MONTHLY BULLETIN (RESEARCH) Date 8th Jan 2024

GOLD

Market Outlook and Fundamental Analysis:

Bullion Index ended almost flat in Dec after seen a consecutive 2-months of gain & fall by 0.5% in Dec but manage to recover well from month low in expectations that FED likely to cut rates in sooner than expected and fall in dollar index makes room for bullion to be investment prefer for risk takers. Earlier of the month bullion index fall on rally in dollar index and positive data, but after FED policy makers comments for need of rate cut in 2024 makes room for US treasury yield to fall and bullion as alternate investment avenue from govt bonds. Bullion generally remains positive during geopolitical as well financial crisis. Other side continues buying from global central banks also support prices at every dip. Gold is known as a safe investment during economic and geo-political crisis, but a high-interest rate environment makes the non-yielding asset less attractive to investors in last year and still this will play a vital role to decide prices in months to come.

Gold register its first annual increase since 2020, fuelled by a weaker dollar and by the view that interest rates and inflation are going one way and fast in 2024, other side political and economic uncertainty are on the rise - potentially heralding a sweet spot for gold investors. Gold, which bears no interest, tends to perform better in an environment of falling real rates, those adjusted for inflation. Gold gain almost 13% in 2023, best year of last three that saw prices swing between lows near $1,800 and a record high of $2,135.40. While Silver fall marginally by less than 1% in 2023. Other side Platinum down 7% and palladium fall almost 38% in 2023, biggest yearly drop since 2008.

Dollar index fell 2% in 2023, snapping 2-years of gains due to investor expectations that the U.S. Federal Reserve will cut rates significantly this year while the economy remains resilient.

US Nonfarm payrolls, a gaunge to interest rates decision, shows U.S. employers hired more workers than expected in December while raising wages at a solid clip, casting some doubt on financial market expectations that the Federal Reserve would start cutting interest rates in March. Nonfarm payrolls increased by 216,000 jobs last month against economists polled by Reuters had forecast payrolls increasing by 170,000 jobs. And data for November was revised lower to show payrolls rising 173,000 instead of 199,000 as previously reported. The economy added 2.7 million jobs in 2023, a sharp step-down from the 4.8 million positions created in 2022. The unemployment rate was unchanged at 3.7%, the unemployment rate has risen from a five-decade low of 3.4% in April. Average hourly earnings rose 0.4% in December after gaining 0.4% in the prior month. That raised the year-on-year increase in wages to 4.1% from 4.0% in November.

In its latest policy meet, the US FED left interest rates unchanged in 5.25%-5.50% range and FED chief said the historic tightening of monetary policy is likely over as inflation falls faster than expected and with a discussion of cuts in borrowing costs coming "into view." Indeed, the shift in outlook was stark, with 17 of 19 Fed policymakers seeing rates lower by the end of 2024, and none seeing them higher. A measure of policymakers' perceptions of risks facing the economy also moved closer to balance, a point Powell alluded to when he said the central bank was now at the point where "both mandates are important," with officials sensitive to the risk of "overdoing it" and pushing the economy into a faster than necessary slowdown. Officials see 75 basis points of cuts next year.

The Bank of England stuck to its guns and said British interest rates needed to stay high for "an extended period" as MPC voted 6-3 to keep rates at a 15-year high of 5.25% and Governor Andrew Bailey said there was "still some way to go" in the fight against inflation, challenging investors who have bet increasingly on rate cuts. The three dissenting votes were in favour of raising borrowing costs and there was no talk of cutting them as the BoE remained concerned that inflation in Britain will prove stickier than in the United States and the euro zone. The BoE noted that bond yields had fallen "materially" and said it would take this into account in its next quarterly forecasts in February, raising the prospect that it could raise its forecasts for economic growth in 2024 which currently sit at zero.

The ECB pushed back against bets on imminent cuts to interest rates by reaffirming that borrowing costs would remain at record highs despite lower inflation expectations. "We did not discuss rate cuts at all. No discussion, no debate," said Lagarde, describing herself as "in COVID recovery mode" and speaking markedly more quietly than usual. In a smaller policy change, the ECB brought forward the end of its last surviving bond-buying scheme - a legacy of the COVID-19 pandemic. After this meeting decision, the ECB's deposit rate stays at a record-high 4%. It was at a negative 0.5% only in July 2022. After the ECB decision, traders trimmed bets on ECB rate cuts, which are now seen starting in April and totalling 140 basis points next year, compared to as much as 160 basis points expected before meeting.

Federal Reserve officials in December launched an expansive debate about a coming turn in U.S. monetary policy, with fresh concerns voiced about how long the economy could hold up under current high interest rates and at least initial discussion about when to halt the rundown of its balance sheet, according to minutes of the Dec. 12-13 meeting. While the minutes did not provide direct clues about when rate cuts might commence, they reflected a growing sense that inflation is under control and growing concern about the risks that "overly restrictive" monetary policy may pose to the economy. According to projections issued at the Fed's December meeting, all but two Fed officials see the benchmark policy rate lower by the end of 2024 than it is now, with a majority of policymakers seeing it trimmed by at least three quarters of a percentage point. The target rate has been held in a range of from 5.25% to 5.5% since July.

