MONTHLY BULLETIN (RESEARCH) Date 6th Sep 2019

GOLD

CMP Rs. 38553 /10Gms MCX Oct 2019

Market Outlook and Fundamental Analysis:

Bullion is in news for the each days of Aug, continue its northward journey in 4th straight month gold scale fresh 6-year high register its best month since June 2016 while Silver touch high since Sep-2017 and gain of more than 7.5% in August. While Silver posted biggest monthly gain since June 2016, rally 12% in August followed by platinum hit 16-month high & biggest monthly gain since Jan 2018 and palladium end at 1-month peak. as escalation in the trade war between the world's biggest economies and heightened fears over a global downturn contributed to a rise of more than $100 for gold in August added by a recent inversion of the U.S. yield curve, where short-dated yields are running above long-dated ones, has also unsettled investors as it often precedes a recession. Supported by, the U.S. Federal Reserve and the European Central bank are widely expected to cut rates next month to stimulate their economies. Investment demand in form of ETF & long term technical break out fuel Bullion rally during recent days. Holdings of the SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, have increased by 6.6% this month shows strong investors interest towards safe haven assets.

The U.S. Federal Reserve and the European Central bank are widely expected to cut rates next month. Many investors believe the Bank of Japan could follow suit. Federal funds futures implied traders saw a 96% chance of a 25 basis-point rate cut by the U.S. central bank next month. Lower interest rates decrease the opportunity cost of holding non-yielding bullion and support the prices.

US nonfarm payroll number, a gauge for FED move, U.S. job growth slowed more than expected in August, with retail hiring declining for a seventh straight month, but strong wage gains should support consumer spending and keep the economy expanding moderately amid rising threats from trade tensions. Nonfarm payrolls increased by 130,000 jobs last month, the government said. The economy created 20,000 fewer jobs in June and July than previously reported. Economists polled by Reuters had forecast payrolls rising by 158,000 jobs in August. Job gains have averaged 156,000 over the last three months, but still above the roughly 100,000 per month needed to keep up with growth in the working age population. The unemployment rate was unchanged at 3.7% for a third straight month as more people entered the labor force.

Earlier of the month, US 10-year Treasury yields dropped below the two-year yield for the first time in 12 years. Curve inversion is widely considered a warning that the economy is headed for recession, resulted in sharp fall in global financial markets and benefit to save haven bullion. Gold, which pays no interest of its own, is often used as a hedge against political and financial risks.

Minutes of the Fed's latest July meeting, released during the month, showed policymakers were divided over whether to cut interest rates, but were united in wanting to signal they were not on a preset path to more easing.

During the month China has partially lifted restrictions on imports of gold, bullion industry sources said, loosening curbs that had stopped an estimated 300-500 tones of the metal worth $15-25 billion at current prices from entering the country since May. China's central bank had for several months curtailed or not granted import quotas to commercial banks responsible for most of the gold that enters the country. China is the world's biggest importer of gold, with around 1,500 tones of metal worth some $60 billion - equivalent to one-third of the world's total supply - entering the country last year, according to its customs data. China's official gold reserves meanwhile rose fivefold to nearly 2,000 tones, according to official data.

India's gold imports in August plunged 73% from a year ago to the lowest level in three years as a rally in local prices to a record high and a hike in import duty curtailed retail purchases of the precious metal, a government source said on Wednesday. India imported 30 tones of gold in August, down from 111.47 tones a year ago, the source said.

In a surprise move, India, the world's second-biggest bullion consumer, raised import duties on gold and other precious metals to 12.5% from 10% in its last month budget, that could dampen retail demand and boost smuggling. That's against Jewellery trade associations have asked India's government to reduce gold import duties, which have caused a surge in smuggling. Also, Lower demand from India could weigh on global prices that are trading near their highest level in 6-years. India also raised import duty on gold dore or non-refined mined gold, to 11.85% from 9.35% and to 11% from 8.5% on silver dore.

