



COMMODITY REPORT

15 December 2017

ECONOMIC/GLOBAL NEWS

- Natural-gas prices declined after the EIA said supplies of the fuel fell by 69 billion cubic feet for the week ended Dec. 8. Total stocks now stand at 3.626 trillion cubic feet, down 201 billion cubic feet from a year ago, and 27 billion cubic feet below the five-year average, the government said. January natural gas lost 3.1 cents, or 1.1%, to \$2.684 per million British thermal units. MCX Natural Gas December expiry closed at Rs. 172.10 per British thermal unit, down 2.44%.
- China's central bank unexpectedly lifted its rates on open market operation after the Federal Reserve tightened its policy rates. The People's Bank of China raised its 7-day and 28-day reverse repo rates by 5 basis points to 2.50% and 2.80%, respectively. A similar action was last taken in mid-March.
- U.S. initial jobless claims dropped to 225,000 in the week ended December 9th, a decrease of 11,000 from the previous week's unrevised level of 236,000. Continuing claims fell by 27,000 to 1.886 million in the week ended December 2nd.
- U.S. retail sales climbed by 0.8% in November after rising by an upwardly revised 0.5% in October. Core retail sales surged up by 1.0% in November after climbing by 0.4% in October. Compared to the same month a year ago, retail sales were up by 5.8% in November, a notable acceleration from the 4.9% year-over-year increase in October.
- U.S. seasonally adjusted IHS Markit Flash Composite PMI Output Index dropped to 53.0 in December, from 54.5 in November. The seasonally adjusted IHS Markit Flash U.S. Services PMI came at 52.4 in December, down from 54.5 in November while the seasonally adjusted IHS Markit Flash U.S. Manufacturing PMI came at 55.0, up from 53.9 in November.
- U.S. import price index climbed by 0.7% in November after inching up by 0.1% in October. Export prices rose by 0.5% in November after creeping up by 0.1% in the previous month.
- U.S. business inventories edged down by 0.1% in October after showing no change in September.
- The IEA in a monthly oil report said global oil supplies rose by 170,000 barrels a day in November to 97.8 million barrels a day. The IEA said OPEC production declined for a fourth straight month, but also warned that "2018 might not be quite so happy for OPEC producers" as supply growth could exceed demand growth by 200,000 barrels a day in the first half.
- Bank of England policymakers unanimously decided to leave its key interest rate unchanged after tightening it for the first time in a decade in November. The Monetary Policy Committee, headed by Governor Mark Carney, voted to maintain the benchmark rate at 0.50%.
- U.K. retail sales climbed 1.1% on a monthly basis in November, after expanding 0.5% in October. Core retail sales volume growth improved to 1.2% from 0.4% in the previous month. On a yearly basis, retail sales volume grew 1.6% after staying flat in October. Core retail sales rose 1.5% versus nil growth in the previous month.
- European Central Bank raised the euro area growth forecasts, as it gained confidence from the strong momentum this year, but inflation was seen to remain short of its target into 2020, which Mario Draghi called a "muted" news that warrants support from massive monetary stimulus.
- European Central Bank left its key interest rates and its plan to continue its monthly asset purchases at half its current size from January, unchanged and reiterated that the rates will remain at their present levels well past the life of the stimulus. The main refi rate is currently at a record low zero% and the deposit rate at -0.40%. The marginal lending facility rate is 0.25%.

Index	14-Dec-17	13-Dec-17	Pts. Ch.	% Change
Dow	24508.66	24585.43	-76.77	-0.31
Nifty	10252.10	10192.95	59.15	0.58
Sensex	33246.70	33053.04	193.66	0.59
USD/INR	64.34	64.44	-0.10	-0.16
Dollar Index	93.64	93.42	0.22	0.24
Euro/\$1US	1.1775	1.1826	-0.0051	-0.43
\$1US/Yen	112.40	112.55	-0.15	-0.13
Pound/\$1US	1.3432	1.3420	0.0012	0.09

Market Update

- U.S. stock-market indexes relinquished earlier gains, finishing lower, with the selling pressure coming from health-care, materials sectors and telecoms sectors. The S&P 500 index declined by 10.84 points, or 0.4%, to 2,652.01. The Nasdaq Composite Index fell 19.27 points, or 0.3%, to 6,856.53.
- Indian market settled with modest gains in a volatile session of trade. The Sensex settled above the 33,000 level after skidding below that level in intraday trade.