Global factories had a weak finish to 2023, with euro zone activity contracting for an 18th straight month in December and Asia's manufacturing powerhouses taking a hit due to China's patchy economic recovery. HCOB's final euro zone manufacturing Purchasing Managers' Index (PMI), compiled by S&P Global, nudged up marginally to 44.4 in December from 44.2 in November but remained well below the 50 level that marks growth in activity. The euro zone economy contracted 0.1% in the third quarter, according to official data, so a second quarter of shrinkage would meet the technical definition of recession. South Korean factory activity dipped back into decline and Taiwan extended its contraction for the 19th straight month. China's Caixin PMI showed an unexpected acceleration in activity in December, although this contrasted with Beijing's official PMI released which remained in contraction territory for the third straight month. Elsewhere in Asia, PMIs showed activity in Malaysia's and Vietnam's factory sectors remained in contractionary mode, although it accelerated slightly in Indonesia. Singapore’s GDP sped up in the December quarter from a year earlier, helped by firmer construction and manufacturing, latest data showed. Activity in Russia's manufacturing sector expanded at its fastest pace in almost seven years in December, a business survey showed, as the S&P Global PMI for manufacturing rose to 54.6 in December from 53.8 in November. It was the highest reading since January 2017. Output rose at its fastest pace in seven months and new orders also increased sharply again.

The number of Americans filing new claims for unemployment benefits fell more than expected in last week of Dec , suggesting that labor market conditions remain fairly tight. Initial claims for state unemployment benefits dropped 18,000 to a seasonally adjusted 202,000 for the week ended Dec. 30. The unemployment rate has, however, remained below 4% as companies hoard workers following difficulties finding labor in the aftermath of the COVID-19 pandemic.

The final S&P Global/CIPS UK Services PMI rose to 53.4 in December, showing the sector grew more strongly in December than an initial reading of 52.7 and November's 50.9. UK data showed British borrowers increased demand for loans, in a sign that households are mostly coping with high interest rates. Net borrowing by British consumers was the highest in nearly seven years in November.

London's gold price benchmark hit an all-time high of $2,069.40 per troy ounce on 28-12, surpassing the previous record of $2,067.15 set in August 2020, the London Bullion Market Association (LBMA) said. LBMA is a leading bullion trade body that certifies gold refiners, allowing them access to London's bullion market, the world's largest. The LBMA Gold Price is the global benchmark price for unallocated gold delivered in London. The London gold price opened the year on Jan. 3 at $1,835.05 and has since risen by 12.7%, LBMA said. Since the turn of the century, the price has increased more than seven-fold.

On data side, Orders for long-lasting U.S. manufactured goods surged in November, boosted by aircraft bookings as orders for durable goods, items ranging from toasters to aircraft meant to last three years or more, jumped 5.4% last month. Data for October was revised higher to show orders falling 5.1% instead of 5.4% as previously reported. Core capital goods shipments dipped 0.1% for a second straight month. Annual U.S. inflation slowed further below 3% in November and underlying price pressures continued to abate, as PCE price index, fell 0.1% last month after being unchanged in October, and In the 12 months through November, the PCE price index increased 2.6% after rising 2.9% in October. October was the first since March 2021 that the annual PCE price index was below 3%. The Federal Reserve tracks the PCE price measures for its 2% inflation target. U.S. single-family homebuilding surged in November and could gain further momentum, with declining mortgage rates likely to draw potential buyers back into the housing market. Single-family housing starts, which account for the bulk of homebuilding, jumped 18.0% to a seasonally adjusted annual rate of 1.143 million units in Nov month and data for October was revised slightly lower to show starts rising to a rate of 969,000 units instead of the previously reported 970,000 units. Overall housing starts soared 14.8% to a rate of 1.560 million units in November. U.S. retail sales unexpectedly rose in November as the holiday shopping season got off to a brisk start, as Retail sales rebounded 0.3% in Nov against expected retail sales edging down 0.1%. And for October was revised lower to show sales falling 0.2% instead of dipping 0.1% as previously reported. Economists expect inflation-adjusted consumer spending to grow at about a 2% annualized rate this quarter, slower than the 3.6% pace notched in the third quarter.

Britain's economy shrank in October, as GDP fell by 0.3% from September against analyst expected no change in data, adding that exceptionally wet weather might have impacted the data. It was the first time since July that GDP had shrunk on a month-by-month basis. In the three months to October, GDP flat-lined and economy has flat-lined through most of 2023 with economic output now back at its January level. Britain posted a larger-than-expected goods trade deficit in October at 17 billion pounds ($21.30 billion), against expectations for a 14-billion-pound gap.