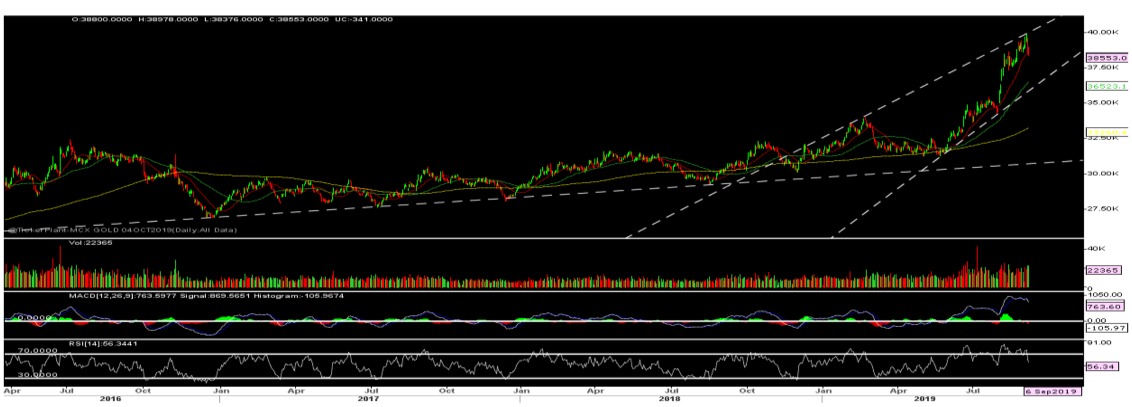
The U.S. economy slowed in the second quarter, but the strongest growth in consumer spending in 4-1/2 years amid a strong labor market could further temper financial market expectations of a recession. US GDP increased at a 2.0% annualized rate, latest the Commerce Department said in its second reading of second-quarter GDP. That was a downward revision from the 2.1% pace estimated last month. The economy grew at a 3.1% rate in the January-March quarter. It expanded 2.6% in the first half of the year. UK economy weakest since 2012 an almost seven-year low in August, dragged down by deepening pessimism among services companies, retailers and consumers who expect inflation to rise sharply as the Brexit crisis escalates. The European Commission said on Thursday its Economic Sentiment Indicator (ESI) for Britain fell to 92.5 from 94.3 in July, its lowest level since September 2012.

On data side, Adding to uncertainty over the health of the global economy, data showed Germany's economy contracted on weaker exports in the second quarter. Also, U.S. home price growth cooled to its slowest in seven years. Data showed a modest rise in new orders for key U.S.-made capital goods in July while shipments fell by the most in nearly three years, pointing to continued weakness in business investment in the third quarter. U.S. producer prices increased moderately in July, Weak producer prices are a reflection of a dramatic slowdown in manufacturing due to the global trade war and that could boost expectations for a half-percentage-point cut at the Fed's Sept. 17-18 policy meeting. The Fed, which has a 2% inflation target, tracks the core personal consumption expenditures (PCE) price index for monetary policy. The core PCE price index increased 1.6% on a year-on-year basis in June and has undershot its target this year. Britain's economy shrank for the first time since 2012 in the second quarter, data showed output in the world's fifth-largest economy fell by 0.2% in the three months to June compared with the previous quarter, below all forecasts in a Reuters poll of economists that had pointed to a flat reading. Year-on-year economic growth slid to 1.2% from 1.8% in the first quarter, Britain's Office for National Statistics said, its weakest since the start of 2018. British retail sales plunged in August at the fastest pace since December 2008, according to a latest survey published, that added to signs of a slowing economy ahead of Brexit in just over two months' time. Britain's economy contracted in the second quarter of the year and would enter a recession if it shrinks again in the July-September period. US Sales of new U.S. single-family homes sank more than expected in July, as it dropped 12.8% to a seasonally adjusted annual rate of 635,000 units last month. It was the biggest monthly decline since July 2013. Economists had expected a sales pace of 649,000 units. a sign that the housing market continued in low gear despite lower mortgage rates and a strong labor market.

