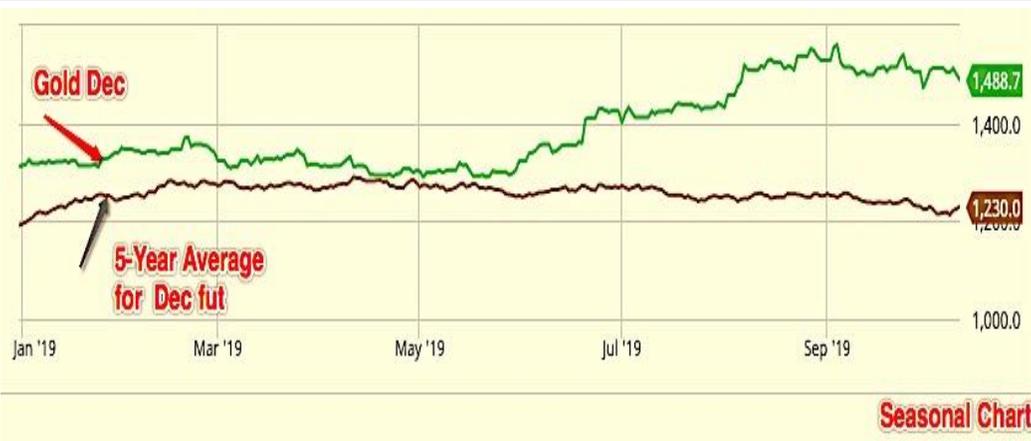


# TRENDS IN GLOBAL COMMODITIES

OCTOBER 12, 2019

ISSUE 19



CFTC speculative net long/

Commodity	11Oct	4Oct
Gold	275.6k	269K
Silver	50.8k	49.8K
Copper	-48.1K	-46.8K
Crude	355.1K	389.3K
NG	-160K	-118.5K

## Inside the Issue

1. Gold Comex December prices once again tumbled below \$1500 an ounce level this week despite weak USD after the U.S. hints about Trade Deal possibility.
2. US 10-Year Bond yield, which is trying to make base near 1.45% mark, jumped to 1.734% from a week ago level of 1.529%.
3. Crude oil gains on Iranian Tanker Attack and Trade Deal Optimism.
4. EIA STEO, October: Brent spot prices will average \$59/b in Q4 2019 and then fall to \$57/b by Q2 2020, which is \$5/b lower than forecast in the September STEO.
5. The average household NG expenditures will fall by 1% this winter due to warmer expected winter temperatures compared with last winter.

## Commodities (India) HeatMap

Weekly

<b>Crude Oil</b> Mcx Oct 3869 3.58%	<b>Zinc</b> Mcx Oct 187.5 3.19%	<b>Copper</b> Mcx Oct 443.15 1.68%
<b>Lead</b> Mcx Oct 156.95 -0.28%	<b>Aluminium</b> Mcx Sep 133.7 -0.44%	<b>Silver</b> Mcx Dec 45171 -0.45%
<b>Gold</b> Mcx Dec 37845 -1.27%	<b>Nickel</b> Mcx Oct 1248.5 -1.34%	<b>Natural Gas</b> Mcx Oct 158.1 -5.89%

## Bullion

### Trade Deal hope sends the gold to a one-week low.

Gold Comex December prices once again tumbled below \$1500 an ounce level this week despite weak USD after the U.S. hints about Trade Deal possibility, trimming its safe-haven appeal.

Brexit optimism also sparked the long liquidation in the gold.

There was a celebration in the riskier asset classes on strong hopes that talk between Donald Trump and Chinese Vice Premier will result in a partial trade accord and delay planned U.S. tariff increases against China.

Trump himself tweeted: “Good things are happening at China Trade Talk Meeting.

US 10-Year bond yields leaped to 1.73%, 2-week high, making yellow metals less lucrative.

The University of Michigan's Oct U.S. consumer sentiment index unexpectedly rose +2.8 to 96.0, stronger than expectations of -1.2 to 92.0.

Prices failed to rally despite renewed Middle-East geopolitical risks stoked by Iranian oil tanker attack.



*TRUMP TWEETED: "GOOD THINGS ARE HAPPENING AT CHINA TRADE TALK MEETING."*

**Dollar Index**, which has capped its movement between 97.73 and 99.33 recently after surging to a 4-Year high on September 03, fell for a second consecutive week to settle at 98 from a week ago close of 98.49.