U.S. producer prices were unexpectedly unchanged in November as a decline in the cost of energy products more than offset higher food prices. The so-called core PPI increased 2.5% on a year-on-year basis in November after rising 2.8% in October.

The downturn in euro zone business activity surprisingly deepened in December, according to closely watched surveys which indicated the bloc's economy is almost certainly in recession. Last quarter, the euro zone economy contracted 0.1%, and December's PMI - suggested activity has now declined in every month of this quarter. That would mark 2-consecutive quarters of economic contraction, meeting the technical definition of recession. Preliminary Composite PMI, compiled by S&P Global, fell to 47.0 in Dec from November's 47.6, marking its 7th month below the 50 level separating growths from contraction. A PMI for the bloc's dominant services industry fell to 48.1 from 48.7, far short of the expectations of a rise to 49.0. In Germany the downturn worsened, pointing to a recession in Europe's biggest economy at the end of the year. Meanwhile activity declined faster than expected in France as demand for goods and services in the euro zone's second-biggest economy deteriorated further.

Separately, A fourth-quarter rally saved bonds from an unprecedented third straight annual loss in 2023, following the worst-ever decline a year earlier. The late year surge came after Treasuries hit their lowest level since 2007 in October. Fueling those gains were expectations that the Fed is likely finished with rate increases and will cut borrowing costs next year - a view that gained traction when policymakers unexpectedly penciled in 75 basis points of easing in their December economic projections amid signs that inflation continued to cool. U.S. bond year-to-date returns, which include interest payments and price changes, totaled 4.8% as of last week, compared with negative 13% last year, according to the Bloomberg US Aggregate Bond Index.

On domestic Data update, India's services sector ended 2023 on a firm footing, with activity expanding at its fastest pace in three months in December, as the HSBC India Services PMI, compiled by S&P Global, rose sharply in December to 59.0 from November's one-year low of 56.9. That marked the 29th month of expansion with the index well above the 50-mark separating growth from contraction. India's manufacturing industry ended 2023 on a slightly shaky footing as factory growth decelerated to an eighteen-month low in December, as The HSBC India Manufacturing PMI compiled by S&P Global, fell to 54.9 in December from November's 56.0. Still, the reading was above the 50-mark separating growth from contraction for a 30th straight month. India's infrastructure output in November rose at the slowest pace in six months at 7.8% year-on-year, as a delayed festival season reduced working days leading to a drop in cement and crude oil production. In the first eight months of the financial year that started on April 1, infrastructure output, which accounts for nearly 40% of industrial production, rose 8.6% year on year. India's merchandise trade deficit narrowed sharply to $20.58 billion in November from the previous month's record levels as imports of gold, petroleum and electronic goods moderated, government data showed. India's merchandise exports in November stood at $33.9 billion, while imports were $54.48 billion, government data showed. India's wholesale price index in November rose 0.26% from a year earlier against 0.08% expected and from fall of 0.52% in Oct.

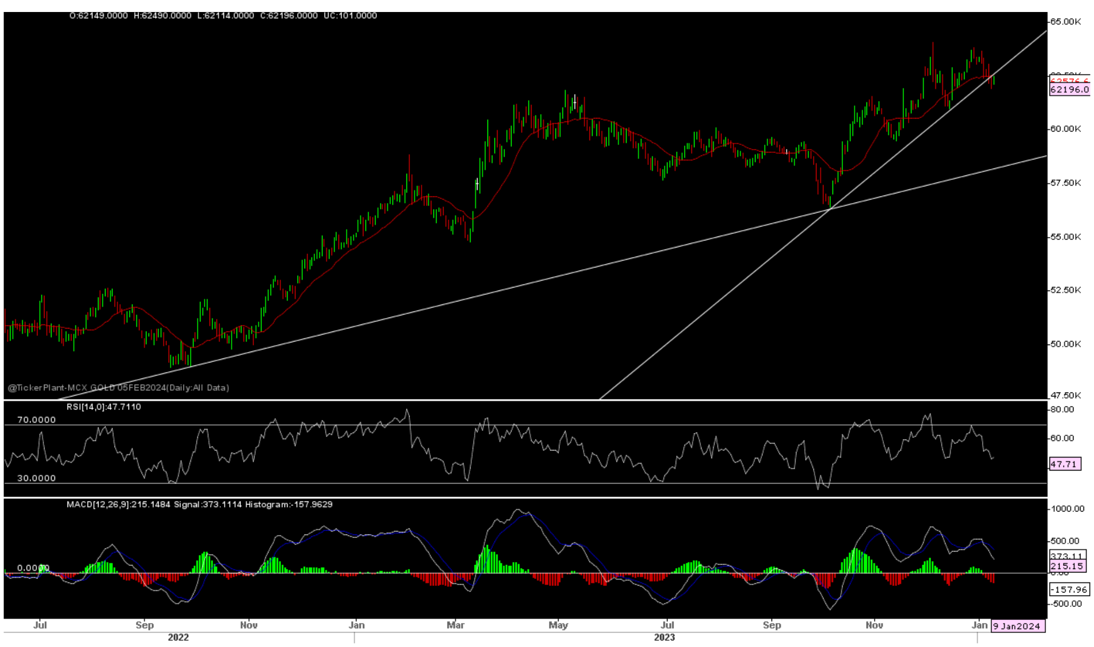
The Indian central bank's spot purchase and sale of dollars in October was one-sixth of the total forex trading volume, data analysed by Reuters showed, likely to be a rupee's depressed volatility. The Reserve Bank of India (RBI) purchased $36.7 billion and sold $37 billion in the spot market in October, according to the monthly bulletin released. The aggregate purchase and sales of $73.6 billion is the highest since at least 2012, according to data collated by Reuters from the monthly bulletin. The rupee was held in a narrow range of 83.04 to 83.25 in October, and it was the same in November and December as well, leading to volatility expectations to drop to the lowest since 2008. The central bank sold $19.2 billion in forwards in October and had an outstanding currency futures position of $4.2 billion.

