



# WEEKLY MCX NEWS LETTER

12<sup>th</sup> TO 16<sup>th</sup> JUNE 2017



**PREPARED BY-  
Research Team**

# BULLION

- **MCX GOLD:**

Gold trading range for this week is 28905-29585

MCX Gold and silver may note some decline tracking cues from international exchange but downside is limited. COMEX gold trades weaker near \$1275/oz after sharp losses yesterday. Gold is pressurized by relative stability in equity market and gains in US dollar. Equity markets are stable despite mixed Chinese economic data, mixed signs from ECB and uncertainty about UK elections. Market players also took former FBI director's accusation against Trump as unimportant.

Gold can move in range of 28900-29300 while silver can move in range of 39800-40400 in near term. Gold edged down on Friday ahead of the UK election verdict with early results suggesting no clear winner, which could push the country into a new bout of political turmoil before talks.

The British Pound weakened sharply against the US dollar and other currencies amid uncertainty about Brexit impact. While gold has come off the highs, we still remain in an uncertain environment and this will continue to support safe haven buying. We could see some buying interest at lower levels. Gold will also benefit from higher ETF buying interest.

The prospect of a hung parliament casts doubt over the premiership of Theresa May, who had gambled with the snap polls for a stronger mandate before launching into arduous divorce talks with the European Union. The pressure on gold is from the events in the United States, including former FBI director James Comey's Congressional testimony and improving economic data, which are prompting people to speculate on the Federal Reserve's next moves.

BUY GOLD AUG 2017 @ 29100 TGT 29315 /29590 .MCX

## **MCX SILVER:**

Silver trading range for the day is 39285-41031. Silver price dipped from the strength of the dollar competing against upward pressures from the political ongoings of the UK election. Investors still await the outcome of Britain's national election and opinion polls on the eve of the election. The ECB will cut its inflation forecast through 2019 because of weaker energy prices, according to officials familiar with the matter. Comey said on Wednesday that U.S. President Donald Trump asked him to drop an investigation of former national security adviser Michael Flynn as part of a probe into Russia's alleged meddling in the 2016 presidential election.

SELL SILVER JUL 2017 @ 40200 SL 40500 TGT 39950-39700.MCX

# ENERGY

## MCX CRUDE OIL:



MCX Crude may witness mixed trade in line with international price but overall bias remains weak. NYMEX crude trades in a narrow range above \$45 per barrel amid mixed cues. Market players are on sidelines as awaiting clarity on UK elections, which will determine further trend in US dollar as well as general risk sentiment. Stability in equity market is countered by gains in US dollar. US EIA weekly report noted an unexpected increase in crude oil stocks but a decline in crude production. However, weighing on price is uncertainty about OPEC production cut deal amid tensions between Gulf producers and signs of higher output from Nigeria. Reports yesterday noted that in Nigeria, Royal Dutch Shell Plc. lifted restrictions on exports of a key crude halted for more than a year.

SELL CRUDEOIL JUN 2017 @ 2950 SL 3015 TGT 2900-2860.MCX

# BASE METALS

- **MCX METALS-**

Zinc on MCX settled down -0.95% at 156.8 as trade entered the northern hemisphere summer lull and markets waited on China data for fresh directional cues. Some Chinese zinc smelters will undertake maintenance cycle in June, and will hurt zinc production. About 15,000 tonnes of zinc output will be affected after maintenance at these smelters. Some zinc smelters that conducted maintenance in May have yet to resume production. Growth in China's refined zinc output will be lower than expected in June. Discounts of imported zinc over domestic zinc expanded on June 6. The price spread on zinc expanded 50 yuan per tonne between Shanghai and Tianjin on June 7 compared to June 6, with zinc prices in Tianjin 100 yuan per tonne above Shanghai prices.

SELL ZINC JUN 2017 @ 160 SL 168 TGT 150-141.30.MCX

## **Copper trading range for the week is 358.85-377.40**

Copper prices settled flat undermined by concerns over weakening demand and oversupply. Copper on MCX settled up 0.17% at 363.85 on short covering after prices dropped amid weaker than expected German manufacturing data pointed to lower demand. Prices also seen supported by a fall in stockpiles at LME warehouses by 5,350 tonnes to 294,225 tonnes, down from a recent high of 340,350 tonnes in mid-May. The discount of LME cash copper to the three-month contract rose to \$30 a tonne from \$14 two weeks ago, indicating tighter supply. Data showed German industrial orders dropped far more than expected in April as factories lacked new contracts for big ticket items, suggesting the sector started the second quarter on a weak footing. China's economy is likely to have remained on a stable footing in May, buoyed by solid gains in trade and investment as economic ties with the United S

SELL COPPER JUN 2017 @ 360.00 SL 373.50 TGT 356.10-351.40 MCX.

