

MONTHLY BULLETIN (RESEARCH) Date 14th July 2018

GOLD

CMP Rs. 30105 /10Gms MCX Aug 2018

Market Outlook and Fundamental Analysis:

In the month of June gold continue to seen under pressure resulted in Spot gold and platinum prices headed for their weakest quarter since year-end 2016 as investors seeking safe havens turned to U.S. Treasuries instead of bullion and demand for metals used in automobiles fell against this Industrial demand for silver has kept prices from plunging to the degree of its counterparts gold & platinum. Expectation of two additional U.S. interest rate increases added pressure on prices which was trying to rebound in mid of the month. Also recovery in dollar index which rally to its highest since mid-July 2017 weigh on bullion prices. Spot gold prices were end the quarter down 5.4%, while spot platinum prices declined more than 8.1% during the quarter. However silver close the second quarter down only 1.6%. Gold is traditionally seen as a safe store of value during a time of geopolitical uncertainty which is going on in form of trade war, but recent global trade war jitters have investors purchasing higher-yielding U.S. Treasuries and the dollar as safe haven investments instead of bullion. During 1st week of June gold holds within narrowest weekly range in 11 years as recovery in dollar and US interest rate increase weigh on prices while trades awaiting more clear view from trade war situation outcome. Gold has hardly budged in 1st week, with the spread between its highs and lows at just \$13.70 an ounce – the narrowest of any week since August 2007.

The first half of 2018 should be the weakest for the U.S. auto industry since 2014. Tariffs could hit sales growth, which could pressure the two autocatalyst metals, platinum and palladium.

Gold-backed exchange-traded funds (ETF) tracked by Thomson Reuters were headed for their weakest month since July 2017, as investors covered losses in equities, commodities and other markets caused by tariff disputes. Gold, typically seen as a safe store of value during times of geopolitical and economic uncertainty, has failed to profit from recent trade disputes between China and the United States, the world's two largest economies. Total holdings for the 12 gold-backed ETFs tracked by Reuters were down 3% from 57.8 million ounces last month to 56.2 million by last day of June. That would be the largest monthly outflow for gold-back ETFs tracked by Reuters in almost a year. Holdings of SPDR Gold Trust, the world's largest gold-backed ETF, were down almost 3 percent for June to 26.5 million ounces by last day from 27.2 million ounces last month. Investors have looked to U.S. Treasuries as a safe-haven investment, rather than gold, because of expectations that the U.S. Federal Reserve would raise rates twice more this year. Against this total



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holding for the 8 silver-backed ETFs tracked by Reuters were down 0.4% so far in June. Holdings in the largest silver-backed ETF, iShares Silver Trust, were down 0.5 percent for the month. On physical side, China's central bank issued draft guidelines on gold asset management products, in a bid to strengthen gold market supervision. China's net gold imports via main conduit Hong Kong surged 50% in May from the previous month, latest data showed. China's central bank revised up the value of its end-May gold reserves to \$77.323 billion, from \$73.739 billion stated earlier this month. The U.S. Mint sold 19,500 ounces of American Eagle gold coins in June, down 18.8% from the previous month, according to the latest data. Russia produced 51.6 tonnes of gold in the first three months of 2018, up from 50.9 tonnes in the same period in 2017, the finance ministry said. Gold discounts in India were at their widest in nine months at \$ 7.50/oz & straight 6-week as higher domestic prices tempered retail purchases against Premiums of \$5-\$6/oz in China. Retail buying was eligible due to the price rise and Adhik Maas, adhik Maas is an extra month in Hindu calendar that ended on June 13. The month is considered inauspicious and people avoid weddings, buying gold or property during the period.

Gold imports into India, the world's second biggest buyer of the metal, could drop by 18% in 2018 from a year ago, according to a Reuters poll. India's gold imports plunged a fifth straight month in May to 48 tonnes as a rally in local prices to near their highest level in 21 months curtailed retail purchases, provisional data from precious metals consultancy GFMS and bank dealers showed, Local prices jumped due to the depreciating rupee and dampened retail purchases. gold prices in India have risen more than 5% so far in 2018. India's gold imports in the first five months of 2018 fell 39.4% from a year ago to 274.2 tonnes, data compiled by GFMS showed.

