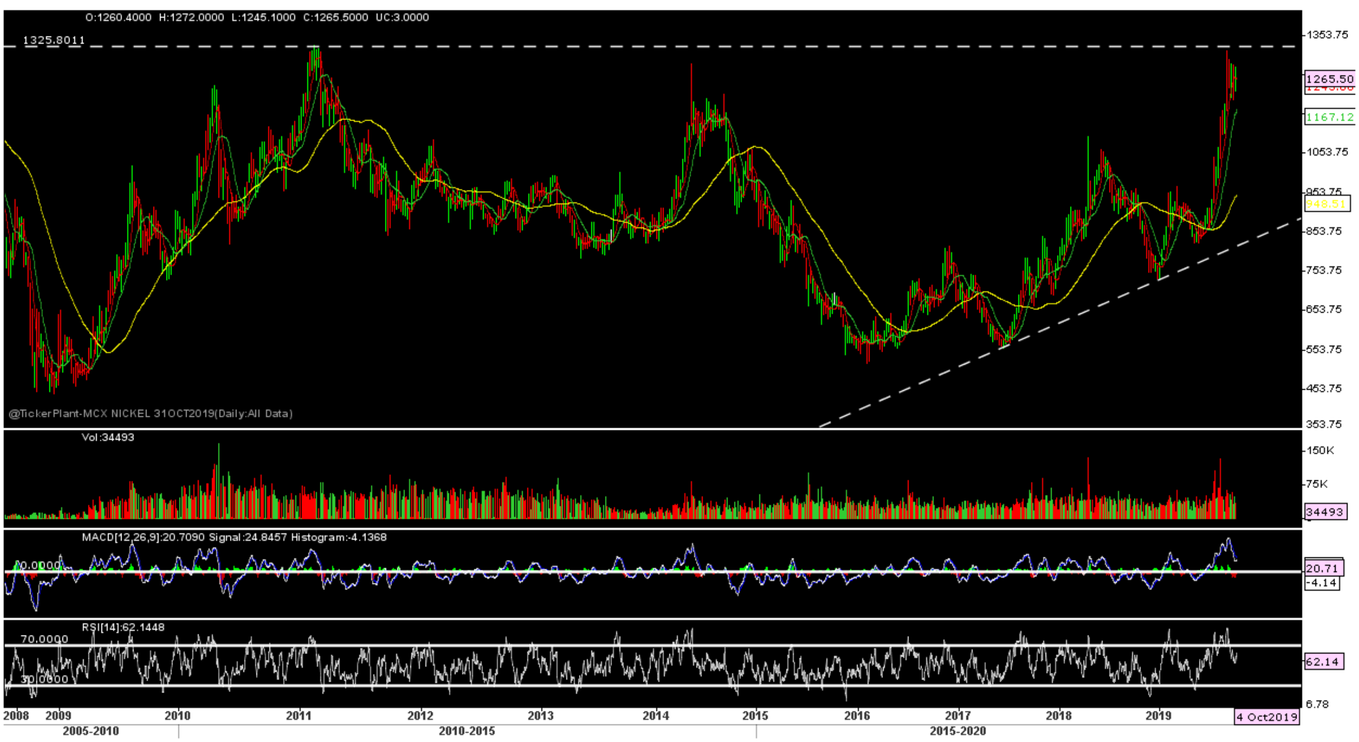
Zinc	S1	S1	R1	R2
MCX	179	174	186	189

RECOMMENDATION:

ZINC MCX :- sell Only below 179 Stop Loss above 182.5 Target 174-172 Range
Buy above 186 Stop Loss below 183 Target 191-195

NICKEL

TECHNICAL OUTLOOK:



MONTHLY BULLETIN (RESEARCH) Date 5th Oct 2019

Expected Support & Resistance level

Nickel	S1	S1	R1	R2
MCX	1200	1160	1275	1315

RECOMMENDATION:

Nickel MCX :- Buy above 1275 Stop Loss below 1245 Targets 1315-1350

BONANZA RESEARCH TEAM

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

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

BONANZA COMMODITY BROKERS PVT. LTD.

DATE- Oct 5th, 2019