MONTHLY BULLETIN (RESEARCH) Date 7th Oct 2023

GOLD

Market Outlook and Fundamental Analysis:

Bullion complex seen a consecutive 2nd monthly as well quarterly fall, biggest monthly fall since Feb this year, with domestic Bullion index lost more than 5% while Gold Future down 3% and while Silver lost more than 7% in Sep month, mainly due to rally in dollar index which scales fresh 11-month high and US treasury yield which rally towards fresh 16-year high after US FED expected to hold interest rates higher for longer than expected makes sell off in non yield bullion against safety binds as priority investment avenue. Since powering above the key $2,000-per-ounce level in early May, gold prices have fallen more than 11%, or $230, pressured by a sharp rise in benchmark U.S. Treasury yields, which makes the non-yielding gold less attractive. Bullion is set to end September down 4.6% and the quarter 3.6% lower, after the Federal Reserve struck a hawkish stance with Gold hit fresh 7-month low and Silver 6-month low during the month of Sep. The dollar rally towards 10-month high, while Treasury yields at 16-year peak in Sep and both were headed for their best quarters in four. However, fall seen despite long term bullish fundamentals like Geopolitical tension, recession fear due to higher inflation & interest rates and continue record buying from global central banks offer support at lower level and cushion from sharp fall for the month of Sep. 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.

The dollar post its biggest quarterly gain in a year and gains for the 11th consecutive week as investors priced in the likelihood of a still solid economy and higher rates for longer. The dollar has gained on expectations that the U.S. economy will remain more resilient to higher interest rates and oil prices than other economies, after the Federal Reserve last week warned it may hike rates further and is likely to hold them higher for longer. The dollar index , which tracks the U.S. currency against six others, to end the quarter up 3.13% and post an 11th straight weekly rally - its longest such run in nine years.

The dollar against Japanese yen rally towards 11-month high of 149.71 while its up 3.54% against the yen this quarter, following an 8.66% gain last quarter. The British currency is on track for a quarterly loss of 3.85% against the U.S. dollar, the worst performance in a year.

US Nonfarm payrolls, a gaunge to interest rates decision, shows U.S. employment increased by the most in 8-months in September as hiring rose broadly, as Nonfarm payrolls increased by 336,000 jobs last month, the largest increase since January. The economy created 119,000 more jobs than previously reported in July and August. Economists polled by Reuters had forecast payrolls rising by 170,000 jobs. The economy needs to create roughly 100,000 per month to keep up with growth in the working-age population. unemployment rate, which was unchanged at an 18-month high of 3.8% in September and monthly wage growth also remained moderate, with average hourly earnings rising 0.2% after a similar gain in August. That lowered the annual increase in wages to 4.2% after from 4.3% in August.

U.S. private employers added the fewest workers in more than 2-1/2 years in September, with large establishments shedding jobs, as private payrolls rose by 89,000 jobs last month, the smallest gain since January 2021, the ADP National Employment Report showed. Economists polled by Reuters had forecast private employment would rise by 153,000. Data for August was revised slightly higher to show 180,000 jobs added instead of the previously reported 177,000. The report also showed wages for job changers increasing 9% year-on-year in September, slowing from 9.7% in August.

The U.S. Federal Reserve held interest rates steady but stiffened a hawkish monetary policy stance that its officials increasingly believe can succeed in lowering inflation without wrecking the economy or leading to large job losses. The Fed's benchmark overnight interest rate may still be lifted one more time this year to a peak 5.50%-5.75% range, according to updated quarterly projections released by the U.S. central bank, and rates kept significantly tighter through 2024 than previously expected. Indeed, monetary policy is expected to remain slightly restrictive into 2026 while the economy continues to largely grow at its estimated trend level of around 1.8%. It also now expects half a percentage point of rate cuts in 2024. As of June, Fed officials had expected to cut rates by a full percentage point next year. With the federal funds rate falling to 5.1% by the end of 2024 and 3.9% by the end of 2025, the central bank's main measure of inflation is projected to drop to 3.3% by the end of this year, to 2.5% next year and to 2.2% by the end of 2025. The Fed expects to get inflation back to its 2% target in 2026, which is later than some officials had thought possible.

The Bank of England halted its long run of interest rate increases as the British economy slowed, but it said it was not taking a recent fall in inflation for granted. The BoE's Monetary Policy Committee voted by a narrow margin of 5-4 to keep Bank Rate at 5.25%. It was the first time since December 2021 that the BoE did not increase borrowing costs. It cut its forecast for economic growth in the July-September period to just 0.1% from August's forecast of 0.4% and noted clear signs of weakness in the housing market. Growth for the rest of the year was likely to be weaker than previous forecasts, the BoE said. The U.S. Federal Reserve has trounced hopes for a prolonged pause, while Switzerland unexpectedly kept rates steady and the Bank of England also chose to leave rates unchanged as latest data suggests inflation pressures easing. So far, nine developed economies have raised rates by a combined 3,965 basis points (bps) in this cycle. Japan is the holdout dove. The Hong Kong Monetary Authority (HKMA) left its base rate charged through the overnight discount window unchanged at 5.75%, tracking a decision by the U.S. Federal Reserve to keep rates steady. The Philippine central bank kept its key interest rate steady at 6.25% on Thursday, as expected, but signaled its readiness to tighten monetary policy at its next meeting in November if inflation pressures persist.