Other side, Zimbabwe produced 30 metric tons of gold in 2023, 15% less than the previous year, official data showed on Monday, as electricity cuts and currency volatility impacted output.

Going ahead, Gold likely to continue its northward journey with record high prices on sight in 2024, when the fundamentals of a dovish pivot in U.S. interest rates, continued geopolitical risk, and central bank buying are expected to support the market. To makes bullion attractive assets class, we need to see stronger demand from investors, such as a pickup in ETF inflows, continue central banks buying and for all that weaker U.S. economic data and lower inflation is needed, so that the Fed sounds more dovish.

<u>Technical Outlook</u>:

<u>On the Daily Chart MCX:</u>



Sources – Ticker Plant and Bonanza Research

In COMEX GOLD is trading at $2030

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Expected support and Resistance level for the month

Gold	S1	S2	R1	R2
COMEX/DG CX ($)	2015	1970	2090	2135
MCX (Rs.)	61900	61000	63100	63800

Mcx Trend seen Bullish as long S1 hold, while Sustain close below 61900 seen prices towards S2.

SILVER

Technical Outlook:

On the Daily Chart MCX:

Sources – Ticker Plant and Bonanza Research

Expected support and Resistance level for the month

Silver	S1	S2	R1	R2
COMEX/DG CX ($)	22.50	21.80	24.60	25.90
MCX (Rs.)	71650	70500	75000	76100

MCX trend seen Bearish as long hold 74100-R1, While Sustain below 71600 seen towards S2.

CRUDE OIL

Market Outlook and Fundamental Analysis

Energy complex register 3rd consecutive monthly fall in Dec with both benchmark Brent as well WTI settle down by almost 5% due to demand concern weigh by weak economic numbers from top consuming countries , ample stocks and fail to materialize OPEC+ production cut to revive demand which expected even surplus for next few months. On yearly basis, Crude futures lost over 10% in 2023 in a tumultuous year of trading marked by geopolitical turmoil and concerns about the oil output levels of major producers around the world. Both contracts slipped more than 10% in 2023 to close out the year at their lowest year-end levels since 2020.

OPEC is facing weakening demand for its crude in the first half of 2024 just as its global market share declines to the lowest since the Covid-19 pandemic on the back of output cuts and member Angola's exit, according to Reuters calculations and data from forecasters. The trend means the group would struggle to ease production cuts unless global oil demand accelerates or OPEC is prepared to accept lower oil prices. Meanwhile, the war in the Middle East prompted jitters about potential supply disruptions in the final few months of 2023 that are expected to last into 2024.

Angola said in Dec month it is leaving the OPEC from January 2024, following exits by Ecuador in 2020, Qatar in 2019 and Indonesia in 2016. OPEC was founded in 1960 by Saudi Arabia, Kuwait, Venezuela, Iran and Iraq. Angola joined the group in 2007. Since 2017, OPEC has worked with Russia and other non-members as part of the OPEC+ group to manage the market. Angola's departure will leave the group with 12 members and take its production to below 27 million barrels per day (bpd) - less than 27% of the total global supply of 102 million bpd. The last time OPEC's market share fell to 27% was during the 2020 pandemic, when global demand dropped by 15-20%. Global demand has since then recovered to record levels, meaning OPEC has lost market share to rivals. The group produced around half of global crude in the 1970s before the onset of non-OPEC supply sources such as the North Sea. In later decades, OPEC's share stood at between 30% and

40% but record output growth from rivals such as the United States has steadily eaten into that share in recent years.

