MONTHLY BULLETIN (RESEARCH) Date 9th Sep 2023

GOLD

Market Outlook and Fundamental Analysis:

Bullion across complex seen monthly fall in Aug with domestic Bullion index & Gold Future fall 1% while Silver just close in green to gain by 0.5% as price seen pressure due to strong dollar index which scale fresh 6-month high and 7th continue weekly gain, other side hawkish comments from FED officials about interest rates which likely to remain higher side longer than expected and technical profit booking after last few months rally. However, fall seen despite long term bullish fundamentals like Geopolitical tension, recession fear due to higher inflation & interates rates and continue record buying from global central banks offer support at lower level and cushion from sharp fall for the month Aug. 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.

US Nonfarm payrolls, a gaunge to interest rates decision, shows U.S. job growth picked up in August, but the unemployment rate jumped to 3.8% and wage gains moderated, suggesting that labor market conditions were easing and cementing expectations that the Federal Reserve will not raise interest rates this month. The closely watched employment report from the Labor Department on Friday also showed 736,000 people entered the job market last month, boosting the participation rate to the highest level in 3-1/2 years. Nonfarm payrolls increased by 187,000 jobs last month against expected to increase by 170,000 jobs last month. And that was sharply down from the monthly average gain of 271,000 over the past 12 months. Wage growth slowed last month, with average hourly earnings rising 0.2% after gaining 0.4% in July. In the 12 months through August, wages advanced 4.3% after increasing 4.4% in July.

US the ADP National Employment Report showed private payrolls rose by 177,000 jobs in August after increasing by 371,000 in July - conditions remain tight as employers hang on to their workers after hiring difficulties during the COVID-19 pandemic. Economists have boosted their third-quarter growth estimates to as high as a 5.9% rate, but this likely overstates the health of the economy.

U.S. job openings fell for a third straight month in July as the labor market gradually slows, but conditions remain tight, as Job openings, a measure of labor demand dropped 338,000 to 8.827 million on the last day of July, the lowest level since March 2021 according to JOLTS report. U.S. consumer confidence was below economists' expectations, and U.S. home prices rose on a monthly basis in June while annual prices were unchanged.

The U.S. Federal Reserve may need to raise interest rates further to ensure inflation is contained Fed Chair Jerome Powell said in remarks that balanced declines in the pace of price increases over the past year with the surprising over performance of the U.S. economy. Powell said at Jackson Hole economic symposium Fed policymakers would "proceed carefully as we decide whether to tighten further," but also made clear that the central bank has not yet concluded that its benchmark interest rate is high enough to be sure that inflation returns to the 2% target. The economy continues to grow above trend, Powell said, and if that continues "it could put further progress on inflation at risk and could warrant further tightening of monetary policy."

Federal Reserve officials were divided over the need for more interest rate hikes at the U.S. central bank's July 25-26 meeting, with "some participants" citing the risks to the economy of pushing rates too far even as "most" policymakers continued to prioritize the battle against inflation, according to minutes. The group also "discussed several risk-management considerations that could bear on future policy decisions," the minutes said. Though a majority kept inflation as the paramount risk, "some participants commented that even though economic activity had been resilient and the labor market had remained strong, there continued to be downside risks to economic activity and upside risks to the unemployment rate."

Global business activity largely slowed further last month as services firms struggled in the face of weak demand as rising prices and borrowing costs made indebted consumer rein in spending, a raft of surveys showed. Germany services sector contracted for the first time this year and France shrank more than first estimated. In Britain, outside the European Union, its survey showed the sharpest business slowdown in seven months. Asia's surveys for August were also more downbeat with Chinas services activity expanding at the slowest pace in eight months as weak demand continued to dog the world's second-largest economy while in India growth lost some steam. Japan proved an outlier as service sector activity expanded there at its quickest pace in three months, underpinned by robust consumer spending as inbound tourism regained momentum.

On data side, The U.S. services sector unexpectedly gained steam in August, as the ISM said its non-manufacturing PMI rose to 54.5 last month, the highest reading since February and up from 52.7 in July. Economists polled by Reuters had forecast the non-manufacturing PMI would decrease to 52.5, and no economist anticipated a higher reading than 53.9. The decline in euro zone business activity accelerated faster than initially thought last month as, HCOB's final Composite Purchasing Managers' Index (PMI), compiled by S&P Global and seen as a good barometer of overall economic health, dropped to 46.7 in August from July's 48.6, a low not seen since November 2020. That was below the 50 mark separating growth from contraction for a third month and shy of a preliminary estimate for 47.0. U.S. existing home sales dropped to a six month-low in July as existing home sales fell 2.2% in July to a seasonally adjusted annual rate of 4.07 million units, the lowest level since January, from an unrevised 4.16 million units in June and against economists polled by Reuters had forecast home sales would be little changed at 4.15 million units.

U.S. consumer spending increased by the most in six months in July as Americans bought more goods and services, as Consumer spending increases 0.8% in July. Inflation as measured by the PCE price index rose 0.2% last month, matching June's gain. The annual PCE inflation rates were lifted by a lower base of comparison last year. The Fed tracks the PCE price indexes for its 2% inflation target.