Russia's central bank raised its key interest rate by 100 basis points to 13%, jacking up the cost of borrowing for the third meeting in succession in response to a weak rouble and other persistent inflationary pressures. Russia has gradually reversed an emergency hike to 20% which it made in February 2022 after Moscow dispatched troops to Ukraine and the West imposed sweeping sanctions, bringing rates to as low as 7.5% this year.

The ECB raised its key interest rate to a record high of 4%, the highest level since the euro currency was launched in 1999, but, with the euro zone economy in the doldrums, signalled that the hike, its 10th in a 14-month-long fight against inflation, was likely to be its last. That is now expected to happen more slowly than at the time of the ECB's previous projections in June, with inflation seen at 5.6% in 2023, 3.2% in 2024 and 2.1% in 2025. When the ECB began tightening policy in July 2022, that rate was languishing at a record low of minus 0.5%, meaning banks had to pay to park their cash securely at the central bank.

Underlying U.S. inflation pressures moderated in August, as the PCE price index, excluding the volatile food and energy components, gained 0.1%. That followed a 0.2% advance in July. Economists polled by Reuters had forecast the core PCE price index would climb 0.2%. In the 12 months through August, the so-called core PCE price index increased 3.9%. It was the first time since June 2021 that the annual core PCE price index was below 4.0%. The core PCE price index rose 4.3% in July.

U.S. consumer confidence fell for a second straight month in September amid worries about higher prices and the political environment, as consumer confidence index dropped to 103.0 this month from an upwardly revised 108.7 in August. Economists polled by Reuters had forecast the index easing to 105.5 from the previously reported 106.1.

U.S. business activity showed little change in September, as S&P Global said its flash U.S. Composite PMI index, which tracks the manufacturing and service sectors, dipped to a reading of 50.1 in September from a final reading for August of 50.2. The survey's composite new orders index slid to the lowest since December at 47.7 from 49.2 last month, marking the second straight month of declining new business. The survey's services PMI edged down to an eight-month low of 50.2, fractionally lower than the reading of 50.6 expected by economists in a Reuter's poll. S&P's manufacturing PMI ticked higher to 48.9 from 47.9 in August but was still the fifth straight month of contraction. Economists had forecast a manufacturing PMI of 48.0.

U.S. producer prices increased by the most in more than a year in August as the cost of gasoline surged, as PPI for final demand rose 0.7% last month, the largest gain since June 2022, and data for July was revised slightly up to show the PPI advancing 0.4% instead of the previously reported 0.3%. Economists polled by Reuters had expected the PPI to increase 0.4%. In the 12 months through August, the PPI gained 1.6% after climbing 0.8% in July. In the 12 months through August, the so-called core PPI increased 3.0% after rising 2.9% in July.

U.S. consumer prices increased by the most in more than a year in August amid a surge in the cost of gasoline, as consumer price index increased by 0.6% last month, the largest gain since June 2022. The CPI had risen 0.2% for two straight months. In the 12-months through August, the CPI jumped 3.7% after climbing 3.2% in July. While that marked the second straight month of a pickup in annual inflation, year-on-year consumer prices have come down from a peak of 9.1% in June 2022. The Fed has a 2% inflation target. Economists polled by Reuters had forecast the CPI increasing 0.6% last month and advancing 3.6% year-on-year. In the 12 months through August, the so-called core CPI increased 4.3%. That was the smallest year-on-year rise since September 2021 and followed a 4.7% gain in July.

On data side, US trade deficit contracted 9.9% to $58.3 billion, the lowest level since September 2020. Economists polled by Reuters had forecast the trade deficit shrinking to $62.3 billion. British business confidence declined in September as optimism about the economic outlook faded, a survey showed. The Lloyds Bank Business Barometer, which surveys around 1,200 companies across the economy, fell to 36% from August's 18-month high of 41%. Orders for long-lasting U.S. manufactured goods rose in August as an increase in machinery offset a plunge in civilian aircraft, as orders for durable goods, items ranging from toasters to aircraft meant to last three years or more, gained 0.2% last month. Data for July was revised lower to show orders for these goods decreasing 5.6% instead of 5.2% as previously reported. Orders increased 4.2% year-on-year in August. Sales of new U.S. single-family homes fell more than expected in August as the rate on the popular 30-year fixed mortgage jumped above 7%, driving potential buyers to the sidelines. New home sales plunged 8.7% to a seasonally adjusted annual rate of 675,000 units last month. July's sales pace was revised higher to 739,000 units from the previously reported 714,000 units. The U.S. current account deficit narrowed sharply in the second quarter as surpluses on services and primary income offset a shortfall on goods, data showed. The current account deficit, which measures the flow of goods, services and investments into and out of the country, contracted by $2.4 billion, or 1.1%, to $212.1 billion last quarter. That was the lowest level since the second quarter of 2021. Britain's high inflation rate unexpectedly slowed, as Consumer price index +6.7% in Aug vs Reuters poll +7.0%. The University of Michigan's preliminary reading of its Consumer Sentiment Index dropped to 67.7 this month from a final reading of 69.5 in August and below the forecast of 69.1 among economists polled by Reuters. However, consumers saw inflation lower on both a one-year and five-year basis. U.S. retail sales increased more than expected in August as a surge in gasoline prices boosted receipts at service stations, as Retail sales rose 0.6% last month and data for July was revised lower to show sales advancing 0.5% instead of the previously reported 0.7%. Economists polled by Reuters had forecast retail sales gaining 0.2%. Gross domestic product growth estimates for the third quarter are currently as high as a 5.6% annualized rate. The economy grew at a 2.1% pace in the April-June quarter.