Currency Update

- The U.S. dollar strengthened into the end of the session on Thursday, propped up by better-than-expected economic data and helped by an ailing euro that sold off after the European Central Bank's inflation forecast for 2020 failed to meet some analysts' expectations. The ICE U.S. Dollar Index was 0.2% higher at 93.616, while the broader WSJ U.S. Dollar Index rose 0.1% to 86.86. The euro slipped to \$1.1782 from \$1.1827. The pound rose to \$1.3432, up from \$1.3419. The yen weakened, with the greenback buying ¥112.36, from ¥112.54.
- The rupee snapped a two-session fall and rebounded by 10 paise to end at 64.34 a dollar amid expectations that the ruling BJP will emerge victorious in Gujarat polls. The home currency resumed on a positive note at 64.35 from Wednesday's close of 64.43 at the Interbank Foreign Exchange (forex) market as currency traders largely shrugged off the Federal Reserves' widely expected US rate hike. It maintained the buoyancy throughout the trade and touched an intra-day high of 64.2450 in mid-afternoon deal before ending at 64.34, showing a smart gain of 10 paise, or 0.16%. The RBI fixed the reference rate for the dollar at 64.2798.

Name of the ETF	Holdings In Tonnes As		%Ch
	14-Dec-17	13-Dec-17	
SPDR Gold ETF	844.29	844.29	0.00
iShares Silver Trust	10150.22	10194.24	-0.43

Symbol	14-Dec-17		Ratio
	Close	Close	
Gold v/s Silver	1257	15.934	78.89
Gold v/s Crude Oil	1257	57.04	22.04

Bullion	Closing		% Ch
	14-Dec-17	13-Dec-17	
Gold Feb MCX	28317	28195	0.43
Gold Feb Comex	1257	1249	0.68
Silver Mar MCX	37054	36967	0.24
Silver Mar Comex	15.934	15.869	0.41
Energy			
Crude Oil Jan MCX	3666	3667	-0.03
Crude Jan Nymex	57.04	56.60	0.78
Natural Gas Dec MCX	172.10	176.40	-2.44
Nat. Gas Jan Henry Hub	2.684	2.715	-1.14

LME Inventories (In Tonnes)

Base Metals	14-Dec-17	13-Dec-17	Change	% Change
Aluminum	1110600	1109725	875	0.08
Copper	191550	191600	-50	-0.03
Nickel	376878	375564	1314	0.35
Lead	144975	145550	-575	-0.40
Zinc	195225	197875	-2650	-1.34

Base Metals	Closing		% Ch
	14-Dec-17	13-Dec-17	
Aluminium Dec	131.00	129.15	1.43
Copper Feb	439.35	437.25	0.48
Nickel Dec	718.30	713.10	0.73
Lead Dec	160.15	162.50	-1.45
Zinc Dec	204.90	203.20	0.84

ECONOMIC CALENDER

Friday December 15 2017					
Time	Country	Event	Actual	Forecast	Previous
3:30 PM	Eurozone	Trade Balance (Oct)		24.6B	26.4B
4:00 PM	India	FX Reserves, USD			401.94B
5:30 PM	India	Trade Balance (Nov)		13.75B	14.02B
7:45 PM	U.S.	Industrial Production (MoM) (Nov)		0.3%	0.9%
7:45 PM	U.S.	Manufacturing Production (MoM) (Nov)		0.3%	1.3%

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