The U.S. economy grew at a slightly less brisk pace than initially thought in the second quarter as businesses liquidated inventory, as GDP increased at a 2.1% annualized rate last quarter, according to its second estimate of GDP for the April-June period. That was revised down from the 2.4% pace reported last month and against economists polled by Reuters had expected GDP for the second quarter would be unrevised.

U.S. consumer prices increased moderately in July as higher rents were mostly offset by declining costs of goods such as motor vehicles and furniture, as CPI rose 0.2% last month, matching the gain in June. The CPI advanced 3.2% in the 12 months through July. That followed a 3.0% rise in June, which was the smallest year-on-year gain since March 2021. The increase in the annual CPI rate picked up for the first time in 13 months as it was calculated from a lower base after prices subsided last July following a jump that had boosted inflation to a pace not seen in more than 40 years. Core CPI gains 0.2%; climbs 4.7% year-on-year.

Separately, Moody's cut credit ratings of several small to mid-sized U.S. banks and said it may downgrade some of the nation's biggest lenders, warning that the sector's credit strength will likely be tested by funding risks and weaker profitability. Moody's cut the ratings of 10 banks by one notch and placed six banking giants, including Bank of New York Mellon, US Bancorp, State Street and Truist Financial on review for potential downgrades. "This comes as a mild U.S. recession is on the horizon for early 2024 and asset quality looks set to decline, with particular risks in some banks' commercial real estate (CRE)portfolios." The agency also changed its outlook to negative for eleven major lenders, including Capital One, Citizens Financial and Fifth Third Bancorp.

The euro zone swung back into a large trade surplus in June from a similar size deficit 12 months earlier, as imports from both Russia and China fell sharply, data showed. The European Union's statistics office, Eurostat, said the unadjusted external trade surplus of the 20 countries sharing the euro was 23.0 billion euros ($25.01 billion) in June, compared with a 27.1 billion-deficit in June 2022. Exports over the 12 months edged 0.3% higher, while imports plunged 17.7%. The trade gap with Russia was down to 8.7 billion euros in the first six months of this year from 92.1 billion euros in the same period of 2022. With China, the EU's trade deficit fell to 148.7 billion euros in the first half of the year from 189.3 billion euros in the same period a year earlier.

UK annual consumer price inflation rate cooled to 6.8% from June's 7.9% against Reuters poll of economists had predicted and moving further away from October's peak of 11.1%. Core inflation, which excludes energy and food prices, remained at 6.9%, unchanged from June, and higher than expectations in the Reuters poll for a reading of 6.8%. Despite the drop in the headline figure, Britain still has one of the highest rates of price growth in Western Europe, with only Iceland and Austria suffering higher inflation of late. Britain's economy eked out unexpected growth in the second quarter, laying the ground for more interest rate hikes from the Bank of England, as the economy grew 0.2% in the second quarter, against the consensus for a flat reading in a Reuters poll of economists. The performance was helped by monthly growth of 0.5% in June, above all forecasts in the Reuters poll which had pointed to a 0.2% uptick. Britain's economy now stands 0.2% below its level in late 2019 as of the second quarter, compared with 0.2% above for Germany, 1.7% for France, 2.2% for Italy and 6.2% for the United States.

India the world's second-biggest gold buyer, likely to receive an average amount of rainfall in September, the country's top weather official said, after the driest August in more than a century. Monsoon rains were 36% below average in August and overall summer rains were 10% lower than normal since the season began on June 1, director-general of the IMD, told a virtual news conference. Due to a weak start, monsoon rains were 9% below average in June, with rains rebounding to 13% above average in July. Summer rains again turned patchy in August.

India is poised for its lowest monsoon rains in eight years, with the El Niño weather pattern seen crimping September precipitation after an August that is on track to be the driest in more than a century, two weather department officials told Reuters. India is on course to end the June-September monsoon season with a rainfall deficit of at least 8%, which would be the widest since 2015, when El Niño also curtailed precipitation, the official added.

India's economy grew 7.8% in April-June quarter from a year earlier, compared with 6.1% growth in the previous quarter, government data showed. A Reuters poll had projected 7.7% expansion in India's gross domestic product during the quarter.

India's MPC will closely monitor the factors impacting inflation and take necessary action, although it expects the recent spike in food prices to be short-lived, minutes of the latest MPC meeting showed. "While the vegetable price shocks are expected to correct quickly with the arrival of fresh crops, there are risks to food and the overall inflation outlook from El Nino conditions, volatile global food prices and skewed monsoon distribution - all of which warrant close monitoring," the Reserve Bank of India (RBI) governor, Shaktikanta Das, wrote in the minutes of the MPC's August meeting. Das also pointed to the need for sustained supply-side measures to prevent the spiraling of frequent food supply shocks into generalised economy-wide price impulses.

