



COMMODITY REPORT

01 February 2018

ECONOMIC/GLOBAL NEWS

- Natural gas futures fell sharply, as updated weather forecasting models called for milder weather, which should dampen demand for the heating fuel. March natural gas dropped 6.26% to \$2.995 per million British thermal units. MCX Natural Gas February expiry closed at Rs. 190.50 per British thermal unit, down 8.24%.
- China Caixin manufacturing sector continued to expand in January, with a Manufacturing PMI score of 51.5, unchanged from the December reading.
- Federal Reserve voted to leave its benchmark interest rate unchanged, in a range between 1.25% and 1.5%. The accompanying statement hinted that the Fed will increase the benchmark rate at its next meeting, in late March, thanks to an improving economy and signs of inflation.
- U.S. ADP said employment in the private sector spiked by 234,000 jobs in January after surging up by a revised 242,000 jobs in December.
- U.S. pending home sales index climbed by 0.5% to 110.1 in December after rising by 0.3% to an upwardly revised 109.6 in November.
- U.S. MNI Indicators said its Chicago business barometer dropped to 65.7 in January from an upwardly revised 67.8 in December.
- The U.S. Energy Information Administration reported that domestic crude supplies rose 6.8 million barrels for the week ended Jan. 26. Gasoline stockpiles, however, fell by 2 million barrels for the week, while distillate stockpiles declined by 1.9 million barrels, according to the EIA.
- Eurozone inflation came in at 1.3% in January, but weaker than December's 1.4%. Core inflation rose marginally to 1% from 0.9% in December.
- Eurozone jobless rate remained stable at seasonally adjusted 8.7%, the lowest since January 2009. The number of unemployed totaled 14.137 million in December, down by 134,000 from November. On a yearly basis, unemployment declined by 1.536 million.
- Germany's unemployment rate dropped to a record low of 5.4% in January. The number of people out of work decreased by 25,000 compared to the expected fall of 17,000.
- Germany's retail sales fell 1.9% year-on-year in December, in contrast to November's 4.3% increase. On a monthly basis, retail turnover decreased more-than-expected 1.9%, offsetting the 1.9% increase in November.
- France's consumer price inflation rose to 1.4% in January from 1.2% in the previous month. Month-on-month, consumer prices fell 0.1%, reversing a 0.3% rise in December.
- France's producer price inflation remained flat on month in December after gaining 1.5% in November. Year-on-year, producer prices in domestic market climbed 1.5%.
- Australia's export prices were up 2.8% on quarter in the fourth quarter of 2017, following the 3.0% decline in the three months prior. Import prices advanced 2.0% on quarter, following the 1.6% decline in Q3.
- Japan's manufacturing sector continued to expand in January, with a Manufacturing PMI score of 54.8. That's up from 54.0 in December.
- The Central Statistics Office has sharply raised growth of gross value added (GVA) to 7.1% in 2016-17. However, it maintained its gross domestic product (GDP) growth estimate for FY17 at 7.1%, but has upped it FY16 growth estimate to 8.2%, from the earlier 7.9%.
- India's infrastructure sector slowed to a five-month low of 4% in December on the back of declining steel and crude oil output. Core sector growth was 7.4% in November and 5.6% in December 2016.

Index	31-Jan-18	30-Jan-18	Pts. Ch.	% Change
Dow	26149.39	26076.89	72.50	0.28
Nifty	11027.70	11049.65	-21.95	-0.20
Sensex	35965.02	36033.73	-68.71	-0.19
USD/INR	63.58	63.60	-0.02	-0.03
Dollar Index	88.95	89.00	-0.05	-0.06
Euro/\$1US	1.2416	1.2402	0.0014	0.11
\$1US/Yen	109.19	108.78	0.41	0.38
Pound/\$1US	1.4199	1.4146	0.0053	0.37

Market Update

- Stocks saw choppy trade after the Federal Reserve did nothing to discourage expectations for a March rate rise, but ended the session with modest gains while booking the biggest monthly rise since March 2016. The S&P 500 index eked out a gain of 1.38 points to 2,823.81. The Nasdaq Composite Index rose 9 points, or 0.1%, to close at 7,411.48.
- Indian market declined for a second straight session as investors maintained caution ahead of the Union Budget 2018-19, scheduled tomorrow, 1 February 2018. The Sensex fell below the psychological 36,000 mark. The Nifty settled above the psychological 11,000 level after flirting with that level in intraday trade.

