



COMMODITY REPORT

06 February 2018

ECONOMIC/GLOBAL NEWS

- Oil prices dropped, tracking a sharp drop in global stock markets, with a stronger dollar and rising U.S. crude production sending U.S. benchmark crude to its lowest finish in two weeks. March West Texas Intermediate crude fell \$1.30, or 1.99%, to settle at \$64.15 a barrel on the New York Mercantile Exchange. MCX Crude Oil February expiry closed at Rs. 4103 per barrel, down 1.98%.
- U.S. Markit composite PMI for the month of January registered 53.8, from 53.8 in December. The services PMI came in at 53.3 in January, down from 53.3 seen in December last year.
- U.S. ISM's NMI index registered 59.9%, which is 3.9% points higher than the seasonally adjusted December reading of 56%.
- U.K. retail sales increased 0.6% on a like-for-like basis in January from the previous year, when they had decreased 0.6%.
- U.K. IHS Markit/CIPS service PMI dropped more-than-expected to 53.0 in January from 54.2 in December.
- Eurozone retail sales dropped 1.1% month-on-month in December, in contrast to the 2% rise posted in November. On a yearly basis, retail sales growth eased to 1.9% from 3.9% in the previous month.
- Eurozone final composite output index rose more than initially estimated to 58.8 in January from 58.1 in December. The final IHS Markit Services PMI came at 58.0 in January, above the earlier flash estimate of 57.6.
- Eurozone Sentix investor sentiment index fell unexpectedly to 31.9 in February from 32.9 in January.
- Germany's final composite PMI came in at 59.0 versus 58.9 in December and the flash 58.8. Likewise, the services PMI improved more than estimated to 57.3 from 55.8 a month ago.
- France's composite PMI remained unchanged at 59.6, which was slightly below the flash 59.7. The services PMI rose marginally to 59.2 from 59.1 a month ago.
- Australia's central bank decided to leave its key interest rate unchanged at a record low, the board of the Reserve Bank of Australia, governed by Philip Lowe, maintained the cash rate at 1.50%. The bank had reduced the rate by 25-basis points each in August and May last year.
- Australia's seasonally adjusted trade balance came in at a deficit of A\$1.36 billion in December versus a surplus of A\$36 million in November, which was revised from a shortfall of A\$628 million reported earlier. Exports rose 2.0% month-over-month in December and imports grew 6.0%.
- Australia's retail sales decreased a seasonally adjusted 0.5% monthly in December, reversing a 1.3% rise in the prior month.
- Indian headline Nikkei Services PMI rose to 51.7 in January from 50.9 in December. The Nikkei Composite Output Index dropped to 52.5 in January from 53.0 in the preceding month.

Index	05-Feb-18	02-Feb-18	Pts. Ch.	% Change
Dow	24345.75	25520.96	-1175.21	-4.60
Nifty	10666.55	10760.60	-94.05	-0.87
Sensex	34757.16	35066.75	-309.59	-0.88
USD/INR	64.07	64.06	0.01	0.02
Dollar Index	89.57	89.04	0.53	0.60
Euro/\$1US	1.2367	1.2462	-0.0095	-0.76
\$1US/Yen	109.06	110.11	-1.05	-0.95
Pound/\$1US	1.3944	1.4123	-0.0179	-1.27

Market Update

- U.S. stocks tumbled, with the Dow recording its worst one-day point drop in history, in a selloff that at times took on the characteristics of a panic. The Dow was down more than 1,500 points at its session low, while the S&P 500 logged its first 5% pullback from its all-time high in over a year. The S&P 500 dropped 113.19 points, or 4.1%, to 2,648.94. The Nasdaq Composite Index shed 273.42 points, or 3.8%, to end at 6,967.53.
- Indian market logged sharp losses on first trading day of the week on negative global cues. The Sensex settled below the psychological 35,000 level after slipping below that level in intraday trade. Key indices registered losses for fifth straight session today, 5 February 2018. Global stocks declined after a stronger-than-expected US jobs report sent bond yields surging.