Latest Fed meet shows, The Federal Reserve raised interest rates, a move that was widely expected but still marked a milestone in the U.S. central bank's shift from policies used to battle the 2007-2009 financial crisis and recession. The central bank saw two more rate hikes in 2018 for a total of four and three increases in 2019. While The European Central Bank will shut its hallmark bond purchase scheme by the close of the year, taking its biggest step yet towards dismantling crisis-era stimulus a decade after the start of the euro zone's economic downturn. It also sees interest rates steady "at least through the summer of 2019"

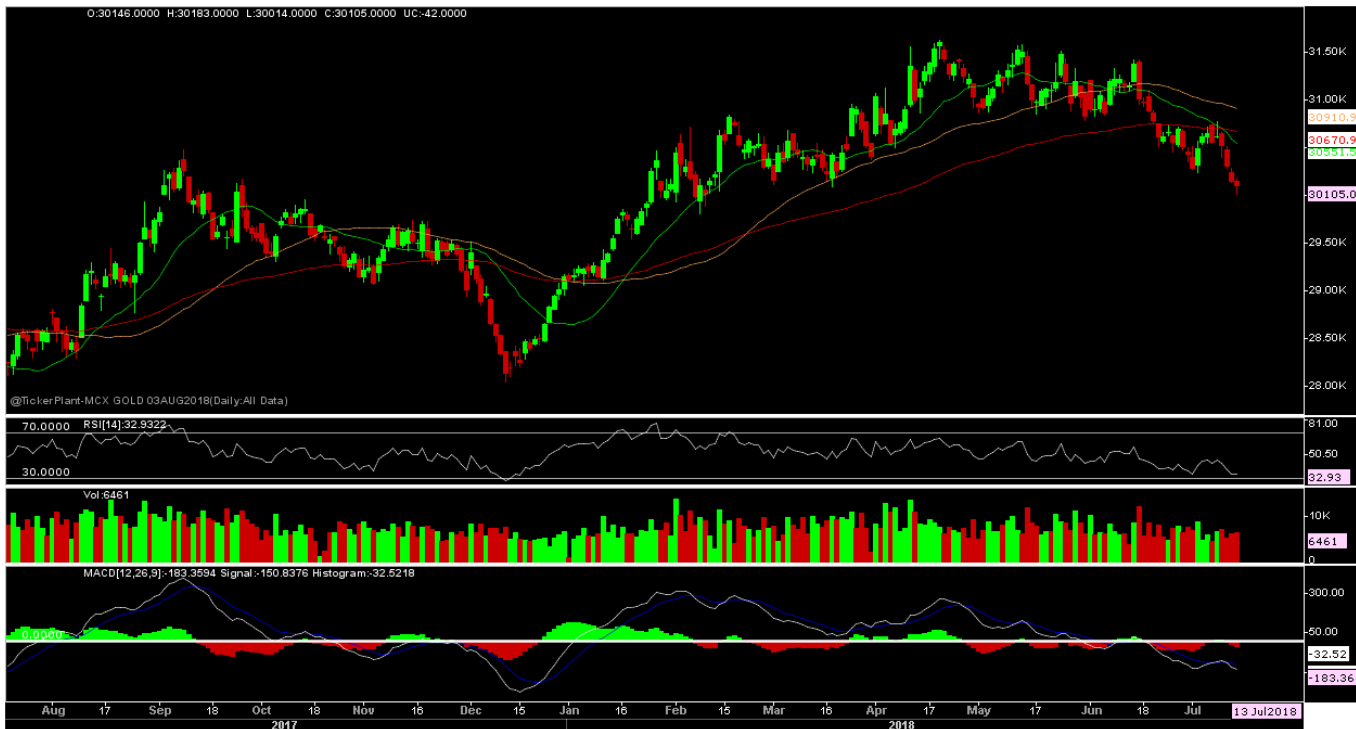
On data side, U.S. producer prices increased more than expected in May, leading to the biggest annual gain in nearly 6-1/2 years, the latest sign of a gradual building up of inflation pressures. Euro zone inflation rose to its highest rate in more than a year this month as surging energy prices pushed price growth above the European Central Bank's target, even if only temporarily. during the month U.S. two-year Treasury yields, the maturity most sensitive to rate hike expectations, touched their highest in nearly 10 years

Going ahead, Overall Gold will likely trade within a tight range near term as conflicting signals between support for bullion from geopolitical worries and pressure from strength in the U.S.