As of November 2023, OPEC's crude oil output accounted for 27.4% of the total market, down from 32-33% in 2017-2018, according to figures from the group's monthly reports. OPEC+ is currently cutting output by around 6 million barrels per day, representing about 6% of global supply. Some OPEC+ members including Russia have said the group could take additional measures if needed.

OPEC oil output rose in December, a Reuters survey found, as increases in Iraq, Angola and Nigeria offset ongoing cuts by Saudi Arabia and other members of the wider OPEC+ alliance in support of the market. The OPEC pumped 27.88 million barrels per day (bpd) last month, up 70,000 bpd from November, according to the survey that tracks a wide array of shipping, flows and production data. Output is down more than 1 million bpd from the same month a year ago. In December, the biggest increases of 60,000 bpd came from Iraq and Angola, which both boosted exports, the survey found. Nigeria also shipped more crude abroad without, as yet, beginning oil products output at its new Dangote refinery. OPEC's output is still undershooting the targeted amount by almost 600,000 bpd, largely because Angola and Nigeria lack the capacity to pump at current targeted levels.

Energy firms in last week of Dec month added oil and natural gas rigs for the first time in 3-weeks, energy services firm Baker Hughes said in a latest report, indicating output could rise in the future. For the year, however, the rig count was down by 157 after gaining by 193 in 2022 and 235 in 2021.

U.S. crude exports, nearly all of which leave from the U.S. Gulf coast, averaged about 4 million barrels per day (bpd) so far this year, according to U.S. government data, about 500,000 more than last year's record as oil production climbed to 13.2 million barrels per day. U.S. West Texas Intermediate crude's wider discount to the global benchmark Brent , currently at about $4.50 per barrel, is making U.S. oil more attractive to European and Asian refiners. U.S. crude exports will likely average around 5 million bpd in the last two weeks of the year as that tax consideration drives barrels out of the Gulf coast, according to Kpler's Smith.

China's crude oil production rose to 208 million metric tons in 2023, equivalent to 4.16 million barrels per day, state broadcaster CCTV. China's domestic oil production averaged 2% annual growth between 2018 and 2022, Reuters records show, as Beijing has sought to step up output amid an energy security drive. Oil production in China fell by around 12% between 2015 and 2018, as output at mature onshore fields slipped. Domestic natural gas production reached 230 billion cubic metres in 2023, the CCTV report said, representing a 5.6% increase over 2022 levels.

Top oil exporter Saudi Arabia cut the February price of its flagship Arab Light crude to Asian customers to the lowest level in 27 months, a company statement showed, amid competition from rival suppliers and concerns about supply overhang. Saudi Aramco also trimmed prices for other crude grades it sells to Asia by $2 a barrel in February from the previous months, the statement showed.

The U.S. is seeking to buy up to 3 million barrels of U.S.-produced sour crude oil for delivery in April to help replenish the Strategic Petroleum Reserve (SPR), the Department of Energy said in a latest statement. Administration is slowly purchasing oil for the SPR after it sold a record 180 million barrels from it in 2022 to help fight high oil prices after Russia's invasion of Ukraine. The SPR, the world's largest stash of emergency oil supply, currently holds about 354.4 million barrels in underground salt caverns in four locations on the coasts of Texas and Louisiana.

Venezuela's oil exports increased 12% last year to almost 700,000 barrels per day (bpd) as the United States eased sanctions imposed since 2019 on the OPEC country's energy sector, according to data and documents viewed by Reuters. China, which never suspended imports of Venezuelan crude amid U.S. sanctions, last year remained the largest destination for Venezuela's oil, taking about 65% of the country's average exports of 695,192 barrels per day (bpd), according to LSEG vessel monitoring data and PDVSA documents. Venezuela's crude output averaged 794,000 bpd through November, an increase from the 716,000 bpd of 2022 and the 636,000 bpd of 2021, according to figures reported to OPEC.

China has issued its first refined fuel export quotas for 2024 totalling 19 million metric tons, a volume unchanged from last year's and largely in line with market expectations, Chinese consultancies and multiple trading sources said. China manages its refined oil exports via a strict quota system, using exports as a tool to balance and ensure the domestic market is sufficiently supplied. During the first 11 months of this year, China exported nearly 39 million tonnes of refined fuel, including 14.3 million tons of jet fuel which expanded 56% year-on-year and 13.1 million tons of diesels that was up 61% from year-earlier amount.

China's surging oil production growth in recent years, the result of a concerted investment push, is expected to ease in 2024 as falling output from mature fields requires state oil companies to tap more challenging shale and ultra-deep reserves. While China is the world's biggest crude importer, it was also the world's sixth-largest crude oil producer last year, according to the EI Statistical Review of World Energy, with heavy investment helping to reverse a significant decline between 2015 and 2018. Production for 2023 at around 4.18 million barrels per day (bpd) remains below the 2015 record of 4.3 million bpd.