On domestic Data update, Growth in India's dominant services industry lost some steam in August but overall conditions remained strong despite elevated inflationary pressures, as the S&P Global India services PMI fell to 60.1 in August from 62.3 in July, lower than the Reuters poll expectation of 61.0. Still, the reading was above the 50-mark separating growth from contraction for a 25th consecutive month - the longest stretch since August 2011. India's factory growth accelerated at the fastest pace in three months in August, as the Manufacturing PMI, compiled by S&P Global, jumped to 58.6 last month from 57.7 in July, the highest since May and confounding a Reuters poll expectation for a drop to 57.5. India's infrastructure output in July rose 8% year on year with expansion across all sectors, government data showed. In the first four months of the financial year that started on April 1, infrastructure output rose 6.4% year on year, the data showed. India's annual retail inflation in July rose to its highest in 15 months as vegetable and cereals prices skyrocketed, as annual retail inflation rose sharply to 7.44% in July from 4.87% the previous month and highest since April 2022 against a Reuters poll of 53 economists had forecast a rate of 6.40%. The figures breached the upper end of the central bank's inflation band of 2%-6% for the first time in five months. Cereal inflation in July increased to 13.04% from 12.7% in June. India's wholesale price index fell 1.36% year-on-year in July, but the decline was smaller than expected because of higher prices for food and some commodities. Economists polled by Reuters had estimated the wholesale price index for July would fall 2.70%. It fell 4.12% in June. India's industrial output growth rate slipped to a three-month low of 3.7% yoy in June against analysts in a Reuters poll had forecast an expansion of 5.0%. Industrial output for May was revised to 5.3% from 5.2%.

The Reserve Bank of India held its key lending rate steady as expected but moved to reduce the amount of cash in banking system as inflation concerns resurfaced following higher-than-usual seasonal spikes in food prices in recent weeks. The MPC, kept the repo rate unchanged at 6.50% in a unanimous decision. It was the third consecutive time that the committee decided to maintain rates. India has raised rates by 250 basis points (bps) since May 2022 in a bid to cool surging prices. The central bank raised its inflation forecast for the current financial year to 5.4% from 5.1% earlier, citing pressures from food prices. In the July-September quarter, it now sees inflation at 6.2%, significantly higher than the 5.2% earlier forecast.

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India's merchandise trade deficit in July stood at $20.67 billion, according to a Reuters calculation based on export and import data released by the government as Merchandise exports stood at $32.25 billion, while imports were $52.92 billion in July. Russia emerged as the second-biggest goods seller to India in April-July, with exports doubling to $20.45 billion during the period from $10.42 billion during the same period last year, data showed. China remained the biggest supplier of goods to India even with imports falling to $32.70 billion from $34.55 billion.

The Bank of Canada held its key overnight interest rate at 5%, noting the economy had entered a period of weaker growth, but said it could raise borrowing costs again should inflationary pressures persist. The central bank hiked rates by a quarter point in both June and July in a bid to tame stubbornly high inflation, which has remained above the bank's 2% target for 27 months.

Australian business investment climbed to its highest since late 2015 in the June quarter as firms took advantage of tax breaks to splurge on new equipment, as private capital spending climbed a real 2.8% in the second quarter from the previous quarter, handily beating forecasts of a 1.2% increase.

Japan's factory output fell more than expected in July, signaling a rocky start to the second half of the year for manufacturers as worries mount over growth in China and the global economy. Japan's factory activity shrank for a third straight month in August amid higher oil prices and uncertainty over the global economic outlook, as Japan manufacturing PMI edged up to a seasonally adjusted 49.7 in August from 49.6 in July. The benchmark 10-year Japanese government bond yield hit a new 9-1/2-year peak of 0.675% as investors took the Bank of Japan's decision to refrain from intervening to buy bonds as a green light for further selling.

German business activity contracted at the fastest pace for more than three years in August, as HCOB German Flash Composite PMI, compiled by S&P Global, fell to 44.7 from July's 48.5, hitting its lowest since May 2020 and confounding analysts' expectations for a reading of 48.3.

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.

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Technical Outlook:

On the Daily Chart MCX:

Sources – Ticker Plant and Bonanza Research

In COMEX GOLD is trading at $1924

Expected support and Resistance level for the month

Gold	S1	S2	R1	R2
COMEX/DG CX ($)	1900	1875	1955	1990
MCX (Rs.)	58800	58200	59700	60200

Mcx Trend seen Bullish as long S1 hold, while Sustain close below 58800 seen prices towards S2.

MONTHLY BULLETIN (RESEARCH) Date 9th Sep 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 ($)	22.0	19.85	25.30	26.20
MCX (Rs.)	70800	69900	73700	75400

MCX trend seen Bullish as long hold 71500, While Sustain below 70800 seen towards S2.

CRUDE OIL

Market Outlook and Fundamental Analysis

Energy complex register a 3rd consecutive monthly gain in Aug with gain of more than 2.5% for Brent & WTI, as price get sharp recovery in last 1-week of Aug month in expectations of production cut could expended by Saudi as well China apart from OPEC+ official announced and demand recovery expectations from top importer China as well India makes Brent to break above recent peak of April and to hit this year high in 2nd half of last month. However, still concern of inflation which might not cool sooner than expected and recession fear check prices at higher level.

Russia, the world's second largest oil exporter, will extend its voluntary reduction in oil exports by 300,000 barrels per day (bpd) until the end of the year "to maintain stability and balance" on oil markets, Deputy Prime Minister Alexander Novak said in a statement. Russia has been cutting output and exports in tandem with Saudi Arabia on top of existing OPEC+ supply reductions. Novak said Russia's voluntary cuts would be reviewed monthly, "to consider the possibility of deepening the reduction or increasing production, depending on the situation on the world market. He made clear the measure was "in addition to the voluntary reduction previously announced by Russia in April 2023, which will last until the end of December 2024".

