

- **Gold gains as Hong Kong unrest stirs risk aversion**
- **Oil drops on worse than feared rise in U.S. fuel stocks**
- **Copper steadies as U.S.-China tensions dampen risk appetite**

**Gold prices rose on Thursday as tensions between the United States and China over a Hong Kong security law escalated, while fresh stimulus measures by several economies to mitigate the coronavirus fallout also lent support.** On MCX prices were little down in early morning after settling up 0.45 percent yesterday. U.S. Secretary of State Mike Pompeo said Hong Kong no longer qualifies for its special status under the U.S. law, dealing a blow to its status as a financial hub. U.S. President Donald Trump has a long list of possible responses to China's plans to impose a national security law on Hong Kong, including visa and economic sanctions, said David Stilwell, assistant Secretary of State for East Asia. The European Union unveiled a 750 billion euro (\$826.13 billion) plan on Wednesday to prop up economies, lifting the demand for safe-haven assets such as gold. Stimulus measures to limit the economic damage have supported gold, which is often considered a hedge against inflation and currency debasement. Japan approved a fresh \$1.1 trillion stimulus package. A Federal Reserve report on Wednesday implied that U.S. businesses continued to be hammered into the middle of May. SPDR Gold Trust holdings, the world's largest gold-backed exchange-traded fund, rose 0.2% to 1,119.05 tonnes on Wednesday.

**Oil prices fell in early trade on Thursday after U.S. crude, gasoline and heating oil inventories all rose more than expected, dousing hopes of a smooth recovery in demand from coronavirus lockdowns.** The decline extended losses from Wednesday on uncertainty about Russia's commitment to deep oil production cuts in the lead-up to a June 9 meeting of the Organization of the Petroleum Exporting Countries and its allies, dubbed OPEC+. Data from the American Petroleum Institute industry group showed crude stocks rose by 8.7 million barrels in the week to May 22, compared with analysts' expectations for a draw of 1.9 million barrels. Gasoline stocks rose by 1.1 million barrels, more than 10 times the build analysts had expected, and stocks of diesel and heating oil rose by 6.9 million barrels, nearly four times as much as anticipated. The market will be looking to see if data from the U.S. Energy Information Administration later on Thursday matches API. With WTI holding above \$30, OPEC+ will be closely watching to see whether U.S. oil shale oil producers who have breakeven prices in the high \$20 and low \$30 dollar range step up production.

**Copper prices were little changed on Thursday as initial euphoria over economies reopening from the lockdown was dampened by mounting fears that the Sino-U.S. friction could further hobble global business activity.** Casting darker shadows over the trade dispute were reports that the United States is preparing to take action against top metals consumer China this week over its plan to impose a national security law on Hong Kong. Earlier in the session, traders cheered prospects of a quick rebound in the global economy as more countries have been re-emerging from coronavirus shutdowns and as more developing COVID-19 vaccines are underway. 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. The global copper market is expected to be in surplus by 285,000 tonnes this year as a result of the coronavirus pandemic, with the overhang rising to 675,000 tonnes in 2021, the International Wrought Copper Council said in a report.

Symbols	Exchange	Expiry	Close	Expected Movement	S1	S2	R1	R2	Strategy
<b>Gold</b>	MCX	Jun'20	46531	Uptrend	46200 \$1705	45800 \$1695	46700 \$1719	47000 \$1726	Buy around S1 with the S/L below S2 for the target of R1-R2
<b>Silver</b>	MCX	Jul'20	48390	Uptrend	47800 \$16.80	47100 \$16.50	49000 \$17.50	49600 \$17.80	Buy around S1 with the S/L below S2 for the target of R1-R2

<b>Copper</b>	MCX	Jun'20	411.45	Sideways	409	406	415	418	Buy around S1 with the S/L below S2 for the target of R1-R2
<b>Zinc</b>	MCX	Jun'20	156.15	Uptrend	154	152	159	161	Buy around S1 with the S/L below S2 for the target of R1-R2
<b>Aluminum</b>	MCX	Jun'20	131.65	Uptrend	129.50	128.40	132.00	134.10	Buy around S1 with the S/L below S2 for the target of R1-R2
<b>Nickel</b>	MCX	Jun'20	926.30	Uptrend	919	905	940	949	Buy around S1 with the S/L below S2 for the target of R1-R2
<b>Lead</b>	MCX	Jun'20	132	Uptrend	131	129.20	133	134.50	Buy around S1 with the S/L below S2 for the target of R1-R2

<b>Crude oil</b>	MCX	Jun'20	2512	Downtrend	2350 \$30.90	2270 \$29.80	2460 \$32.40	2560 \$33.60	Sell around R1 with the S/L above R2 for the target of S1-S2
<b>Natural Gas</b>	MCX	Jun'20	145.90	Downtrend	138	135	145	148	Sell around R1 with the S/L above R2 for the target of S1-S2

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**US Economic Data**

Date	Time (IST)	Release	For	Consensus	Previous	Importance
28-May	18:00	Core Durable Goods Orders	April	-14.0%	-0.6%	Very High
28-May	18:00	Durable Goods Orders	April	-18.5%	-15.3%	Very High
28-May	18:00	Initial Jobless Claims	W/o 22 <sup>nd</sup> May	2,100K	2,438K	Very High
28-May	18:00	GDP	Q1	-4.8%	-4.8%	Very High
28-May	19:30	Pending Home Sales	April	-15.0%	-20.8%	Very High
28-May	20:00	Natural Gas Inventories	W/o 22 <sup>nd</sup> May	83 Bcf	81 Bcf	Very High
28-May	20:30	Crude Oil Inventories	W/o 22 <sup>nd</sup> May	-	-4.983 Mb	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

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