



# COMMODITY REPORT

18 January 2018

## ECONOMIC/GLOBAL NEWS

- Natural gas futures bounced back, re-approaching their highest level in around two months as investors speculated this week's supply report will show another hefty drop as cold weather boosts demand. February natural gas jumped 3.29% to \$3.232 per million British thermal units-for the highest finish since May. MCX Natural Gas February expiry closed at Rs. 208.30 per British thermal unit, up 4.41%.
- China home prices rose 0.5% in December from November. That compared with a 0.4% on-month gain in November. Compared with the same period a year earlier, average new home prices increased 5.8% in December, compared with a 5.5% increase in November.
- U.S. industrial production rose 0.9% in December for the fourth straight monthly increase. For the fourth quarter, production jumped at an 8.2% annual rate. In December, output among manufacturers only rose 0.1%. Most of the gain in production in December came from mining and utilities.
- Economic growth continued to expand at a modest pace in recent months across the U.S. central bank's regional districts amid moderate wage growth. The central bank's Beige Book economic report, based on anecdotal information collected by the Fed's 12 reserve banks through the end of the year, showed pricing pressures grew at a moderate pace despite ongoing tighter labor market conditions. This has confounded the Fed's expectations that tighter labor market conditions would spur a rebound inflation.
- The American Petroleum Institute reported that U.S. crude supplies dropped by 5.1 million barrels for the week ended Jan. 12. However, the API data showed a rise of 1.8 million barrels in gasoline stockpiles, while inventories of distillates rose by 609,000 barrels.
- Eurozone inflation slowed to 1.4% in December from 1.5% in November. On a monthly basis, consumer prices advanced 0.4%. Core inflation held steady at 0.9% in December.
- Australia's unemployment rate came in at a seasonally adjusted 5.5% in December, unchanged from November. The Australian economy added 34,700 jobs last month to 12,440,800, following the upwardly revised 63,600 gain in the previous month (originally 61,600).
- Japan's industrial production rose at a stable rate of 0.5% month-over-month in November, just below the 0.6% increase reported earlier.

Index	17-Jan-18	16-Jan-18	Pts. Ch.	% Change
<b>Dow</b>	26115.65	25792.86	<b>322.79</b>	<b>1.25</b>
<b>Nifty</b>	10788.55	10700.45	<b>88.10</b>	<b>0.82</b>
<b>Sensex</b>	35081.82	34771.05	<b>310.77</b>	<b>0.89</b>
<b>USD/INR</b>	63.88	64.03	<b>-0.15</b>	<b>-0.23</b>
<b>Dollar Index</b>	90.65	90.15	<b>0.50</b>	<b>0.55</b>
<b>Euro/\$1US</b>	1.2180	1.2261	<b>-0.0081</b>	<b>-0.66</b>
<b>\$1US/Yen</b>	111.35	110.45	<b>0.90</b>	<b>0.81</b>
<b>Pound/\$1US</b>	1.3825	1.3793	<b>0.0032</b>	<b>0.23</b>

## Market Update

- The Dow industrials staged a late rally to end above 26,000 for the first time ever, knocking out another round-number milestone at a history-setting pace for blue chips, with all the main equity indexes finishing at all-time highs. An upbeat gauge of conditions at the Federal Reserve's business districts contributed to the buying sentiment. The S&P 500 rose 26.14 points, or 0.9%, to 2,802.56. The Nasdaq Composite Index rose 74.59 points, or 1%, to 7,298.28.
- Indian market settled with strong gains with the indices registering new highs as the announcement of reduction in additional borrowing by the government allayed fiscal deficit concerns. Expectation of big ticket changes in the Goods and Services Tax (GST) in the GST council's next meeting also boosted sentiment. Indices bucked weak trend in global stocks. Both the Sensex, and the Nifty, hit record high levels in intraday as well as on closing basis. The Sensex hit record high above 35,000-mark and the Nifty scaled record high above 10,800-mark in the intraday.

## Currency Update

- The U.S. dollar managed to claw back lost ground, strengthening on the back of the afternoon release of the Federal Reserve's Beige Book. The ICE U.S. Dollar Index was up 0.4% at 90.736. The broader WSJ U.S. Dollar Index rose 0.2% to 84.63. The euro traded down as the dollar index retraced its losses and last traded at \$1.2209, up from \$1.2259. The British pound jumped above \$1.39 for the first time since the Brexit vote in June 2016. The pair since gave up some of its gains, last buying \$1.3846 versus \$1.3790 in the prior session. Against the Japanese yen, the greenback traded at ¥111.27, up from ¥110.45.
- The Indian rupee suffered its biggest single-day fall in eight months and endured some turbulent trading across Asian forex region, hit hard by trade deficit worries which widened to a three-year high on higher oil and gold imports. The local currency opened lower at 64.08 compared to overnight close of 64.03 at the Interbank Foreign Exchange (forex) market on stray dollar buying. It touched a high of 63.76 in intra-day trade during the late afternoon deals before ending at 63.88, showing a smart rise of 15 paise, or 0.23%.