Saudi Arabia will extend its voluntary oil output cut of 1 million barrels per day (bpd) for another three months until the end of December 2023, state news agency SPA said, citing an energy ministry official.

China's crude oil imports surged in August, customs data showed, as refiners built inventories and increased processing to benefit from higher profits from exporting fuel. Shipments last month to the world's biggest oil importer were 52.8 million metric tons, or 12.43 million barrels per day (bpd), the data from the General Administration of Customs showed. The daily rate is the third-highest ever, according to Reuters calculations. Imports climbed by 20.9% from July and were up 30.9% from a year earlier, the data showed. For the first eight months of the year, imports rose by 14.7% from the same period a year earlier to 379 million tons.

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OPEC oil output rose in August as Iranian supply rose to its highest since 2018, a Reuters survey found, despite ongoing cuts by Saudi Arabia and other members of the wider OPEC+ alliance to support the market. The Organization of the Petroleum Exporting Countries has pumped 27.56 million barrels per day (bpd) this month, the survey found, up 220,000 bpd from July. That's the first rise since February, according to Reuters surveys. Iran is exempt from OPEC cuts and its exports have been rising in 2023 despite U.S. sanctions, although views differ as to the exact scale. Output from the 10 OPEC members that are subject to OPEC+ supply cut agreements edged lower by 10,000 bpd, the survey found. Saudi Arabia and other Gulf members maintained strong compliance with agreed cutbacks and extra voluntary reductions. The second-largest increase in OPEC output this month came from Nigeria, where exports resumed from the Forcados terminal after a shutdown, the survey found.

Top exporter Saudi Arabia kept August output within a whisker of 9 million bpd, the survey found, as the country extended a voluntary 1 million bpd output cut for a second month to provide extra support for the market.

OPEC in its latest monthly report, Prospects for the global oil market look healthy for the second half of the year, OPEC said as the producer group stuck to its forecast for robust oil demand in 2024 and nudged up its expectations for global economic growth. OPEC said it expects world oil demand to 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. In 2024 "solid" economic growth amid continued improvements in China is expected to boost the oil consumption, it added. OPEC and its allies, together known as OPEC+, began limiting supplies in late 2022 to bolster the market and in June extended supply curbs into 2024. The report nudged up OPEC's forecast for world economic growth this year to 2.7% from 2.6% and raised next year's figure by the same increment to 2.6%. The report also showed that OPEC's oil production fell sharply in July, driven by Saudi Arabia's pledge to cut its output by 1 million bpd, a measure it has since extended to include September.

OPEC+ supply cuts could erode oil inventories in the rest of this year, potentially driving prices even higher, before economic headwinds limit global demand growth in 2024, the International Energy Agency (IEA) said. If OPEC+ current targets are maintained, oil inventories could draw by 2.2 million barrels per day (bpd) in the third quarter and 1.2 million bpd in the fourth, "with a risk of driving prices still higher". The IEA said that in July, global oil supply plunged by 910,000 bpd in part due to a sharp reduction in Saudi output. But Russian oil exports held steady at around 7.3 million bpd in July. Next year, demand growth is forecast to slow sharply to 1 million bpd, citing lackluster macroeconomic conditions, a post-pandemic recovery running out of steam and the burgeoning use of electric vehicles. The IEA expects demand to expand by 2.2 million bpd in 2023, buoyed by summer air travel, increased oil use in power generation and surging Chinese petrochemical activity.

In its latest weekly inventory data from the U.S. EIA shows, U.S. crude oil stocks have fallen to their lowest level this year and likely will shrink further, as record demand, producer supply cuts, weaker futures and rising storage costs all point to increasing drawdowns. U.S. inventories last week dropped 10.6 million barrels, hitting the lowest level since December 2022's 420.65 million barrels. World demand is poised to hit a record high this year on strong air travel, power generation needs and surging Chinese petrochemical activity, the International Energy Agency forecast in August. Demand could grow this year by 2.2 million barrels per day (bpd) to 102.2 million bpd.

U.S. crude oil inventories fell last week of Aug as refinery processing surged and crude output reached their highest since the coronavirus pandemic decimated fuel consumption, Crude inventories fell by 6.1 million barrels in the week to Aug. 18 to 433.5 million barrels, compared with analysts' expectations in a Reuters poll for a 2.8 million-barrel drop. Refinery crude runs rose 30,000 barrels per day (bpd) last week to 16.78 million barrels per day, their highest since January 2020, even as refinery utilization rates ticked down 0.2 percentage point to 94.5% of total capacity. Crude exports fell by 340,000 bpd last week but remained seasonally strong at 4.3 million bpd. Net U.S. crude imports edged up by 116,000 bpd, the EIA said. Gasoline stocks rose by 1.5 million barrels last week to 217.6 million barrels, the EIA said, compared with forecasts for a 900,000-barrel drop. Distillate stockpiles which include diesel and heating oil, rose by 900,000 barrels to 116.7 million barrels, versus expectations for a 200,000-barrel rise.