U.S. crude oil output fell slightly in October to 13.248 million barrels per day, the first monthly decline since April, the U.S. EIA said. However, the small magnitude of that decline, just 4,000 barrels per day (bpd), likely shows that U.S. production might still have room to grow. Gross natural gas production in the U.S. Lower 48 states was virtually unchanged at 116.63 billion cubic feet per day (bcfd) in October, compared to the record high 116.71 bcfd in September, according to EIA's monthly 914 production report.

U.S. fuel stocks have built rapidly since mid-November, with refiners adding over 10 million barrels of gasoline to storage since Nov. 17, according to EIA data. In the U.S. Midwest, gasoline inventories are at their highest level since April 2022, while refinery utilization in that region climbed to its highest level on record in last week of Dec, the EIA said. At the same time, more than 1 million barrel per day of new refining capacity is set to come online this year in China, India, Mexico, the Middle East and Nigeria.

OPEC in its latest monthly report, OPEC is facing weakening demand for its crude in the first half of 2024 just as its global market share declines to the lowest since the Covid-19 pandemic on the back of output cuts and member Angola's exit, according to Reuters calculations and data from forecasters. The trend means the group would struggle to ease production cuts unless global oil demand accelerates or OPEC is prepared to accept lower oil prices. The last time OPEC's market share fell to 27% was during the 2020 pandemic, when global demand dropped by 15-20%. Global demand has since then recovered to record levels, meaning OPEC has lost market share to rivals. The group produced around half of global crude in the 1970s before the onset of non-OPEC supply sources such as the North Sea. As of November 2023, OPEC's crude oil output accounted for 27.4% of the total market, down from 32-33% in 2017-2018, according to figures from the group's monthly reports.

In its monthly report, IEA said the "explosive growth" in Indian oil product consumption may be coming to an end and projected oil product demand growth would slow to 2.5% next year from 4.1% in 2023. According to the IEA, the annual 2023 gains will be 220,000 bpd. It sees growth slowing down to 110,000 bpd in the fourth quarter of 2023. The IEA put the rate of increase in 2024 at 140,000 bpd. That would still be the second-highest growth globally, but far lower than China's 710,000 bpd. World oil demand will rise faster than expected next year, a sign that the outlook for near-term oil use remains robust despite COPS28 agreement to transition away from fossil fuels. World consumption will rise by 1.1 million barrels per day(bpd) in 2024, up 130,000 bpd from its previous forecast, citing an improvement in the outlook for the United States and lower oil prices. In the report, the IEA also trimmed its forecast for oil demand growth in 2023 by 90,000 bpd to 2.3 million bpd and lowered its fourth-quarter estimate by almost 400,000 bpd.

In its latest weekly inventory data from the U.S. EIA shows, U.S. crude stockpiles fell by 7.1 million barrels in the week ended Dec. 22, EIA data showed, while analysts polled by

Reuters had expected a draw of 2.7 million barrels. Crude oil stocks at the U.S. Gulf Coast fell by 11.03 million barrels, the biggest decline since Aug, the data showed.

Oil output in Russia, the third largest producer in the world after the United States and Saudi Arabia, is expected to be steady or even to increase next year as Moscow has largely overcome Western sanctions. The government has said that Russian oil and gas condensate production is set to decline to 527 million metric tons (10.54 million barrels per day) this year from 535 million tons in 2022, as Moscow has restrained supply in line with its agreement with the OPEC+ group, comprising the Organization of the Petroleum Exporting Countries and allies. The West imposed wide-ranging sanctions against Russia, including an embargo on seaborne Russian oil imports and a price cap of $60 per barrel, after Moscow sent its armed forces into Ukraine in February 2022. Under its OPEC+ agreement, Russia is curbing its crude output by 500,000 bpd until the end of 2024 and, separately, it also has pledged to reduce exports of oil and fuel by the same amount in the first quarter.

The United States has finalized contracts to purchase three million barrels of oil to help replenish the Strategic Petroleum Reserve (SPR) after the largest sale in history last year, the U.S. Department of Energy said. The U.S has now purchased about 14 million barrels for replenishment after last year's sales. About 4 million barrels are also coming back to the SPR by February as oil companies return oil that had been loaned to them through a swap.

The U.S. bought 2.1 million barrels of crude oil, the Energy Department said, to help replenish the Strategic Petroleum Reserve (SPR) after the largest sale in history last year. The department said it bought the oil, for delivery in February, for an average of $74.23 a barrel, below the average of $95 a barrel that oil sold for in 2022. The U.S has now purchased about 11 million barrels for replenishment after last year's sales. About 4 million barrels are also coming back to the SPR by February as oil companies return oil that had been loaned to them through a swap.