On domestic update, India's trade deficit in July narrowed to $13.43 billion from $18.63 billion a year ago, the trade ministry said in a statement on Wednesday, helped by lower oil import bill. India's annual wholesale price inflation in July eased to a 25-month low of 1.08%, indicating manufacturers are losing their power to raise prices as an economic slowdown deepens. India's retail inflation, the main gauge used by the central bank to monitor prices and decide on whether to change its benchmark repo rate, eased in July to 3.15%, data showed on Tuesday, remaining below the central bank's 4% medium-term target for a 12th straight month. India's industrial output grew 2% in June from a year earlier, government data showed against forecast to growth at 1.5% and cumulative growth in April-June over the corresponding period of the previous year was 3.6%.

Going ahead, Lower interest rates and resurgent investor and central bank buying are expected to help gold prices cement recent gains and hold above $1,400 an ounce at least for next few months. Fears about the health of the global economy have sent investors flooding to bullion, traditionally seen as a safe asset to hold in troubled times. slowing global economic growth, the increasing likelihood of stock market corrections, a pause in interest rate rises and a likely weakening of the dollar would bring money back to the metals especially Gold. 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. Gold is often used by investors as a hedge against political and financial uncertainty. 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.

Technical Outlook:



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On the Daily Chart:

Gold rally to fresh MCX all time high inch below 40000 mark first time since Aug 2013 thanks to save haven appeal due to ongoing trade war situation which may result in global recession added by central bank buying and in domestic market weak rupee with technical break-out. Price seen continue its northward journey since late May month and its accelerated in the month of Aug. on broader view, now price has psychological resistance of 40000, if mange to Sustain above same then we can expect multi month bull run for Gold in medium to long run. For now most of the indicators bullish with price trading above all 3-SMA with fall in RSI from overbought zone & near support level added by MACD well above signal line and also breaks its recent high and rally towards Feb 2016 high indicates more room for upside.

In COMEX GOLD is trading at $1507

Expected support and Resistance level for the month

Gold	S1	S2	R1	R2
COMEX/DG CX ($)	1485	1450	1530	1560
MCX (Rs.)	37900	37300	39100	40000

RECOMMENDATION:

MCX Gold Feb: Buy above 39000 Stop Loss 38650 Targets 39550-40000.
Sell Only below 37900 Stop Loss 38200 Target 37500-37300.

SILVER

Technical Outlook:

On the Daily Chart:

Silver continue its strong up move of last few months in a month Aug also with price manage to breach July 2016 high and heading towards Aug 2013 peak. It shows higher top higher bottom pattern for medium term with steep up move in prices. Now price trading above all 3-SMA with some correction seen in RSI from overbought zone which till now concluded as healthy for prices and MACD well above signal line and at best level since Sep 2017 indicates more room for upside for days to come.

Expected support and Resistance level for the month

Silver	S1	S2	R1	R2
COMEX/DG CX ($)	17.50	167.0	18.80	19.65
MCX (Rs.)	47300	46000	49800	51500

RECOMMENDATION:

MCX Silver July: Buy Only above 49500 Stop Loss below 47500 Targets 51500-53000
sell Only below 47000 Small S/L above 481000 Target 46000-45600.

CRUDE OIL

Market Outlook and Fundamental Analysis

Oil seen downward journey straight 2nd month in a row with Brent futures fall 7.3% and WTI 6% down despite almost 2% recovery in last week of the month Aug, this fall mainly because of concerns that the U.S.-China trade war could hurt the global economy and soften demand for oil. Last week recovery was part due to hopes that trade tensions between the world's two biggest oil consumers are easing. Chinese and U.S. trade negotiating teams are maintaining effective communication, China's Foreign Ministry said. Oil prices have fallen around 20% since they hit a 2019 peak in April, mainly due to trade war may resulted in global recession & poor demand for oil & oil products. Still, the price of Brent is up by about 18% this year, supported by supply cuts led by the Organization of the Petroleum Exporting Countries, and export cuts affecting Iran and Venezuela which are under U.S. sanctions.