Currency Update

- The U.S. dollar gave up the brief gains achieved immediately following the Federal Reserve's policy update in which it left rates unchanged, as expected, and guided to further increases to benchmark interest rates in 2018. The ICE U.S. Dollar Index was little changed at 89.138. The WSJ U.S. Dollar Index was down 0.1% at 83.22. The British pound defended its gains against the greenback, holding at \$1.4185 compared with \$1.4149. The euro was little changed from Tuesday at \$1.2404. Against the Japanese yen, the greenback was stronger, buying ¥109.34 versus ¥108.78.
- The rupee finally broke out of its two-day consolidative trading range and managed to end higher by 2 paise at 63.58 against the US dollar ahead of the tomorrow's Union Budget. Earlier, the Indian unit opened substantially weak at 63.67 compared to overnight close of 63.60 at the Interbank Foreign Exchange (forex) market. Increased month-end dollar demand and fresh foreign fund outflows largely kept trading mood highly volatile, hitting a fresh intra-day low of 63.75. However, the local unit bounced back sharply towards the tail-end session on persistent US dollar selling to touch a high of 63.55 before ending at 63.58, showing a modest gain of 2 paise. The RBI meanwhile fixed the reference rate for the dollar at 63.6878.

Name of the ETF	Holdings In Tonnes As		%Ch
	31-Jan-18	30-Jan-18	
SPDR Gold ETF	841.35	845.49	-0.49
iShares Silver Trust	9736.88	9763.28	-0.27

Symbol	31-Jan-18		Ratio
	Close	Close	
Gold v/s Silver	1343	17.241	77.90
Gold v/s Crude Oil	1343	64.73	20.75

Bullion	Closing		% Ch
	31-Jan-18	30-Jan-18	
Gold Apr MCX	29966	29985	-0.06
Gold Apr Comex	1343	1340	0.23
Silver Mar MCX	39319	39123	0.50
Silver Mar Comex	17.241	17.058	1.07
Energy			
Crude Oil Feb MCX	4112	4106	0.15
Crude Mar Nymex	64.73	64.50	0.36
Natural Gas Feb MCX	190.50	207.60	-8.24
Nat. Gas Mar Henry Hub	2.995	3.195	-6.26

LME Inventories (In Tonnes)

Base Metals	31-Jan-18	30-Jan-18	Change	% Change
Aluminum	1081475	1084875	-3400	-0.31
Copper	305575	306950	-1375	-0.45
Nickel	357012	359292	-2280	-0.63
Lead	134525	135750	-1225	-0.90
Zinc	172575	174400	-1825	-1.05

Base Metals	Closing		% Ch
	31-Jan-18	30-Jan-18	
Aluminium Feb	140.60	141.10	-0.35
Copper Feb	450.90	450.45	0.10
Nickel Feb	858.90	854.70	0.49
Lead Feb	167.15	166.00	0.69
Zinc Feb	225.95	225.10	0.38

ECONOMIC CALENDER

Thursday February 01 2018

Time	Country	Event	Actual	Forecast	Previous
12:30 AM	U.S.	FOMC Statement			
12:30 AM	U.S.	Fed Interest Rate Decision	1.50%	1.50%	1.50%
6:00 AM	Australia	Export Price Index (QoQ) (Q4)	2.8%		-3.0%
6:00 AM	Australia	Import Price Index (QoQ) (Q4)	2.0%	1.5%	-1.6%
6:00 AM	Japan	Manufacturing PMI (Jan)	54.8	54.4	54.4
7:15 AM	China	Caixin Manufacturing PMI (Jan)	51.5	51.5	51.5
10:30 AM	India	Nikkei Markit Manufacturing PMI (Jan)		54.5	54.7
12:30 PM	U.K.	Nationwide HPI (MoM) (Jan)		0.2%	0.6%
12:30 PM	U.K.	Nationwide HPI (YoY) (Jan)		2.5%	2.6%
2:20 PM	France	French Manufacturing PMI (Jan)		58.1	58.1
2:25 PM	Germany	German Manufacturing PMI (Jan)		61.2	61.2
2:30 PM	Eurozone	Manufacturing PMI (Jan)		59.6	59.6
3:00 PM	U.K.	Manufacturing PMI (Jan)		56.5	56.3
7:00 PM	U.S.	Continuing Jobless Claims		1,928K	1,937K
7:00 PM	U.S.	Initial Jobless Claims		236K	233K
8:15 PM	U.S.	Manufacturing PMI (Jan)			55.5
8:30 PM	U.S.	ISM Manufacturing PMI (Jan)		58.8	59.3
9:00 PM	U.S.	Natural Gas Storage		-104B	-288B

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