

COMMODITY

Report

02 August 2018



SHRIRAM INSIGHT SHARE BROKERS LIMITED

Enquiry : +91 33 2359 4612, +91 33 2359 4614, +91 33 2358 1953,
E-mail : research@shriraminsight.com

EVERYTHING YOU
NEED TO KNOW
ABOUT THE COMMODITY



Enquiry : +91 33 2359 4612, +91 33 2359 4614, +91 33 2358 1953, E-mail : research@shriraminsight.com

ECONOMIC / GLOBAL NEWS

- Oil finished lower, but off the session's worst levels, after official U.S. data revealed an unexpected climb of nearly 4 million barrels in domestic crude supplies, along with a drop in weekly production. On the New York Mercantile Exchange, September West Texas Intermediate crude fell \$1.10, or 1.6%, to settle at \$67.66 a barrel after touching an intraday low of \$67.31. The Energy Information Administration reported that domestic crude supplies rose by 3.8 million barrels for the week ended July 27. Gasoline stockpiles declined by 2.5 million barrels for the week, while distillate stockpiles rose 3 million barrels, according to the EIA. MCX Crude Oil August expiry closed at Rs. 4629 per barrel, down 2.22%.
- Federal Open Market Committee announced its widely expected decision to leave interest rates unchanged. Citing realized and expected labor market conditions and inflation, the Fed said it decided to maintain the target range for the federal funds rate at 1.75 to 2%. The Fed said economic activity has been rising at a "strong rate," compared to the assessment in June that economic activity had been rising at a "solid rate."
- U.S. seasonally adjusted IHS Markit final manufacturing PMI registered 55.3 in July, down slightly from 55.4 in June.
- U.S. ISM said its purchasing managers index fell to 58.1 in July after unexpectedly climbing to 60.2 in June.
- U.S. ADP said private sector employment jumped by 219,000 jobs in July after climbing by an upwardly revised 181,000 jobs in June.
- U.S. total vehicle sales at 16.77m rate in July vs 17.24m in June.
- U.K. IHS Markit and CIPS manufacturing PMI dropped to 54.0 in July from 54.3 in June.
- U.K. house prices advanced 2.5% year-on-year in July, faster than the 2% rise in June. On a monthly basis, house prices gained 0.6%, but slightly slower than the 0.7% increase seen in June.
- Eurozone IHS Markit factory PMI rose to 55.1 in July, from 54.9 in June.
- Germany's IHS Markit factory PMI improved to 56.9 in July from 55.9 in June.
- France's IHS Markit manufacturing PMI rose to 53.3 in July from 52.5 in June.
- Australia's trade surplus rose to A\$1.87 billion in June from A\$725 million in May. Exports grew 3% or A\$914 million from the previous month. Meanwhile, imports dropped 1% or A\$233 million in June.
- The Reserve Bank of India increased its key repo rate by 25 basis points to a two-year high of 6.50%. In June, the repo rate was raised for the first time in over four years, by 25 basis points to 6.25%.
- India's Nikkei manufacturing PMI fell to 52.3 in July from June's 6-month high of 53.1.

INDEX	01-AUG-18	31-JULY-18	PTS. CH.	% CHANGE
Dow	25333.82	25415.19	-81.37	-0.32
Nifty	11346.20	11356.50	-10.30	-0.09
Sensex	37521.62	37606.58	-84.96	-0.23
USD/INR	68.43	68.54	-0.11	-0.16
Dollar Index	94.46	94.28	0.18	0.19
Euro/\$1US	1.1663	1.1691	-0.0028	-0.24
\$1US/¥en	111.65	111.88	-0.23	-0.21
Pound/\$1US	1.3125	1.3127	-0.0002	-0.02

MARKET UPDATE

- U.S. stocks closed mostly lower after the Federal Reserve left interest rates unchanged but signaled another imminent rate increase. Fresh worries over U.S.-China trade friction dampened sentiment although positive results from Apple buoyed the tech sector and helped the Nasdaq buck the weak trend. The S&P 500 shed 2.93 points, or 0.1%, to 2,813.36. The Nasdaq Composite Index gained 35.50 points, or 0.5%, to 7,707.29.
- Indian market drifted lower in volatile trade after the Reserve Bank of India's monetary policy committee raised repo rate by 25 basis points.

CURRENCY UPDATE

The U.S. dollar remained slightly stronger versus its rivals after the Federal Reserve stood pat on rates but affirmed more increases are likely on the way, while concerns about a trade war between the U.S. and China flared up again. The ICE U.S. Dollar Index was 0.1% stronger at 94.628, having traded slightly higher ahead of the Fed's statement. The broader WSJ Dollar Index was up 0.1% at 88.39.