U.S. field production of crude oil rose 1.6% in June to 12.844 million barrels per day, the highest since February 2020, Production in Texas rose 1.1% to 5.518 million bpd, and it's highest on record dating back to 2005. In North Dakota, production also rose, gaining by 3.3% to 1.155 million bpd, the highest since December 2020.

Oil and natural gas output from top U.S. shale-producing regions is set to fall in September for the second straight month to the lowest levels since May, EIA data showed. Shale oil output is expected to fall to 9.41 million barrels per day (bpd) in September, EIA data showed. It had touched 9.45 million bpd in July, it's highest on record. Total natural gas output in the big shale basins will also fall for a second month in a row, by about 0.15 billion cubic feet per day (bcfd), to 98.3 bcfd in September, its lowest since May, the EIA projected. That compares with a monthly gas output record of 98.5 bcfd in July.

U.S. crude oil production is expected to rise by 850,000 barrels per day to record 12.76 million bpd in 2023, according to a monthly report from the EIA. Crude oil production is expected to rise by 330,000 barrels per day to 13.09 million bpd in 2024, data showed.

The last record output was 12.3 million bpd in 2019, before the COVID-19 pandemic crushed demand and prices, and drillers were hit by higher costs that squeezed profit margins and investor demands to limit spending. Global benchmark Brent crude oil prices are due to average $86 per barrel in the second half of 2023, up about $7 per barrel from the previous forecast and US GDP growth is expected to rise increase by 1.9% in 2023, up from 1.5% in last month's forecast. Rising global oil production in 2024 is expected to keep pace with oil demand and put downward pressure on crude oil prices beginning in the second quarter of 2024, it added. U.S. total petroleum consumption is forecast to rise by 200,000 bpd to 20.5 million bpd in 2023, and is forecast to rise by another 200,000 bpd to 20.7 million bpd in 2024, the data showed. In the natural gas market, U.S. production and demand will rise to record highs in 2023, as It projected that dry gas production will rise to 103 billion cubic feet per day (bcfd) in 2023 and 104.12 bcfd in 2024 from a record 98.13 bcfd in 2022. The agency also projected that domestic gas consumption would rise from a record 88.53 bcfd in 2022 to 89.34 bcfd in 2023 before sliding to 87.88 bcfd in 2024.

Near-term prices for oil traded on 1st week of Sep at their steepest premium since November to later-dated prices after Saudi Arabia and Russia announced plans to extend voluntary oil supply cuts for three months. Changes in the calendar spreads reflected concern about tight near-term supplies. Front-month Brent futures traded on 6-9 as much as $4.37 a barrel above prices in six months , the highest premium since November 2022. For U.S. WTI futures, the spread between front-month and the six-month contract widened to as much as $4.88 a barrel on 6-9, also the most since November.

Russia, one of the world's biggest oil producers, has faced shortages of fuel crucial for gathering the harvest in some parts of its southern breadbasket and the situation may get worse in coming months, sources told Reuters. The fuel market has been hit by a combination of different factors including maintenance at oil refineries, infrastructure bottlenecks on railways and the weaker rouble which incentivises fuel exports. Russian Deputy Prime Minister Alexander Novak said that there were no fuel shortages.

Separately, Iran's oil output and exports jumped in August despite U.S. sanctions, according to consultants and companies that track tanker shipments, as Tehran sells to buyers including China. The United States has sought to limit Iran's oil exports since Donald Trump exited a 2015 nuclear accord in 2018 and re-imposed sanctions aimed at curbing revenues to Iran's government. But the exports have risen during President Joe Biden's term, with China a top buyer, according to the industry trackers.

India, the world's third-biggest oil consumer and importer, fuel consumption in August inched up from a 10-month low, government data showed, as strong factory activity in the world's third-biggest oil importer and consumer offset the usual monsoon lull. Total consumption in August, a proxy for oil demand, totaled 18.57 million metric tonnes, up 2.5% from 18.11 million tonnes in July. It was up 6.5% a year ago.

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India remained the main buyer of Russian Urals oil loaded from the state's ports in August, despite a record rise in prices for the grade, traders, LSEG data and Reuters calculations showed. Discounts for Urals oil loading in August narrowed to $5 per barrel and below on a DES (delivered ex ship) basis in Indian ports - a record low since a European Union embargo on Russia's oil. India's imports of Russian oil fell in August to a seven-month low as refiners curbed purchases due to planned maintenance outages at some plants and lower discounts for Russian grades. However, oil imports from Saudi Arabia surged to a multi-month high, according to preliminary data from Kpler and Refinitiv trade flows. India's monthly imports of Russian oil have been declining since June as discounts began to shrink, the data from the two agencies show. India's Russian oil imports in August declined by a fifth from July to about 1.5 million barrels per day (bpd) while those from Saudi Arabia leapt by about 63%, according to Refinitiv data.

India's July crude oil imports from Russia dipped for the first time in nine months, while inbound shipments from Saudi Arabia tumbled to their lowest in 2-1/2 years following OPEC+ cuts, tanker data from trade and industry sources showed. Both China and India, the world's biggest and third-biggest oil importers, cut imports from Russia and Saudi Arabia in July after prices rose and as the two oil producers reduced output and crude oil shipments. India's overall imports also declined 5.2% from June to 4.4 million bpd oil in July, the data showed, as several refining plants are shut for maintenance during monsoon season.

