

October 14, 2024

# Weekly Commodity Outlook

## Recommendations in report

Commodity	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	October	Buy	828-830	850	817	1 week

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## Copper Strategy

### Buy MCX Copper Futures October around 828-830 for target of 860 with Stop Loss of 817

**Rationale:** Copper prices are expected to trade with positive bias on expectation of softer dollar and rise in risk appetite in the global markets. Further, prices may rally as lower borrowing cost at major economies will support economic recovery and increase demand for industrial metal. Chinese government pledged to increase borrowing to support the property market, offer subsidies to low income people and boost state banks capital. Furthermore, improvement in China's Copper conc. Imports by 3.7% YoY in Jan-Sep indicates increasing appetite. Additionally, decline in inventories at LME registered warehouses would support prices. LME copper prices expected to hold the support near \$9450 level and rise back towards \$10,000 level

MCX Copper October is expected to move north towards 850 level as long as it trades above the 50 day EMA at 818 level. A break above 850 level prices may rise further towards 860 level

## Strategy Follow-up

Currency/Commodity Pair	Contract	Action	Price	Target	Stoploss	Comment
Crude Oil	October	Sell	5860-5880	5600	6020	Stop loss Triggered

Note: The given recommendation in this report is for week and should not be linked with view & recommendations given in Intraday and Daily, Monthly and Positional currency Derivatives report, as they may have different view

# Bullion : Gold likely to rise towards ₹ 77,000 level

- Spot prices in the early part of the week slipped on the back of strong dollar and surge in US treasury yields. Further, prices dipped after FOMC meeting minutes showed Fed policymakers were divided on size of rate cut. Most of the officials agreed to jumbo rate cut in September but some said they would have preferred a 25 bps cut.
- Meanwhile, in the later part of the week gold prices recouped all its losses and ended on the positive note gaining 0.14% as US weekly jobless claims jumped to 14-month high, signaling weakness in labor market. Additionally, the CPI climbed 2.4%, which was the smallest YoY rise since February 2021

## Gold Outlook

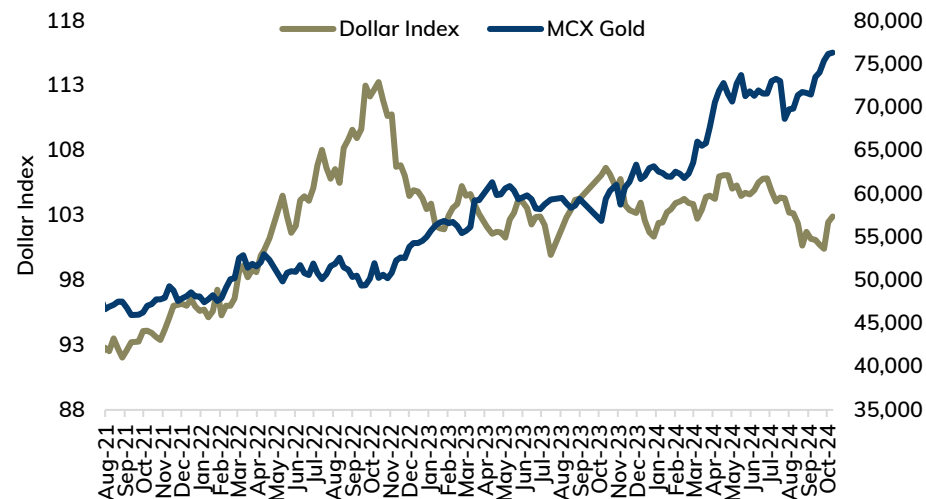
Spot Gold prices is likely to rally further towards \$2700 level amid expectation of lower interest rates from ECB. Further, recent batch of economic data from US again cemented hopes for another rate cut in November meeting but with smaller magnitude. As per CME Fed-Watch tool markets see a 89% chance of a US cut rate of 25bps in next meeting but pricing in a 11% chance of no cut. Additionally, escalating tension in Middle East would increase demand for safe haven. Moreover, breakout of a falling trend channel indicates prices to move towards \$2700. From the data front, noteworthy OI concertation at 2700 Call strike may act as immediate hurdle above which further move towards \$2725 may be seen.

MCX Gold December is expected to hold the support near 75,600 and rise towards 77,000 and 77,500 levels.

## Silver Outlook

MCX Silver December likely to rise back towards 95,000 level as long as it stays above 88,200 level.