As per latest release, U.S. crude oil output fell for a second straight month in June, dropping by 33,000 barrels per day (bpd) to 12.08 million bpd, the U.S. Energy Information Administration (EIA) said in a monthly report. In an indication of future production, U.S. energy firms cut 12 oil rigs in the week to Aug. 30, bringing the total count down to 742, General Electric Co's Baker Hughes energy services firm said on Friday. The rig count declined for the ninth straight month to its lowest since January last year.

Meanwhile, the Organization of the Petroleum Exporting Countries' oil output rose 80,000 barrels per day in August, the first monthly increase this year, a Reuters survey found. OPEC oil output has risen in August for the first month this year as higher supply from Iraq and Nigeria outweighed restraint by top exporter Saudi Arabia and losses caused by U.S. sanctions on Iran, a survey found. The 14-member Organization of the Petroleum Exporting Countries has pumped 29.61 million barrels per day (bpd) this month, the survey showed, up 80,000 bpd from July's revised figure which was the lowest OPEC total since 2014. 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. OPEC's share of the cut is 800,000 bpd, to be delivered by 11 members and exempting Iran, Libya and Venezuela. In August, the 11 OPEC members bound by the agreement, which now runs until March 2020, achieved 136% of pledged cuts, down from 150% in July, the survey found. Two of the three exempt producers pumped less oil. Saudi Arabia, de facto leader of OPEC, plans to maintain its crude oil exports below 7 million barrels per day (bpd) in August and September to bring the market back to balance and help to absorb global oil inventories, a Saudi oil official said earlier.

In its latest monthly report, OPEC delivered a downbeat oil market outlook for the rest of 2019 as economic growth slows and highlighted challenges in 2020 as rivals pump more, building a case to keep up an OPEC-led pact to curb supply. In a monthly report, OPEC cut its forecast for global oil demand growth in 2019 by 40,000 barrels per day (bpd) to 1.10 million bpd and indicated the market will be in slight surplus in 2020. OPEC left its forecast for 2020 oil demand growth at 1.14 million bpd, up slightly from this year. But OPEC added that its forecast for 2020 economic growth faced downside risk. OPEC trimmed its global economic growth forecast to 3.1% from 3.2% and, for now, kept its 2020 forecast at 3.2%. The report also said oil inventories in developed economies rose in June, suggesting a trend that could raise OPEC concern over a possible oil glut.

Latest EIA weekly inventory data showed U.S. crude stocks dropped last week by 10 million barrels to their lowest since October as imports slowed, while gasoline and distillate stocks each fell by over 2 million barrels. Inventories at the nation's main delivery hub in Cushing, Oklahoma, where WTI futures are priced, slumped last week by nearly 2 million barrels to their lowest since December, the data showed.
In its last speech by U.S. Federal Reserve chair Jerome Powell at an annual economic symposium in Jackson Hole, Wyoming, he said The U.S. economy is in a "favorable place" and the Federal Reserve will "act as appropriate" to keep the current economic expansion on track. The remarks gave few clues about whether the central bank will cut interest rates at its next meeting.

During the month, In a sign of investor concern that the world's biggest economy US could be heading for recession, the U.S. Treasury bond yield curve inverted for the first time since 2007.

In mid of the month, U.S. crude's WTI discount to Brent by over 16% to as little as $3.55 a barrel, the smallest level since March 2018.

On the supply front, Oil output in August from members of the Organization of the Petroleum Exporting Countries rose for the first month this year as higher supply from Iraq and Nigeria outweighed restraint by top exporter Saudi Arabia and declines caused by U.S. sanctions on Iran. Crude oil shipments into China, the world's largest importer, in July rose 14% from a year earlier as new refineries ramped up purchases. Fuel exports continued to climb as supply outstripped demand in the world's second-largest oil consumer.

