



**BRAJ BINANI GROUP**

# Daily

Wednesday, 02 September, 2020

## News & Report Analysis

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- Steel Strips Wheels bags orders worth USD 455,000 from US, EU
- Rourkela Steel Plant creates records in production, dispatch
- LME copper hits over 2-year high on solid China PMI data
- Gold price climbs Rs. 418 on global trends

**London Metal Exchange - Wednesday 01, September 2020**

MMR Landed Prices

	Pr. Sell	Morning Session		Afternoon Session		Kerb	Change	Stk(tns)	Value
	(1)	Buy	Sell * (2)	Buy	Sell				
				\$/ton					Rs/ton
<b>Copper Grade A</b>									
Spot	6728.00	6788.50	<b>6788.50</b>	6752.00	6753.00	6708.75	<b>60.5</b>	88,250	MMR LP 387,622
3-mth	6702.00	6768.00	<b>6768.00</b>	6730.00	6731.50	6687.50	<b>66.0</b>	-1100	14-D MA 395,768
Average	10-days - 6801.15	20-days - 6608.28		30-days - 6559.08					PP (HCL) 507,297
<b>Tin High Grade</b>									
Spot	17801.00	18105.00	<b>18105.00</b>	18158.00	18163.00	18205.61	<b>304.0</b>	5,240	-- --
3-mth	17774.00	18077.00	<b>18077.00</b>	18140.00	18145.00	18186.00	<b>303.0</b>	-25	-- --
Average	10-days - 17640.90	20-days - 17697.65		30-days - 17749.93					-- --
<b>Lead</b>									
Spot	1976.50	1984.00	<b>1984.00</b>	1981.00	1982.50	1945.75	<b>7.5</b>	124,900	MMR LP 145,604
3-mth	2003.00	2009.50	<b>2009.50</b>	2009.00	2010.00	1972.00	<b>6.5</b>	-525	14-D MA 141,764
Average	10-days - 1961.75	20-days - 1935.50		30-days - 1898.70					PP (HZL) 170,600
<b>Zinc Special High Grade</b>									
Spot	2529.50	2554.00	<b>2554.00</b>	2546.00	2547.50	2529.25	<b>24.5</b>	220,125	MMR LP 163,469
3-mth	2554.50	2577.50	<b>2577.50</b>	2569.00	2570.50	2553.00	<b>23.0</b>	175	14-D MA 162,202
Average	10-days - 2453.75	20-days - 2411.33		30-days - 2353.30					PP (HZL) 205,200
<b>Aluminium</b>									
Spot	1762.00	1781.50	<b>1781.50</b>	1782.00	1783.50	1781.40	<b>19.5</b>	1,550,225	MMR LP 133,031
3-mth	1797.50	1818.00	<b>1818.00</b>	1818.00	1819.50	1816.5	<b>20.5</b>	-4150	14-D MA 138,512
Average	10-days - 1736.85	20-days - 1735.60		30-days - 1713.03					PP (Nalco) 145,650
<b>Aluminium Alloy</b>									
Spot	1300.50	1460.00	<b>1460.00</b>	NA	NA	NA	<b>159.5</b>	6,120	
3-mth	1316.50	1460.00	<b>1460.00</b>	NA	NA	NA	<b>143.5</b>	0	
Average	10-days - 1392.55	20-days - 1361.43		30-days - 1340.58					
<b>Nickel</b>									
Spot	15414.00	15660.00	<b>15660.00</b>	15578.00	15583.00	15507.50	<b>246.0</b>	238,722	Copper 03-Aug
3-mth	15442.00	15697.00	<b>15697.00</b>	15606.00	15611.00	15534.00	<b>255.0</b>	-252	Aluminium 01-Aug
Average	10-days - 13512.20	20-days - 13860.10		30-days - 13761.17					Zinc 13-Aug
									Lead 13-Aug

Note: 1. MMR LP = MMR Landed Prices, excluding of GST. 2. PP = Producer Prices ex-smelter, excl. GST