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economy. The prospect of a trade war between the U.S. and other economies to put a floor under gold prices in the short term but ultimately we think that Fed tightening will prove too strong a headwind. In 2018, gold will deliver its strongest annual price performance in five years, GFMS analysts forecast, as political uncertainty drives investment in bars and bullion-backed funds. There are concerns over sizeable U.S. debt, there's the mid-term election in November, there's enough out there that could see the dollar eventually weaken and gold prices start to improve through the back end of this year. Gold prices could break above \$1,400 an ounce for the first time since 2013 this year as an uncertain outlook for stocks, bonds and currencies tempts investors to use the precious metal as a safe haven, according to a Reuters survey of analysts. Key drivers: The recent stock market volatility, and U.S. President Donald Trump's congressional tax deal and proposed budget that signal ballooning debt and higher spending, which in turn could make it hard to keep inflation in check.

Technical Outlook:



On the Daily Chart:

After almost 3-4 top during last 2-3 months price fail to sustain at higher level and fall seen in June month with price break below all 3-SMA with RSI near 30 mark and MACD below signal line indicates more weakness in coming weeks.

In COMEX GOLD is trading at \$1241.61 immediate support at \$1235 followed by 1200 resistance at \$1265 & 1285.

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Expected support and Resistance level for the month

Gold	S1	S2	R1	R2
COMEX/DG CX (\$)	1235	1200	1265	1285
MCX (Rs.)	29800	29550	30550	30800

RECOMMENDATION:

MCX Gold Feb: Buy only above 30800 Stop Loss 30550 Targets 31100-31450.
 Sell below 30000 & 29800 Stop Loss 30300 Target 29550-29300.

SILVER

Technical Outlook:



On the Daily Chart:

During the month Silver continue its southward journey with price fall below immediate support zone and trading below all 3 SMA with below signal line MACD and falling RSI near 30 mark indicates more selling pressure in coming weeks.

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Expected support and Resistance level for the month

Silver	S1	S2	R1	R2
COMEX/DG CX (\$)	15.60	15.15	16.65	17.40
MCX (Rs.)	38400	37900	40200	40550

RECOMMENDATION:

MCX Silver July: sell below 38800 S/L above 39500 Target 38400-37900.

CRUDE OIL

Market Outlook and Fundamental Analysis

Crude traded northward through out the June and hit fresh 3 ½ year high above \$ 74 per barrel while Brent near \$ 80 mark as U.S. sanctions against Iran threatened to remove a substantial volume of crude oil from world markets at a time of rising global demand added by tight world oil market with unplanned disruptions in Canada, Libya and Venezuela removing supply. Iran is the fifth-largest oil producer in the world, pumping about 4.7 million barrels per day (bpd), or almost 5% of total output, much of it to China and other energy-hungry nations such as India. Major buyers of Iranian oil, including Japan, India and South Korea, have indicated they may stop importing Iranian crude if U.S. sanctions are imposed. mirror effect domestic market MCX also breach psychological level 5000 and manage to trade above 5100 and gain in domestic market higher than overseas due to weakness in Indian rupee against dollar. During last week of June U.S. crude stocks fell by nearly 10 million barrels last week, the most since Sept. 2016, while gasoline and distillate inventories rose less than expected, the EIA data shows.

Oil prices have rallied for much of 2018 on tightening market conditions due to record demand and voluntary supply cuts led by OPEC and other producers including Russia. Unplanned supply disruptions from Canada to Libya and Venezuela also have supported prices. Higher feedstock crude oil prices, as well as surging fuel exports from China, have pulled down Asian refinery product margins to two-year lows.