On data side, China reported disappointing data for July, including a surprise drop in industrial output growth to a more than 17-year low. A slump in exports sent Germany's economy into reverse in the second quarter. The euro zone's GDP barely grew in the second quarter of 2019.

On demand side, The International Energy Agency (IEA) said that mounting signs of an economic slowdown had caused global oil demand to grow at its slowest pace since the financial crisis of 2008.

On Trade war update, The United States began imposing 15% tariffs on a variety of Chinese goods on Sunday - including footwear, smart watches and flat-panel televisions - as China put new duties on U.S. crude, the latest escalation in a bruising trade war. Beijing's levy of 5% on U.S. crude marks the first time the fuel had been targeted since the world's two largest economies started their trade war more than a year ago, raising concerns about a further hit to global economic growth and demand for crude. China's commerce ministry said on Thursday China and the United States were discussing the next round of face-to-face trade talks scheduled for September, but hopes for progress hinged on whether Washington could create favourable conditions.

Concerns over the impact of the trade tensions between Washington and Beijing on the U.S. economic expansion, the longest on record, prompted the Fed to cut interest rates last month for the first time since 2008. The prolonged trade spat has sparked worries about growth in oil demand.

In geopolitical update, French President Emmanuel Macron said preparations were underway for a meeting between Iranian President Hassan Rouhani and U.S. President Donald Trump in the coming weeks to find a solution to a nuclear standoff. Trump last year abandoned Iran's 2015 nuclear deal with world powers, arguing that he wanted a bigger deal that not only limited Iran's atomic work, but also reined in its support for proxies in Syria, Iraq, Yemen and Lebanon, and curbed its ballistic missile program. Trump also tightened sanctions on Iran in May to try to choke off its oil exports.

On domestic news, India's world 3rd largest consumer, its July crude oil imports declined from a year earlier, while petrol imports climbed to their highest since at least 8-years/April 2011, latest data from the oil ministry's Petroleum Planning and Analysis Cell (PPAC) showed. LNG imports fell to their lowest since February 2018 at 850,000 tones. India's domestic passenger vehicle sales in July dived at the steepest pace in nearly two decades, according to an auto industry body, as Sales of passenger vehicles to car dealers plunged 30.9% to 200,790 in July, the ninth straight month of declines, data released by the Society of Indian Automobile Manufacturers (SIAM) showed. India is set to relax rules for setting up fuel stations after almost two decades, in a move expected to allow companies like Saudi Aramco, Total and Trafigura to gain a foothold in a sector dominated by state-run entities. The government panel has recommended allowing marketing rights for sale of gasoil, gasoline and aviation fuel to companies with a net worth of 2.5 billion rupees.

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.

Technical Outlook:-

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On the Daily Chart:

Crude seen see-saw with almost triple top and double bottom pattern in daily chart. Price likely to consolidate between 3800-4150 in absence of fresh trigger. For now prices trading around all 3-SMA while neutral RSI and flat MACD indicates sideways movement at least for next few days.

Expected Support and Resistance level for the month

Crude	S1	S2	R1	R2
NYMEX/DG CX ($)	52.80	50	58	61
MCX (Rs.)	3800	3600	4150	4300

RECOMMENDATION:

MCX Crude: Sell below 3925 Stop Loss above 4075 Target 3750-3600.
Buy Only above 4150 Stop Loss above 4030 Target 4300-4400

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Natural Gas

Technical Outlook:

On the Daily Chart:

Natural Gas recover smartly throughout the month Aug with price break above immediate swing resistance and at best since early July. With price trading above short term 20 & 50-SMA but well below 200-SMA indicates immediate hurdle at 200-SMA around 190 level. Other side RSI above 70-mark first time since Nov 2018 shows more strength with MACD also above signal line indicates some more room for upside for the counter.

