

Bullion Gold

On Wednesday, spot gold prices declined marginally by 0.2 percent to close at \$1263.9 per ounce on pressure from a firmer U.S. dollar ahead of a vote on the U.S. tax reform plan, but a potential government shutdown lent support to prices.

The U.S. Senate will vote on Wednesday on whether to send its tax legislation to a conference to hammer out differences with the U.S. House of Representatives' version of the plan.

Gold was pressured by the view, reinforced by a Reuters poll of economists, that the U.S. Federal Reserve is almost certain to raise interest rates next week.

On the MCX, gold prices rose 0.44 percent to close at Rs.29015 per 10 gms.

Silver

Spot silver prices declined 0.8 percent on Wednesday to close at \$16 per ounce in line with decline in gold prices. Besides, stronger dollar index also exerted downside pressure on silver.

On the MCX, silver prices rose 1.1 percent to close at Rs.37793 per kg.

Outlook

We expect gold prices to trade lower today, continuing its weakness from the previous trading sessions, besides, stronger dollar index, consideration of tax plan by the Senate today, rate hike in the FOMC meeting scheduled next week are push factors in the near term.

On the MCX, gold prices are expected to trade lower today, international markets are trading flat at \$1263 per ounce.

Technical Outlook valid for December 7, 2017

COMMODITY	SUPPORT	RESISTANCE
SPOT GOLD (\$/OZ)	1260/1253	1312/1317
MCX GOLD FEB'17 (Rs/10GMS)	28850/28700	30050/30150
NCDEX GOLD HEDGE JAN'17 (Rs/KG)	26420/26280	27520/27610
SPOT SILVER (\$/OZ)	15.90/15.70	16.20/16.30
MCX SILVER MAR'17 (Rs/KG)	37100/36700	37800/38200

Market Highlights (% change) as on Dec 6, 2017

INDICES	LAST	CHANGE	WOW	MOM	YOY
INR/\$ (Spot)	64.5	-0.26	-0.3	0.2	4.5
Euro/(Spot)	1.2	-0.25	-0.4	1.6	9.7
Dollar Index	93.6	0.2	0.5	-1.3	17.8
NIFTY	10044.1	-0.73	-3.1	-3.9	21.8
SENSEX	32597.2	-0.63	-3.0	-3.4	78.2
DJIA	24140.9	-0.16	0.8	2.5	23.5
S&P	2629.27	0.0	0.1	1.5	17.3

Gold (% change) as on Dec 6, 2017

COMMODITY	LAST	CHANGE	WOW	MOM	YOY
GOLD (SPOT)	1263.9	-0.18	-1.5	-1.4	7.7
GOLD (SPOT - MUMBAI)	29300.0	0.69	-0.4	0.0	4.0
COMEX	1262.4	-0.03	-0.8	-1.8	8.1
MCX(FEB'17)	29015.0	0.44	-1.1	-1.5	3.9

(Comex, Gold spot in \$ per ounce, MCX, Gold spot Mumbai in Rs/10 gms) Source: Reuters

Gold Options as on Dec 6, 2017

COMMODITY	OPEN	HIGH	LOW	CLOSE	CHG
MCX GOLD (CALL@30000)	70.00	80.00	63.00	72.50	0.08
MCX GOLD (PUT@28500)	100.00	118.00	100.00	104.50	-0.04

Silver (% change) as on Dec 6, 2017

COMMODITY	LAST	CHANGE	WOW	MOM	YOY
SILVER (SPOT)	16.0	-0.8	-3.4	-7.3	-6.6
SILVER (SPOT - MUMBAI)	37300.0	-6.3	#N/A	-4.8	-9.2
COMEX	16.0	-1.9	-2.9	-6.6	-4.6
MCX (MAR'17)	37444.0	1.10	-1.3	-6.1	-10.7

(Comex in \$ per ounce, MCX, Silver spot in Rs/kg)

Source: Reuters

Energy

Crude Oil

WTI oil prices declined 3 percent on Wednesday to close at \$56 per barrel its biggest daily decline in more than two months, after a sharp rise in U.S. inventories of refined fuel suggested demand may be flagging, while U.S. crude production hit another weekly record.

U.S. gasoline stocks rose by 6.8 million barrels and distillate inventories were up 1.7 million barrels, government data showed, both exceeding expectations in a Reuters poll.

The Energy Information Administration data also showed U.S. crude stocks fell 5.6 million barrels, more than expected. That was partially due to closure of the Keystone pipeline after a leak in South Dakota in mid-November, which cut flows to Cushing, Oklahoma. That line reopened Tuesday.

On the MCX, oil prices declined 2.3 percent to close at Rs.3637 per barrel.

Outlook

We expect oil prices to trade lower today on profit booking at higher levels, besides, the rise in product inventories is also a cause of concern.