During the month spread between WTI and Brent hit fresh 3-year high as Surging U.S. production has capped gains in WTI prices, widening the grade's discount to Brent to more than \$11 a barrel.

in its last meet on June 22-23 On Friday, the OPEC and its allies agreed to modestly boost global oil supplies. The group, which has been curbing output since 2017, said it would raise supply by returning to 100% compliance with agreed output cuts, after months of underproduction, largely due to unplanned disruptions in places including Venezuela and Angola. OPEC+ press conference indicates to increase production, with guidance for a full 1 million bpd ramp-up in 2H18. Saudi Arabia said the move would translate into a nominal output rise of around 1 million barrels per day

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(bpd), or 1 percent of global supply. Iraq said the real increase would be around 770,000 bpd because several countries that had suffered production declines would struggle to reach full quotas. By avoiding setting individual country targets, the deal appears to give Saudi Arabia the leeway to produce more than its official OPEC target and fill the gap left by those like Venezuela who cannot pump enough to meet their official allocation. OPEC and its allies have since last year been participating in a pact to cut output by 1.8 million bpd. The measure had helped rebalance the market in the past 18 months and lifted oil to around \$75 per barrel from as low as \$27 in 2016.

The Organization of the Petroleum Exporting Countries pumped 32.32 million barrels per day in June, the survey found, up 320,000 bpd from May. The June total is the highest since January 2018, according to Reuters surveys.

On supply side, Saudi Arabia plans to pump a record 11 million bpd in July, up from 10.8 million bpd in June, an industry source familiar with Saudi plans told earlier. U.S. energy companies added one oil rig this week, the fourth week of increases, according to weekly data from GE's Baker Hughes division. In the United States, output has risen by almost a third in the last two years, to a record 10.8 million bpd. Russian news agency Interfax earlier said that the country's production had surpassed its target, hitting 11.1 million bpd in early June. U.S. monthly crude oil exports jumped to a record 1.76 million bpd in April compared with 1.67 million bpd in March, according to the data.

On demand side, The IEA said it expects global oil demand to grow 1.4 million bpd this year, and in 2019, and will top 100 million bpd in the fourth quarter of 2018. The market will be finely balanced next year, and vulnerable to prices rising higher in the event of further disruption," the IEA said in its monthly report.

Oil prices look set to stay strong for the rest of this year and in 2019 thanks to supply disruptions and as extra oil from OPEC fails to meet rising demand, a Reuters poll showed on Friday. A survey of 35 economists and analysts forecasts Brent crude will average \$72.58 a barrel in 2018, 90 cents higher than the \$71.68 forecast in last month's poll and compared with the \$71.15 average so far this year.

Going ahead, Geopolitical concerns, increasing trade friction between China and the U.S. is likely to rock global markets and tarnish bullish sentiment in crude oil markets. Demand from emerging countries and production-supply from US will play important role for H1-2018 while OPEC decision for production cut will play bigger role in later part of the year. But the rise in U.S. Treasury yields above 3% has driven the dollar to three-month highs, making oil more expensive for buyers using other currencies. This might eventually pressure crude prices, even though oil and the dollar have moved in tandem for a few weeks. Global GDP growth is expected to rise to 3.9 percent this year and in 2019. As a result, oil demand growth is also expected to remain robust over the next two years.

Technical Outlook:-

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2017

2018

On the Daily Chart:

Crude oil tested multiyear high during June but fail to sustain at higher level and some fall seen later on however daily chart still seen in favour of Bulls as seen long term trend line since June 2017 intact and MACD still above signal line with price tested & supported at long term SMA. So few days trading seen important to decide medium term trend now.

Expected Support and Resistance level for the month

Crude	S1	S2	R1	R2
NYMEX/DG CX (\$)	67.70	63.50	74	75.50
MCX (Rs.)	4625	4475	5100	5175

RECOMMENDATION:

MCX Crude: Buy Only above 5100 Stop Loss below 4900 Target 5250-5400.
Sell below 4730 Stop Loss above 4900 Target 4625-4480.

