

COMMODITY

Report

19 September 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

- Natural gas prices surged higher as traders generated a relief rally which was predicated on the less than expected tariff on US imports that expected. Traders had expected a 25% tariff and instead only saw China announce a 10% tariff. October natural gas settled at \$2.933 per million British thermal units, up 4.23%. It saw its highest finish since Aug. 23. MCX Natural Gas September expiry closed at Rs. 210.10 per British thermal unit, up 3.55%.
- The American Petroleum Institute reported that U.S. crude supplies increased by 1.249 million barrels for the week ended Sept. 14. The API data also showed supplies of gasoline declined 1.485 barrels, while distillate stockpiles climbed by 1.536 million barrels.
- Italy's industrial orders dropped a seasonally adjusted 2.3% for a second straight month in July from the previous month, when they fell 1.5%. In May, orders grew 3.3%. On a non-seasonally adjusted basis, orders grew 2.8% year-on-year after a 2% rise in June. In May, orders increased 4.6%. On a year-on-year basis, industrial turnover grew an unadjusted 2.9% in July after a 4.7% gain in June.
- Sweden's seasonally adjusted jobless rate climbed to 6.6% in August from 6.4% in July. On a not seasonally adjusted basis, the unemployment rate edged up to 6.1% from 6% in July. The number of unemployed was 337,000 in August, while 5.16 million persons had jobs.
- The Bank of Japan kept its ultra-loose monetary policy unchanged, the policy board of the BoJ decided to purchase government bonds so that the yield of 10-year JGBs will remain at around 0%. The board retained the -0.1% interest rate on current accounts that financial institutions maintain at the bank. The BoJ will conduct purchases of Japanese government bonds in a flexible manner so that the outstanding amount will increase at an annual pace of about JPY 80 trillion.
- Japan posted a 444.594 billion yen trade deficit in August, following the 231.9 billion yen deficit in July. Exports climbed 6.6% on year to 6.691 trillion yen - up from 3.9% in the previous month. Imports jumped an annual 15.4% to 7.136 trillion yen, up from 14.6% a month earlier.
- Hong Kong's seasonally adjusted jobless rate was 2.8% in the June to August period. Employment grew by around 9,700 persons to 3.88 million. On an unadjusted basis, the number of unemployed rose by around 2,700 persons to 117,400 persons in the June to August period.
- Malaysia's consumer price inflation slowed to 0.2% in August, the lowest rate within 42 months, the statistical office said. On a monthly basis, consumer prices gained 0.2%. During January to August, consumer prices registered an annual growth of 1.3%.
- New Zealand's seasonally adjusted current account deficit fell to NZ\$2.7 billion for the June 2018 quarter, the NZ\$484 million decrease from the March 2018 quarter.
- Turkey's retail sales volume at constant prices grew a calendar-adjusted 3.1% year-on-year in July. On a seasonal and calendar-adjusted basis, the retail sales volume grew 1.3% from the previous month and turnover rose 1.9% in July.

INDEX	18-SEP-18	17-SEP-18	PTS. CH.	% CHANGE
Dow	26248.04	26062.12	185.92	0.71
Nifty	11278.90	11377.75	-98.85	-0.87
Sensex	37290.67	37585.51	-294.84	-0.78
USD/INR	72.98	72.51	0.46	0.64
Dollar Index	94.23	94.49	-0.26	-0.28
Euro/\$1US	1.1678	1.1683	-0.0005	-0.04
\$1US/Yen	112.28	111.84	0.44	0.39
Pound/\$1US	1.3167	1.3158	0.0009	0.07

MARKET UPDATE

- U.S. stocks came off earlier highs but still closed up as investors shrugged off escalating trade tensions to instead focus on the robust economy. The S&P 500 index advanced 15.51 points, or 0.5%, to 2,904.31 and the Nasdaq Composite Index climbed 60.32 points, or 0.8%, to 7,956.11.
- Indian market declined sharply, extending yesterday's steep fall. Rising global trade tensions spooked investors after US President Donald Trump said he will impose tariffs on an additional \$200 billion worth of Chinese imports, escalating the trade conflict between the world's two biggest economies.

CURRENCY UPDATE

The U.S. dollar bounced higher in the second half of Tuesday's session, recovering from earlier weakness that came on the back of new tariffs being announced by China. Meanwhile, U.S. Treasury yields were also on the rise, hitting their highest since May for the 10-year bond. The ICE U.S. Dollar Index was last up 0.2% at 94.664. The euro reversed previous gains, trading at \$1.1663, compared with \$1.1685, while the buck edged up 0.5% versus the Japanese currency to fetch 112.38 yen, its highest since mid-July.

Continuing its intermittent fall against the US dollar, the Indian rupee dived to another all-time low of 72.98. The rupee slid 46 paise to settle at a record low of 72.98 against the US currency due to surging crude oil prices and escalating trade war worries. At the inter-bank foreign exchange (forex) market, the rupee opened weak at 72.51 against Monday's close of 72.51 on sustained dollar demand. However, overcoming the initial volatility, the local unit rebounded to hit a session high of 72.35 before taking a big reversal. Reeling under an unprecedented speculative sell-off, the rupee plunged sharply to hit an all-time low of 72.99 before ending at a record low of 72.98, showing a steep loss of 46 paise, or 0.64%. The Financial Benchmarks India private limited fixed the reference rate for the dollar at 72.3796.