Separately, SPDR Gold Trust GLD, the world's largest gold-backed exchange-traded fund, said its holdings fell to their lowest level since January 2020.

Russia's gold reserves stood at 75.0 million troy ounces as of the start of September, the central bank said earlier.

Swiss gold exports rose by 7.3% in August from July as higher deliveries to India and China offset lower supplies to Turkey, customs data showed.

Chinese gold prices hit record highs in mid Sep, extending a months-long rally as consumers snap up the safe-haven asset to offset a depreciating yuan and China's physical gold premiums soared to a new high this week, amid strong demand to shore up a depreciating yuan and a lack of fresh import quotas.

China's gold imports via Hong Kong rebounded in August from the previous month, data showed, with the issuance of fresh quotas to local banks likely to boost shipments into the world's top gold consumer.

India Gold exchange-traded funds (ETFs) attracted Rs 1,028 crore in August, making it the highest inflow in 16 months, amid continued hikes in interest rates in the US, which led to a slowing down in growth rate there. With this, the year-to-date inflow in the category has reached more than Rs 1,400 crore, data with the Association of Mutual Funds in India (Amfi) showed. Before that, Gold ETF saw inflow to the tune of Rs 298 crore during the April-June period after three quarters of consecutive outflow. The category saw a withdrawal of Rs 1,243 crore in the March quarter, Rs 320 crore in the December quarter, and Rs 165 crore in the September quarter.

The Reserve Bank of India kept its key lending rate steady for a fourth consecutive policy meeting, as widely expected, but signalled it would keep rates high and liquidity tight to bring inflation closer to its 4% target. The country's MPC kept the repo rate unchanged at 6.50%, in a unanimous decision. It has raised rates by 250 basis points (bps) since May 2022 in a bid to cool surging prices. The RBI also maintained its policy stance of "withdrawal of accommodation" to ensure inflation progressively aligns with the committee's target while remaining supportive of economic growth. The central bank kept its inflation forecast unchanged and sees it averaging 5.4% in the financial year 2023-24. It also kept its economic growth projection unchanged at 6.5% for the year, despite signs of slowing global growth.

Indian government bond yields soared on Friday, with the benchmark 10-year yield posting its biggest single-day jump in 14 months after the Reserve Bank of India surprised markets with its intention to conduct open market sale of bonds via auctions.

India's monsoon rainfall this year was its lowest since 2018 as the El Nino weather pattern made August the driest in more than a century, the state-run weather department said. Rainfall over the country during June to September was 94% of its long period average, the lowest since 2018, the India Meteorological Department (IMD) said in a statement. The IMD had anticipated a rainfall deficit of 4% for the season, assuming limited impact from El Nino.

JPMorgan will include India in its widely tracked emerging market debt index, setting the stage for billions of dollars of inflows into the country, as India's local bonds will be included in the Government Bond Index-Emerging Markets (GBI-EM) index and the index suite, benchmarked by about $236 billion in global funds, JPMorgan said. JPMorgan said 23 Indian Government Bonds (IGBs) with a combined notional value of $330 billion, all of which fall under the "fully accessible route" for non-residents are eligible.

On domestic Data update, Growth in India's dominant services industry accelerated in September as already robust demand strengthened, according to a survey that also showed businesses were the most optimistic in over nine years. S&P Global's India services PMI rose to 61.0 last month from 60.1 in August, confounding expectations in a Reuters poll for a dip to 59.5. The reading was above the 50-mark separating growth from contraction for a 26th consecutive month. India's factory activity expanded at the slowest pace in five months in September but remained solid, as the Manufacturing PMI, compiled by S&P Global, fell to 57.5 last month from 58.6 in August, missing the Reuters poll forecast for 58.1. That marked the 27th straight month of the index being above the 50-mark separating expansion from contraction. India's merchandise trade deficit in August was wider than expected and stood at $24.16 billion, according to a Reuters calculation based on export and import data released by the government. Economists expected August trade deficit to be at $21 billion, according to a Reuters poll. India's merchandise exports stood at $34.48 billion, while imports were $58.64 billion in August, government data showed. In the previous month, merchandise exports were $32.25 billion, while imports stood at $52.92 billion. India's wholesale price index fell 0.52% in August from a year earlier against Economists polled by Reuters had estimated the wholesale price index for August would fall 0.6%. It fell 1.36% in July. India's retail inflation eased in August as food prices moderated, but remained above the upper end of the central bank's target band for a second consecutive month, as annual Retail inflation in August was 6.83%, compared with 7.44% in July - a 15-month high against 7% estimate from economists polled by Reuters. India's industrial output rose at its fastest pace in five months in July, as Industrial output rose 5.7% yoy in July, compared with a revised 3.8% in the prior month. This was faster than the 4.8% predicted by a Reuters poll. In February, industrial output rose 5.8%.