Natural Gas

Technical Outlook:

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On the Daily Chart: Natural Gas for the month of June seen range bound with twice attempt higher to break 2018 peak but fail to sustain and trade in sideways. With price break below all 3-SMA and below signal line MACD with falling RSI indicates more weakness in coming days.

RECOMMENDATION:

MCX NG : Buy above 200 Stop Loss below 196 for the Targets of 207-210.
Sell below 189 & more below 186 S/L above 195.50 Target 181-172 Range

Base Metals

Market Outlook and Fundamental Analysis

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COPPER:

Continue its Roller-Costar ride in June also, base metals prices earlier of the month peak to multi-month to multiyear high but at end of the month fall sharply as copper hit 4 ½ year peak on 2nd week of June lifted by concerns over the potential for wage negotiations at the world's biggest copper mine to disrupt supply, and by healthy appetite for cyclical assets as stock markets rallied but fail to sustain gain and fall towards 7-month low as weaker demand in top consumer China, which is embroiled in the trade spat with the United States even as its manufacturing sector slows. Zinc rally towards 1 ½ month peak but fall towards their worst quarter since 2015 with investors sceptical of reports that Chinese smelters plan to cut output by 10% in response to low prices and treatment charges and increase in stocks. Aluminum ended down having touched its lowest since early April. Tin tumbled to the lowest in nearly six months on concerns about growing supply. Some pressure seen in nickel from its peak after Philippine miners sought to lift a ban on new large-scale mining projects after the state removed restrictions on fresh smaller ventures. Rising trade tensions once again weighed on the base metals Sector at end of the month.

Global stocks extended a sell-off as the mounting trade tensions between the United States and other major economies continued to steer investors away from riskier assets, lifting safe-haven U.S. Treasuries and keeping the dollar on the defensive.

On quarterly basis copper down 1% while zinc closed the quarter down 12% - its worst performance since the third quarter of 2015. Nickel closed up 0.7%, its best quarter since the quarter ended December 2017, while lead closed up 0.5%, ending the quarter up 0.6% amid an environmental crackdown in China.

During month base metals get some relief from the central bank in top metals consumer China said it would cut the amount of cash that some banks must hold as reserves by 50 basis points to spur lending to smaller firms but its seem short while against trade war situation between US-China. Concern about growth in the world's largest consumer of industrial metals was reflected in China's stock market and the Yuan. Shanghai stocks tumbled to a two-year low, while the Yuan fell to a more than five-month low against the dollar.

The International Copper Study Group sees the 24 million-tonne-a-year copper market with a 43,000 tonne surplus this year and a deficit of 331,000 tonnes in 2019. The global refined copper market had a surplus of 55,000 tonnes in March and 87,000 tonnes in February, the International Copper Study Group said. China's refined copper output rose 15.5% from a year ago to 767,000 tonnes in May, government data showed. China imported 475,000 tonnes of unwrought copper and



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copper products last month, the largest since Dec. 2016. It was the highest May figure for at least a decade, up 22 percent from the same month last year and up 8 percent from April.

China's economic growth could slow to about 4.5 percent over the medium term, Fitch Ratings said, adding that it expects oil and metals prices to fall by 5-10 percent from its baseline scenario because China is such a large consumer.

China's property sector consumes more copper than the U.S. alone

On data side, China's manufacturing sector showed slower growth in the second quarter, a private survey showed, as export orders slipped. China posted weaker-than-expected industrial output, investment and retail sales for May, signaling further weakness ahead if Beijing sustains its crackdown on factory pollution and local government spending. China's output of 10 non-ferrous metals including copper, aluminum, lead, zinc and nickel rose 4.3 percent in May from a year earlier to 4.55 million tonnes. Aluminum production was up 1.5 percent at 2.79 million tonnes.

On domestic news, The Indian state of Tamil Nadu ordered the permanent closure of a copper smelter controlled by Vedanta Resources in May after 13 people protesting to demand its shutdown on environmental grounds were killed. Also during month Vedanta a sulphuric acid leak from a tank at its southern Indian copper smelter was severe and inaction could lead to serious environmental consequences.