RECOMMENDATION:

MCX NG : Buy above 181 Stop Loss below 172 for the Targets of 189-197.
Sell Only below 165 S/L above 172 Target 157-150 Range

Base Metals

Market Outlook and Fundamental Analysis

COPPER:

Base metals seen mix of the trend with nickel continue to outperform base metals pack while copper touch 2-year low during the month (due to growing fears of a global recession and weak industrial output growth in China.) against this rest of the metals remains range bound to under pressure. Copper down almost 0.5%, Zinc down 9% while Aluminum & lead almost flat, but best performer nickel Rally almost 23% in the month Aug to 5-year high and shanghai future at all time high 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 shorted of raw material in months to come. On last day of the month nickel high 5-year high after news that a waste spill at a nickel plant in Papua New Guinea sparked supply shortage fears. Indonesia, the world's biggest supplier of nickel ore, on last day of the month announced that it would move forward a ban to export mineral ores by two years from an original schedule of 2022. LME nickel has leaped 72% so far this year, while most other base metals were declining. On year to date basis, Lead flat, Copper down 6% followed by Aluminum down 7.6%, Zinc down 10% and tin down almost 14%. 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.

In its latest move by US-China trade war, China said it will impose an extra 5% tariff on imports of copper scrap and aluminium scrap from the United States from Dec. 15, adding to the 25% levy on copper scrap from a previous round of duties.

For the first five months of the year, the global copper market was in a 190,000 tones deficit, compared with a 131,000 tones deficit in the same period a year earlier, the International Copper Study Group said.
Prices also under pressure from, On-warrant LME copper inventories - those not earmarked for delivery - stood at 298,900 tones, near their highest since April 2018. Copper stocks in LME-approved warehouses have more than doubled this year to 277,975 tones and those in warehouses monitored by the Shanghai Futures Exchange have risen 40% to 155,971 tones.

In latest number, a private survey showed activity in China's services sector expanded at the fastest pace in three months in August, a boost to the world's second-largest economy struggling to reverse a prolonged slump in its manufacturing sector. Other side Factory activity in China is expected to have contracted for a fourth straight month in August, a Reuters poll showed, as the United States ratcheted up trade pressure and domestic demand remained sluggish.

China's yuan touched a new 11-1/2-year low, raising the cost of dollar-priced metals for Chinese buyers and potentially weakening demand. According to latest information, China plans to provide more support for its economy, including investing in infrastructure projects and regional development, while maintaining a prudent monetary policy with "reasonably" ample liquidity.

As per latest data, China's refined copper cathode imports rose 37.6% in July from the previous month to 292,201 tones but was down 8% year-on-year, according to Reuters calculations based on data released by the General Administration of Customs. Metals prices have fallen sharply since the trade war began last summer, with copper down more than 20% from a June 2018 peak.

China plans to ease capital requirement for infrastructure projects in the second half this year, in a bid to boost investment and fend off rising headwinds in the slowing economy, the state planner said.

China accounts for nearly half of global consumption of industrial metals, while the United States consumes nearly 10%.

Fresh cancellations of 24,425 tones took on-warrant copper stocks available to the market in LME warehouses to 241,150 tones, down from more than 300,000 tones earlier this month.

Minutes of last month's U.S. Federal Reserve meeting showed policymakers were deeply divided over whether to cut interest rates, but united in wanting to signal they were not on a preset path to more rate cuts. Interest rate cuts aimed at stimulating economic activity would be likely to support metals.

On data side, The U.S. economy slowed in the second quarter, but the strongest growth in consumer spending in 4-1/2 years and a strong labor market could temper expectations of a recession. Profits at China's industrial firms returned to growth in July, helped by public works spending and improved margins in some sectors, but an economic slowdown and the U.S. trade war are seen weighing on business outlook. China's housing market is expected to slow this year with sales forecast to drop, as Beijing steps up efforts to scrutinise banks and provincial governments to keep a lid on lending and prices, a Reuters poll showed.

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

The premium for cash nickel over the three-month contract on the London Metal Exchange (LME) has spiked to a 10-year high of $99 a tonne, signaling tight nearby supply. One party holds 50%-80% of available LME inventories.

