



COMMODITY REPORT

20 December 2017

ECONOMIC/GLOBAL NEWS

- Oil prices rose modestly as the market remained broadly rangebound ahead of U.S. inventory data and the expiration of the January West Texas Intermediate contract. The February WTI crude contract expired at \$57.56 a barrel, a gain of 34 cents or 0.59%. MCX Crude Oil January expiry closed at Rs. 3698 per barrel, up 0.90%.
- U.S. current account deficit narrowed significantly from \$124.4 billion (revised) in the second quarter to \$100.6 billion in Q3.
- U.S. housing starts jumped 3.3% to an annual rate of 1.297 million in November from a revised 1.256 million in October. Building permits fell by 1.4% to an annual rate of 1.298 million from 1.316 million in the previous month.
- The American Petroleum Institute announced that crude inventories decreased by 5.2 million barrels for the week ending December 15 to 438.7 million. Further details of the report showed that refinery crude runs dropped by 106,000 barrels per day while gasoline stocks increased by 2 million barrels.
- Eurozone construction output declined a seasonally adjusted 0.4% month-over-month in October, reversing a 0.1% rise in September. On an annual basis, growth in construction production moderated to 2.0% in October from 3.5% in the previous, which was revised up from a 3.1% gain reported earlier.
- Germany's business sentiment index fell to 117.2 in December, from November's original estimate of 117.5. The current conditions rose to 125.4 in December. At the same time, the expectations indicator came in at 109.5.
- New Zealand posted a merchandise trade deficit of NZ\$1.193 billion in November, following the NZ\$843 million deficit in October. Exports jumped 20.0% on year to NZ\$4.63 billion - up from NX\$4.55 billion in the previous month. Imports spiked an annual 27.0% to NZNZ\$5.82 billion, up from NZNZ\$5.40 billion a month earlier.
- South Africa's composite leading index climbed to 105.4 in October from 104.7 in the previous month. On a yearly basis, growth in leading index eased to 3.9% in October from 5.1% in September.

| Index | 19-Dec-17 | 18-Dec-17 | Pts. Ch. | % Change |
|---------------------|-----------|-----------|---------------|--------------|
| Dow | 24754.75 | 24792.20 | -37.45 | -0.15 |
| Nifty | 10463.20 | 10388.75 | 74.45 | 0.72 |
| Sensex | 33836.74 | 33601.68 | 235.06 | 0.70 |
| USD/INR | 64.03 | 64.24 | -0.21 | -0.33 |
| Dollar Index | 93.05 | 93.52 | -0.47 | -0.50 |
| Euro/\$1US | 1.1837 | 1.1782 | 0.0055 | 0.47 |
| \$1US/Yen | 113.01 | 112.55 | 0.46 | 0.41 |
| Pound/\$1US | 1.3386 | 1.3382 | 0.0004 | 0.03 |

Market Update

- U.S. stock-market indexes closed slightly lower as the House of Representatives, as expected, passed a bill that would deliver sweeping corporate tax cuts. The S&P 500 fell 8.69 points, or 0.3%, to 2,681.47. The tech-concentrated Nasdaq Composite Index declined 30.91 points, or 0.4%, to 6,963.85.
- Indian market surged for the fourth consecutive session to end at record highs, with the BJP's win in both Gujarat and Himachal Pradesh as well as firm cues from Wall Street and Asia boosting investor sentiment.

Currency Update

- The U.S. dollar weakened versus some rivals, leading closely watched indexes lower, after the House passed closely watched tax-cut legislation. The ICE U.S. Dollar Index DXY, +0.01% a measure of the U.S. currency against a basket of six major rivals, fell to 93.444 from its late Monday level of 93.702. The WSJ Dollar Index was off 0.1% at 86.85. The euro traded at \$1.1844, up from \$1.1782, while the British pound was flat \$1.3382. The dollar strengthened versus the Japanese yen fetching 112.86 yen versus 112.55.
- The rupee rebounded by 21 paise to close at a three-month high of 64.03 against the US dollar, building on the momentum gathered after the BJP's win in Gujarat and Himachal Pradesh assembly polls. The domestic currency had lost yesterday 20 paise to end at 64.24 a dollar on a day that saw the home unit plunging by as much as 70 paise in intra-day trade after initial result trends showed that the ruling BJP might get a tough fight from the Congress in Gujarat. At the Interbank Foreign Exchange (forex) market, the rupee opened a tad higher at 64.22 against Monday's close of 64.24 on fresh bouts of dollar selling. But later gaining strength, the home currency breached the 64-mark to hit an intra-day high of 63.94 in mid afternoon trade before concluding at 64.03, showing a smart gain of 21 paise, or 0.33%. The RBI fixed the reference rate for the dollar at 64.1205.