The smelter has capacity to produce 400,000 tonnes a year, a fair chunk of global supplies estimated at around 24 million tonnes this year.

Going ahead, Accelerating growth in major economies and increased infrastructure spending driving price rises for industrial commodities and energy sources beyond the multi-year highs they're now touching. there are over 30 labour contracts, covering around five million tonnes of mine supply, due to expire this year, most of them in Chile and Peru this will keep momentum in base metals. The largest identifiable potential issue concerns the Escondida contract due June, 2018, given the 2-month strike earlier this year

Chinese demand for industrial metals typically picks up in the second quarter ahead of construction activity over the summer months. We think construction activity is going to be more subdued this year because of the curbs on lending by the Chinese government to control the property market bubble.

NICKEL

Nickel fall after 23 of 27 Philippine mines passed a government review, reducing uncertainty about potential supply disruptions at the world's No.2 nickel ore supplier.

A Philippine government panel cleared 23 of 27 Philippine mines that were assessed for compliance with state regulations, a source familiar with the talks said. All 27 mines were ordered closed or

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suspended by former Environment and Natural Resources Secretary Regina Lopez in last year's crackdown.

Sumitomo Metal Mining, Japan's biggest nickel smelter, said a global nickel deficit would grow to 88,000 tonnes this year from 72,000 tonnes in 2017. The metal nonetheless reversed gains seen on Wednesday to finish 2.1 percent lower at \$15,290 a tonne.

ZINC & LEAD

Zinc prices slipped to their worst quarter since 2015 with investors sceptical of reports that Chinese smelters plan to cut output by 10% in response to low prices and treatment charges. China's largest zinc smelter said it would not participate in the output cuts that were reported earlier, while doubts emerged over whether other smelters would fully comply.

On-warrant zinc stocks in LME-registered warehouses fell by 15,175 tonnes to 222,650 tonnes, latest data showed, after fresh cancellations in New Orleans. Total stocks inched 25 tonnes lower to 249,325 tonnes, up 87% since March 1 this year. Some 880,000 tonnes of additional zinc mine capacity is due to come on stream this year, according to the International Lead Zinc Study Group (ILZSG).

ALUMINIUM

Late June Aluminum touches 2-1/2 month low in June after supply disturbance was not as expected earlier resulted in sell off sharply.

Base Metals

TECHNICAL OUTLOOK:

COPPER:

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On the Daily Chart: during the month Copper breach its king term trend line and fall sharply with price now trading below all 3-SMA, with below signal line MACD and falling RSI indicates more pain in the counter

Expected Support & Resistance level for the month

Copper	S1	S2	R1	R2
MCX	415	400	440	454

RECOMMENDATION:

COPPER MCX:- Sell only below 415 Stop Loss above 426 Target 400-390 Range.
Buy only above 440 Stop loss below 430 Target 450-454.

LEAD:

Technical Outlook:

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Expected support and Resistance level for the month

Lead	S1	S2	R1	R2
MCX	146	140	158	164.50

RECOMMENDATION:

LEAD MCX: - Sell below 148 & 146 Stop Loss above 153.50 Target 142-138.
Buy Only above 164.50 Stop Loss below 160 Target 169-173

ZINC

TECHNICAL OUTLOOK:

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Expected Support & Resistance level

Zinc	S1	S1	R1	R2
MCX	173	164	192	204

RECOMMENDATION:

ZINC MCX :- sell below 173.50 Stop Loss above 180.50 Target 164-160

NICKEL

TECHNICAL OUTLOOK:

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Expected Support & Resistance level

Nickel	S1	S1	R1	R2
MCX	935	910	995	1045

RECOMMENDATION:

Nickel MCX :- sell below 935 Stop Loss above 972 Targets 910-890
Buy only above 995 & 1000 Stop Loss below 975 Targets 1035-1045

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BONANZA COMMODITY BROKERS PVT. LTD.

DATE- July 14th, 2018

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