**US 10-Year Bond yield**, which is trying to make base near 1.45% mark, jumped to 1.734% from a week ago level of 1.529%. It is the first weekly positive close in the last 4 weeks and highest level in 2 weeks.

### GOLD ETF

Robust Fund buying trend continues as long gold positions in ETFs have risen for 19 consecutive days up to a 6-1/2 year high on Thursday.

### U.S. Fed Rate Cut Expectations

There is a 67.3% probability for a 25 basis points rate cut in the upcoming US Fed Monetary Policy meeting to be held on October 30, 2019.

## Commodities (International)

## HeatMap

## Weekly

<b>Brent Oil</b> ICE \$60.66 <b>3.92%</b>	<b>WTI crude oil</b> Nymex November \$54.88 <b>3.92%</b>	<b>Copper</b> LME \$5804.5 <b>2.30%</b>	<b>Palladium</b> Comex December \$1673 <b>1.96%</b>
<b>Platinum</b> Comex January \$901 <b>1.76%</b>	<b>Aluminium</b> LME \$1721.75 <b>0.79%</b>	<b>Lead</b> LME \$2178.25 <b>0.52%</b>	<b>Zinc</b> LME \$2422.75 <b>-0.22%</b>
<b>Silver</b> Comex December \$17.57 <b>-0.27%</b>	<b>Nickel</b> LME \$17530 <b>-1.16%</b>	<b>Gold</b> Comex December \$1493.4 <b>-1.29%</b>	<b>NaturalGas</b> Nymex November \$2.224 <b>-5.44%</b>

## ENERGY: Crude oil gains on Iranian Tanker Attack and Trade Deal Optimism.

**WTI Crude oil** Nov prices showed first weekly positive close in 4-week, settled at \$54.88/bbl, higher than previous week settlement price of \$52.81/bbl. The recent rally is mainly underpinned by the two factors, one trade deal optimism between the U.S. & China and second, attacks on an Iranian oil tanker. Moreover, It has also observed that oil halts decline to near \$50.50 vicinity since June 2019 and turns positive for \$57.5/\$60 zones every time. Prices turned sideways between \$51-\$54.2 after hitting a low of \$50.99 a barrel on October 03 and finally sparked higher on Friday this week, setting the possibility of reclaiming 57.5 once again.

*Tensions between Iran and Saudi could ratchet up once again after two missiles attacked an Iranian oil tanker traveling through the Red Sea off the coast of Saudi Arabia on Friday, leading to oil leaked into the Red Sea.*

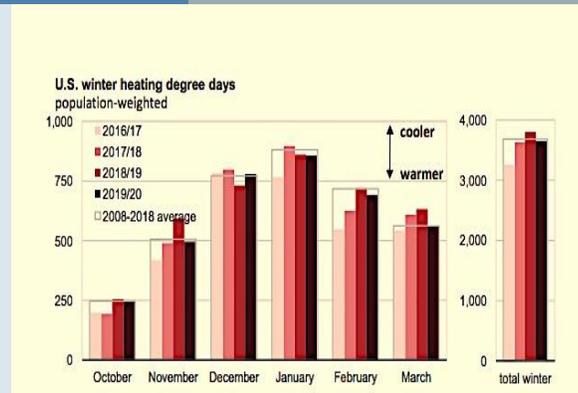
There is a growing risk of a reduction in oil demand by EIA estimates if the global economy continues to deteriorate. The IEA cut its demand growth forecast once again to just 1mb/d in 2019 and 1.2mb/d in 2020, a cut of 100,000 bpd for both. They also raised its forecast for supply growth from non-OPEC sources by 400,000 bpd.

The total number of active **oilrigs** in the United States gained by 2, according to the Baker Hughes report, reaching 712 units, near 2-Year low.

### EIA's Weekly Inventory Status Report

**U.S. Crude oil stocks** gained by 2.9mb to 425.6mb in the week ending October 4, 2019, at its 5-Year average. **Gasoline inventories** fell by 1.2 million barrels last week and, are about 2% above the 5-year average for this time of year. **Distillate** fuel inventories decreased by 3.9 million barrels last week and are 9% below the 5-year average for this time of year. **Refineries operated** at 85.7% of their operable capacity last week.

**The U.S. production** reached an all-time high of 12.6 Mbps last week, increased by 1.4mb/d from same period a year ago, another bearish factor for oil.