## Gold vs. Dollar Index



## Pivot Levels

Commodity	Expiry	LTP	S2	S1	Pivot	R1	R2
GOLD	Dec-24	76325	74218	75271	75811	76864	77404
SILVER	Dec-24	91730	86003	88866	91086	93949	96169
CRUDE OIL	Nov-24	6330	5811	6071	6258	6518	6705
NATURAL GAS	Oct-24	223.1	205.8	214.5	226.7	235.4	247.6
COPPER	Oct-24	840.1	800.9	820.5	841.8	861.4	882.6
ZINC	Oct-24	288.5	269.1	278.8	283.9	293.6	298.6
LEAD	Oct-24	183.8	177.1	180.5	183.7	187.0	190.2
ALUMINIUM	Oct-24	242.3	225.7	234.0	238.5	246.7	251.2

# Base metals : Copper to hold support near 818 level

- Copper prices ended on the negative note losing more than 1.5% amid firm dollar and as market was disappointed after briefing from the National Development and Reform Commission in China signaled no additional stimulus measures
- Additionally, prices dipped on growing expectations of a less aggressive easing campaign from the Federal Reserve

## Copper Outlook

Copper prices are expected to trade with positive bias on expectation of softer dollar and rise in risk appetite in the global markets. Further, prices may rally as lower borrowing cost at major economies will support economic recovery and increase demand for industrial metal. Chinese government pledged to increase borrowing to support the property market, offer subsidies to low income people and boost state banks capital. Additionally, decline in inventories at LME registered warehouses would support prices. Furthermore, improvement in China's Copper conc. Imports by 3.7% YoY in Jan-Sep indicates increasing appetite.

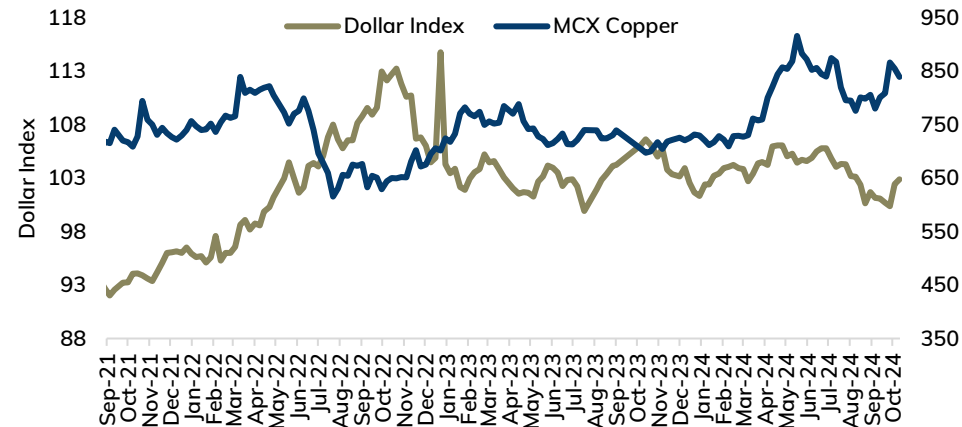
LME copper prices expected to hold the support near \$9450 level and rise back towards \$10,000 level

MCX Copper October is expected to move north towards 850 level as long as it trades above the 50 day EMA at 818 level. A break above 850 level prices may rise further towards 860 level

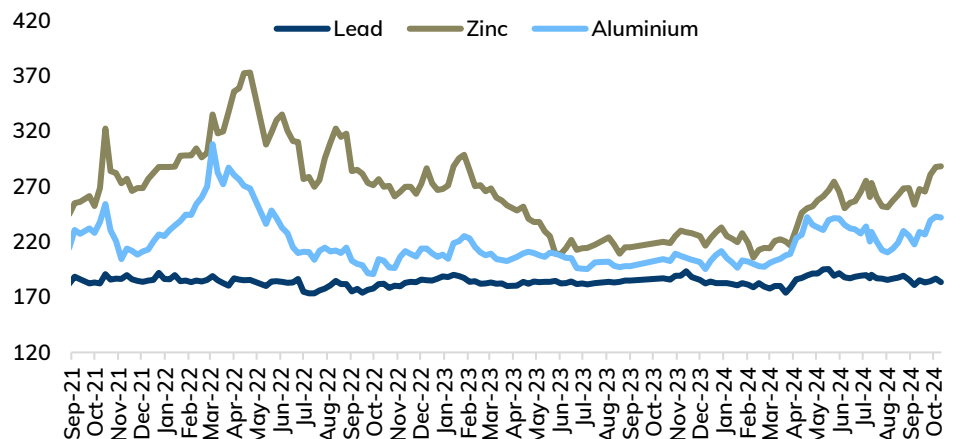
## Aluminium Outlook

MCX Aluminum October prices likely to face hurdle near 245 level and slip back towards 234 level. A break below 234, prices may weaken further towards 230 level

## Copper vs. Dollar Index



## MCX Base Metals



# Energy: Crude oil likely to rise towards ₹ 6600 level

- Nymex Crude oil price ended on the positive note gaining 1.4% in the previous week on increased risk of a region wide Middle East. Investors also fear that Israel may response back by aiming Tehran's oil infrastructure.
- Moreover, hurricane Milton forced at least one oil and gas platform in the Gulf of Mexico to shut
- Additionally, fall in oil products inventories supported prices. Product inventories fell more than expected, with gasoline down 6.3M barrels and distillates down 3.1M barrels

## Crude oil Outlook

NYMEX crude oil is expected to rise back towards \$78 level amid expectation of correction in dollar, monetary easing by major central banks to support economic growth and ongoing tension in Middle East. Investors fear that if Israel attacks on Iranian oil infrastructure then it would escalate the conflict further jeopardizing the supply from major exporting countries. Israeli Defense Minister has said that any strike against Iran would be "lethal, precise and surprising. Moreover, China pledged to significantly increase debt to revive economic growth.