India, the world's third-biggest oil importer and consumer, fuel consumption rose to a seven-month high in December to about 20.054 million metric tons, data from the Petroleum Planning and Analysis Cell (PPAC) of the oil ministry showed. Total consumption, a proxy for oil demand, in December rose by 6.2% from 18.89 million tons in November. It was up around 2.6% compared with the same period a year earlier. Sales of diesel, mainly used by trucks and commercially-run passenger vehicles, rose by 0.9% month-on-month to 7.60 million tons. Sales of gasoline in December slipped 4.5% from the previous month to 2.99 million tons.

India paid an average of $85.42 per barrel for Russian oil in November, the highest since the Group of Seven (G7) advanced economies imposed a price cap of $60 per barrel to cut Moscow's revenue, preliminary government data shows. India paid 1.4% more for Russian oil in November compared to $84.20 per barrel in October, Reuters calculations based on government data show. India paid an average $85.73 per barrel for supplies from Iraq and $93.32/barrel for Saudi oil, the data showed.

India has hiked the windfall tax on crude oil while reducing the tax on diesel and aviation turbine fuel, according to a government notification. The government hiked the windfall tax on petroleum crude oil to 2,300 Indian rupees ($27.63) a ton from 1,300 rupees. India imposed a windfall tax on crude oil producers in July 2022 and extended the levy on exports of gasoline, diesel and aviation fuel as private refiners wanted to sell fuel overseas to make gains from robust refining margins instead of selling locally.

India's Russian oil imports in November rose to a 4-month high of 1.6 million barrels per day (bpd), up 3.1% from October, making up about 36% of the nation's overall imports last month, data obtained from trade sources showed. Last month, India overall imported about 4.5 million bpd oil, a decline of about 4.5% from October and a growth of 13% over the same month last year, the data showed. The share of Middle Eastern oil in India's November oil imports was about 46% compared with 48% in October, while that of the Commonwealth of Independent States - Russia, Kazakhstan, and Azerbaijan - rose to 39% from 36%, the data showed. In the first eight months of this fiscal year that began April 1, India's imports of Russian oil rose by 77% to an average 1.7 million bpd, the data showed.

Europe’s gas inventories are on course to end the winter of 2023/24 at or near a record high as mild temperatures across the region fail to erode the enormous surplus inherited from the winter of 2022/23. U.S. natural gas futures ended 2023 with the biggest percentage decline since 2006 due to record production, ample inventories and a mild winter.

Going ahead, Prices likely to be trade between weak global growth to cap demand against ongoing geopolitical tensions could provide support to prices. Other side, OPEC+, will be able to commit to the supply cuts they have pledged to prop up prices.

Technical Outlook:-

On the Daily Chart MCX:

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Sources – Ticker Plant and Bonanza Research

Expected Support and Resistance level for the month

Crude	S1	S2	R1	R2
NYMEX/DG CX ($)	67.50	63.0	77.0	80.0
MCX (Rs.)	5700	5500	6200	6350

MCX trend seen Bearish as long hold R1, While Sustain Close below 5700 seen towards 5500-5400.

Natural Gas

Technical Outlook:

On the Daily Chart MCX:

Sources – Ticker Plant and Bonanza Research

Natural Gas	S1	S2	R1	R2
MCX (Rs.)	234	223	270	285

MCX trend seen Bullish as long hold S1, While Sustain Close above 270 seen towards 282-285 belt.

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Base Metals

Market Outlook and Fundamental Analysis

COPPER:

Base metal complex register gain after 2-consecutive monthly fall in Dec by almost 2% thanks to fall in dollar index, stimulus expectations from top metals consuming countries including China and technical bounce back from support level makes bae metals index gain despite weak factory data from global top consuming countries and demand concern. Gain also help by FED rate cut expectations in Q1-2024 which positive for base metals as lower borrowing cost will increase manufacturing activity and demand for base metals as well. However for Q4-2023 it falls marginally by 1% on continue demand concern. Benchmark Copper and Zinc register 2nd consecutive monthly gain by 1% & 4% each in Dec, while Aluminum Rally more than 5% and Lead down 1.5% in domestic future exchanges.

The discount for the cash copper contract against the benchmark three-month contract on the London Metal Exchange (LME) hit $107 a metric ton on 8TH Jan, the highest since September 1992. Expectations of ample supplies of copper on the LME market are behind the large discount or contango, a feature of the market for many months now. Stocks of copper, in LME-approved warehouses at 161,725 metric tons are up nearly 200% since July last year.

Retail sales of vehicles in India rose 21% in December, their fastest pace in 2023, led by strong demand for two-wheelers and high discounts on passenger cars, data from the Federation of Automobile Dealers Association (FADA) showed. Sales of motorcycles and scooters rose 28% to 1.45 million units in the month. Sales of PVs grew just 2.7% in December, driven mostly by demand for SUVs.

Britain's car output witnessed its best November since 2020, helped by a rise in production for the overseas market and easing supply chain challenges, industry data showed. Production rose nearly 15%, with 91,923 cars rolling out of factory gates last month. Export volumes increased by 15.2%, mainly driven by demand from the European Union, China and Turkey, the data showed.