The Indian government will cut the windfall tax on petroleum crude to 6,700 rupees ($81.03) per metric ton from 7,100 rupees and also raise the windfall tax on diesel to 6 rupees per litre from 5.50 rupees, the notification said. The windfall tax on aviation turbine fuel will increase to 4 rupees per litre from 2 rupees, while the levy on petrol will remain at zero, according to the notification.

Brazil's oil and gas production in July reached its highest level ever for a single month, data from oil regulator ANP showed on Wednesday, beating the previous record set in June. Oil and natural gas production totaled 4.48 million barrels of oil equivalent per day in the period, ANP said in a statement, with oil output alone rising 18.6% on a yearly basis to 3.51 million barrels per day. Natural gas production jumped 13.6% to 154.08 million cubic meters per day, the regulator added.

Russia remained China's largest crude supplier in July, Chinese government data showed on Sunday, even as Russian shipments fall from all-time highs on narrower discounts and rising domestic demand crimps Russian exports. Arrivals from Russia were up 13% from the same month last year to 8.06 million metric tons in July, or 1.9 million barrels per day (bpd), according to data from the General Administration of Customs. For the first seven months of the year, Russian arrivals were up 25% from a year earlier to 60.66 million tons. Shipments from Saudi Arabia, at 5.65 million tons, were down 14% from a year earlier and 31% from June.

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China, the world's top crude importer, is drawing on record inventories amassed earlier this year as refiners scale back purchases after OPEC+ supply cuts drove global prices above $80 a barrel, traders said. China's crude stocks have been rising since March, touching a historical high of about 1 billion barrels in late July, data compiled by data analytic firms Kpler and Vortexa showed, driven by lower prices and optimism about a fuel demand recovery after COVID-19 lockdown measures were lifted late last year.

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

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Expected Support and Resistance level for the month

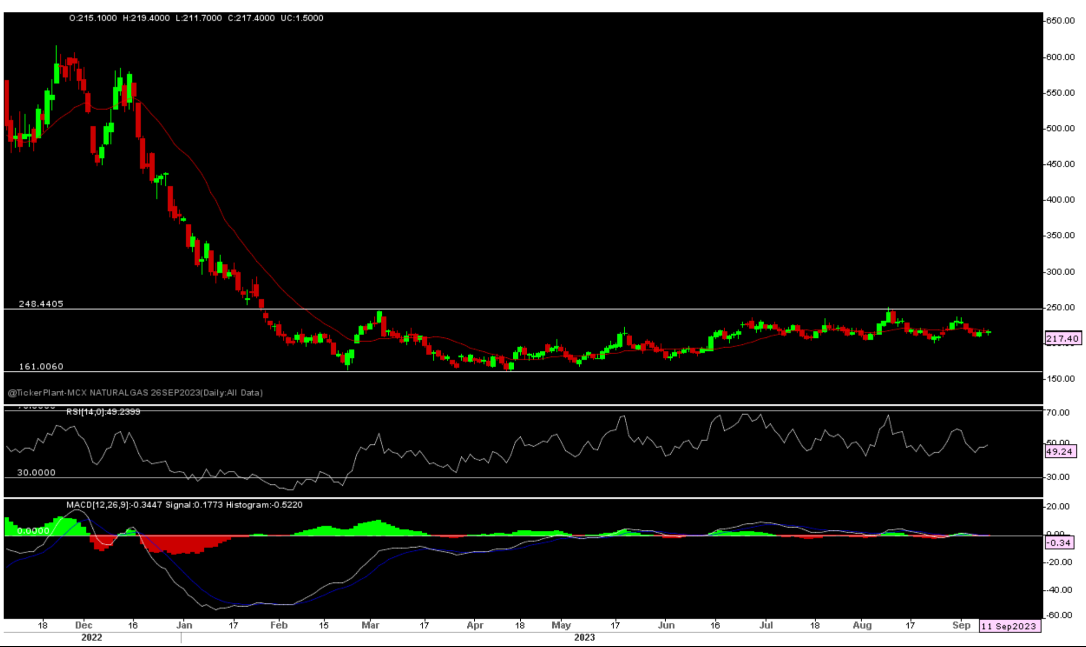
Crude	S1	S2	R1	R2
NYMEX/DG CX ($)	83.50	77.50	88.50	94.0
MCX (Rs.)	7000	6400	7300	7700

MCX trend seen Bullish as long hold S1, While Sustain Close below 7300 seen towards 7600-7700.

Natural Gas

Technical Outlook:

On the Daily Chart MCX:



Sources – Ticker Plant and Bonanza Research

Natural Gas	S1	S2	R1	R2
MCX (Rs.)	209	200	228	238

MCX trend seen Bullish as long hold S1, While Sustain Close below 209 seen towards 200-195 belt.

Base Metals

Market Outlook and Fundamental Analysis

COPPER:

Base metal complex seen a roller costar journey through out the Aug month we initially in first half prices fall sharply due to weak economic numbers from Europe as well China which hurt demand for base metals and strong dollar index makes sell off across board. While in 2nd half price recover on list of stimulus offer by top metals consumer China and lower warehouse stocks for some metals prompt short covering and lower level buying but fail to close in positive and metal index in domestic market ended 3% lower for Aug month. Benchmark Copper fall by 2.5% while Zinc down more than 4%, Aluminum fall 1%against Lead seen 3rd consecutive monthly gain by more than 1% thanks to lower stocks and robust auto numbers across glob which might revive demand for Lead as battery maker.