On the MCX, oil prices are expected to trade lower today, international markets are trading higher by 0.4 percent at \$56.17 per barrel.

Technical Outlook

valid for December 7, 2017

COMMODITY	SUPPORT	RESISTANCE
NYMEX CRUDE OIL (\$/BBL)	55.60/54.90	56.80/57.30
MCX CRUDE DEC'17 (RS/BBL)	3600/3560	3680/3710
BRENT CRUDE (\$/BBL)	60.90/60.30	62.20/62.60

Market Highlights - Crude Oil (% change) as on Dec 6, 2017

COMMODITY	LAST	CHANGE	WOW	MOM	YOY
BRENT (SPOT)	62.7	-2.4	-2.8	-3.2	21.4
NYMEX CRUDE (JAN'17)	56.0	-2.9	-2.3	-2.4	9.9
ICE BRENT CRUDE (FEB'17)	61.2	-2.6	-3.0	-4.7	15.5
MCX CRUDE (DEC'17)	3637.0	-2.3	-1.1	-1.5	7.1

(Brent & NYMEX Crude in \$ per bbl, MCX Crude in Rs/bbl)

Source: Reuters

Market Highlights - Natural Gas (% change) as on Dec 6, 2017

COMMODITY	LAST	CHANGE	WOW	MOM	YOY
NYMEX NG	2.9	0.0	-8.4	-6.5	-18.3
MCX NG (DEC'17)	188.8	0.6	-8.0	-6.5	-24.4

(NYMEX NG in \$/MMBtu, MCX NG in Rs/MMBtu)

Source: Reuters

Base Metals

Base metals traded mixed on Wednesday following a sharp selloff in the previous session.

MCX base metals traded mixed in line with international trends.

Copper

LME Copper prices recovered marginally on Wednesday after the biggest one day fall in three years in Tuesday's session.

However, stronger DX citing passage of US tax bill by both houses continued to hurt dollar denominated metals.

Also, doubts regarding demand in China is also hurting the metal as China's copper imports fell to 330,000 metric tons of unwrought copper and copper products in October, 23.2% lower compared to September to the lowest level since April 2017.

MCX Copper prices traded higher by 0.7 percent in line with international trends.

Outlook

LME Copper prices are currently trading higher by 0.4 percent at \$6577/t. Copper prices are likely to trade sideways today as stronger DX ahead of key Nonfarm payrolls report will continue to bother metal investors. However, expectations that the PBoC will stand pat on interest rates despite tightening policies elsewhere in the developed world will provide a cushion.

On the MCX, copper prices are expected to trade sideways today.

Technical Outlook

valid for December 7, 2017

COMMODITY (RS/KG)	SUPPORT	RESISTANCE
MCX COPPER FEB'17	423/420	429/432
MCX ZINC DEC'17	198.50/197	201/202
MCX LEAD DEC17	161.50/160	164/165
MCX ALUMINUM DEC'17	129.50/128	131.50/133
MCX NICKEL DEC'17	693/685	705/715

Market Highlights – Base Metals (% change) as on Dec 6, 2017

COMMODITY	LAST	CHANGE	WOW	MOM	YOY
LME Copper (3 month)	6550.0	0.1	-3.1	-6.0	13.2
MCX Copper (FEB'17)	426.5	0.7	-1.3	-5.4	7.8
LME Aluminum(3 month)	2023.5	-1.6	-1.4	-6.7	18.2
MCX Aluminum (DEC'17)	130.2	-1.4	-1.1	-6.8	12.3
LME Nickel(3 month)	10830.0	-0.7	-5.2	-16.4	-5.1
MCX Nickel (DEC'17)	699.0	-0.5	-4.9	-16.5	-9.1
LME Lead(3 month)	2510.0	0.6	3.0	0.2	8.2
MCX Lead (DEC'17)	162.6	1.0	3.9	0.3	4.7
LME Zinc(3 month)	3090.0	-0.8	-2.1	-4.5	12.4
MCX Zinc (DEC'17)	199.9	-0.7	-2.3	-5.2	8.5

Source: Reuters

LME Inventories in tonnes

COMMODITY	5/12/17	4/12/17	CHG	%CHG
COPPER	193675	192550	1125	0.58%
ALUMINIUM	1098550	1101950	-3400	-0.31%
NICKEL	378432	376644	1788	0.47%
ZINC	204850	207250	-2400	-1.16%
LEAD	145200	145400	-200	-0.14%

Source: Reuters

Economic indicators to be released on 7-Dec-17

INDICATOR	COUNTRY	TIME (IST)	ACTUAL	FORECAST	PREVIOUS	IMPACT
Unemployment Claims	US	7.00pm	-	241K	238K	High
ECB President Draghi Speaks	Euro	9.30pm	-	-	-	High

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