Going ahead, weak economic numbers, demand concern from top consuming countries weigh on process for short term while FED rate cut expectation which might revive demand for base metals and any fall in dollar index will support base metals at every dip.

Base Metals

TECHNICAL OUTLOOK:

COPPER:

Sources – Ticker Plant and Bonanza Research

Expected Support & Resistance level for the month

Copper	S1	S2	R1	R2
MCX	713	698	725	735

MCX trend seen Bearish as long hold 721-R1, While Sustain below 713 seen towards 700-698 belt.

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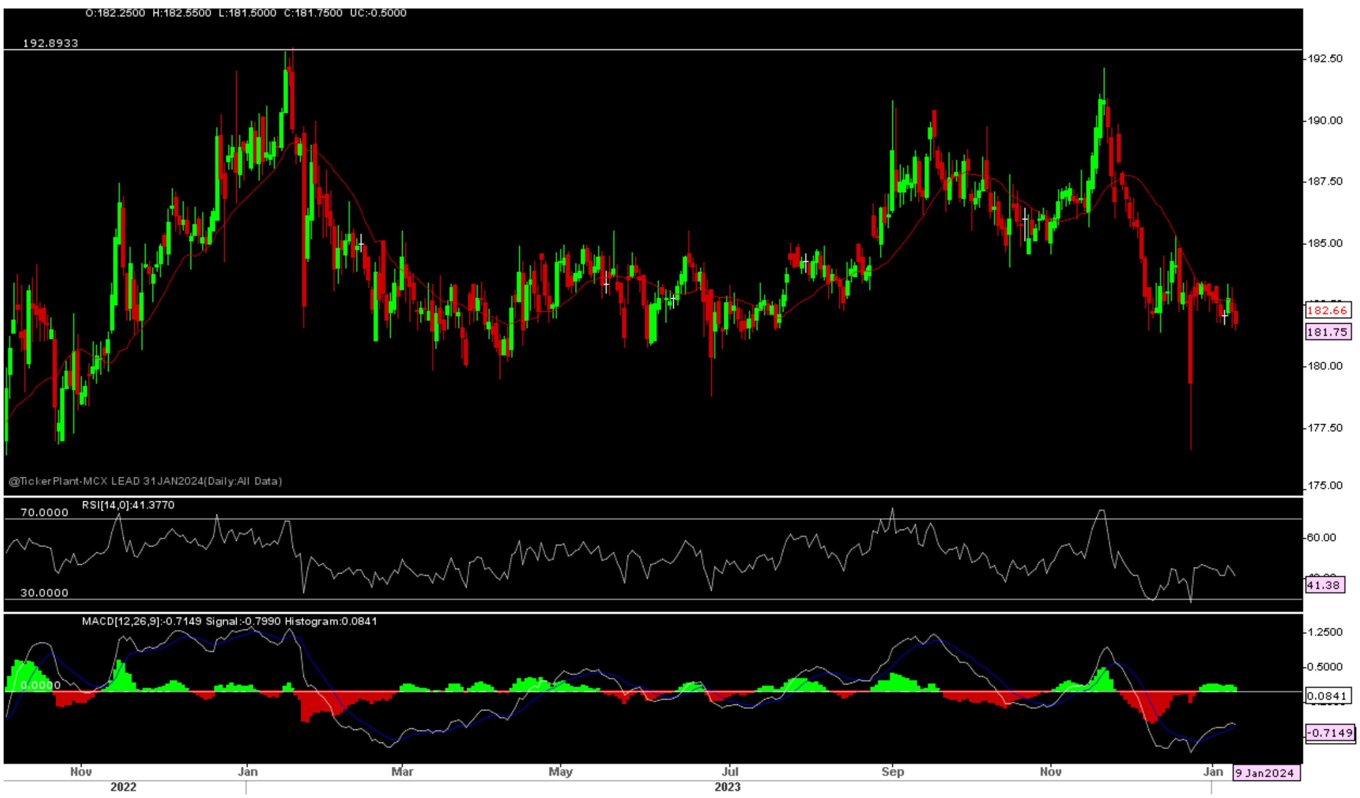
LEAD:

Technical Outlook:



Sources – Ticker Plant and Bonanza Research

Expected support and Resistance level for the month

Lead	S1	S2	R1	R2
MCX	181	178	186	190

MCX trend seen Bearish as long hold 184-R1 while Sustain Close below 181 seen 178-175 belt.

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ZINC

TECHNICAL OUTLOOK:

Sources – Ticker Plant and Bonanza Research

Expected Support & Resistance level

Zinc	S1	S1	R1	R2
MCX	222	215	229	234

MCX trend seen Bullish as long hold S1, While Only Sustain below 222 seen again towards S2.

NICKEL

TECHNICAL OUTLOOK:

No View due to Low Volumes

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