**Minor Metals (\$/LB)**

	Antimony	Cadmium	Cobalt HG	Moly.oxide	Selenium	Silicon	Tungsten	Fe Si Magnesium
	99.65%	99.95%	99.80%					
	5,600	108.00	14.50	7.10	7.00	1840.00	245.00	178

**Week ended Avg of Steel Prices : 14/08/2020 (Excl. GST)**

	Mandi Gobindgarh - Punjab			Mumbai	Kolkata	Delhi	Chennai	Mumbai	Bhiwadi	Kanpur
<b>Sponge Iron</b>	24,000	HMS OLD	24,800	HMS	29,500	28,000	28,300	MS Ingots	37,500	34,500
<b>Pig Iron</b>	36,200	HMS Fresh	26,000	CRP(LSLP)	30,750	-	-			
<b>Alum. Alloy : Basic prices excl. CST/VAT</b>	Ex. Mumbai Mkt rates in kgs : 30/7/2020			ADC 12	120		AlSi 9 Cu3	122	LM6	145
	Ex. Delhi Mkt rates in kgs : 30/7/2020				122					

**Indicative Domestic Market Rates (Rs./kg)**

**Comex Copper (cents/lb)**

**Comex Al (cents/lb)**

	Mumbai		Delhi		Chennai		Comex Copper (cents/lb)			Comex Al (cents/lb)	
	01-Sep	Prev	01-Sep	Prev	01-Sep	Prev	Rate	Change	Rate	Change	
<b>Virgin Metals</b>							AUG'20	300.95	4.2	-	-
Copper Pat			399.0	399.0			SEPT'20	301.50	3.9	-	-
Copper W/Bar	514.0	514.0					OCT'20	302.25	3.9	-	-
Alum Ingot	151.0	151.0	141.0	141.0	140.0	140.0	<b>Precious Metals : Indicative Rates</b>				
Zinc Slab	204.0	204.0	163.0	163.0			<b>Metal</b>	<b>Market</b>	<b>Unit</b>	<b>01-Sep</b>	<b>Prev</b>
Lead Ingot	157.0	157.0	141.0	141.0			Gold Std	Mumbai	Rs/10g	51,575	51,177
Tin Slab	1,615.0	1,615.0	1,280.0	1,280.0			Silver	Mumbai	Rs/kg	68,402	64,834
Nickel (4x4)	1,142.0	1,142.0	980.0	980.0			Gold	London	\$/tr.oz.	1,972.35	1,957.35
<b>Scrap</b>							Silver	London	\$/tr.oz.	28.88	27.35
Copper Heavy	477.0	477.0	--	--			Gold	Comex	\$/tr.oz.	1,968.20	1,922.30
Copper Uten.	432.0	432.0	--	--			Silver	Comex	\$/tr.oz.	28.48	27.02
Copper Mixed	--	--	370.0	370.0			<b>Forex: September 01, 2020 (Rs/Unit Currency)</b>				
Brass Utensil	318.0	318.0	--	--			<b>USD</b>	<b>GBP</b>	<b>YEN</b>		
Brass Huny	318.0	318.0	288.0	288.0			<b>Buy</b>	74.54	98.78		0.7001
Brass Sheet	332.0	332.0	--	--			<b>Sell</b>	73.12	96.76		0.6823
Alum Utensil	118.0	118.0	107.0	107.0			<b>EURO</b>	<b>SGD</b>	<b>AUD</b>	<b>SFR</b>	
							<b>Buy</b>	88.43	54.79	54.79	82.51
							<b>Sell</b>	86.67	53.27	53.42	80.39

Customs Notified Rates : August 07th 2020 [Rs.(Imp/Exp)]: US\$ 75.75/74.00; Pound Sterling 100.00/96.60; Euro 90.50/87.30

U.S. stock futures ticked slightly higher on Tuesday evening following a strong start to September for the market.

Futures for the Nasdaq 100 rose by about 0.5%, while futures for the Dow and S&P 500 climbed about 0.3%. Major tech stocks such as Apple, Amazon and Microsoft posted slight gains in extended trading as well.

