

COMMODITY

Report

27 August 2018



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ECONOMIC / GLOBAL NEWS

- Gold prices punched higher to score their first weekly advance in seven weeks as the U.S. dollar extended losses in the wake of a closely followed speech from Federal Reserve Chairman Jerome Powell. Against that backdrop, December gold added \$19.30, or 1.62%, to settle at \$1,213.30 an ounce for its highest finish in three weeks and largest one-day percentage climb since March. MCX Gold October expiry closed at Rs. 29903 per 10 gram, up 1%.
- China's industrial profit rose 16.2% from a year earlier in July, compared with a 20% on-year growth in June. In the first seven months of the year, China's industrial profit grew 17.1%, largely holding steady compared with a 17.2% increase in the January-June period this year.
- U.S. durable goods orders tumbled by 1.7% in July after climbing by 0.7% in June. Core durable goods orders rose by 0.2% in July after inching up by 0.1% in June.
- U.S. initial jobless claims edged down to 210,000 in the week ended August 18th, a decrease of 2,000 from the previous week's unrevised level of 212,000. Continuing claims slipped by 2,000 to 1.727 million in the week ended August 11th.
- U.S. new home sales dropped by 1.7% to an annual rate of 627,000 in July after tumbling by 2.4% to a revised rate of 638,000 in June.
- Eurozone IHS Markit composite output index rose marginally to 54.4 in August from 54.3 in July. The services PMI came in at 54.4 in August, up from 54.2 a month ago. Meanwhile, the manufacturing PMI fell unexpectedly to a 21-month low of 54.6 from 55.1 in July.
- Germany's economy grew 0.5% sequentially in the second quarter, following the 0.4% increase in the first quarter. On a yearly basis, gross domestic product advanced at a faster pace of 2.3% after expanding 1.4% a quarter ago.
- Germany's composite output index improving to 55.7 in August from 55.0 in July. The services PMI rose to 55.2 from 54.1 in July. The score was expected to rise marginally to 54.3. On the other hand, the manufacturing PMI slid to 56.1 from 56.9 in the previous month.
- France's composite output index rose to 55.1 from 54.4 in July. The services PMI climbed to 55.7 in August from 54.9 a month ago. The manufacturing PMI came in at 53.7, up from 53.3 in July and forecast of 53.4.
- Spain's producer price inflation advanced 4.6% year-on-year in July, following a 4.1% rise in June. On a monthly basis, producer price inflation eased to 0.4% in July from 1% in June.
- Singapore industrial production advanced 6% annually in July, following June's 8% increase. Month-on-month, industrial production dropped by more-than-expected 1.7%, in contrast to a 4.4% rise in June.
- Japan's consumer prices in Japan were up 0.9% on year in July, up from 0.7% in June. On a monthly basis, overall inflation was up 0.3%.
- Japan's producer prices in Japan were up 1.1% on year in July, that was unchanged from the June reading following a downward revision from 1.2%. On a monthly basis, producer prices picked up 0.2% after gaining 0.1% in the previous month.

INDEX	24-AUG-18	23-AUG-18	PTS. CH.	% CHANGE
Dow	25790.35	25656.98	133.37	0.52
Nifty	11557.10	11582.75	-25.65	-0.22
Sensex	38251.80	38336.76	-84.96	-0.22
USD/INR	69.90	70.11	-0.21	-0.30
Dollar Index	95.06	95.58	-0.52	-0.54
Euro/\$1US	1.1623	1.1539	0.0084	0.73
\$1US/¥en	111.23	111.30	-0.07	-0.06
Pound/\$1US	1.2845	1.2812	0.0033	0.26

MARKET UPDATE

- U.S. stocks rose, with the S&P 500 and the Nasdaq closing at records, after Federal Reserve Chairman Jerome Powell affirmed the central bank's strategy of gradually normalizing monetary policy, highlighting the strength in the economy and robust corporate results that have helped to support investment appetite for equities. The S&P 500 index added 17.71 points, or 0.6%, to 2,874.69. The Nasdaq Composite Index climbed 67.52 points, or 0.9%, to 7,945.98
- Indian market fell modestly to snap a four-day winning streak, as U.S.-China trade talks yielded no concrete results and investors braced for a speech by Federal Reserve Chairman Jerome Powell for fresh updates on U.S. rate outlook.

CURRENCY UPDATE

The U.S. dollar extended losses versus major rivals as highly anticipated comments by Federal Reserve Chairman Jerome Powell were perceived as somewhat dovish. The ICE U.S. Dollar Index slipped 0.5% to 95.161. The WSJ Dollar Index slipped 0.5% to 89.31.

The rupee staged a good recovery to end higher by 21 paise at 69.90 against the US currency on bouts of dollar selling by exporters and corporates. The domestic currency recouped early losses and withstood the headwinds of surging crude prices and trade deficit worries. The domestic unit hit a low of 70.24 before rebounding in late afternoon deals. Extending its overnight bearish trend, the rupee opened lower at 70.20 at the inter-bank foreign exchange (forex) market. After scaling a session high of 69.89 towards the fag-end trade, it finally settled at 69.90, revealing a smart gain of 21 paise, or 0.30%. The Financial Benchmarks India private limited (FBIL) fixed the reference rate for the dollar at 70.1377.

BULLION	CLOSING		% CH
	24-AUG-18	23-AUG-18	
Gold Oct MCX	29903	29608	1.00
Gold Dec Comex	1213	1194	1.62
Silver Dec MCX	37823	37431	1.05
Silver Sep Comex	14.794	14.542	1.73
ENERGY			
Crude Oil Sep MCX	4804	4774	0.63
Crude Oct Nymex	68.72	67.83	1.31
Natural Gas sep MCX	204.50	209	-1.92
Nat. Gas Sep Henry Hub	2.917	2.964	-1.59

NAME OF THE ETF	HOLDINGS IN TONNES AS ON		% CH
	24-AUG-18	23-AUG-18	
SPDR Gold ETF	764.58	767.23	-0.35
iShares Silver Trust	10236.28	10236.28	0.00

NAME OF THE ETF	CLOSING		RATIO
	24-AUG-18		
Gold v/s Silver	1213	14.794	82.01
Gold v/s Crude Oil	1213	68.72	17.66

(IN TONS)	LME INVENTORIES DATA			% Change
	24-AUG-18	23-AUG-18	Change	
Aluminum	1095125	1099975	-4850	-0.44
Copper	267075	266950	125	0.05
Nickel	242604	243552	-948	-0.39
Lead	126725	126550	175	0.14
Zinc	247400	248575	-1175	-0.47

BASE METALS	CLOSING		% CH
	24-AUG-18	23-AUG-18	
Aluminium Aug	144.75	144.55	0.14
Copper Aug	416.25	410.75	1.34
Nickel Aug	933.70	925.60	0.88
Lead Aug	144.55	144.15	0.28
Zinc Aug	177.95	174.25	2.12

ECONOMIC CALENDER

MONDAY AUGUST 27, 2018

TIME	COUNTRY	EVENT	ACTUAL	FORECAST	PREVIOUS
1:30 PM	Germany	German Current Assessment		105.4	105.3
1:30 PM	Germany	German Ifo Business Climate Index		101.9	101.7

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