# GOLD



## JUSTIFICATION:

TECHNICALLY MCX GOLD PRICE HAS COMPLETED THE REVISIT OF TRIANGLE BREAKOUT POINT ON THE WEEKLY CHART. IN ADDITION, COMEX GOLD HAS BEEN MOVING WITHIN A RISING CHANNEL. MOREOVER, COMEX GOLD PRICE HAS SUSTAINED ABOVE 21 EMA ON THE DAILY FRAME. THE MOMENTUM INDICATOR MACD ON THE DAILY CHART IS IN POSITIVE CROSSOVER WHEREAS DAILY RSI MOVED ABOVE 50. THEREFORE, WE EXPECT THE GOLD PRICE TO MOVE UP TOWARDS 29550 LEVELS.

# SILVER



## JUSTIFICATION:

TECHNICALLY MCX SILVER PRICE HAS MOVED HIGHER AFTER TAKING SUPPORT AT THE HORIZONTAL LINE ON A DAILY CHART. MOREOVER, THE PRICE HAS SUSTAINED ABOVE 21 EMA ON THE DAILY FRAME AFTER SEVERAL TRADING SESSIONS. THE MOMENTUM INDICATOR MACD ON THE DAILY CHART IS IN POSITIVE CROSSOVER WHERE AS DAILY RSI MOVED ABOVE 50. THEREFORE, WE EXPECT THE SILVER PRICE TO MOVE UP TOWARDS 41300 LEVELS.

# CRUDE Oil



## JUSTIFICATION:

TECHNICALLY MCX CRUDE PRICE HAS FOUND RESISTANCE AROUND THE PREVIOUS PEAK ON THE DAILY TIME FRAME. IN ADDITION, 100 DMA ALSO ACTED AS RESISTANCE FOR THE RISING PRICE. MOREOVER, WTI CRUDE PRICE HAS REVERSED FROM THE 78.60% RETRACEMENT LEVEL. FOR NOW, WE CHANGE OUR VIEW TO BEARISH ON MCX CRUDE WITH AN EXPECTATION OF FALL TOWARDS 2830 LEVELS IN THE FEW TRADING SESSION.

# COPPER



## JUSTIFICATION:

MCX COPPER HAS BEEN MOVING WITHIN A FALLING CHANNEL ON THE DAILY CHART. ON THE HIGHER END PRICE HAS FOUND RESISTANCE AROUND THE UPPER BAND OF THE FALLING CHANNEL. IN ADDITION, MCX COPPER PRICE HAS FALLEN BELOW 21 EMA ON THE DAILY CHART. MOMENTUM INDICATORS RSI IS IN NEGATIVE CROSSOVER. BASED ON ABOVE PARAMETERS WE CHANGE OUR VIEW TO BEARISH ON COPPER AND EXPECT CORRECTION TOWARDS 361 IN COMING TRADING SESSIONS.



# PIVOT TABLE

SCRIPTS	R3	R2	R1	P. P	S1	S2	S3
<b>GOLD</b>	28573	28797	28958	29182	29343	29567	30175
<b>SILVER</b>	39056	39416	39749	40109	40442	40802	41854
<b>CRUDEOIL</b>	2852	2881	2918	2947	2984	3013	3109
<b>COPPER</b>	356.6	359.5	365.0	368	373	376	388
<b>LEAD</b>	129.3	131.1	131.7	133.6	134.2	136.0	140.3
<b>ZINC</b>	154.5	156.0	157.1	158.6	159.8	161.3	165.4
<b>ALIMINUM</b>	120.0	120.9	121.5	122.4	123.0	123.9	126.3
<b>NICKEL</b>	556.9	561.2	565.1	569.4	573.3	577.6	590.1
<b>NATURAL GAS</b>	187.4	189.6	193.0	195.2	198.6	200.8	208.6

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