The major U.S. indexes all rose during Tuesday's regular session, with the Dow Jones Industrial Average and the Nasdaq Composite closing at record highs. The S&P 500 rose 0.75%, which was its best first trading day of September since 2010, according to Bespoke Investment Group.

Tuesday's rally came after a banner month for the markets, with the Dow and S&P 500 both rising at least 7% to notch their best August in more than 30 years. The Nasdaq outperformed both of them, gaining 9.59% for the month.

Morgan Stanley Chief U.S. Equity Strategist Mike Wilson said on "Closing Bell" that he was still optimistic about the market long-term but that weakness in the weeks ahead was on the table after such a strong rally.

"I remain very constructive over the next 12 months," Mike Wilson said. "I think we're a little bit over cooked ... It's impossible to try to time these types of corrections," Wilson said. "It would not surprise me if we got a 10% correction, but it wouldn't be surprised if we didn't, either. We're in a bull market."

In Washington, Congressional leaders appear to be far apart in negotiations for another relief package, but the Trump Administration announced on Tuesday evening that the Centers for Disease Control and Prevention would invoke its authority to halt evictions through the end of the year.

The move in futures also followed conflicting news in the fight against the coronavirus, with Swiss pharmaceutical firm Roche announcing that it would launch a new rapid antigen

test in Europe by the end of the month. The company said it would apply for an emergency use authorization from the U.S. Food and Drug Administration.

However, an expert panel convened by the U.S. National Institute of Health said that a plasma treatment touted by President Trump and FDA head Stephen Hahn does not appear to be effective against Covid-19 based on current research.

New data on auto sales pointed to a continued economic recovery, with Autodata saying the pace of sales for August coming in at just over 15 million. The reading was down 11% year-over-year but was the highest rate since February.

Investors will be watching the ADP payroll data on Wednesday morning, one of the last reads on the labor market before the official August jobs report is released on Friday.

## Currency Market

The dollar bounced off two-year lows on Wednesday as U.S. data pointed to a firm manufacturing activity, while the euro retreated from its highest levels since 2018 on profit-taking.

Economic data published on Tuesday showed U.S. manufacturing activity accelerated to a nearly two-year high in August amid a surge in new orders, with the reading from the Institute for Supply Management highest level since November 2018. The U.S. data followed similarly upbeat Chinese and European manufacturing indicators.

Mitsuo Imaizumi, chief FX strategist at Daiwa Securities, said an increase in pent-up demand, such as for cars, has contributed to the rise in the greenback.

Imaizumi however added that it is "unnecessary to see the data as entirely great," as the ISM's data also showed the labour market remained in contraction territory.

The dollar index inched up 0.12% at 92.346, having hit its lowest since April 2018.

The greenback has been declining since last week, down about 1%, after the Federal Reserve announced it would focus more on average inflation and higher employment. With the Fed's shift in policy having leeway to keep U.S. interest rates lower for longer, it has encouraged traders to sell the currency.

That view was reinforced on Tuesday as Fed Governor Lael Brainard said the central bank would need to roll out more stimulus to help the economy overcome the coronavirus and fulfil the Fed's new pledge.

U.S. Treasury yields fell following the speech as additional stimulus would likely involve more aggressive bond-buying.

The euro benefited from the initial dollar sell-off, as it rose high as \$1.2014 on Tuesday, its highest since May 2018.

The common currency later reversed those gains to sit at \$1.19095.

Against the Japanese yen, the dollar was little changed at 105.75 yen.

Also supporting a rebound in the greenback, U.S. Treasury Secretary Steven Mnuchin said on Tuesday he would telephone House Speaker Nancy Pelosi about stalled coronavirus aid negotiations later in the day. White House chief of staff Mark Meadows said Senate Republicans are likely to bring up a targeted COVID-19 relief bill next week.

Among antipodean currencies, the Australian dollar changed hands at \$0.73845, while the New Zealand dollar traded at \$0.6764.

Elsewhere in the market, Sterling traded at 1.3422, just below last year's high that followed the 2019 election of 1.3516.

The Chinese yuan was little changed, last up down 0.03% in offshore markets to 6.8266.

