

- **Gold flat as Hong Kong concerns offset reopening optimism**
- **Oil gains on expectation of balance in oversupplied market**
- **Copper steadies on COVID-19 vaccine hopes; U.S.-China rift looms**

Gold traded flat on Wednesday as concerns about the U.S. response to China's proposed security law for Hong Kong countered optimism about a re-opening of the global economy. U.S. President Donald Trump said on Tuesday the United States was working on a strong response to China's planned national security legislation for Hong Kong and it would be announced before the end of the week. Hong Kong's legislature was surrounded by riot police, as protests were expected on Wednesday over a bill criminalizing disrespect of China's national anthem and against plans by Beijing to impose national security laws. Asian shares shed some of their recent gains on concerns about rising Sino-U.S. tensions. U.S. consumer confidence nudged up in May, suggesting the worst of the coronavirus-driven economic slump was likely in the past as the country starts to reopen. However, economic prospects for the developed world this year have darkened again in the past month, with a V-shaped sharp recovery expected by less than one-fifth of economists polled by Reuters. Japan plans to include \$302 billion in direct spending under a second extra budget to be compiled on Wednesday, the Mainichi newspaper reported.

Oil prices gained on Wednesday, citing a faster-than-expected balance in global oil demand and supply as countries ease coronavirus restrictions and major producers cut supply. The OPEC and producers including Russia, a group known as OPEC+, agreed last month to cut their combined output by almost 10 million bpd in May-June to support prices at a time when pandemic quarantines have slashed fuel demand. Oil prices got support by signs that producers are following through on commitments to cut supplies and as fuel demand picks up with the easing of lockdown curbs. In the United States, where some states are opening up after lockdowns, optimism about demand recovering has supported sentiment, but the recovery is fragile, as the Memorial Day holiday just passed in the United States typically heralds the start of the peak demand season. Still as U.S. demand picks up, however slowly, there are signs that inventories are falling. U.S. crude inventories are forecast to have fallen for a third week last week. However, gains remained limited as U.S. President Donald Trump's economic adviser, Larry Kudlow, said China was making "a big mistake" with national security legislation on Hong Kong.

Copper prices steadied on Wednesday as optimism about developing coronavirus vaccines fuelled hopes of a quick rebound in the global economy, though simmering tensions between the United States and top metals consumer China put metal under pressure. Copper is often used as a gauge of global economic health. The most-traded July copper contract on the Shanghai Futures Exchange (ShFE) rose 0.2% to 43,880 yuan (\$6,150.83) a tonne. U.S. biotech company Novavax Inc has targeted production of over a billion doses of its vaccine candidate next year, while Merck & Co Inc said it would work to develop two separate vaccines. However, casting darker shadows over the U.S.-China ties were reports that Washington was preparing to take action against Beijing this week over its effort to impose national security laws on Hong Kong. The London Metal Exchange plans to consult members on whether its rules need to be changed to guard against market abuse and insider trading. Australia's New Century Resources Ltd said it was in talks with Brazilian miner Vale SA to buy its nickel and cobalt operations in New Caledonia. Asian shares shed some of their recent gains as concerns over the U.S.-China tensions tempered optimism about a re-opening of the world economy.

Symbols	Exchange	Expiry	Close	Expected Movement	S1	S2	R1	R2	Strategy
Gold	MCX	Jun'20	46322	Downtrend	45800 \$1702	45500 \$1695	46500 \$1715	46800 \$1723	Sell around R1 with the S/L above R2 for the target of S1-S2
Silver	MCX	Jul'20	47821	Downtrend	47000 \$16.80	46500 \$16.50	48100 \$17.25	48600 \$17.50	Sell around R1 with the S/L above R2 for the target of S1-S2

Copper	MCX	Jun'20	415.55	Sideways	410	407	418	421	Sell around R1 with the S/L above R2 for the target of S1-S2
Zinc	MCX	Jun'20	159.05	Uptrend	156	154	160	162	Buy around S1 with the S/L below S2 for the target of R1-R2
Aluminum	MCX	Jun'20	130.95	Downtrend	129.50	128.40	132.00	134.10	Sell around R1 with the S/L above R2 for the target of S1-S2
Nickel	MCX	Jun'20	935.50	Uptrend	917	905	940	949	Buy around S1 with the S/L below S2 for the target of R1-R2
Lead	MCX	Jun'20	133	Uptrend	131	129.20	133	134.50	Buy around S1 with the S/L below S2 for the target of R1-R2

Crude oil	MCX	Jun'20	2574	Uptrend	2530 \$33.40	2450 \$32.50	2650 \$34.90	2720 \$35.60	Buy around S1 with the S/L below S2 for the target of R1-R2
Natural Gas	MCX	Jun'20	147	Uptrend	144	140	151	154	Buy around S1 with the S/L below S2 for the target of R1-R2

**Metals & Energy
 Technicals**

US Economic Data

Date	Time (IST)	Release	For	Consensus	Previous	Importance
27-May	-	No Major Data From US	-	-	-	Very High

Consensus represents the market consensus estimate for each indicator | **Previous** represents the last actual for each indicator.

Source: Reuters, Investing.com, briefing.com, fxstreet.com

Sugandha Sachdeva

In-charge-Metals, Energy & Currency

Gaurav Sharma

Sr. Analyst, Metals, Energy & Currency

Rahul Sharma

Analyst, Metals & Energy

Amandeep Singh

Analyst, Metals & Energy

Vipul Srivastava

Analyst, Metals & Energy

Gaurav Sharma

Analyst, Metals & Energy

Research Team