Name of the ETF	Holdings In Tonnes As		%Ch
	17-Jan-18	16-Jan-18	
<b>SPDR Gold ETF</b>	828.96	828.96	<b>0.00</b>
<b>iShares Silver Trust</b>	9839.55	9839.55	<b>0.00</b>

Symbol	17-Jan-18		Ratio
	Close	Close	
<b>Gold v/s Silver</b>	1339	17.166	<b>78.01</b>
<b>Gold v/s Crude Oil</b>	1339	63.97	<b>20.93</b>

Bullion	Closing		% Ch
	17-Jan-18	16-Jan-18	
<b>Gold Feb MCX</b>	29757	29822	<b>-0.22</b>
<b>Gold Feb Comex</b>	1339	1337	<b>0.16</b>
<b>Silver Mar MCX</b>	39201	39420	<b>-0.56</b>
<b>Silver Mar Comex</b>	17.166	17.189	<b>-0.13</b>
<b>Energy</b>			
<b>Crude Oil Feb MCX</b>	4090	4090	<b>0.00</b>
<b>Crude Feb Nymex</b>	63.97	63.73	<b>0.38</b>
<b>Natural Gas Jan MCX</b>	208.30	199.50	<b>4.41</b>
<b>Nat. Gas Feb Henry Hub</b>	3.232	3.129	<b>3.29</b>

## LME Inventories (In Tonnes)

Base Metals	17-Jan-18	16-Jan-18	Change	% Change
<b>Aluminum</b>	1088725	1083800	<b>4925</b>	<b>0.45</b>
<b>Copper</b>	204675	204650	<b>25</b>	<b>0.01</b>
<b>Nickel</b>	364968	364218	<b>750</b>	<b>0.21</b>
<b>Lead</b>	140125	140600	<b>-475</b>	<b>-0.34</b>
<b>Zinc</b>	180100	180125	<b>-25</b>	<b>-0.01</b>

Base Metals	Closing		% Ch
	17-Jan-18	16-Jan-18	
<b>Aluminium Jan</b>	140.30	140.35	<b>-0.04</b>
<b>Copper Feb</b>	450.75	456.50	<b>-1.26</b>
<b>Nickel Jan</b>	790.20	802.60	<b>-1.54</b>
<b>Lead Jan</b>	163.25	164.00	<b>-0.46</b>
<b>Zinc Jan</b>	217.40	219.90	<b>-1.14</b>

## ECONOMIC CALENDER

Thursday January 18 2018					
Time	Country	Event	Actual	Forecast	Previous
12:30 AM	U.S.	<b>Beige Book</b>			
3:00 AM	U.S.	<b>API Weekly Crude Oil Stock</b>	<b>-5.121M</b>	-3.600M	-11.190M
6:00 AM	Australia	<b>Employment Change (Dec)</b>	<b>34.7K</b>	9.0K	63.6K
6:00 AM	Australia	<b>Unemployment Rate (Dec)</b>	<b>5.5%</b>	5.4%	5.4%
7:00 AM	China	<b>House Prices (YoY) (Dec)</b>	<b>5.3%</b>		5.1%
10:00 AM	Japan	<b>Industrial Production (MoM) (Nov)</b>	<b>0.5%</b>	0.6%	0.6%
12:30 PM	China	<b>Fixed Asset Investment (YoY) (Dec)</b>		7.1%	7.2%
12:30 PM	China	<b>GDP (YoY) (Q4)</b>		6.7%	6.8%
12:30 PM	China	<b>GDP (QoQ) (Q4)</b>		1.6%	1.7%
12:30 PM	China	<b>Industrial Production (YoY) (Dec)</b>		6.0%	6.1%
12:30 PM	China	<b>Retail Sales (YoY) (Dec)</b>		10.1%	10.2%
7:00 PM	U.S.	<b>Building Permits (Dec)</b>		1.300M	1.303M
7:00 PM	U.S.	<b>Building Permits (MoM) (Dec)</b>			-1.0%
7:00 PM	U.S.	<b>Continuing Jobless Claims</b>		1,900K	1,867K
7:00 PM	U.S.	<b>Housing Starts (Dec)</b>		1.275M	1.297M
7:00 PM	U.S.	<b>Housing Starts (MoM) (Dec)</b>			3.3%
7:00 PM	U.S.	<b>Initial Jobless Claims</b>		250K	261K
9:00 PM	U.S.	<b>Natural Gas Storage</b>		-199B	-359B
9:30 PM	U.S.	<b>Crude Oil Inventories</b>		-3.536M	-4.948M
9:30 PM	U.S.	<b>EIA Weekly Distillates Stocks</b>		0.086M	4.254M
9:30 PM	U.S.	<b>Gasoline Inventories</b>		3.426M	4.135M

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