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

In COMEX GOLD is trading at $1851

Expected support and Resistance level for the month

Gold	S1	S2	R1	R2
COMEX/DG CX ($)	1810	1780	1885	1950
MCX (Rs.)	56400	56000	57600	58300

Mcx Trend seen Bearish as long R1 hold, while Sustain close above 57600 seen prices towards R2.

MONTHLY BULLETIN (RESEARCH) Date 7th Oct 2023

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 ($)	20.65	20.0	23.80	25.30
MCX (Rs.)	66600	65500	70000	73300

MCX trend seen Bearish as long hold 70000, While Sustain above 70000 seen towards R2.

CRUDE OIL

Market Outlook and Fundamental Analysis

Energy complex register a 4th consecutive monthly gain in Sep with gain of almost 10% for Brent oil and 8.5% for WTI, as price remain on high of the monthly rally till last week of Sep due to supply concern after announce production cut by Saudi as well Russia apart from OPEC+ official announced and demand expectation from top importer China as well India makes Brent highest since Aug last year. Some profit booking seen in last week of Sep due to multi month high dollar index, and FED decision to remain interest rates higher for longer period makes sell off in energy complex. Brent futures up about 27% in the third quarter and U.S. West Texas Intermediate crude (WTI) gain 29% in the quarter. The premium of the WTI front-month over the second month held near a 14-month high in last week of Sep. The market structure called backwardation occurs when spot prices are higher than future prices, giving energy firms little incentive to pay to store fuel for future months.

An OPEC+ ministerial panel that met 1st week of Oct made no changes to the group's oil output policy, after Saudi Arabia and Russia said they would keep voluntary supply cuts in place to support the market. The Saudi and Russian supply cuts are on top of earlier curbs announced since late 2022. The next JMMC meeting is on Nov. 26, the statement said, the same day as the next scheduled full meeting of OPEC+ to decide policy.

Saudi Arabia and Russia said they were continuing voluntary oil cuts to year end as tightening supply and rising demand support oil prices. Saudi Arabia, the OPEC de facto leader, said it would continue with its voluntary oil output cut of one million barrels per day (bpd) for the month of November and until the end of the year and that it would review the decision again next month.

OPEC oil output rose for a second straight month in September, a Reuters survey found, led by increases in Nigeria and Iran despite ongoing cuts by Saudi Arabia and other members of the wider OPEC+ alliance to support the market. Last month, the Organization of the Petroleum Exporting Countries pumped 27.73 million barrels per day (bpd), the survey found, up 120,000 bpd from August. Production in August had risen for the first time since February. Output from the 10 OPEC members that are subject to OPEC+ supply cut agreements rose by 80,000 bpd, the survey found. Saudi Arabia and other Gulf members maintained strong compliance with agreed cutbacks and extra voluntary reductions. Top exporter Saudi Arabia kept August and September output close to 9 million bpd, the survey found, as the country extended a voluntary 1 million bpd output cut to provide extra support for the market.

Russia, the world's second largest oil exporter, government said it had lifted a ban on pipeline diesel exports via ports, removing the bulk of restrictions installed on Sept. 21. The restrictions for gasoline exports are still in place. Diesel is Russia's biggest oil product export, at about 35 million tonnes last year, of which almost three-quarters were shipped via pipelines. Russia also exported 4.8 million tonnes of gasoline in 2022. Russia has made some changes to its fuel export ban including lifting restrictions on fuel used as bunkering for some vessels and on diesel with high sulphur content, a government document showed just days after Moscow first announced the restrictions.

Earlier, Russia has temporarily banned exports of gasoline and diesel to all countries outside a circle of four ex-Soviet states with immediate effect in order to stabilise the domestic market, the government said. It said the ban did not apply to fuel supplied under inter-governmental agreements to members of the Moscow-led Eurasian Economic Union, which includes Belarus, Kazakhstan, Armenia and Kyrgyzstan. In recent months Russia has suffered shortages of gasoline and diesel. Wholesale fuel prices have spiked, although retail prices are capped to try to curb them in line with official inflation. Traders say the fuel market has been hit by factors including maintenance at oil refineries, bottlenecks on railways and the weakness of the rouble, which incentivises fuel exports. Russia exported 4.817 million tons of gasoline and almost 35 million tons of diesel last year.