The rupee bounced back from early losses to end at a fresh two-week high of 68.43, up by another 11 paise against the US dollar, even as the RBI hiked repo rate by 25 basis points. Earlier, the Indian unit opened flat at 68.55 against overnight close of 68.54 at the interbank foreign exchange market ahead of the monetary policy. It weakened further to hit a low of 68.60 in early trade before a trend reversal in reaction to RBI policy announcement. The rupee finally managed to end at the day's high at 68.43, revealing a rise of 11 paise, or 0.16%, this is the highest level since July 17 when the rupee had closed at 68.45. The Financial Benchmarks India private limited fixed the reference rate for the dollar at 68.6058.

BULLION	CLOSING		% CH
	01-AUG-18	31-JULY-18	
Gold Oct MCX	29678	29878	-0.67
Gold Dec Comex	1228	1234	-0.49
Silver Sep MCX	37956	38321	-0.95
Silver Sep Comex	15.452	15.559	-0.69
ENERGY			
Crude Oil Aug MCX	4629	4734	-2.22
Crude Sep Nymex	67.66	68.76	-1.60
Natural Gas Aug MCX	189.70	192.80	-1.61
Nat. Gas Sep Henry Hub	2.758	2.782	-0.86

NAME OF THE ETF	HOLDINGS IN TONNES AS ON		% CH
	1-AUG-18	31-JULY-18	
SPDR Gold ETF	796.96	800.20	-0.40
iShares Silver Trust	10246.51	10246.51	0.00

NAME OF THE ETF	CLOSING		RATIO
	01-AUG-18		
Gold v/s Silver	1228	15.452	79.45
Gold v/s Crude Oil	1228	67.66	18.14

(IN TONS)	LME INVENTORIES DATA			% Change
	01-AUG-18	31-JULY-18	Change	
Aluminum	1195150	1196300	-1150	-0.10
Copper	251950	254425	-2475	-0.97
Nickel	254262	256044	-1782	-0.70
Lead	127025	127125	-100	-0.08
Zinc	238125	240125	-2000	-0.83

BASE METALS	CLOSING		% CH
	1-AUG-18	31-JULY-18	
Aluminium Aug	140.25	142.35	-1.48
Copper Aug	414.80	430.15	-3.57
Nickel Aug	915.20	964.70	-5.13
Lead Aug	145.55	148.50	-1.99
Zinc Aug	175.35	181.95	-3.63

ECONOMIC CALENDER

THURSDAY AUGUST 02, 2018

TIME	COUNTRY	EVENT	ACTUAL	FORECAST	PREVIOUS
1:00 AM	U.S.	Total Vehicle Sales	16.77M	17.10M	17.47M
7:00 AM	Australia	Exports (MoM) (Jun)	3%		4%
7:00 AM	Australia	Imports (MoM) (Jun)	-1%		3%
7:00 AM	Australia	Trade Balance (Jun)	1.873B	0.910B	0.827B
2:30 PM	Eurozone	PPI (MoM) (Jun)		0.3%	0.8%
2:30 PM	Eurozone	PPI (YoY) (Jun)		3.5%	3.0%
4:30 PM	U.K.	BoE QE Total (Aug)		435B	435B
4:30 PM	U.K.	BoE Interest Rate Decision (Aug)		0.75%	0.50%
6:00 PM	U.S.	Continuing Jobless Claims		1,750K	1,745K
6:00 PM	U.S.	Initial Jobless Claims		220K	217K
7:30 PM	U.S.	Factory Orders (MoM) (Jun)		0.7%	0.4%
8:00 PM	U.S.	Natural Gas Storage		39B	24B

DISCLAIMER

This document has been prepared by Shriram Insight Share Brokers Ltd. and is meant for sole use by the recipient and not for circulation. This document is not to be reported or copied or made available to others. The information contained herein is from sources believed reliable. It should not be considered to be taken as an offer to sell or a solicitation to buy any security or as an official confirmation of any transaction. We do not represent that it is accurate or complete and it should not be relied upon as such. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The investments discussed or recommended in this report may not be suitable for all investors. Shriram Insight Share Brokers Ltd stock Recommendation Service is a general recommendation service and is not to be construed as an individual investor specific Portfolio Management and Advisory Service.

The user assumes the entire risk of any use made of this information. Each recipient of this document should arrive at an independent evaluation of an investment in the securities of companies referred to in this document and should consult its own advisors to determine the merits and risks of such an investment.

Shriram Insight Share Brokers Ltd shall not be responsible for any loss or liability incurred to the user as a consequence of his or any other person on his behalf taking any investment decisions based on the information, recommendations, research reports, analysis, quotes, etc. provided on the web site

Shriram Insight Share Brokers Ltd and its affiliated company (ies), their directors and employees may;

- (a) from time to time, having a long or short position in, and buy or sell the securities of the company (ies) recommended.
- (b) be engaged in any other transaction involving such securities and act as a market maker in the securities of the company (ies) or lender / borrower to such company (ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

Shriram Insight Share Brokers Ltd shall also not be liable for errors, omissions or typographical errors, disruption delay, interruption, failure, deletion or defect of/in the Service provided by it. All Users of the Service in countries other than India understand that by using the Service, they may be violating the local laws in such countries. If the User chooses