## Precious Metals

Gold held steady near a two-week high on Tuesday as a weaker dollar and ultra-low interest rate environment kept demand solid for the safe-haven metal.

Spot gold was little changed at \$1,968.98 per ounce by 0041 GMT, after hitting its highest since Aug. 19 at \$1,976.14 on Monday.

U.S. gold futures eased 0.1% to \$1,975.80.

The dollar index held close to a more than two-year low against its rivals, making gold less expensive for holders of other currencies.

U.S. Federal Reserve Chairman Jerome Powell outlined an accommodative policy change last week that is believed could result in inflation moving slightly higher and interest rates staying lower for longer.

Fed Vice Chair Richard Clarida on Monday expanded on Powell's comments saying that under the U.S. central bank's new policy view, a low rate of unemployment does not on its own trigger higher interest rates.

Gold tends to appreciate on expectations of lower interest rates, which reduce the opportunity cost of holding non-yielding bullion.

Asian stocks were set to weaken on Tuesday following a softer Wall Street close.

More than 25.38 million people have been reported to be infected by the novel coronavirus globally and 847,287 have died, according to a Reuters tally.

Market participants now await the release of China manufacturing data and an interest rate decision from the Australian central bank.

Meanwhile, Japan's factory activity contracted at the slowest pace in six months in August.

Silver fell 0.2% to \$28.17 per ounce, platinum rose 0.3% to \$931.87, and palladium dropped 0.3% to \$2,235.64.

## Base Metals

London copper prices hit their highest in more than two years on Tuesday after data showed top consumer China saw a strong expansion in manufacturing activity in August.

Three-month copper on the London Metal Exchange jumped as much as 1.2% to \$6,748 a tonne, its highest since June 27, 2018.

The most-traded October copper contract on the Shanghai Futures Exchange rose 0.6% to 52,320 yuan (\$7,655.28) a tonne at 0219 GMT, having posted its longest monthly winning streak in 11 years in the previous session.

A private survey showed China's factory activity expanded at the fastest clip in nearly a decade in August, bolstered by the first increase in new export orders this year.

Copper output in Chile dropped 4.6% year-on-year in July to 467,913 tonnes, the second drop since the COVID-19 outbreak, official data showed.

## Energy Market

Crude oil futures extended gains on Wednesday after a bigger-than-expected draw in U.S. crude stockpiles and as solid U.S. and Chinese factory activity fuelled optimism of a recovery from the pandemic, boosting investor risk appetite.

Brent crude futures rose 37 cents to \$45.95 a barrel as of 0310 GMT, extending gains into a third day.

U.S. West Texas Intermediate futures rose 34 cents to \$43.10, following the previous day's gain by 15 cents.

U.S. crude inventories fell by 6.4 million barrels in the week to Aug. 28 to about 501.2 million barrels, the American Petroleum Institute (API) said, against analysts' expectations for a draw of 1.9 million barrels.

Gasoline stocks also fell by 5.8 million barrels,

more than analysts' estimates of a draw of 3.0 million barrels. Analysts had forecast a sixth weekly drawdown in U.S. crude inventories in a Reuters poll.

"A bigger-than-expected draw in the U.S. stockpiles and growing hope for an economic recovery in the United States and China after healthy factory data prompted buys in oil futures," said Hiroyuki Kikukawa, general manager of research at Nissan Securities.

U.S. manufacturing activity accelerated to a more than 1-1/2-year high in August amid a surge in new orders, lending support to Wall Street and oil markets.

China's factory activity also expanded at the fastest clip in nearly a decade in August, bolstered by the first increase in new export orders this year as manufacturers ramped up production to meet rebounding demand, a private survey showed on Tuesday.

"Also, slower-than-expected resumption of oil output in the United States after Hurricane Laura raised concerns over tighter supply," Kazuhiko Saito, chief analyst at Fujitomi Co, said.

U.S. Gulf of Mexico offshore oil output on Tuesday was down by 525,099 barrels per day, or 28.4% of the region's daily production, the U.S. Department of Interior reported, as energy companies restarted more activity in the aftermath of Hurricane Laura. Still, 71 of the U.S. Gulf of Mexico's 643 manned platforms remained evacuated, down from 117 production platforms on Monday, the regulator said.