Asia's crude oil imports slipped for a second consecutive month in September as refinery maintenance trimmed demand and the impact of higher prices started to weigh. The world's top importing region saw arrivals of 24.95 million barrels per day (bpd) in September, down from August's 25.22 million bpd, according to data compiled by LSEG. September's imports were also almost 3 million bpd weaker than the 27.92 million bpd seen in July, which was the highest monthly total so far in 2023.

U.S. oil output from top shale-producing regions is on track to fall for a third month in a row in October to the lowest level since May 2023, the U.S. Energy Information Administration (EIA) said in its monthly drilling productivity report. U.S. oil output is expected to fall to 9.393 million barrels per day (bpd) in October from 9.433 million bpd in September, EIA data showed. A record 9.476 million bpd was hit in July. Despite a couple of weekly oil and natural gas rig increases, the U.S. rig count was still down about 122, or 16%, below this time last year, according to data from U.S. energy services firm Baker Hughes.

Saudi Arabia's crude oil exports in July fell to their lowest for more than two years, data from the Joint Organizations Data Initiative (JODI) showed. Crude exports from the world's largest oil exporter fell to 6.01 million barrels per day (bpd) in July, down about 11.6% from the previous month's 6.8 million bpd and the lowest since June 2021. Saudi crude output fell to 9.01 million bpd in July, down 943,000 bpd from June, while inventories fell by 2.96 million barrels to 146.73 million.

The Biden administration on Thursday said it would hold an auction of oil and gas leases in the Gulf of Mexico on Nov. 8 following a court order to expand the sale. In a statement, the U.S. Bureau of Ocean Energy Management said the sale would offer about 72.7 million acres on the Outer Continental Shelf, including 6 million acres it had withdrawn from the auction in an effort to protect the endangered Rice's whale habitat.

U.S. energy firms last week cut the number of oil and natural gas rigs operating for first time in three weeks, energy services firm Baker Hughes said in its closely followed report on last week of Sep. The oil and gas rig count, an early indicator of future output, fell by 11 to 630 in the week to Sept. 22, the lowest since February 2022. Baker Hughes said that puts the total rig count down 134 rigs, or 18%, below this time last year. U.S. oil rigs fell by eight to 507 this week, their lowest since February 2022, while gas rigs dropped by three to 118.

China added about 1.32 million barrels per day (bpd) to either commercial or strategic crude stockpiles in August, according to calculations based on official data. This reversed a rare draw on inventories in July, when refiners processed about 510,000 bpd more than was available to them from imports and domestic production. July was the first month in 13 that China turned to stockpiles, and came at a time when imports dropped as crude prices rose during the period when July-arriving cargoes would have been arranged.

China's diesel exports in August surged from a year earlier and have nearly tripled so far in 2023 compared to the same time a year ago, as refiners take advantage of strong regional refining margins to ship fuel overseas. Exports of diesel, the biggest fuel by share of refinery output, last month totalled 1.26 million metric tons, up 51.5% from last year's 830,000 tons, data from the General Administration of Customs showed. Total diesel exports for the first eight months of the year are up 197.2% versus the same period in 2022. China's surging fuel exports have coincided with monthly refinery throughput rising to a record 15.23 million bpd in August.

China's passenger vehicle sales also returned to growth in August from a year earlier, as deeper discounts and tax breaks for electric vehicles boosted consumer sentiment.

Oil output cuts which Saudi Arabia and Russia have extended to the end of 2023 will mean a substantial market deficit through the fourth quarter, the IEA said, as it largely stuck by its estimates for demand growth this year and next. Output curbs by OPEC+ members of more than 2.5 million bpd since the start of 2023 have so far been offset by higher supplies from producers outside the alliance, including the United States, Brazil and still under-sanctions Iran. However, the lack of cuts at the start of next year would shift the balance to a surplus, the agency said, highlighting that stocks will be at uncomfortably low levels, increasing the risk of another surge in volatility in a fragile economic environment.

In the U.S., crude output is seen rising 870,000 bpd in 2023 to a record 12.78 million barrels, up from last month's forecast of an 850,000-bpd increase. In 2024, output is expected to rise by 380,000 bpd to 13.16 million bpd. U.S. total petroleum consumption is expected to rise by 100,000 bpd to 20.1 million bpd in 2023, less than previously forecast, the EIA said. In 2024, consumption is forecast to rise by 200,000 bpd to 20.3 million bpd. The EIA reduced its forecast for U.S. gasoline consumption in 2024 by 200,000 bpd to 8.7 million bpd. The decrease came after the U.S. Census Bureau revised its population estimates for the country to include fewer people of working age and more people of retirement age, who tend to drive less

OPEC in its latest monthly report, OPEC stuck to its forecasts for robust growth in global oil demand in 2023 and 2024 citing signs that major economies are faring better than expected despite headwinds such as high interest rates and elevated inflation. 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. Both forecasts were unchanged from last month. OPEC held its forecast for world economic growth this year at 2.7% and kept next year's figure at 2.6% citing a resilient first half and a steady global growth trend that had continued into the third quarter. The OPEC report also showed OPEC oil production rose in August driven by a recovery in Iran's production despite U.S. sanctions remaining in place on Tehran and Saudi Arabia's voluntary cuts, as well as an increase in Nigeria. OPEC output rose by 113,000 bpd in August to 27.45 million bpd, the report said. A Reuters survey earlier found production had increased last month largely because of Iran.

