Weekly Mcx Newsletter

30th July –3rd Aug 2018

HIGHLIGHT INVESTMENT RESEARCH
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INSIDE THIS ISSUE

Commodity Overview

For the week, August gold lost 0.7%, while the December contract booked a 0.6% weekly slide. Both contracts notched their third straight weekly falls.

A strengthening dollar has been often cited as the main culprit for longstanding weakness in dollar-pegged assets like gold. A stronger buck can make buying commodities priced in the currency more expensive to purchasers using other currencies.

A measure of greenback's strength, the ICE U.S. Dollar **DXY, -0.11%**has gained 0.2% so far this week, with gold moving inversely to the dollar.

Crude oil markets recovered slightly during the week after a tough couple of weeks previously, as we are approaching a significant uptrend line. Ultimately, I think that markets are trying to figure out what to do next, but certainly should see support underneath.

Precious Metals

The recent rebound in gold appears to be losing steam as it largely preserves the range-bound price action from earlier this week, and the broader outlook for the precious metal remains tilted to the downside as both price and the Relative Strength Index (RSI) preserve the bearish formations from earlier this year.

Gold prices are back under pressure, with the U.S. dollar gaining ground against its major counterparts, and the precious metal may continue to consolidate over the remainder of the week as market attention turns to the Federal Open Market Committee (FOMC) interest rate decision on August 1.

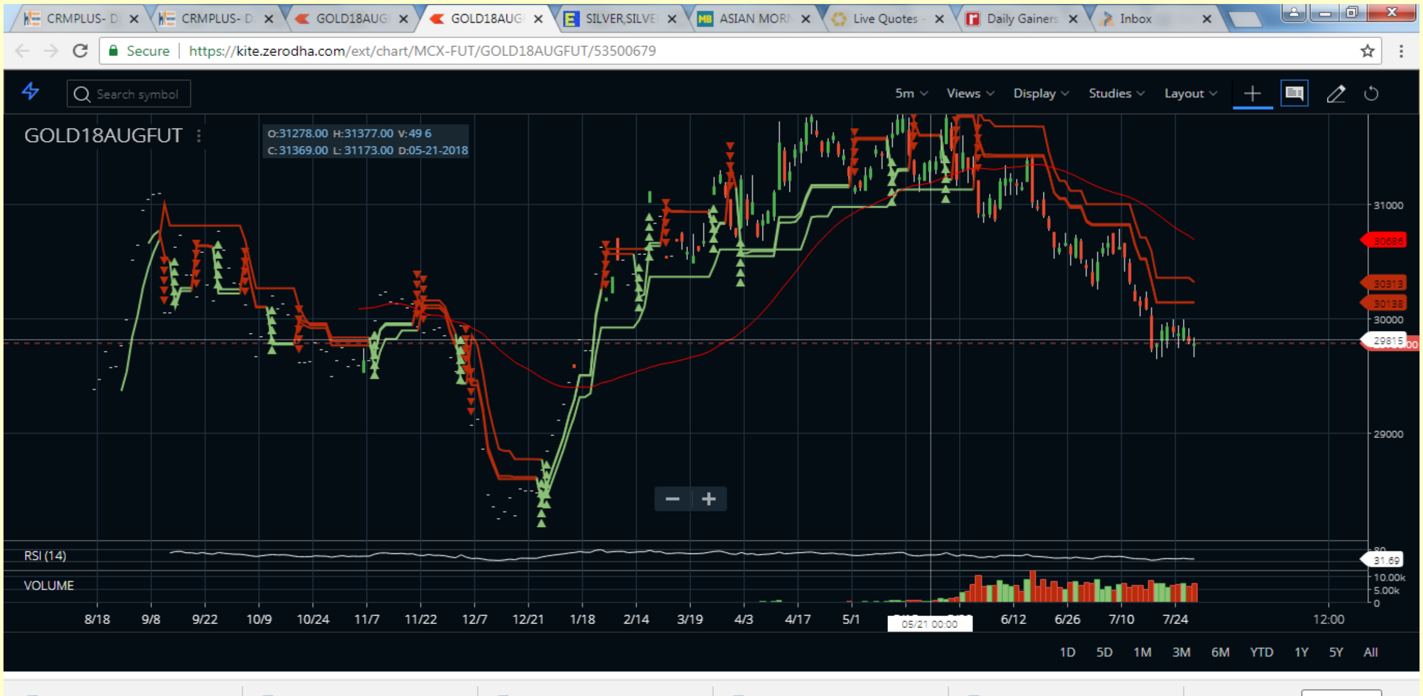
In turn, a batch of hawkish comments may sap the appeal of gold as the FOMC appears to be on track to further embark on its hiking-cycle, and growing expectations for four rate-hikes in 2018 may reinforce a bearish outlook for gold prices on the back of expectations for higher U.S. Treasury yields.
Gold prices may continue to face range-bound conditions as the bearish formations remain intact, with the lack of momentum to test the $1246 (23.6% expansion) to $1249 (38.2% retracement) region raising the risk of a move back towards the monthly-low ($1211).
Need a break/close below the Fibonacci overlap around $1210 (50% retracement) to $1219 (61.8% retracement) to open up the downside targets, with the next region of interest coming in around $1198 (38.2% expansion).