Latest number from top metal consumer China shows, China's services activity expanded at the slowest pace in eight months in August, as Caixin/S&P Global services PMI dropped to 51.8 in August from 54.1 in July, the lowest reading since December when COVID-19 confined many consumers to their homes. China's manufacturing activity contracted for a fifth straight month in August, as PMI rose to 49.7 from 49.3 in July, staying below the 50-point level demarcating contraction from expansion. The reading was above a forecast of 49.4. This maintaining pressure on officials to provide support to shore up economic growth amid soft demand both at home and abroad.

Two of China's biggest cities eased mortgage curbs and the country's top banks flagged mounting risks from the deepening property sector turmoil, as Beijing ramps up efforts to shore up the sputtering economy. In other support measures, some Chinese state-owned banks are also expected to lower interest rates on existing mortgages, sources familiar with the matter said, in the first such cut since the global financial crisis.

China cut its one-year benchmark lending rate on Monday as authorities seek to ramp up efforts to stimulate credit demand, but surprised markets by keeping the five-year rate unchanged amid broader concerns about a rapidly weakening currency. The one-year loan prime rate (LPR) was lowered by 10 basis points to 3.45% from 3.55% previously, while the five-year LPR was left at 4.20%. In a Reuters poll of 35 market watchers, all participants predicted cuts to both rates. The 10 bp cut in the one-year rate was smaller than the 15 bp cut expected by most poll respondents.

Chile's Codelco, the world's largest copper producer, is at risk of insolvency due to rising costs and a growing debt pile stemming from projects that missed output targets, Chile's Centre for Copper and Mining Studies (CESCO) said in a report seen by Reuters. In a rare intervention, the influential industry body - funded by revenue from events it organises - said cost overruns on projects to upgrade five of Codelco's mines, known as "structural projects", could mean its debt is likely to reach $30 billion by 2030 from $18 billion now.

Net long positions of copper on the London Metals Exchange (LME) are at a 6-month high, partly fuelled by low Chinese copper inventories data, but this signal often as seen as bullish isn't reflecting the reality on the ground. China is the world's top copper consumer, and combined inventory in the Shanghai Futures Exchange and Chinese bonded warehouses were 110,314 metric tonnes on Aug. 11, down 53% year-on-year and equivalent to just under three days of consumption. The total net long position in LME copper rose to 9,488 contracts on Aug. 11, the highest since Feb. 10, data provided in the Commitments of Traders Report showed.

China world's second-largest economy, its largest private real estate developer Country Garden is seeking to delay payment on a private onshore bond for the first time, the latest sign of a stifling cash crunch in the property sector, resulted in sharp selloff seen in base metals complex. Adding to worries about contagion risk, a major Chinese trust company that traditionally had sizable exposure to real estate, Zhongrong International Trust Co, has missed its repayment obligations on some investment products. The real estate sector has suffered tumbling sales, tight liquidity and a series of developer defaults since late 2021, with China Evergrande Group at the centre of the debt crisis.

China's largest private copper producer Nanfang Nonferrous is due to bring a major new smelter to production by October, more than doubling its capacity, a few months ahead of expectations, sources with direct knowledge of the matter told Reuters. Nanfang's new copper plant which will take its total copper production capacity to 700,000 metric tons a year from 300,000 tons suggests China's goal of supply-side reforms to make the country self-sufficient is achievable, the sources said. The 700,000 tons of enhanced capacity will amount to about 6% of refined copper output in China, expected to produce more than 50% of global supplies estimated at around 25 million tons.

China Imports of unwrought copper and copper products were 451,159 metric tons in July, up slightly from June's 449,648 but down 2.7% from July 2022, according to data released by the General Administration of Customs. In the first seven months of 2023, China's copper imports slid 10.7% to 3.04 million metric tons.

On data side, China youth unemployment at record rates above 21% and deflationary price pressures squeezing companies' profit margins. New bank loans fell to a 14-year low in July. So far, China has largely managed to avoid a spillover of a debt squeeze in the property sector to the country's $57 trillion financial industry despite a rising number of developers defaulting on repayment obligations. China's consumer sector fell into deflation and factory-gate prices extended declines in July, as CPI dropped 0.3% year-on-year in July, compared with the median estimate for a 0.4% decrease in a Reuters poll and it was the first decline since February 2021. The producer price index (PPI) declined for a 10th consecutive month, down 4.4% and faster than the forecast 4.1% fall.

In mid of Aug, LME Zinc stocks surged by 34,850 tonnes, biggest single day addition since January 2021, to 16 month high of 141,750 tonnes. On warrants or available stocks at the LME warehouses stand at 130,950 tonnes, almost 93% of the total stocks, easing supply constraints further.

Retail sales of vehicles in India rose in July, a dealers' body said on Monday but cautioned of rising inventory levels and demand slowdown in certain categories despite the upcoming festive period. Sales of three-wheelers jumped 74% to more than 94,000 units - a record high for the month of July, while those of passenger vehicles grew marginally by 4% with heavy rainfall in north India slowing demand, FADA data showed. Two-wheeler sales rose more than 8% in the month, as per the data.