Currency Update

- The U.S. dollar was trading higher against the euro and pound, as the currency looked set to extend a recent comeback after Friday's employment data indicated a pickup in stubbornly low wage growth, which could lead to inflation. The ICE U.S. Dollar Index rose 0.4% to 89.556. The wider WSJ Dollar Index was up 0.2% at 83.75. The euro slipped to \$1.2392, compared with 1.2459. The pound declined to \$1.3978 - a two-week low - versus \$1.4119 in the previous session. Against the Japanese yen, the dollar sold off to ¥109.12, compared with ¥110.15.
- The rupee managed to pull back from its early lows and eventually ended flat at 64.07 against the US currency amid sharp losses in local equities. Extending last week's sell-offs, the Indian unit opened sharply lower at 64.20 from 64.06 previously at the Interbank Foreign Exchange (forex) market on sustained dollar demand from importers and banks. Maintaining its bearish undertone, the home unit drifted sharply to hit a fresh one-month low of 64.24 in late afternoon deals before staging a spirited recovery on the back of easing dollar pressure. It hit a session high of 64.01 towards to tail-end trade before settling at 64.07, showing a mere fall of 2 paise. The RBI fixed the reference rate for the dollar at 64.0295.

Name of the ETF	Holdings In Tonnes As		%Ch
	05-Feb-18	02-Feb-18	
SPDR Gold ETF	841.35	841.35	0.00
iShares Silver Trust	9767.91	9732.72	0.36

Symbol	05-Feb-18		Ratio
	Close	Close	
Gold v/s Silver	1337	16.671	80.17
Gold v/s Crude Oil	1337	64.15	20.83

Bullion	Closing		% Ch
	05-Feb-18	02-Feb-18	
Gold Apr MCX	30293	30336	-0.14
Gold Apr Comex	1337	1337	-0.06
Silver Mar MCX	38553	38651	-0.25
Silver Mar Comex	16.671	16.709	-0.23
Energy			
Crude Oil Feb MCX	4103	4186	-1.98
Crude Mar Nymex	64.15	65.45	-1.99
Natural Gas Feb MCX	177.10	184.90	-4.22
Nat. Gas Mar Henry Hub	2.747	2.846	-3.48

LME Inventories (In Tonnes)

Base Metals	05-Feb-18	02-Feb-18	Change	% Change
Aluminum	1075050	1077650	-2600	-0.24
Copper	304000	304325	-325	-0.11
Nickel	350652	353592	-2940	-0.83
Lead	131125	132325	-1200	-0.91
Zinc	167450	168800	-1350	-0.80

Base Metals	Closing		% Ch
	05-Feb-18	02-Feb-18	
Aluminium Feb	141.40	141.70	-0.21
Copper Feb	456.30	452.75	0.78
Nickel Feb	877.80	866.80	1.27
Lead Feb	170.10	171.90	-1.05
Zinc Feb	227.75	226.40	0.60

ECONOMIC CALENDER

Tuesday February 06 2018					
Time	Country	Event	Actual	Forecast	Previous
5:31 AM	U.K.	BRC Retail Sales Monitor (YoY) (Jan)	0.6%		0.6%
6:00 AM	Australia	Exports (MoM) (Dec)	2%		-3%
6:00 AM	Australia	Imports (MoM) (Dec)	6%		1%
6:00 AM	Australia	Retail Sales (MoM) (Dec)	-0.5%	-0.2%	1.2%
6:00 AM	Australia	Retail Sales (QoQ) (Q4)	0.9%	0.8%	0.1%
6:00 AM	Australia	Trade Balance (Dec)	-1.358B	0.250B	-0.036B
9:00 AM	Australia	RBA Interest Rate Decision (Feb)	1.50%	1.50%	1.50%
9:00 AM	Australia	RBA Rate Statement			
12:30 PM	Germany	German Factory Orders (MoM) (Dec)		0.7%	-0.4%
1:15 PM	France	French Industrial Investments (Q1)			4.0%
2:40 PM	Eurozone	Retail PMI			53.0
7:00 PM	U.S.	Trade Balance (Dec)		-52.10B	-50.50B

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