

05-AUGUST-2024



COMMODITY WEEKLY REPORT



UPCOMING KEY ECONOMIC EVENTS



Monday, August 05

USA: ISM Services PMI- Previous 48.8: If actual data remain higher than previous, will be supportive for US dollar index.

Tuesday, August 06

USA: Trade Balance - Previous -75.1B: If actual data remain higher than previous, will be supportive for US dollar index.

Wednesday, August 07

CNY: Trade Balance-Previous 704: If actual data remain higher than previous, will be supportive for base metals.

USA: 10-y Bond Auction- Unexpected changes may affect bullion prices.

USA: Crude Oil Inventories- Previous and Forecast: If actual data remain lower than previous, will be supportive for crude oil prices.

Thursday, August 08

CNY: New Loan: Increase in new loan, will support base metals prices.

USA: unemployment change- Previous K: If actual data remain lower than previous, will be supportive for US dollar index.

USA: Natural Gas Storage- Previous B: If actual data remain lower than previous, will be supportive for natural gas prices.

Friday, August 09

CNY: CPI y/y- Previous 0.2% : If actual data remain higher than previous, will be supportive for base metals.

CNY: PPI y/y- Previous -0.8%: If actual data remain higher than previous, will be supportive for base metals.

COMMODITY OVERVIEW



Bullion overview:

Gold prices steadied in Asian trade on Thursday after surging close to record highs in the prior session after the Federal Reserve flagged the possibility of an interest rate cut in September. The yellow metal also saw increased safe haven demand amid heightened concerns over a bigger war in the Middle East, after the killing of Hamas leader Ismail Haniyeh in Tehran. Bullion prices rose sharply on Wednesday, coming close to a record high of \$2,483.78 an ounce after the Fed kept interest rates steady, as widely expected. But Fed Chair Jerome Powell flagged more progress towards lower inflation and a cooling labor market, and explicitly raised the possibility of a September rate cut on more encouraging data. While the Fed still has some more inflation and labor market readings to contend with before its next meeting, markets were seen almost entirely pricing in a 25 basis point cut in September, CME Fedwatch showed. source: inveting.com

Europe is showing some more cracks within its economy and they are set to cut rates in September and U.S. is expected to cut rates as well, that has supported the gold market. However, the US Consumer Confidence Index rose in July to 100.3, from a downwardly revised 97.8 in June.

Technical levels:

October futures gold in MCX gained 2.7% after falling sharply in the prior week and settled near Rs. 70500 per ten grams the previous week. In the Comex division, gold prices gained sharply in the previous week and trading near all time high levels. The gold prices have recovered up to 38.2% of two weeks bearish candle in MCX. At the top of the weekly, a red shooting star has formed which may keep the upside limited in gold prices. However, the bias may remain positive this week. The September silver prices have recovered to 38.2% after falling three consecutive weeks in the Comex. The prices on the daily chart are trading below the 100-SMA with persisting weakness of the recent days. However, the prices may remain range-bound this week as prices are trading above the crucial support zone. MCX October future Gold has support at 69000 and resistance at 72000. While, September futures Silver has resistance at 86000 and support at 82000.

COMMODITY OVERVIEW



Energy pack overview :

Oil prices were on course for a fourth successive weekly decline as signs of disappointing global fuel demand growth outweigh fears of supply disruptions on rising Mideast tensions. Disappointing economic data from top oil importer China and a survey showing weaker manufacturing activity across Asia, Europe and the United States raised the risk of an underpowered global economic recovery that would weigh on oil consumption. Falling manufacturing activity in China also inhibited prices, adding to concerns about demand growth after June data showed imports and refinery activity were lower than last year. Meanwhile OPEC+ in a meeting on Thursday kept its oil output policy unchanged including a plan to start unwinding one layer of cuts from October, which could keep supply buoyant. The EIA released its Weekly Natural Gas Storage Report. The report indicated that working gas in storage increased by 18 Bcf from the previous week, compared to forecast of +31 Bcf, which supported the gas prices yesterday. At current levels, stocks are 252 Bcf higher than last year and 441 Bcf above the five-year average for this time of the year.