India's finished steel imports from China touched a five-year high in the first four months of the fiscal year that began in April, according to provisional government data reviewed by Reuters. During April-July, China was the second-biggest steel exporter to India, selling 0.6 million metric tons, up 62% from the same period a year earlier. In all, India imported 2 million metric tons of finished steel in the period, the highest since 2020 and up 23% from a year earlier. China, the world's top steel producer, exported mostly cold- rolled coil or sheets to India.

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.

MONTHLY BULLETIN (RESEARCH) Date 9th Sep 2023

Base Metals

TECHNICAL OUTLOOK:

COPPER:

Sources – Ticker Plant and Bonanza Research

Expected Support & Resistance level for the month

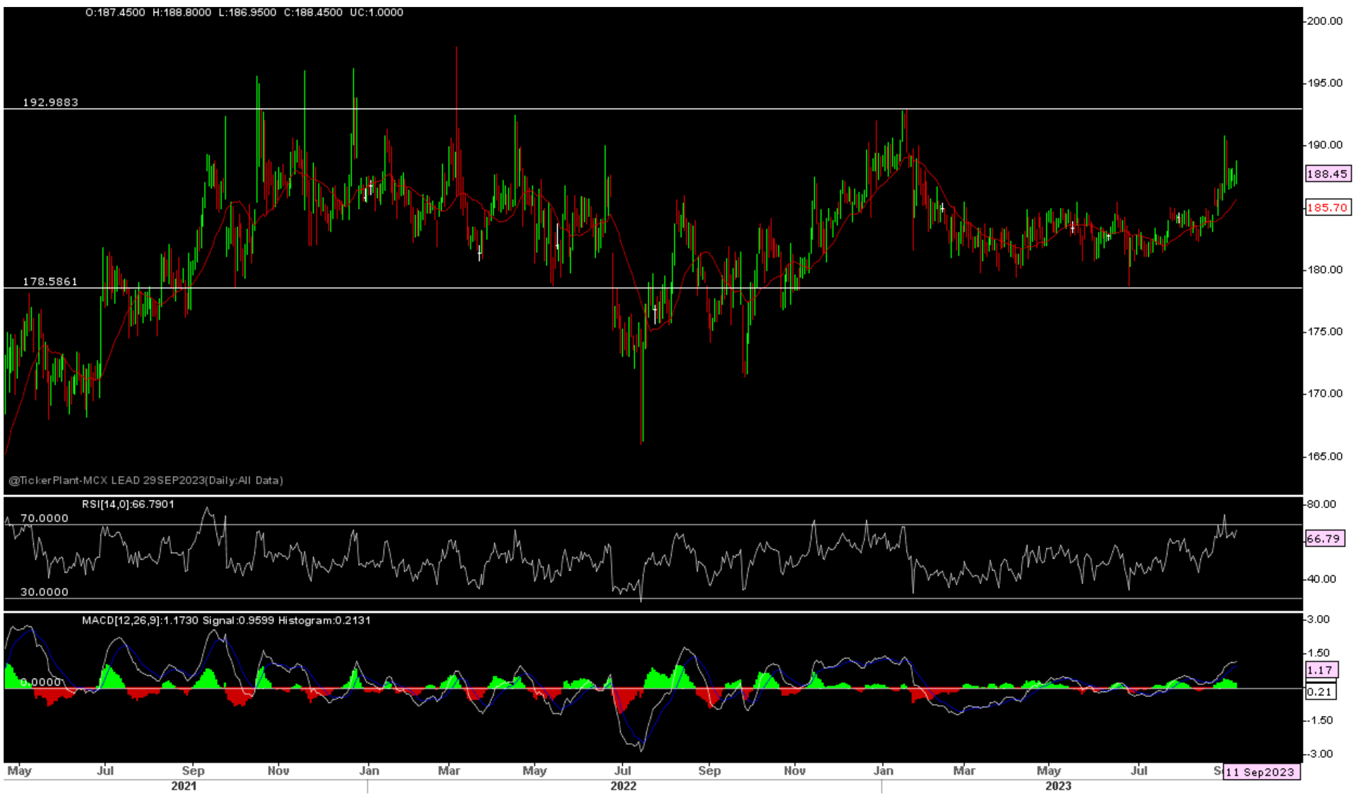
Copper	S1	S2	R1	R2
MCX	717	705	747	758

MCX trend seen Bullish as long hold S1, While Sustain below 717 seen towards 705-702 belt.

MONTHLY BULLETIN (RESEARCH) Date 9th Sep 2023

LEAD:

Technical Outlook:



Sources – Ticker Plant and Bonanza Research

Expected support and Resistance level for the month

Lead	S1	S2	R1	R2
MCX	186	184	191	195

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

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ZINC

TECHNICAL OUTLOOK:

Sources – Ticker Plant and Bonanza Research

Expected Support & Resistance level

Zinc	S1	S1	R1	R2
MCX	216	208	224	230

MCX trend seen Bullish as long hold S1, While Only Sustain below 216 seen again downside 209-208.

NICKEL

TECHNICAL OUTLOOK:

No View due to Low Volumes

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DATE-Sep 9th, 2023

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