In its latest weekly inventory data from the U.S. EIA shows, U.S. crude oil stockpiles fell more-than-expected last week, as Crude inventories fell by 2.2 million barrels in the week to Sept 22 to 416.3 million barrels, compared with analysts' expectations in a Reuters poll for a 320,000-barrel drop. Stockpiles at Cushing have been falling closer to historic low levels due to strong refining and export demand, prompting concerns about the quality of the remaining oil at the hub and the potential to fall below minimum operating levels. Refinery crude runs fell by 239,000 barrels per day last week, and refinery utilization rates fell by 2.4 percentage points to 89.5% of total capacity. Gasoline stocks rose by 1 million barrels in the week to 220.5 million barrels, the EIA said, compared with analysts' expectations for a 120,000-barrel drop. Distillate stockpiles which include diesel and heating oil, rose by 400,000 barrels in the week to 120.1 million barrels, data showed, versus forecasts for a 1.3 million-barrel drop. Net U.S. crude imports rose by 1.77 million bpd, the EIA said.

India, the world's third-biggest oil consumer and importer, oil imports from Russia rebounded in September after hitting a seven month low in August as prices fell against Middle Eastern oil, preliminary trade flow data from LSEG, Kpler and Vortexa showed. India, the world's third biggest oil importer and consumer, also raised imports from Iraq while taking less Saudi oil, the data showed. India imported about 1.55 million barrels per day (bpd) of Russian oil in September, 16% more than in August, while imports from Iraq increased by 17% to about 1.1 million bpd, LSEG data showed. Vortexa pegged imports of Russian oil at 1.52 million bpd, compared with 1.44 million bpd in August. In contrast, India's imports from Saudi Arabia fell to about 676,000 bpd in September, dropping 10% from August, LSEG data showed.

In China, the world's biggest oil importer, the World Bank maintained its forecast for 2023 economic growth at 5.1%, but trimmed its prediction for 2024, citing persistent weakness of its property sector.

The Executive Director of the International Energy Agency Fatih Birol said on Monday that global coal, oil and natural gas consumption may peak before 2030.

Venezuela's oil exports in September topped 800,000 barrels per day (bpd), the second highest monthly average this year, as state-run oil firm PDVSA and its joint ventures recovered output, particularly in the Orinoco Belt. Venezuela has been increasing overall crude production and exports this year, but with volatile swings from month to month amid recurring power outages, maintenance problems and a lack of investment to expand output. In September, PDVSA and its partners shipped an average 812,000 bpd of crude and fuel mainly to China, directly and through trans-shipments hubs.

Natural gas demand is projected to scale a new record this winter but sufficient storage, higher production and a slowing economy are likely to weigh on U.S. natural gas prices, the Natural Gas Supply Association (NGSA) said. In its 2023-2024 Winter Outlook, NGSA forecast natgas storage of 3.7 trillion cubic feet (tcf), above last winter's 3.5 tcf. It sees production rising by less than 1%, which is still a record. While the trade body projects customer demand to average 121.4 billion cubic feet (bcf)/day, a nearly 3% increase winter-over-winter. This will primarily be lead by the export sector and residential and commercial sector.

U.S. natural gas consumption is forecast to average a record 80.5 billion cubic feet per day in September, an increase of 5% from the same time last year. The increase follows elevated natural gas-fired electricity generation from strong U.S. air-conditioning demand, as well as reduced generation from coal-fired plants, the EIA said.

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.

Technical Outlook:-

On the Daily Chart MCX:

Sources – Ticker Plant and Bonanza Research

Expected Support and Resistance level for the month

Crude	S1	S2	R1	R2
NYMEX/DG CX ($)	81.50	77.50	90.50	95.0
MCX (Rs.)	6930	6800	7550	7900

MCX trend seen Bullish as long hold S1, While Sustain Close below 6800 seen towards 6600-6500.

Natural Gas

Technical Outlook:

On the Daily Chart MCX:

Sources – Ticker Plant and Bonanza Research

Natural Gas	S1	S2	R1	R2
MCX (Rs.)	262	245	290	302

MCX trend seen Bullish as long hold S1, While Sustain Close below 245 seen towards 235-225 belt.

Base Metals

Market Outlook and Fundamental Analysis

COPPER:

Base metal complex seen a roller costar journey throughout the month Sep as initially price fall on strong dollar index & poor economic numbers from top consumer China as well Europe countries while in mid of the month some bounce back and rally seen after stimulus offer by China to revive economy but fail to hold gain after US FED expected to hold interest rates higher for longer period than expected and rally in dollar index makes sell off across base metals compels. Resulted in base metal index in domestic market ended 2% higher for Sep month. Benchmark Copper register 2nd monthly fall by 2% while Zinc and Aluminum gain almost 6% and 5% respectively, against Lead seen 4th consecutive monthly gain by more than 1% thanks to lower stocks and robust auto sells numbers across glob which might revive demand for Lead as battery material.