| Name of the ETF | Holdings In Tonnes As | | %Ch |
|-----------------------------|-----------------------|-----------|--------------|
| | 19-Dec-17 | 18-Dec-17 | |
| SPDR Gold ETF | 836.02 | 837.20 | -0.14 |
| iShares Silver Trust | 10150.22 | 10150.22 | 0.00 |

| Symbol | 19-Dec-17 | | Ratio |
|---------------------------|-----------|--------|--------------|
| | Close | Close | |
| Gold v/s Silver | 1264 | 16.153 | 78.26 |
| Gold v/s Crude Oil | 1264 | 57.56 | 21.96 |

| Bullion | Closing | | % Ch |
|-------------------------------|-----------|-----------|--------------|
| | 19-Dec-17 | 18-Dec-17 | |
| Gold Feb MCX | 28405 | 28470 | -0.23 |
| Gold Feb Comex | 1264 | 1266 | -0.10 |
| Silver Mar MCX | 37392 | 37541 | -0.40 |
| Silver Mar Comex | 16.153 | 16.205 | -0.32 |
| Energy | | | |
| Crude Oil Jan MCX | 3698 | 3665 | 0.90 |
| Crude Feb Nymex | 57.56 | 57.22 | 0.59 |
| Natural Gas Dec MCX | 174.50 | 177.30 | -1.58 |
| Nat. Gas Jan Henry Hub | 2.692 | 2.745 | -1.93 |

LME Inventories (In Tonnes)

| Base Metals | 19-Dec-17 | 18-Dec-17 | Change | % Change |
|-----------------|-----------|-----------|-------------|---------------|
| Aluminum | 1105875 | 1105900 | -25 | -0.002 |
| Copper | 201725 | 196725 | 5000 | 2.54 |
| Nickel | 374502 | 373314 | 1188 | 0.32 |
| Lead | 143550 | 143875 | -325 | -0.23 |
| Zinc | 191325 | 191900 | -575 | -0.30 |

| Base Metals | Closing | | % Ch |
|----------------------|-----------|-----------|--------------|
| | 19-Dec-17 | 18-Dec-17 | |
| Aluminium Dec | 133.90 | 132.55 | 1.02 |
| Copper Feb | 448.45 | 448.25 | 0.04 |
| Nickel Dec | 752.20 | 755.40 | -0.42 |
| Lead Dec | 163.70 | 164.65 | -0.58 |
| Zinc Dec | 205.35 | 204.90 | 0.22 |

ECONOMIC CALENDER

Wednesday December 20 2017

| Time | Country | Event | Actual | Forecast | Previous |
|----------|----------|---|----------------|----------|----------|
| 3:05 AM | U.S. | API Weekly Crude Oil Stock | -5.222M | -3.200M | -7.382M |
| 10:31 AM | India | M3 Money Supply | | | 8.8% |
| 12:30 PM | Germany | German PPI (MoM) (Nov) | | 0.2% | 0.3% |
| 12:30 PM | Germany | German PPI (YoY) (Nov) | | 2.6% | 2.7% |
| 2:30 PM | Eurozone | Current Account (Oct) | | 33.4B | 37.8B |
| 4:30 PM | U.K. | CBI Distributive Trades Survey (Dec) | | 20 | 26 |
| 8:30 PM | U.S. | Existing Home Sales (Nov) | | 5.54M | 5.48M |
| 8:30 PM | U.S. | Existing Home Sales (MoM) (Nov) | | 0.9% | 2.0% |
| 9:00 PM | U.S. | Crude Oil Inventories | | -3.769M | -5.117M |
| 9:00 PM | U.S. | EIA Weekly Distillates Stocks | | -0.870M | -1.370M |
| 9:00 PM | U.S. | Gasoline Inventories | | 1.895M | 5.664M |

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