
Gold up sharply after the FED meeting minutes
Crude up after larger inventory draw
The Indian rupee strengthens against Dollar
Base metals rise along with risky assets

GOLD UP SHARPLY AFTER THE FED MEETING MINUTES

- ▲ Gold U.S. stocks rose to intraday record high but faded into the afternoon session, while the dollar declined after Fed Chair Powell's testimony to Congress indicated a willingness to cut rates at the July meeting. Powell said trade tensions are weighing on business investment and there are other reasons to worry about the global economy.
- ▲ Powell ignored the strong job number; Fed meeting minutes state "Several participants are of the view that a near-term cut in the federal funds rate could help cushion the effects of possible future negative shocks to the economy,".
- ▲ US Nonfarm payrolls climbed a solid 224,000 last month, which is highest since January, after a disappointing 72,000 in May.

Outlook

- ▲ Spot gold is looking strong as dollar retreated after the Fed meeting minutes and Powell's testimony to the US Congress over world economic slowdown increases. Geopolitical issues such as the tension between the US and Iran may also support precious metals. Gold could rise further towards \$1430 and \$1440 per ounce while critical support remains near \$1385 per ounce.

CRUDE UP AFTER LARGER INVENTORY DRAW

- ▲ Oil prices gained supported by inventory report, stockpiles fell more than forecast last week. API reported more than 8 million barrel drop in US inventories last week. Crude inventories fell by 8.1 million barrels in the week ending on July 5 to 461.4 million, compared with analysts' expectations for a decrease of 3.1 million barrels. Crude stocks at the Cushing, Oklahoma, and delivery hub fell by 754,000 barrels. Energy Information Administration will release the official report later today.
- ▲ According to the EIA outlook, US crude oil production is forecast to rise to a fresh record of 12.36 million barrels per day (bpd) in 2019 from the high of 10.96 million bpd last year.
- ▲ Oil prices have been under pressure from concerns about global economic growth amid growing signs of harm from the US-China trade war that has rumbled on over the last year.

Outlook

- ▲ OPEC supply cut and geopolitical issues in the Middle East may provide some support at lower levels along with US-China trade talks. Although higher US inventory build and lower oil demand may keep the oil prices in a range. Immediate resistance is seen around \$66.85 per barrel while the key support level is seen around \$61.90 per barrel.

THE INDIAN RUPEE WEAKENED AGAINST US DOLLAR

- ▲ The Indian rupee strengthened against US dollar tracking on the back of Dollar weakness after the FED meeting minutes on Wednesday.
- ▲ Indian rupee gained ground against the dollar; Fed Chairman Jerome Powell's day testimony to Congress ignored the surprisingly strong jobs report last week and paved way for a rate cut soon. Dollar weakened against all global currencies.
- ▲ The Indian rupee also remained under pressure as FII's selling continued this week as well.
- ▲ Union finance minister Nirmala Sitharaman made her maiden budget speech on Friday and hoped for India to become 3 trillion dollar economy in the current year and aspire to make 5 trillion dollar economy soon.

- But many proposals in the budget were not so good for the market, such as increasing the minimum public shareholding levels to 35 percent, along with a 20 percent tax on share buybacks. There was some confusion about whether a hike in taxes for the rich also applies to certain structures used by foreign portfolio investors (FPIs).
- Morgan Stanley downgraded global equities from equal-weight to underweight citing economic growth challenges. Global trade and purchase manager's index data have continued to worsen.

FII and DII Data

- Foreign Funds (FII's) sold shares worth Rs.604.94 Crore, while Domestic Institutional Investors (DII's) bought shares to the tune of Rs.667.40 crore on July 9th.
- In July'19, FII's net sold shares worth Rs. 2275.17 crore, while DII's were net buyers to the tune of Rs. 2411.33 crore.

Outlook

- Sell off into equities after union budget led to the fresh decline in Indian rupee. US dollar was lower against all major currencies after FED meeting minutes and Powell's testimony to the congress. Dollar weakness might drag the pair further lower in the near term. Eyes USD-INR could find support near 68.00-67.60 levels, while an important resistance is seen around 68.70 levels.

BASE METALS RISE ALONG WITH RISKY ASSETS

- Base metals price continued to rise after weakness in the Dollar index post the FED meeting minutes and is also being supported by the U.S. and China trade talks. FED is worried about the global economic situation and its impact on the US economy. Powell's comments and the FED meeting minutes were taken as Hawkish by the global markets as Dollar crashed and Gold shot up, risk assets also went up sharply.
- Base metals price over all rallied are also supported by the US and China trade talks, US and Chinese negotiators held phone talks to resolve their trade war, more than a week after they declared a truce.
- The U.S. government to issue licenses to companies seeking to sell goods to China's Huawei where there is no threat to national security

Mine

- Southern Copper Corp received a construction permit for its long-delayed \$1.4 billion Tia Maria copper mine project in Peru, but work would not begin until it gains more support from local residents.
- Illegal miners in Congo protested outside a metallurgical plant on a copper and cobalt concession run by Glencore

Outlook

- Copper lost momentum from US-China trade talks after weak PMI data and rising inventory at LME. The purchasing managers' index slipped to a five-month low of 49.4 in June, from 50.2 in May; Copper prices however rose sharply after FED minutes meeting, the near term trend remains positive. Important support is seen around 5865-5780 while important resistance is seen around 6000-6073.

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