Technical levels:

Technically, Mid-term trend in crude oil is sideways. However, prices are trading in a range of \$85 to \$75, and currently, prices are trading at the mid of the range amid a lower buying momentum, which indicates that prices could be unable sustain near the upper trading range. Crude oil prices remained down for four consecutive weeks, and open interest has declined previous week which may give support to the crude oil prices. Crude oil has resistance at 6600 and support at 6200. The selling pressure is likely to extend below \$2 in natural gas as the prices have breached the long-term downward channel line on the weekly chart and the open interest has risen sharply last week. In MCX, it has support at 150 and resistance at 190.

COMMODITY OVERVIEW



Base metals overview:

China, still the engine room of global copper demand, shows no signs of escaping its property drag. Copper stocks in the country are unseasonably high. Worse, Chinese smelters have been exporting large volumes to London Metal Exchange (LME) warehouses. LME inventory last week touched a three-year peak. The LME three-month price has retreated from its record high of \$1,104.50 per metric ton in May. Money managers have slashed long positions on the CME copper contract over the course of June and July. China's manufacturing activity in July shrank for a third month, an official factory survey showed on Wednesday. The concerns about Chinese demand remain elevated as yesterday's manufacturing PMIs declined, with the manufacturing sector further contracting. The US Fed's FOMC meeting kept interest rates unchanged and adjusted the statement to align with recent rate cut expectations. Powell indicated that if the data meets requirements, a rate cut could happen as early as September. Aluminum still shows a pattern of increasing supply and weak demand, with social inventories at a high level for the same period.

Technical levels:

The copper prices gained about one percent and have formed a green dogi candle on weekly chart, which may pause the selling pressure this week. However, prices are trading near the crucial support levels which may limit the downside in copper this week. The lack of accumulation activity may keep the prices sideways. The August futures copper prices are trading below 100-SMA, while the RSI now trading above 35 levels on the daily chart. The buying momentum may remain thin but prices may mover range-bound to the upside this week. Copper has support at 770 and resistance at 821. The August future zinc prices are trading above the 100-SMA support and RSI on weekly chart remained well above the 50 levels which indicates that downside may remain limited. The economic data from China front may give a new direction to the prices. Zinc has support at 242 and resistance at 263. The aluminium prices look weak and the downwards trend may resume this week. Aluminium has support at 205 and resistance at 221.



COMMODITY DERIVATIVES READING



MCX Gold:

The CBOE gold volatility index has rose to 18% along with the price gain of 3% in the previous week. The volatility is increasing along with the gold prices at the higher levels. While implied volatility in the Comex division remained near 15% for the September option contract. The volatility of in-the-money put option has increased sharply indicating a fear in current buying momentum may limit the upside move. September's gold option's put/call ratio is at 0.84 in MCX. The 74000 calls and 69000 puts has the highest open interest in MCX.

MCX Silver:

The August month's silver option contract has a high OI at 82000 puts and 85000 calls. While PCR has improved to 0.49, from 0.36 in the previous week, in Comex futures silver, implied volatility (IV) of in-the-money calls has decreased, while the IV of in-the-money puts has increased sharply. The data indicates that upside may remain limited in this week.

MCX Crude Oil:

The August month's crude oil options contract has a high OI at 6600 calls and 6300 puts. The CBOE crude oil volatility index is trading near 34% from 27% in the previous week. The crude oil NYMEX futures IV may have 40 as upper level of its range. The PCR is at 0.59, while the IV of in-the-money puts, has increased in the previous week, indicating a range-bound to the downside move in the upcoming days.

MCX Natural Gas:

The NYMEX natural gas out-of-the-money put option's volatility has increased, while the PCR in MCX is at 0.44 from 0.64 in the previous week, indicating that bearish momentum may continue in this week. The natural gas has a high OI at 180 calls and 150 puts in MCX.

WEEKLY PIVOT LEVELS

PAIR	R3	R2	R1	P	S1	S2	S3
GOLD	74208	72586	71188	69566	68168	66546	65148
SILVER	89134	86917	84705	82488	80276	78059	75847
CRUDEOIL	6940	6775	6460	6295	5980	5815	5500
NATURALGAS	195.5	188.2	176.5	169.2	157.5	150.2	138.5
ALUMINIUM	224.6	220.2	215.4	211.0	206.2	201.8	197.0
ZINC	262.9	259.2	255.3	251.5	247.6	243.9	240.0
COPPER	837.1	823.7	809.4	796.1	781.8	768.4	754.1

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