METALS & ENERGY
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Day's Highlights

- **Gold prices steady as economic worries support, gains in equities drag**
- **Oil prices jump, but oversupply worries persist**
- **Copper rises for second day, but China growth worries drag**

Gold prices were steady near six-month highs on Friday, supported by worries over economic growth but pressured by gains in global equity markets. Spot gold had risen 0.1 percent to $1,276.15 per ounce as at the time of writing. The metal on Wednesday hit its highest level since June 19 at $1,279.06. U.S. gold futures inched down 0.2 percent to $1,278.1 per ounce. The dollar index, a gauge of its value versus six major peers, was marginally weaker at 96.57, after losing 0.5 percent overnight. A measure of U.S. consumer confidence posted its sharpest decline in more than three years in December, rattling investors already nervous about the prospect that a global economic slowdown was spilling over into the United States. China and the United States have made plans for face-to-face consultations over trade in January, the Chinese commerce ministry said on Thursday, as the world's two biggest economies advanced efforts to resolve a months-long trade war. Earnings at China's industrial firms in November dropped for the first time in nearly three years, as slackening external and domestic demand left businesses facing more strain in 2019 in a sign of rising risks to the world's second-largest economy. China's net gold imports via main conduit Hong Kong rose 28 percent in November from the previous month to their highest since July, data showed on Thursday. SPDR Gold Trust (GLD), the world's largest gold-backed exchange-traded fund, said its holdings fell 0.30 percent to 787.67 tonnes on Thursday from 790.02 tonnes on Wednesday.

Oil prices jumped as much as 3 percent on Friday to win back a chunk of the ground they lost in the previous session, but growth in U.S. crude stockpiles and ongoing concerns about the global economy kept markets under pressure. U.S. West Texas Intermediate (WTI) crude futures were at $45.62 a barrel, up 2.26 percent, or $1.01, after earlier rising 3.6 percent. They ended Thursday down 3.48 percent, or $1.61, at $44.61 a barrel. Oil prices fell to their lowest in more than a year on Thursday, a day after their biggest one-day rally in two years, pulled down by worries about the global economy and a supply glut. U.S. crude inventories for the week to Dec. 21 rose by 6.9 million barrels to 448.2 million barrels on increased refinery output, according to data released on Thursday by industry group the American Petroleum Institute. The U.S. Energy Information Agency (EIA) releases its official report on Friday. The United States has emerged as the world's biggest crude producer, pumping 11.6 million barrels per day (bpd), more than both Saudi Arabia and Russia. Meanwhile, Russian Energy Minister Alexander Novak said on Thursday that rising protectionism and the unpredictability of the U.S. administration had greatly contributed to global oil price volatility over the past two years. Novak also said Russia would cut its crude output by between 3 and 5 million tonnes in the first half of 2019 as part of a deal between producers. Earlier this month, the Organization of the Petroleum Exporting Countries (OPEC) and its allies including Russia, agreed to curb output by 1.2 million bpd starting in January in a bid to clear a supply overhang and prop up prices.

London copper prices climbed for a second session on Friday amid gains in stock and oil markets, but worries over slowing growth in China were expected to drag. Three-month copper on the London Metal Exchange had risen 0.4 percent to $6,011.50 a tonne at the time of writing, while the most-traded contract on the Shanghai Futures Exchange fell 0.5 percent to 48,180 yuan ($7,029.06) a tonne. Copper is being supported by gains in crude oil and equity markets, although concerns over slowing growth in top metals consumer China are pressuring prices. Earnings at China's industrial firms in November dropped for the first time in nearly three years, data showed on Thursday, in a sign of rising risks to the world's second-largest economy. China's top copper smelters on Thursday raised their floor treatment and refining charges for the first quarter of 2019 by 2.2 percent, sources with knowledge of the matter said. The project at Collahuasi, one of the world's largest copper mines with an estimated 2018 production of 545,000 tonnes, will upgrade operations to improve efficiency and production.

Symbols	Exchange	Expiry	Close	Expected Movement	S1	S2	R1	R2	Strategy
Gold	MCX	Feb'18	31713	Uptrend	31620 $1274	31550 $1269	31770 $1283	31900 $1288	Buy around S1 with the S/L below S2 for the target of R1-R2
Silver	MCX	Mar'18	38690	Uptrend	38500 $15.15	38250 $15.00	38950 $15.42	39250 $15.60	Buy around S1 with the S/L below S2 for the target of R1-R2
Copper	MCX	Feb'18	416.25	Downtrend	416.00	413.00	421.50	424.00	Sell around R1 with the S/L above R2 for the target of S1-S2
Zinc	MCX	Dec'18	178.90	Uptrend	178.30	177.20	180.00	181.40	Buy around S1 with the S/L below S2 for the target of R1-R2
Aluminum	MCX	Dec'18	130.45	Downtrend	129.70	128.50	131.90	132.80	Sell around R1 with the S/L above R2 for the target of S1-S2
Nickel	MCX	Dec'18	745.60	Downtrend	742.00	735.00	755.00	765.00	Sell around R1 with the S/L above R2 for the target of S1-S2
Lead	MCX	Dec'18	143.50	Uptrend	141.70	140.50	143.90	145.00	Buy around S1 with the S/L below S2 for the target of R1-R2
Crude oil	MCX	Jan'18	3183	Uptrend	3180 $45.20	3130 $44.50	3240 $46.10	3280 $46.70	Buy around S1 with the S/L below S2 for the target of R1-R2
Natural Gas	MCX	Jan'18	244	Downtrend	243.00	238.00	249.00	252.00	Sell around R1 with the S/L above R2 for the target of S1-S2

Metals & Energy Technicals

US Economic Data

Date	Time (IST)	Release	For	Consensus	Previous	Importance
28-Dec	19:00	Goods Trade Balance	November	$-75.50B	$-76.98	Very High
28-Dec	19:00	Wholesale Inventories	December	0.9%	0.8%	High
28-Dec	20:15	Chicago PMI	December	62.5	66.4	Very High
28-Dec	20:30	Pending Home Sales	November	0.5%	-2.6%	Very High
28-Dec	21:00	Natural Gas Storage	W/o 21st December	-	-141 Bcf	Very High
28-Dec	21:30	Crude Oil Inventories	W/o 21st December	-	-0.497Mb	Very High
28-Dec	23:30	US Baker Hughes Oil Rig Count	W/o 21st December	-	883	Very High

Consensus represents the market consensus estimate for each indicator | **Previous** represents the last actual for each indicator.
Source: Reuters, Investing.com, briefing.com, fxstreet.com

U.S. Pending Home Sales:

The National Association of Realtors (NAR) Pending Home Sales Report measures the change in the number of homes under contract to be sold but still awaiting the closing transaction, excluding new construction.

A higher than expected reading should be taken as positive/bullish for the USD, while a lower than expected reading should be taken as negative/bearish for the USD.

Research Team

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