Latest number from top metal consumer China shows, China's factory output and retail sales grew at a faster pace in August, as Industrial output rose 4.5% from a year earlier, accelerating from the 3.7% pace in July and beating expectations for a 3.9% increase in a Reuters poll. The growth marked the quickest pace since April. While Retail sales, a gauge of consumption, also increased at a faster 4.6% pace in August aided by the summer travel season, and was the quickest growth since May. That compared with a 2.5% increase in July, and an expected 3% rise.

The copper market will transition from supply-demand balance in 2023 to a major supply surplus next year, the International Copper Study Group (ICSG) said after its meeting in Lisbon. Production is forecast to exceed usage by 467,000 metric tons in 2024, a significant upward revision from the expected 297,000-metric ton surplus at the time of the Group's last meeting in April. The Group still thinks the market will be in deficit this year but April's 114,000-metric ton forecast has been cut to just 27,000 metric tons, which is a marginal number in a 26-million metric ton global market.

Pan Pacific Copper (PPC) plans to consign production of 291,900 metric tons of refined copper to its parent firms' smelters in the second half of the 2023/24 financial year, up 0.3% from a year earlier, Japan's biggest supplier of the metal said. The country's second half falls between October and March.

China Refined copper volumes hit a year-to-date monthly high in August and primary aluminium imports were the highest since November 2021. The country has also fully reverted to being a net importer of unwrought zinc after flipping to net exporter in 2022. Rising imports are flowing through an open arbitrage window resulting from Shanghai Futures Exchange (ShFE) prices outperforming the London Metal Exchange (LME). While LME forward curves are in contango, cash is commanding a premium in Shanghai due to low visible exchange inventory.

China Refined copper imports were 340,000 metric tons in August, the highest monthly tally this year. However, cumulative imports of 2.29 million metric tons are still down by 8% on last year and net imports are down by 10% due to slightly higher exports in 2023 relative to 2022.

China's imports of primary aluminium surged to a near two-year high of 153,000 metric tons in August, bringing the year-to-date count to 755,000 metric tons. Last year's equivalent tally was just 298,000 metric tons. However, just about all the metal being imported is Russian-brand. Imports of Russian aluminium accounted for 87% of the total in the first eight months of 2023.

The aluminium sector in India is a bright spot in an otherwise flat to downbeat global picture as the government rolls out infrastructure and industry seeks to satisfy growing demand, one company executive said. India is already the world's second biggest aluminium producer and third biggest consumer, with demand set to double over the next decade, an executive with Hindalco Industries Ltd, said during the Fastmarkets aluminium conference in Barcelona.

China Hongqiao Group has fired up 1.5 million metric tons of aluminium smelting capacity in the country's southwest where it aims to move 4 million tons by end-2025 to take advantage of low-carbon energy, an executive said. The world's top private aluminium producer plans to move 2 million metric tons of capacity to Yunnan from northern Shandong province by the end of the year and 4 million tons by the end of 2025. The firm produced 6 million tons in 2022.

China was a net exporter of refined zinc last year for the first time since 2007. Western smelter outages sent physical premiums sky-high, sucking metal out of China as the supplier of last resort. The country's refined zinc trade has reverted to net imports this year but volumes remain modest by historical standards. Net imports of 199,000 metric tons over the first eight months of the year were, barring last year, the lowest since 2010. Moreover, imports of 29,000 metric tons in August itself were sharply off the pace of the 77,000 recorded in July.

There has been no pick-up in China's imports of refined nickel. Indeed, they've been declining steadily since the start of last year. They've fallen another 50% to 48,000 metric tons over the first eight months of 2023. Indonesian shipments of ferronickel grew by 51% in the first eight months of this year. Those of intermediate products and nickel matte were up by 92% and 138% respectively.

China has been a significant exporter of refined lead since the middle of 2021, when, similar to sister metal zinc, smelter problems in the West caused physical premiums to soar. However, unlike their zinc peers, China's lead producers are still exporting to the tune of a net 101,000 metric tons in the first eight months of 2023. That was up by 10% on the same period last year and begs the question as to whether this is the new norm in terms of global flows of unwrought lead.

The U.S. Department of Defense entered into a $20.6 million agreement with a subsidiary of Canada's Talon Metals Corp to increase domestic production of Nickel. The deal would advance nickel exploration at company's proposed mine in Minnesota, called Tamarack project. Nickel is a key metal vital for the aerospace industry and electric vehicle batteries. The United States has only one operating nickel-cobalt mine with a current, publicly announced life of mine extending through 2026.

Global nickel production will outpace demand to the tune of 239,000 metric tons next year, according to the International Nickel Study Group (INSG). It will be the third consecutive year of excess supply and the surplus will be the largest yet. The INSG, which held the second of its twice-yearly meetings in Lisbon this week, estimates the market was in a 104,000-metric ton surplus last year with the figure set to rise to 223,000 metric tons this year. The cumulative forecast surplus of 566,000 metric tons over the three years is huge relative to the size of the nickel market. Global consumption this year is expected to come in at 3.2 million metric tons.