BULLION	CLOSING		% CH
	18-SEP-18	17-SEP-18	
Gold Oct MCX	30793	30776	0.06
Gold Dec Comex	1203	1206	-0.24
Silver Dec MCX	37438	37433	0.01
Silver Dec Comex	14.185	14.223	-0.27
ENERGY			
Crude Oil Oct MCX	5057	5002	1.10
Crude Nov Nymex	69.59	68.68	1.32
Natural Gas Oct MCX	210.10	202.90	3.55
Nat. Gas Oct Henry Hub	2.933	2.814	4.23

NAME OF THE ETF	HOLDINGS IN TONNES AS ON		% CH
	18-SEP-18	17-SEP-18	
SPDR Gold ETF	742.23	742.53	-0.04
iShares Silver Trust	10418.84	10418.84	0.00

NAME OF THE ETF	CLOSING		RATIO
	18-SEP-18		
Gold v/s Silver	1203	14.185	84.80
Gold v/s Crude Oil	1203	69.59	17.29

(IN TONS)	LME INVENTORIES DATA			% Change
	18-SEP-18	17-SEP-18	Change	
Aluminum	1035275	1041025	-5750	-0.55
Copper	214150	221925	-7775	-3.50
Nickel	232068	232212	-144	-0.06
Lead	118075	118075	0	0.00
Zinc	215550	215975	-425	-0.20

BASE METALS	CLOSING		% CH
	18-SEP-18	17-SEP-18	
Aluminium Sep	145.80	146.15	-0.24
Copper Nov	442.00	429.75	2.85
Nickel Sep	898.10	888.90	1.03
Lead Sep	150.05	149.90	0.10
Zinc Sep	171.85	168.45	2.02

ECONOMIC CALENDER

FRIDAY SEPTEMBER 19 2018

TIME	COUNTRY	EVENT	ACTUAL	FORECAST	PREVIOUS
2:00 AM	U.S.	API Weekly Crude Oil Stock	1.250M	-0.805M	-8.636M
5:20 AM	Japan	Adjusted Trade Balance	-0.19T	-0.14T	-0.05T
5:20 AM	Japan	Exports (YoY) (Aug)	6.6%	5.6%	3.9%
5:20 AM	Japan	Imports (YoY) (Aug)	15.4%	14.9%	14.6%
5:20 AM	Japan	Trade Balance (Aug)	-445B	-469B	-232B
8:30 AM	Japan	BoJ Interest Rate Decision	-0.10%	-0.10%	-0.10%
11:30 AM	Germany	German PPI (MoM)			0.2%
Tentative	Japan	BoJ Press Conference			
1:30 PM	Eurozone	Current Account (Jul)			23.5B
1:30 PM	Eurozone	Current Account n.s.a. (Jul)			28.5B
2:00 PM	U.K.	Core CPI (YoY) (Aug)		1.8%	1.9%
2:00 PM	U.K.	Core PPI Output (YoY) (Aug)		2.1%	2.2%
2:00 PM	U.K.	Core PPI Output (MoM) (Aug)		0.2%	0.0%
2:00 PM	U.K.	Core RPI (MoM) (Aug)			0.1%
2:00 PM	U.K.	Core RPI (YoY) (Aug)			3.3%
2:00 PM	U.K.	CPI (YoY) (Aug)		2.4%	2.5%
2:00 PM	U.K.	CPI (MoM) (Aug)		0.5%	0.0%
2:00 PM	U.K.	CPIH (YoY)			2.3%
2:00 PM	U.K.	House Price Index (YoY)		2.9%	3.0%
2:00 PM	U.K.	PPI Input (YoY) (Aug)		9.1%	10.9%
2:00 PM	U.K.	PPI Input (MoM) (Aug)		0.4%	0.5%
2:00 PM	U.K.	PPI Output (MoM) (Aug)		0.2%	0.0%
2:00 PM	U.K.	PPI Output (YoY) (Aug)		2.9%	3.1%
2:00 PM	U.K.	RPI (MoM) (Aug)		0.6%	0.1%
2:00 PM	U.K.	RPI (YoY) (Aug)		3.2%	3.2%
6:00 PM	U.S.	Building Permits (Aug)		1.310M	1.311M
6:00 PM	U.S.	Building Permits (MoM) (Aug)		-0.1%	1.5%
6:00 PM	U.S.	Current Account (Q2)		-103.5B	-124.1B
6:00 PM	U.S.	Housing Starts (MoM) (Aug)		5.8%	0.9%
6:00 PM	U.S.	Housing Starts (Aug)		1.235M	1.168M
7:30 PM	Eurozone	ECB President Draghi Speaks			
8:00 PM	U.S.	Crude Oil Inventories		-2.741M	-5.296M
8:00 PM	U.S.	EIA Weekly Distillates Stocks		0.651M	6.163M
8:00 PM	U.S.	Gasoline Inventories		-0.104M	1.250M

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