### EIA STEO, October Crux

#### Crude

Brent spot prices will average \$59/b in Q4 2019 and then fall to \$57/b by Q2 2020, which is \$5/b lower than forecast in the September STEO as global oil inventories will rise during the H1 2020.

**OPEC crude oil production** would average 29.8mb/d in 2019, down by 2.1 million from 2018, and 29.6mb/d in 2020.

**U.S. crude oil production** will average 12.3 mb/d in 2019, up 1.3m from the 2018 level, and will rise by 0.9mb/d in 2020 to average 13.2mb/d.

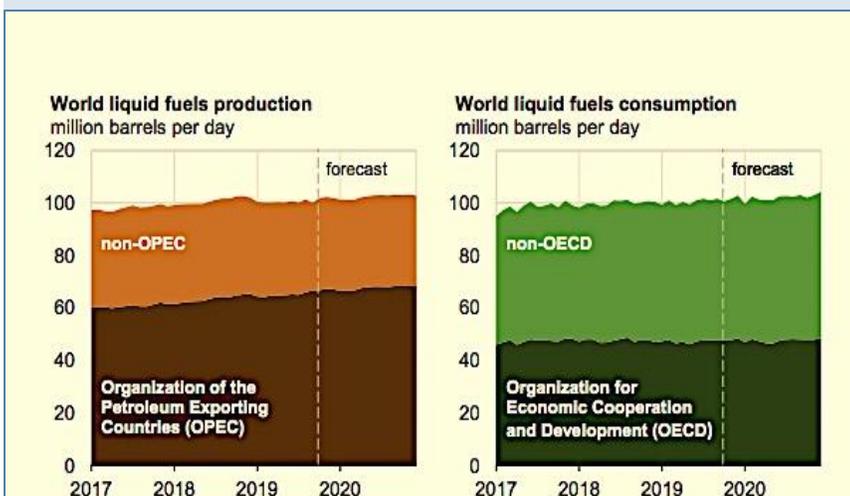
#### Natural Gas

**Henry Hub NG prices** to average \$2.43/MMBtu in Q4 2019, a decrease of more than \$1/MMBtu from same period last year, subsequently increasing to an average of \$2.52/MMBtu in 2020. U.S. natural gas prices have fallen in 2019 because of strong supply growth that has enabled natural gas inventories to build more than average during the April through October injection season.

EIA forecasts that average annual **U.S. dry natural gas production** will average 91.6Bcf/d in 2019, up 10% from the 2018 average and in 2020 will average 93.5Bcf/d. **Natural gas storage** levels will total 3,792 Bcf by the end of October, which is 2% above the five-year average and 17% above October 2018 levels.

#### Winter Fuels Outlook

The average household NG expenditures will fall by 1% this winter due to warmer expected winter temperatures compared with last winter.

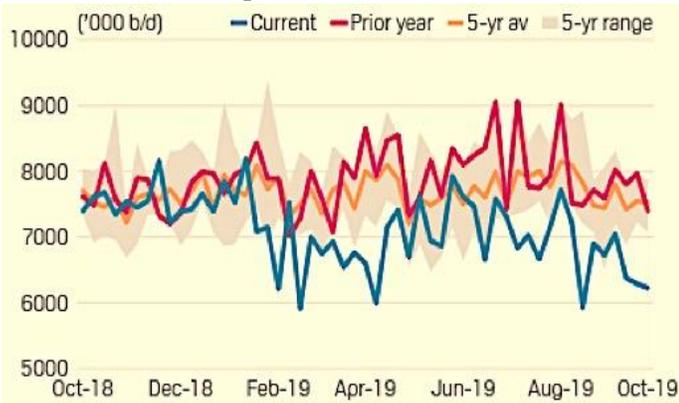


## CHARTS GALLERY

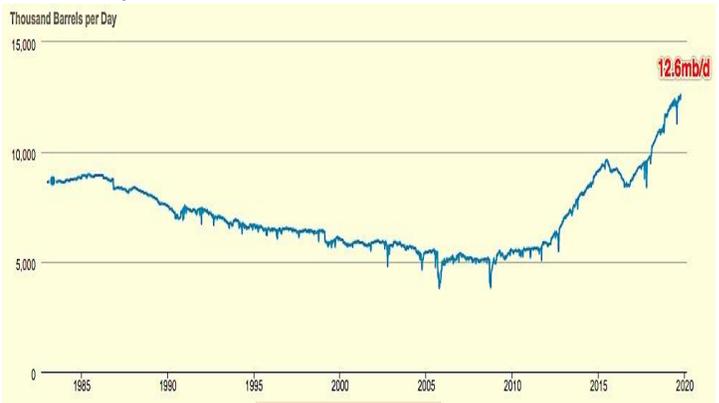
### 1. Commitment of Traders Positions in Gold