On the global supply side, oil output by the Organization of the Petroleum Exporting Countries (OPEC) rose by about 1 million barrels per day (bpd) in August, a Reuters survey found.

From May 1, OPEC and allies, known as OPEC+, made a record cut of 9.7 million bpd, or 10% of global output, after the novel coronavirus destroyed a third of world demand. From Aug. 1, the cut tapered to 7.7 million bpd until December.

The United Arab Emirates pumped 2.693 million bpd in August, above its OPEC+ quota, after hot weather and people holidaying at home drove associated gas demand for power generation, two sources familiar with the matter told Reuters.

## News Report & Analysis

### Steel Strips Wheels bags orders worth USD 455,000 from US, EU

Auto component maker Steel Strips Wheels on Tuesday said it has received orders worth over USD 455,000 (about Rs 3.32 crore) for about 42,000 wheels for the US and EU trailer market.

In a regulatory filing, Steel Strips Wheels Ltd (SSWL) said it has received new export orders worth over USD 455,000 from the US and European Union (EU) trailer market to be executed in September and October from its Chennai plant.

The company said orders of similar capacity are anticipated from the same customer base as businesses have picked up speed.

On Monday, SSWL said it has received orders worth over USD 46,000 for about 3,700 wheels for the US caravan trailer market.

Last week, SSWL had received orders worth over EUR 253,000 (around Rs 2.20 crore) for about 37,000 wheels for the EU caravan trailer market.

### Rourkela Steel Plant creates records in production, dispatch

Rourkela Steel Plant, a unit of the state-run SAIL, has registered a record monthly production of 3,33,840 tonne of hot metal in August, a statement said on Tuesday.

The monthly road dispatch of prime material at 54,183 tonne was also an all-time high.

"The steel plant made 3,33,840 tonnes of

hot metal from two blast furnaces, posting its best-ever monthly production. Of this, blast furnace-1 made 89,459 tonne, thereby creating a new record in production for any month since inception," RSP said in a statement.

Besides, new plate mill set a fresh record by dispatching 91,138 tonnes of plates during the month, it said.

The mill rolled 7,958 slabs and produced 22,591 plates, which are new records, the RSP said, adding that the captive power plant-three clocked 41.6-megawatt daily average electricity generation which is its all-time-best for any month.

"Blast furnace-1 notched up its best-ever single-day production of 3,552 tonne on August 17, while on August 19 the steel melting shop-2 created a new record by making 73 blows from two converters on a single day," the RSP said.

Addressing the senior officers of the plant in a virtual meeting on Tuesday, Dipak Chattaraj, CEO of RSP, applauded all the production departments as well as supporting units for the performance.

"I am proud of my colleagues for registering splendid performance in all major areas of production and dispatch while battling against COVID-19," he added.

### LME copper hits over 2-year high on solid China PMI data

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## Gold price climbs Rs. 418 on global trends

Gold price rose by Rs.418 to Rs.52,963 per 10 grams in the national capital on Tuesday following a rally in the yellow metal in the international market, according to HDFC Securities. The precious metal had closed at Rs.52,545 per 10 grams in the previous trade.

Silver also attracted heavy buying interest as it jumped Rs.2,246 to Rs.72,793 per kilogram. It had closed at Rs.70,547 per kilogram on Monday.

"Spot gold prices for 24 carat in Delhi were higher by Rs.418 with rally in international prices. However, the upside in gold prices in India was capped with gains in rupee," HDFC Securities Senior Analyst (Commodities) Tapan Patel said.

The rupee strengthened 73 paise and crossed the crucial 73-mark against the U.S. Dollar on Tuesday on the back of a weak American currency and positive domestic equities. In the global market, gold was trading with gains at \$1,988 per ounce and silver was marginally up at \$28.77 per ounce.

"Gold prices extended gains with dollar decline," Mr. Patel said.

## Gold steadies near two-week high on sliding dollar

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interest rate environment kept demand solid for the safe-haven metal.

### Fundamentals

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