Support and Resistance

Column1	Column2
GOLD	SILVER
RESISTANCE2:29925	RESISTANCE2:38609
RESISTANCE1:29887	RESISTANCE1:38463
SUPPORT1: 29673	SUPPORT1: 38086
SUPPORT2: 29584	SUPPORT2: 37941

Our Recommendations

SCRIPT	POSITION	LEVEL	TARGET1	TARGET2	TARGET3	STOPLOSS
GOLD	SELL	30680	30560	30440	30300	30860
SIVLER	SELL	38150	38000	37800	37600	38560



In the wider metal markets, trading was mixed as trade-war concerns continued to weigh amid expectations that President Donald Trump will ramp up trade rhetoric against China as U.S.-Europe relations appear to be on the mend.

China said Thursday it was ready to retaliate against any increase in U.S. tariffs on Chinese imports – be it $16 billion or $200 billion – an official in Beijing said, according to Bloomberg. Copper prices fell 0.82% to $2.80, while zinc prices fell 0.01% at 2,589.00.

Aluminum prices fell 0.35% to 2,061.00, while Nickel futures fell 0.13% to 13,780.00.

Support and Resistance

Column1	Column2
ZINC	COPPER
RESISTANCE2: 184.7	RESISTANCE2: 449.9
RESISTANCE1:181.2	RESISTANCE1: 432
SUPPORT1:178.8	SUPPORT1: 423.2
SUPPORT2: 177	SUPPORT2: 414.4

Our Recommendations

SCRIPT	POSITION	LEVEL	TARGET1	TARGET2	TARGET3	STOPLOS
ZINC	BUY	180	183.20	187.5	191.00	176.00
COPPER	BUY	426.6	430.00	434.20	440.00	458.4

Energy

The WTI Crude Oil market has rallied a bit during the week, reaching towards the $70 level before finding resistance. The market pulled back slightly, but at the end of the week, it does look as if we are trying to form a little bit of a basing pattern. The $67.50 level offer support, but then again so does the uptrend line. I believe that the market will eventually go higher, and if we can break above the $70 level it's likely that we will go to the $75 level next. Alternately, if we break down below the uptrend line, then I think we go much lower.

The natural gas markets initially fell during the week, testing the $2.70 level for support. We turned around to form a huge hammer like candle, just as we did the previous week. This tells me that the market is ready to continue to try to bounce from here, perhaps continuing the overall consolidation that we have seen. The "inner consolidation" as the $2.70 level as support, while the $3.00 level is resistance. I think we may make a move towards the upside, as we continue to show this area to be somewhat reliable. Because of this, I suspect that longer-term traders are trying to buy this market and aim towards the $3.00 level or so to make the next move.

Support and Resistance

Column1
CRUDE OIL
RESISTANCE2:4904.5
RESISTANCE1:4839.3
SUPPORT1: 4760.7
SUPPORT2: 4682.4

Our Recommendations

SCRIPT	POSITION	LEVEL	TARGET1	TARGET2	TARGET3	STOPLOSS
CRUDE	SELL	4680	4620	4570	4507	4771

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