Copper concentrate production started at Russia's largest undeveloped copper deposit following a ceremony overseen by President Vladimir Putin via video link. The processing plant at Udokan will produce sulphide copper concentrate with 40-45% metal content, the company said. It plans commercial sales this year, but has not disclosed potential buyers yet. Once the first stage of the metallurgical plant is launched in 2024, Udokan will be able to handle up to 15 million metric tons of ore per year, with annual production of up to 150,000 tons of copper in the form of copper cathode and concentrate.

Japan's Mitsubishi Materials Corp plans to produce 217,002 tonnes of refined copper in the second half of the 2023/24 financial year, it said on Monday, up 34% from the same period a year earlier. The country's second half falls between October and March. Also, copper output at its Onahama Smelting & Refining in eastern Japan will rise about 61% as it took full ownership of the copper joint venture from April, buying the stakes of DOWA Holdings and Furukawa Co, it added.

MONTHLY BULLETIN (RESEARCH) Date 7th Oct 2023

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.

Base Metals

TECHNICAL OUTLOOK:

COPPER:

Sources – Ticker Plant and Bonanza Research

Expected Support & Resistance level for the month

Copper	S1	S2	R1	R2
MCX	705	695	730	747

MCX trend seen Bearish as long hold R1, While Sustain above 730 seen towards 745-747 belt.

MONTHLY BULLETIN (RESEARCH) Date 7th Oct 2023

LEAD:

Technical Outlook:

Sources – Ticker Plant and Bonanza Research

Expected support and Resistance level for the month

Lead	S1	S2	R1	R2
MCX	185	182	191	195

MCX trend seen Bullish as long hold S1 while Sustain Close above 191 seen 194-195 belt.

MONTHLY BULLETIN (RESEARCH) Date 7th Oct 2023

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

MONTHLY BULLETIN (RESEARCH) Date 7th Oct 2023

BONANZA RESEARCH TEAM

Technical Research Analyst

Vibhu Ratandhara

BONANZA COMMODITY BROKERS PVT. LTD.

DATE-Oct 7th, 2023

Disclosure:

M/s. Bonanza Portfolio Ltd here by declares that views expressed in this report accurately reflect view point with subject to companies/securities. M/s. Bonanza Portfolio Ltd has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations. The Analysts engaged in preparation of this Report or his/her relative: - (a) do not have any financial interests in the subject company mentioned in this Report; (b) do not own 1% or more of the equity securities of the subject company mentioned in the report as of the last day of the month preceding the publication of the research report; (c) do not have any material conflict of interest at the time of publication of the Report. The Analysts engaged in preparation of this Report:- (a) have not received any compensation from the subject company in the past twelve months; (b) have not managed or co-managed public offering of securities for the subject company in the past twelve months; (c)have not received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months; (d) have not received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months; (e) has not received any compensation or other benefits from the subject company or third party in connection with the Report; (f) has not served as an officer, director or employee of the subject company; (g) is not engaged in market making activity for the subject company.

M/s. Bonanza Portfolio Ltd operates under the regulation of SEBI Regn No. INH100001666 and research analyst engaged in preparation of report

MONTHLY BULLETIN (RESEARCH) Date 7th Oct 2023

Disclaimer:

This research report has been published by M/s. Bonanza portfolio Ltd and is meant solely for use by the recipient and is not for circulation. This document is for information purposes only and information / opinions / views are not meant to serve as a professional investment guide for the readers. Reasonable care has been taken to ensure that information given at the time believed to be fair and correct and opinions based thereupon are reasonable, due to the nature of research it cannot be warranted or represented that it is accurate or complete and it should not be relied upon as such. If this report is inadvertently send or has reached to any individual, same may be ignored and brought to the attention of the sender. Preparation of this research report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Past performance is not a guide for future performance. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by Bonanza portfolio Ltd to be reliable. This report should not be taken as the only base for any market transaction; however this data is representation of one of the support document among other market risk criterion. The market participant can have an idea of risk involved to use this information as the only source for any market related activity. The distribution of this report in definite jurisdictions may be restricted by law, and persons in whose custody this report comes, should observe, any such restrictions. The revelation of interest statements integrated in this analysis are provided exclusively to improve & enhance the transparency and should not be treated as endorsement of the views expressed in the analysis. The price and value of the investments referred to in this report and the income from them may go down as well as up. Bonanza portfolio Ltd or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of M/s. Bonanza portfolio Ltd shall be liable. Research report may differ between M/s. Bonanza portfolio Ltd RAs and other companies on account of differences in, personal judgment and difference in time horizons for which recommendations are made. Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. Research analyst have not received any compensation/benefits from the Subject Company or third party in connection with the research report

MONTHLY BULLETIN (RESEARCH) Date 7th Oct 2023

SEBI Regn. No.: INZ000212137

BSE CM: INB 011110237 | BSE F&O: INF 011110237 | MSEI: INE 260637836

| CDSL: a) 120 33500 |

NSDL: a) IN 301477 | b) IN 301688 (Delhi) | PMS: INP 000000985 | AMFI: ARN -0186