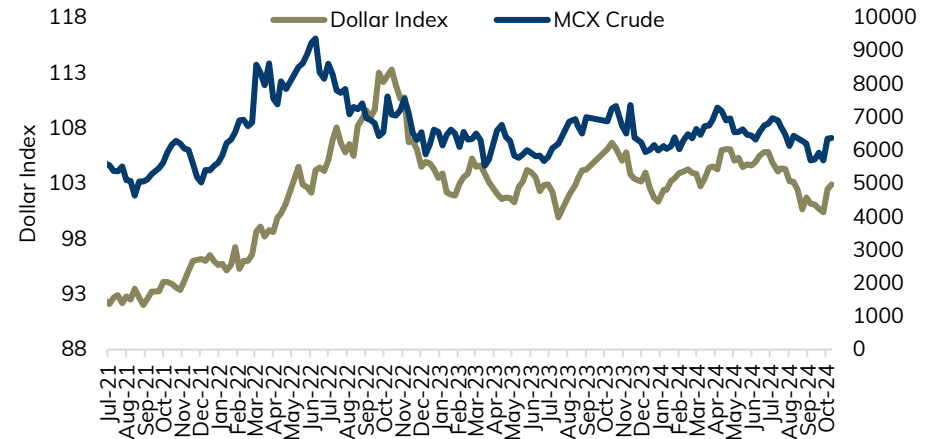
From the data front, the \$70 Put strike holds maximum open interest followed by \$72 while on the call side maximum open interest is visible at \$80 strike followed by \$75. We expect NYMEX crude oil prices to hold the support near \$70 level and rise back towards \$78.

MCX Crude oil Nov is expected to hold the support near 5900 level and rise back towards 6600 level.

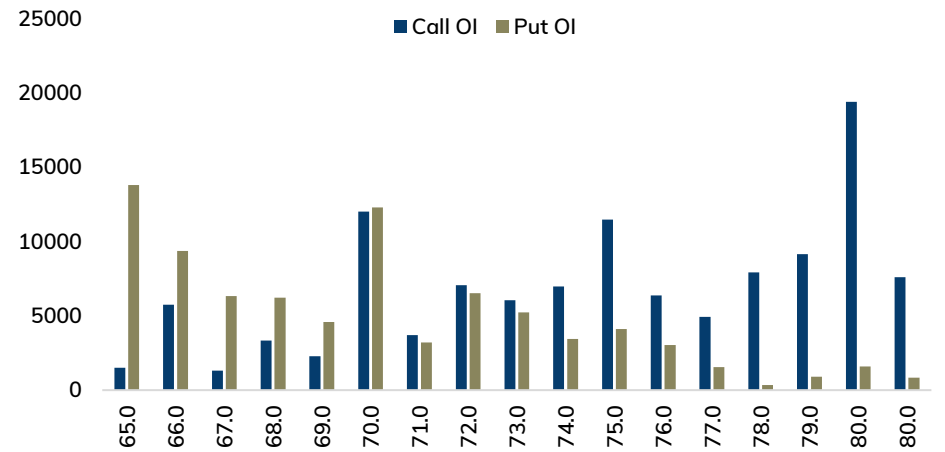
## Natural gas Outlook

MCX natural gas Oct is expected to slip further towards 205 level as long as it trades below 230 level. Only a break above 230 it would reverse the trend and move further north towards 240 level

## Crude Oil vs. Dollar Index



## Nymex Crude Oil Options OI



# Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, October 14, 2024						
Tentative	China	New Loans		1090B	900B	Medium
5:30 PM	India	Inflation Rate y/y		3.6%	3.7%	High
Tuesday, October 15, 2024						
11:30 AM	UK	Claimant Count Change		20.2K	23.7K	High
11:30 AM	UK	Average Earnings Index 3m/y		3.80%	4.00%	Medium
2:30 PM	Europe	German ZEW Economic Sentiment		10.2	3.6	Medium
6:00 PM	US	Empire State Manufacturing Index		3.40	11.50	Medium
Wednesday, October 16, 2024						
11:30 AM	UK	CPI y/y		1.9%	2.2%	High
12:00 AM	Europe	ECB President Lagarde Speaks		-	-	Medium
Thursday, October 17, 2024						
2:30 PM	Europe	Final CPI y/y		1.80%	1.80%	Medium
5:45 PM	Europe	Main Refinancing Rate		3.40%	3.65%	High
6:00 PM	US	Retail Sales m/m		0.30%	0.10%	High
6:00 PM	US	Unemployment Claims		241k	258k	High
6:15 PM	Europe	ECB Press Conference		-	-	High
8:30 PM	US	Crude Oil Inventories		-	5.8M	Medium
Friday, October 18, 2024						
7:30 AM	China	GDP q/y		4.60%	4.70%	High
7:30 AM	China	Industrial Production y/y		4.60%	4.50%	Medium
7:30 AM	China	Retail Sales y/y		2.50%	2.10%	Medium
11:30 AM	UK	Retail Sales y/y		-0.3%	1.0%	Medium
6:00 PM	US	Building Permits		1.45M	1.48M	Medium



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