Commercials - Long / Short		Non-Commercials - Long / Short	
167,755 (+4,705)	478,697 (+11,959)	334,383 (+11,583)	58,820 (+5,013)
Producers - Long / Short		Swap Dealers - Long / Short	
22,269 (-890)	176,511 (+2,653)	112,484 (+2,618)	269,184 (+6,329)
Managed Money - Long / Short		Other Reportables - Long / Short	
231,976 (+11,986)	31,475 (+2,296)	102,407 (-403)	27,345 (+2,717)

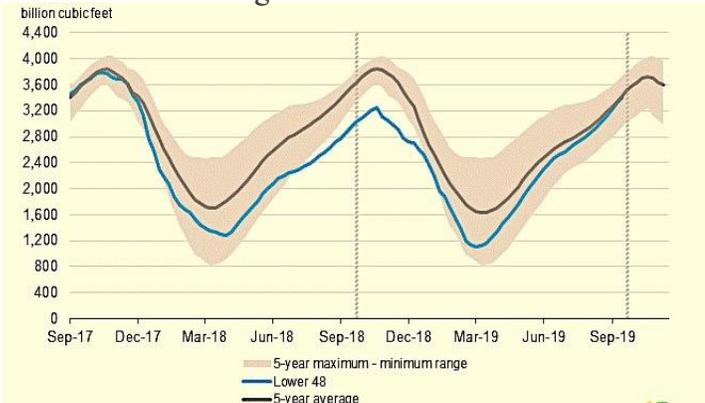
### 2.US Crude Oil Imports



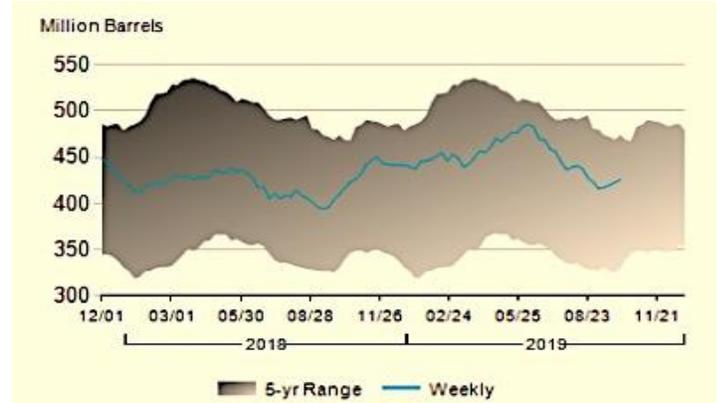
### 3.Weekly U.S. Crude oil Production



### 4.Natural Gas Storage



### 5.US Crude oil Inventories



### 6.Crude Oil Seasonal Chart for Nov Future



## Commodities (Agri)

## HeatMap

## Weekly

<b>Dhaniya</b> Mcx Nov Rs6040	<b>5.56%%</b>	<b>Rmseed</b> Ncdex Nov Rs4112	<b>2.85%</b>	<b>Castor</b> Ncdex Nov Rs4396	<b>2.17%</b>	<b>Chana</b> Ncdex Nov Rs4368	<b>1.53%</b>
<b>Guargum</b> Ncdex Nov Rs7376	<b>1.06%</b>	<b>Guarseed</b> Ncdex Nov Rs3892	<b>1.05%</b>	<b>Cotton</b> Ncdex Oct Rs19660	<b>-0.15%</b>	<b>Syoref</b> Ncdex Nov Rs754.75	<b>-0.44%</b>
<b>Menthaoil</b> Ncdex Oct Rs1211.5	<b>-0.5%</b>	<b>Turmeric</b> Ncdex Nov Rs5852	<b>-2.07%</b>	<b>Jeera</b> Ncdex Nov Rs16265	<b>-3.35%</b>	<b>Sybeanidr</b> Ncdex Nov Rs3660	<b>-3.53%</b>

## India Research Team:

1. Tarun Satsangi, Founder, CEO & Head Trading
2. Shelly Airan, Sr Manager- Research, News, Events & Operations
3. Alpana K- Executive-Research, Data Collection & Customer Supports

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