Nickel inventories in LME-approved warehouses have edged up in August, but are still hovering around a six-year low, while ShFE nickel stocks last week rose to their highest since June 2018. One party holds 50% to 80% of available LME inventories, data showed, leading to tight supplies in the LME system.

On last trading day of the month Aug, ShFE nickel surpassed tin prices for the first time since both contracts were launched in 2015, after LME nickel prices topped tin.

ZINC & LEAD

Zinc prices on both the LME and ShFE were on track for a fifth straight monthly decline, as the U.S.-China prolonged trade war weighed on demand outlook.

The global zinc market swung into a small surplus in June, while the lead market flipped to deficit, data from the International Lead and Zinc Study Group (ILZSG) showed.

Global production of zinc is around 13.5 million tones a year.
During the month Lead prices touched a 2-week high after Belgium-listed Nyrstar said it had stopped production at its Port Pirie smelter in Australia, raising fears of shortages of the metal mainly used in car batteries. The stoppage is the second this year at the lead smelter and follows an outage in June and July, when 30,000 tones of metal were lost in the 12 million tonne market.

Inventories of lead at LME-approved warehouses fell 800 tones to 82,475 tones, having jumped about 50% since hitting their lowest since 2009 three weeks ago.

During the first five months of the year, the global lead deficit increased to 42,000 tones from 34,000 tones in the same period last year, according to the International Lead and Zinc Study Group.

Around 12 million tones of lead are consumed each year.

ALUMINIUM

During the month Shanghai aluminium hit its highest level in more than9-months, on worries over supply disruption in top producer China. A power disruption at a northwest China aluminium smelter caused 500,000-tonne-per-year of production to be completely halted. The amount of the smelter's capacity shut down is equal to 1.4% of total aluminium production last year in China, the world's biggest maker of the metal.

Aluminium inventories in warehouses tracked by the Shanghai Futures Exchange fell to their lowest since April 2017 at 387,663 tones, while LME inventories fell to their lowest since July 23.

Chinese aluminium giant Chalco's, production of the metal fell more than 8% in the first-half of 2019 from the same period a year earlier, data showed, highlighting the impact of low prices on Chinese smelters.

China Hongqiao, the world's biggest aluminium producer, cut its 2019 production guidance by up to 300,000 tones, or almost 5%, after recent flooding on its premises. This output cuts in China would widen a deficit in China to 1 million tones and globally to 1.4 million tones, which could push prices above $1,800 a tone, according to analyst expectations.

China produced 35.8 million tones of aluminium last year, while output was 20.49 million tones in the first seven months of 2019, up 1.6% from the same period a year earlier, official data showed.

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Base Metals

TECHNICAL OUTLOOK:

COPPER:

On the Daily Chart:
Copper seen good recovery during the month from its bottom but fail to break previous month peak indicates some base created for up rally in days to come. Now price trading above all 3-SMA and RSI towards break of previous high with neutral towards positive direction MACD shows some more room for upside in the counter.

Expected Support & Resistance level for the month

Copper	S1	S2	R1	R2
MCX	447	435	457	465

RECOMMENDATION:

COPPER MCX:- Sell Only below 447 Stop Loss above 452 Target 440-435 Range.
Buy above 457 Stop loss below 450 Target 464-466.

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LEAD:

Technical Outlook:

Expected support and Resistance level for the month

Lead	S1	S2	R1	R2
MCX	153	151	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

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ZINC

TECHNICAL OUTLOOK:

Expected Support & Resistance level

Zinc	S1	S1	R1	R2
MCX	183	180	190	195

RECOMMENDATION:

ZINC MCX :- sell Only below 180 Stop Loss above 183 Target 176-174 Range
Buy above 188 Stop Loss below 184 Target 191-195

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NICKEL

TECHNICAL OUTLOOK:

Expected Support & Resistance level

Nickel	S1	S1	R1	R2
MCX	1220	1180	1280	1315

RECOMMENDATION:

Nickel MCX :- Buy above 1280 Stop Loss below 1250 Targets 1315-1350

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BONANZA RESEARCH TEAM

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